

CITY OF CHETEK, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2019



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CITY OF CHETEK, WISCONSIN
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DECEMBER 31, 2019

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**CITY OF CHETEK, WISCONSIN
LIST OF PRINCIPAL OFFICERS
2019**

ELECTED

Mayor
Alderpersons:
 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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, 2019, 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.

Emphasis of a Matter

Change in Accounting Principle

During the year ended December 31, 2019, the City adopted GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of GASB Statement No. 84 resulted in the addition of a Statement of Changes in Fiduciary Net Position related to the Custodial Fund activity. Our auditors' opinion was not modified with respect to the implementation of these standards.

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
September 3, 2020

BASIC FINANCIAL STATEMENTS

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,634,951	\$ 526,992	\$ 3,161,943
Taxes Receivable	885,603	-	885,603
Accounts Receivable	81,419	292,878	374,297
Long-Term Receivables	1,011,271	-	1,011,271
Special Assessments Receivable	-	8,913	8,913
Inventories	-	24,137	24,137
Prepaid Expenses	-	4,803	4,803
Restricted Assets:			
Cash and Investments	-	264,508	264,508
Capital Assets:			
Capital Assets Not Being Depreciated	846,354	75,360	921,714
Capital Assets Being Depreciated	6,370,747	8,177,654	14,548,401
Accumulated Depreciation	<u>(2,995,661)</u>	<u>(3,697,743)</u>	<u>(6,693,404)</u>
Total Assets	8,834,684	5,677,502	14,512,186
DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System Pension Related	240,515	-	240,515
Other Postemployment Benefits Related	13,355	3,054	16,409
Total Deferred Outflows of Resources	<u>253,870</u>	<u>3,054</u>	<u>256,924</u>
LIABILITIES			
Vouchers and Accounts Payable	79,884	13,090	92,974
Accrued Interest Payable	15,853	7,261	23,114
Long-Term Liabilities:			
Net Wisconsin Retirement System Pension Liability	88,646	-	88,646
Total Other Postemployment Benefits Liability	230,564	52,736	283,300
Due Within One Year	138,966	51,156	190,122
Due in More than One Year	<u>562,282</u>	<u>502,841</u>	<u>1,065,123</u>
Total Liabilities	1,116,195	627,084	1,743,279
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year's Property Taxes	1,269,189	-	1,269,189
Wisconsin Retirement System Pension Related	122,040	-	122,040
Other Postemployment Benefits Related	3,412	781	4,193
Total Deferred Inflows of Resources	<u>1,394,641</u>	<u>781</u>	<u>1,395,422</u>
NET POSITION			
Net Investment in Capital Assets	4,100,424	4,014,337	8,114,761
Restricted For:			
Capital Asset Replacement	-	254,509	254,509
Debt Retirement	6,452	9,489	15,941
Housing Loan Programs	1,102,856	-	1,102,856
Other Purposes	333,030	-	333,030
Unrestricted	<u>1,034,956</u>	<u>774,356</u>	<u>1,809,312</u>
Total Net Position	<u>\$ 6,577,718</u>	<u>\$ 5,052,691</u>	<u>\$ 11,630,409</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

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	\$ 532,197	\$ 76,457	\$ -	\$ -	\$ (455,740)	\$ -	\$ (455,740)
Public Safety	818,386	20,528	19,518	-	(778,340)	-	(778,340)
Transportation	948,346	116,980	142,709	22,420	(666,237)	-	(666,237)
Sanitation	388,691	433,123	-	-	44,432	-	44,432
Health and Human Services	85,069	1,307	-	-	(83,762)	-	(83,762)
Culture, Recreation, and Education	243,324	3,006	97,190	-	(143,128)	-	(143,128)
Conservation and Development	191,629	-	-	-	(191,629)	-	(191,629)
Interest and Fiscal Charges	23,291	-	-	-	(23,291)	-	(23,291)
Total Governmental Activities	3,230,933	651,401	259,417	22,420	(2,297,695)	-	(2,297,695)
Business-Type Activities:							
Water Utility	354,473	415,003	-	240,765	-	301,295	301,295
Sewer Utility	502,866	479,529	-	16,303	-	(7,034)	(7,034)
Total Business-Type Activities	857,339	894,532	-	257,068	-	294,261	294,261
Total Primary Government	\$ 4,088,272	\$ 1,545,933	\$ 259,417	\$ 279,488	(2,297,695)	294,261	(2,003,434)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,259,726	-	1,259,726
Property Taxes, Levied for TIF Districts					325,633	-	325,633
Other Taxes					22,600	-	22,600
State and Federal Aids Not Restricted to Specific Functions					376,173	-	376,173
Interest and Investment Earnings					67,620	15,865	83,485
Rents					27,900	5,416	33,316
Donations					22,679	-	22,679
Miscellaneous					55,132	-	55,132
Transfers					289,886	(289,886)	-
Total General Revenues and Transfers					2,447,349	(268,605)	2,178,744
CHANGE IN NET POSITION					149,654	25,656	175,310
Net Position - Beginning of Year					6,428,064	5,027,035	11,455,099
Net Position - End of Year					\$ 6,577,718	\$ 5,052,691	\$ 11,630,409

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General Fund	Housing Rehabilitation Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Treasurer's Cash and Investments	\$ 2,464,877	\$ 91,585	\$ 22,305	\$ -	\$ 56,184	\$ 2,634,951
Taxes Receivable	885,603	-	-	-	-	885,603
Accounts Receivable	77,238	-	-	-	4,181	81,419
Due from Other Funds	68,751	-	-	-	-	68,751
Mortgage Loans Receivables	-	1,011,271	-	-	-	1,011,271
Total Assets	<u>\$ 3,496,469</u>	<u>\$ 1,102,856</u>	<u>\$ 22,305</u>	<u>\$ -</u>	<u>\$ 60,365</u>	<u>\$ 4,681,995</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers and Accounts Payable	\$ 79,859	\$ -	\$ -	\$ -	\$ 25	\$ 79,884
Due to Other Funds	-	-	-	-	68,751	68,751
Total Liabilities	79,859	-	-	-	68,776	148,635
Deferred Inflows of Resources:						
Subsequent Year's Property Taxes	1,269,189	-	-	-	-	1,269,189
Unavailable Revenues:						
Long-Term Receivables	-	1,011,271	-	-	-	1,011,271
Total Deferred Inflows of Resources	1,269,189	1,011,271	-	-	-	2,280,460
Fund Balances:						
Nonspendable	2,495	-	-	-	-	2,495
Restricted	333,030	91,585	22,305	-	-	446,920
Committed	-	-	-	-	60,340	60,340
Assigned	692,791	-	-	-	-	692,791
Unassigned	1,119,105	-	-	-	(68,751)	1,050,354
Total Fund Balances	<u>2,147,421</u>	<u>91,585</u>	<u>22,305</u>	<u>-</u>	<u>(8,411)</u>	<u>2,252,900</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,496,469</u>	<u>\$ 1,102,856</u>	<u>\$ 22,305</u>	<u>\$ -</u>	<u>\$ 60,365</u>	<u>\$ 4,681,995</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
YEAR ENDED DECEMBER 31, 2019**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 2,252,900

Amounts reported for governmental activities in the statement of net position 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	\$ 846,354	
Land Improvements	179,718	
Buildings	1,333,580	
Furniture and Equipment	840,549	
Vehicles	941,610	
Infrastructure	3,075,290	
Accumulated Depreciation	<u>(2,995,661)</u>	4,221,440

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:

Housing Rehabilitation Loans		1,011,271
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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)	(88,646)	
Deferred Outflows of Resources	240,515	
Deferred Inflows of Resources	<u>(122,040)</u>	29,829

Some liabilities, deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds. These liabilities, deferred outflows of resources and deferred inflows of resources consist of:

General Obligation Debt Payable	(638,013)	
Accrued Interest Payable	(15,853)	
Unamortized Debt Premiums	(4,069)	
Total Other Postemployment Benefits (OPEB) Liability	(230,564)	
OPEB Related Deferred Outflows of Resources	13,355	
OPEB Related Deferred Inflows of Resources	(3,412)	
Estimated Employee Leave Liability	<u>(59,166)</u>	<u>(937,722)</u>

Net Position of Governmental Activities **\$ 6,577,718**

CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 1,282,151	\$ -	\$ -	\$ 325,633	\$ -	\$ 1,607,784
Intergovernmental	658,185	-	-	-	-	658,185
Licenses and Permits	67,151	-	-	-	-	67,151
Fines and Forfeits	20,768	-	-	-	-	20,768
Public Charges for Services	500,719	-	-	-	62,763	563,482
Miscellaneous:						
Interest	68,982	54	337	-	-	69,373
Rent	27,900	-	-	-	17,061	44,961
Other	19,194	93,044	-	-	-	112,238
Total Revenues	<u>2,645,050</u>	<u>93,098</u>	<u>337</u>	<u>325,633</u>	<u>79,824</u>	<u>3,143,942</u>
EXPENDITURES:						
General Government	414,003	-	-	-	-	414,003
Public Safety	729,938	-	-	-	-	729,938
Transportation	507,251	-	-	-	47,066	554,317
Sanitation	349,638	-	-	-	-	349,638
Health and Human Services	84,753	-	-	-	-	84,753
Culture, Recreation, and Education	165,966	-	-	-	-	165,966
Conservation and Development	8,114	81,201	-	57,935	42,534	189,784
Capital Outlay	613,412	-	-	-	-	613,412
Debt Service:						
Principal Retirement	-	-	77,013	-	-	77,013
Interest and Fiscal Charges	-	-	26,575	-	-	26,575
Total Expenditures	<u>2,873,075</u>	<u>81,201</u>	<u>103,588</u>	<u>57,935</u>	<u>89,600</u>	<u>3,205,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(228,025)	11,897	(103,251)	267,698	(9,776)	(61,457)
OTHER FINANCING SOURCES (USES):						
Sale of Property	39,803	-	-	-	-	39,803
Transfers In	407,636	-	103,588	-	-	511,224
Transfers Out	(93,136)	-	-	(355,912)	(10,452)	(459,500)
Total Other Financing Sources (Uses)	<u>354,303</u>	<u>-</u>	<u>103,588</u>	<u>(355,912)</u>	<u>(10,452)</u>	<u>91,527</u>
NET CHANGE IN FUND BALANCES	126,278	11,897	337	(88,214)	(20,228)	30,070
Fund Balances, January 1	<u>2,021,143</u>	<u>79,688</u>	<u>21,968</u>	<u>88,214</u>	<u>11,817</u>	<u>2,222,830</u>
FUND BALANCES, DECEMBER 31	<u>\$ 2,147,421</u>	<u>\$ 91,585</u>	<u>\$ 22,305</u>	<u>\$ -</u>	<u>\$ (8,411)</u>	<u>\$ 2,252,900</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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 30,070
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	\$ 244,120	
Depreciation Expense Reported in the Statement of Activities	<u>(279,895)</u>	(35,775)
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.		
		(84,642)
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.		
		(50,448)
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		77,013
Debt re-allocated to the enterprise funds is reported as a transfer on the statement activities.		
		238,162
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	693	
Amortization of Debt Premium	2,591	
Net Change in Accrued Employee Leave Liability	(4,791)	
Net Change in Total Other Postemployment Benefits Liability and related deferred outflows of resources and deferred inflows of resources	<u>(23,219)</u>	<u>(24,726)</u>
Change in Net Position of Governmental Activities		\$ <u>149,654</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

ASSETS	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Current Assets:			
Cash and Investments	\$ 427,843	\$ 99,149	\$ 526,992
Customer Accounts Receivable	247,616	45,262	292,878
Inventories	20,740	3,397	24,137
Prepayments	1,248	3,555	4,803
Total Current Assets	697,447	151,363	848,810
Restricted Assets:			
Cash and Investments:			
Replacement Fund	-	254,509	254,509
Debt Retirement Fund	1,171	8,828	9,999
Total Restricted Assets	1,171	263,337	264,508
Capital Assets:			
Property Plant and Equipment	3,571,532	4,609,311	8,180,843
Less: Accumulated Depreciation	1,193,759	2,503,984	3,697,743
Net Property Plant and Equipment	2,377,773	2,105,327	4,483,100
Construction in Progress	-	19,514	19,514
Land Held for Future Use	1,837	50,820	52,657
Total Capital Assets	2,379,610	2,175,661	4,555,271
Other Assets:			
Special Assessments Receivable	8,913	-	8,913
Total Assets	3,087,141	2,590,361	5,677,502
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits Related	1,360	1,694	3,054

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 8,384	\$ 4,706	\$ 13,090
Accrued Interest Payable	3,334	3,417	6,751
Accrued Employee Leave Liabilities - Current Portion	5,672	6,293	11,965
Current Portion of Long-Term Debt	4,563	25,139	29,702
Total Current Liabilities Payable from Current Assets	<u>21,953</u>	<u>39,555</u>	<u>61,508</u>
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	73	437	510
Current Portion of Revenue Bonds	1,098	8,391	9,489
Total Current Liabilities Payable from Restricted Assets	<u>1,171</u>	<u>8,828</u>	<u>9,999</u>
Long-Term Liabilities (Less Current Portion):			
Total Other Postemployment Benefits Liability	23,483	29,253	52,736
General Obligation Promissory Notes	107,642	124,168	231,810
Unamortized Debt Premium	-	232	232
Mortgage Revenue Bonds	35,279	235,520	270,799
Total Long-Term Liabilities (Net of Current Portion)	<u>166,404</u>	<u>389,173</u>	<u>555,577</u>
Total Liabilities	189,528	437,556	627,084
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related	<u>348</u>	<u>433</u>	<u>781</u>
NET POSITION			
Net Investment in Capital Assets	2,232,126	1,782,211	4,014,337
Restricted for Plant Replacement	-	254,509	254,509
Restricted for Debt Retirement	1,098	8,391	9,489
Unrestricted	665,401	108,955	774,356
Total Net Position	<u>\$ 2,898,625</u>	<u>\$ 2,154,066</u>	<u>\$ 5,052,691</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, 2019

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES:			
Charges for Services	\$ 368,419	\$ 473,288	\$ 841,707
Other Operating Revenues	46,584	6,241	52,825
Total Operating Revenues	<u>415,003</u>	<u>479,529</u>	<u>894,532</u>
OPERATING EXPENSES:			
Operation and Maintenance	260,488	359,288	619,776
Depreciation	82,813	133,899	216,712
Total Operating Expenses	<u>343,301</u>	<u>493,187</u>	<u>836,488</u>
OPERATING INCOME (LOSS)	71,702	(13,658)	58,044
NONOPERATING REVENUES (EXPENSES):			
Interest Income	8,354	7,511	15,865
Rental Income	-	5,416	5,416
Amortization of Debt Premium	-	400	400
Interest Expense	(4,672)	(9,079)	(13,751)
Rental Property Expense	-	(1,000)	(1,000)
Amortization of Debt Discount	(6,500)	-	(6,500)
Total Nonoperating Revenues (Expenses)	<u>(2,818)</u>	<u>3,248</u>	<u>430</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	68,884	(10,410)	58,474
CAPITAL CONTRIBUTIONS	240,765	16,303	257,068
TRANSFERS OUT	<u>(170,805)</u>	<u>(119,081)</u>	<u>(289,886)</u>
CHANGE IN NET POSITION	138,844	(113,188)	25,656
Net Position - Beginning of Year	<u>2,759,781</u>	<u>2,267,254</u>	<u>5,027,035</u>
NET POSITION - END OF YEAR	<u>\$ 2,898,625</u>	<u>\$ 2,154,066</u>	<u>\$ 5,052,691</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers and Users	\$ 352,285	\$ 477,758	\$ 830,043
Cash Received from Municipality for Fire Protection	38,250	-	38,250
Cash Paid to Suppliers for Goods and Services	(130,571)	(175,229)	(305,800)
Cash Paid for Employee Services	(135,828)	(179,234)	(315,062)
Cash Received (Paid) for Sewer Share of Meter Expense	20,246	(20,246)	-
Net Cash Provided by Operating Activities	<u>144,382</u>	<u>103,049</u>	<u>247,431</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received from Rental Properties	-	5,416	5,416
Principal Paid on Pension Related Debt	(3,973)	(3,973)	(7,946)
Interest Paid on Pension Related Debt	(4,564)	(4,564)	(9,128)
Cash Paid for Rental Property Expense	-	(1,000)	(1,000)
Cash Paid to General Fund for Tax Equivalents	(51,724)	-	(51,724)
Net Cash Used by Noncapital Financing Activities	<u>(60,261)</u>	<u>(4,121)</u>	<u>(64,382)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash Payments for Capital Assets	(485,808)	(61,651)	(547,459)
Cash Received from Salvage of Capital Assets	1,771	-	1,771
Cash Received from Capital Grants	30,211	39,925	70,136
Cash Received from Proceeds of Long-Term Debt	36,925	12,579	49,504
Principal Paid on Long-Term Debt	-	(28,983)	(28,983)
Interest and Fiscal Agent Fees Paid on Long-Term Debt	(6,652)	(4,236)	(10,888)
Net Cash Used by Capital and Related Financing Activities	<u>(423,553)</u>	<u>(42,366)</u>	<u>(465,919)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received from Redemption of Investments	242,045	247,000	489,045
Cash Received from Interest on Investments	8,354	7,511	15,865
Net Cash Provided by Investing Activities	<u>250,399</u>	<u>254,511</u>	<u>504,910</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(89,033)</u>	<u>311,073</u>	<u>222,040</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>469,615</u>	<u>51,413</u>	<u>521,028</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 380,582</u>	<u>\$ 362,486</u>	<u>\$ 743,068</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 71,702	\$ (13,658)	\$ 58,044
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	82,813	133,899	216,712
Change in Other Postemployment Benefits Related Items:			
Liability	(4,569)	(14,877)	(19,446)
Deferred Outflows of Resources	114	625	739
Deferred Inflows of Resources	348	433	781
(Increase) Decrease in Assets:			
Accounts Receivable	(4,222)	(1,771)	(5,993)
Inventories	(532)	(56)	(588)
Prepaid Expenses	126	833	959
Increase (Decrease) in Liabilities:			
Accounts Payable	251	2,845	3,096
Accrued Employee Leave Liability	(1,649)	(5,224)	(6,873)
Net Cash Provided by Operating Activities	\$ 144,382	\$ 103,049	\$ 247,431
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:			
Cash and Investments Per Statement of Net Position:			
Cash and Investments - Current	\$ 427,843	\$ 99,149	\$ 526,992
Cash and Investments - Noncurrent and Restricted	1,171	263,337	264,508
	429,014	362,486	791,500
Less: Certificates of Deposit with a Maturity Greater than Three Months	48,432	-	48,432
Total Cash and Cash Equivalents	\$ 380,582	\$ 362,486	\$ 743,068

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	Custodial Fund
ASSETS	
Cash and Investments	\$ 775,397
LIABILITIES	
Due to Other Governmental Units	775,397
NET POSITION	
Restricted	\$ -

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2019**

	Custodial Fund
ADDITIONS	
Tax Collections for Other Governments	\$ 1,449,650
DEDUCTIONS	
Payment of Taxes to Other Governments	1,449,650
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

Tax Incremental District (TID) No. 2 Projects Fund – The TID #2 Projects Fund, a capital projects fund, is used to account for financial resources to be used for the acquisition or construction of projects within the scope of the District's plan.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 in a trustee capacity or as an agent 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

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

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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)

- 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 2019 tax roll are recognized as revenue in 2020.) 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 non-current 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 Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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:

Assets	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-line	20 - 40 Years
Buildings	5,000	Straight-line	10 - 50 Years
Furniture and Equipment	5,000	Straight-line	5 - 20 Years
Vehicles	5,000	Straight-line	8 Years
Utility Systems	5,000	Straight-line	4 - 100 Years
Infrastructure	5,000	Straight-line	20 - 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. 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 THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The Tax Incremental District #3 fund had a deficit fund balance of \$66,669 at December 31, 2019. This deficit will be funded through future tax increments. The Park Development Fund had a deficit fund balance of \$2,082 at December 31, 2019 which is expected to be funded through future fund activities.

General fund expenditures exceeded budgeted amounts at the legally adopted levels in the public safety budget by \$5,229, Health and Human Services by \$75,753, and Conservation and Development by \$7,864. 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, 2019 as shown in the financial statements are as follows:

Governmental Funds	\$ 2,634,951
Proprietary Funds	791,500
Fiduciary Funds	775,397
Total	<u>\$ 4,201,848</u>

The above cash and investments consisted of the following:

	Balance 12/31/19
Treasurer's Cash and Investments:	
Deposits in Financial Institutions	\$ 3,431,403
Deposits in Local Government Investment Pool	504,897
Petty Cash Funds	1,040
	<u>3,937,340</u>
Restricted Cash and Investments:	
Deposits in Financial Institutions	264,508
	<u>\$ 4,201,848</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the City's deposits were exposed to custodial credit risk by the uninsured and uncollateralized amount of \$193,546.

Investments

The City's investments at December 31, 2019 consisted of investments in the Local Government Investment Pool (an external investment pool) and U.S. government agencies and instrumentalities obligations.

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 State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental 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 2019 was 22 days.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Housing Rehabilitation Loans Receivable. The City had 94 mortgage loans outstanding at December 31, 2019 totaling \$1,011,526. 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, 2019 is as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 846,354	\$ -	\$ -	\$ 846,354
Capital Assets Being Depreciated:				
Land Improvements	157,718	22,000	-	179,718
Buildings	1,333,580	-	-	1,333,580
Furniture and Equipment	799,915	40,634	-	840,549
Vehicles	875,457	91,100	24,947	941,610
Infrastructure	2,984,904	90,386	-	3,075,290
Total Capital Assets Being Depreciated	<u>6,151,574</u>	<u>244,120</u>	<u>24,947</u>	<u>6,370,747</u>
Total Capital Assets	6,997,928	244,120	24,947	7,217,101
Accumulated Depreciation:				
Land Improvements	94,744	3,297	-	98,041
Buildings	557,160	26,918	-	584,078
Furniture and Equipment	510,470	32,056	-	542,526
Vehicles	523,953	86,613	24,947	585,619
Infrastructure	1,054,386	131,011	-	1,185,397
Total Accumulated Depreciation	<u>2,740,713</u>	<u>279,895</u>	<u>24,947</u>	<u>2,995,661</u>
Net Capital Assets - Governmental Activities	<u>\$ 4,257,215</u>	<u>\$ (35,775)</u>	<u>\$ -</u>	<u>\$ 4,221,440</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$ 2,708
Public Safety	16,434
Transportation	215,211
Sanitation	31,688
Health and Human Services	300
Culture, Recreation and Education	13,554
Total Depreciation - Governmental Activities	\$ 279,895

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 650	\$ -	\$ -	\$ 650
Utility Property	1,837	-	-	1,837
Construction Work in Progress	53,045	481,989	535,034	-
Total Capital Assets Not Being Depreciated	55,532	481,989	535,034	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	2,584,036	535,034	7,656	3,111,414
Administration and General Assets	293,552	4,715	3,000	295,267
Total Capital Assets Being Depreciated	3,041,789	539,749	10,656	3,570,882
Total Capital Assets	3,097,321	539,749	10,656	3,573,369
Less Accumulated Depreciation	1,119,831	82,813	8,885	1,193,759
Net Capital Assets - Water Utility	1,977,490	456,936	1,771	2,379,610
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	53,359	-	-	53,359
Construction Work in Progress	-	19,514	-	19,514
Total Capital Assets Not Being Depreciated	53,359	19,514	-	72,873
Capital Assets Being Depreciated:				
Collection System	1,471,221	-	-	1,471,221
Collection System Pumping Installations	477,895	-	-	477,895
Treatment and Disposal Plant	2,313,714	31,831	20,880	2,324,665
Administration and General Assets	327,953	10,306	5,268	332,991
Total Capital Assets Being Depreciated	4,590,783	42,137	26,148	4,606,722
Total Capital Assets	4,644,142	61,651	26,148	4,679,645
Less Accumulated Depreciation	2,396,233	133,899	26,148	2,503,984
Net Capital Assets - Sewer Utility	2,247,909	(72,248)	-	2,175,661
Net Capital Assets - Business-Type Activities	\$ 4,225,399	\$ 384,688	\$ 1,771	\$ 4,555,271

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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	\$ 82,813
Sewer Utility	133,899
Total Depreciation - Business-Type Activities	\$ 216,712

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2019 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Tax Incremental District #3 Fund	\$ 66,669
General Fund	Park Development Fund	2,082
		\$ 68,751

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 2020.

Interfund Transfers

The following is a schedule of interfund transfers made during 2019:

Transferred To	Transferred From	Amount
General Fund	Water Utility Enterprise Fund	\$ 51,724
General Fund	Tax Incremental District #2 Fund	355,912
Debt Service Fund	General Fund	93,136
Debt Service Fund	Stormwater Fund	10,452
Governmental Activities	Water Utility Enterprise Fund	119,081
Governmental Activities	Sewer Utility Enterprise Fund	119,081
		\$ 749,386

The property tax equivalent paid by the water utility to the general fund is reflected as an interfund transfer in the financial statements. The transfer from Tax Incremental District #2 to the general fund was the transfer of excess tax increments upon closing the TID and for the deposit of funds to be used for affordable housing. 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. The transfer to the governmental activities from the water and sewer utilities was to correct the allocation of pension related debt issued in the prior year.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 were as follows:

	Beginning Balance	Re-allocation Transfer	Issued	Retired	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities						
Governmental Activities:						
General Obligation Bonds	\$ 175,420	\$ -	\$ -	\$ 58,473	\$ 116,947	\$ 58,473
General Obligation Notes - Direct Borrowing	770,866	(231,260)	-	18,540	521,066	18,736
Unamortized Debt Premium	6,660	-	-	2,591	4,069	2,591
Employee Leave Liability	54,375	-	59,166	54,375	59,166	59,166
Total Governmental Activities	<u>1,007,321</u>	<u>(231,260)</u>	<u>59,166</u>	<u>133,979</u>	<u>701,248</u>	<u>138,966</u>
Business-Type Activities:						
General Obligation Bonds: Sewer Utility	49,580	-	-	16,527	33,053	16,527
General Obligation Notes - Direct Borrowing: Water Utility	-	115,630	-	3,973	111,657	4,015
Sewer Utility	-	115,630	-	3,973	111,657	4,015
Unamortized Debt Premium	1,032	-	-	400	632	400
Mortgage Revenue Bonds: Water Utility	-	-	36,925	-	36,925	1,646
Sewer Utility	247,985	-	12,579	12,456	248,108	12,588
Employee Leave Liability	18,838	-	11,965	18,838	11,965	11,965
Total Business-Type Activities	<u>317,435</u>	<u>231,260</u>	<u>61,469</u>	<u>56,167</u>	<u>553,997</u>	<u>51,156</u>
Total Long-Term Debt	<u>\$ 1,324,756</u>	<u>\$ -</u>	<u>\$ 120,635</u>	<u>\$ 190,146</u>	<u>\$ 1,255,245</u>	<u>\$ 190,122</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, 2019, the City's debt limit amounted to \$8,248,680 and long-term indebtedness subject to the limitation totaled \$894,380.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 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	\$116,947
General Obligation Promissory Notes, Series 2018A	3/30/2018	3/30/2028	3.98%	539,606	521,066
Business-Type Activities:					
General Obligation Refunding Bonds, Series 2011A	2/2/2011	6/1/2021	2.00%-3.00%	259,960	33,053
General Obligation Promissory Notes, Series 2018A	3/30/2018	3/30/2028	3.98%	231,260	223,314
Water System Revenue Bonds, Series 2019	6/26/2019	5/1/2039	1.188%	320,000	36,925
Sewerage System Revenue Bonds, Series 2018	12/27/2017	5/1/2037	1.056%	527,833	248,108
Total					<u>\$1,179,413</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 and Direct Placements		Total	General Fund	Stormwater Fund	Total
	Principal	Interest	Principal	Interest				
2020	\$ 58,473	\$ 2,632	\$ 18,736	\$ 21,103	\$ 100,944	\$ 91,084	\$ 9,860	\$ 100,944
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
2025-2028	-	-	419,316	62,103	481,419	481,419	-	481,419
	<u>\$ 116,947</u>	<u>\$ 3,510</u>	<u>\$ 521,066</u>	<u>\$ 159,552</u>	<u>\$ 801,075</u>	<u>\$ 781,638</u>	<u>\$ 19,437</u>	<u>\$ 801,075</u>

Year	Business-Type Activities					Funding Sources		
	Bonded Debt		Notes from Direct Borrowing and Direct Placements		Total	Water Utility	Sewer Utility	Total
	Principal	Interest	Principal	Interest				
2020	\$ 30,761	\$ 3,727	\$ 8,030	\$ 9,044	\$ 51,562	\$ 10,612	\$ 40,950	\$ 51,562
2021	30,913	3,077	8,378	8,696	51,064	10,612	40,452	51,064
2022	14,541	2,674	8,716	8,358	34,289	10,612	23,677	34,289
2023	14,697	2,517	9,068	8,006	34,288	10,612	23,676	34,288
2024	14,854	2,360	9,414	7,660	34,288	10,612	23,676	34,288
2025-2029	76,690	9,361	179,708	26,616	292,375	113,534	178,841	292,375
2030-2034	80,890	5,143	-	-	86,033	10,370	75,663	86,033
2035-2039	54,740	1,012	-	-	55,752	10,366	45,386	55,752
	<u>\$ 318,086</u>	<u>\$ 29,871</u>	<u>\$ 223,314</u>	<u>\$ 68,380</u>	<u>\$764,475</u>	<u>\$356,850</u>	<u>\$407,625</u>	<u>\$764,475</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

The City's outstanding debt through the state of Wisconsin Environmental Improvement Fund loan program related to business type activities of \$285,033 contains 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.

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$521,066 and business-type activities of \$223,314 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

The City had two mortgage revenue bonds issued through the State of Wisconsin Environmental Improvement Fund loan program.

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. \$36,985 has been issued as of December 31, 2019.

Wisconsin 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, 2019

Annual principal and interest requirements on the Environmental Improvement Fund loans outstanding at December 31, 2019 are shown on Schedule E-3.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund:						
Delinquent Taxes	\$ 2,495	\$ 2,495	\$ -	\$ -	\$ -	\$ -
Library Improvements	333,030	-	333,030	-	-	-
Data Processing Costs	3,032	-	-	-	3,032	-
City Hall	1,776	-	-	-	1,776	-
Squad Car	26,841	-	-	-	26,841	-
Police Building Maintenance	33	-	-	-	33	-
Law Enforcement Equipment	7,269	-	-	-	7,269	-
Law Enforcement Radio Equipment	4,724	-	-	-	4,724	-
Vest Matching Funds	1	-	-	-	1	-
Court Special Purchases	1,476	-	-	-	1,476	-
Snow and Ice Control	35	-	-	-	35	-
Garbage Truck	47,607	-	-	-	47,607	-
City Shop	4,702	-	-	-	4,702	-
Airport	8,500	-	-	-	8,500	-
Airport Courtesy Van	798	-	-	-	798	-
Future Cemetery	45,035	-	-	-	45,035	-
Library	200	-	-	-	200	-
Library Act 150	113,851	-	-	-	113,851	-
Parks	3,925	-	-	-	3,925	-
Assessment of Property	45,713	-	-	-	45,713	-
Fixed Asset Replacement	15,708	-	-	-	15,708	-
Building Fund	228,115	-	-	-	228,115	-
Retirement Expense	133,444	-	-	-	133,444	-
Economic Development	6	-	-	-	6	-
Unassigned	1,119,105	-	-	-	-	1,119,105
Housing Rehabilitation Revolving Loan						
Program Fund	91,585	-	91,585	-	-	-
Debt Service Fund	22,305	-	22,305	-	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Park Development Fund	(2,082)	-	-	-	-	(2,082)
Stormwater Fund	60,340	-	-	60,340	-	-
Capital Projects Fund:						
Tax Incremental District #3 Projects Fund	(66,669)	-	-	-	-	(66,669)
Total Governmental Fund Balances at December 31, 2019	<u>\$ 2,252,900</u>	<u>\$ 2,495</u>	<u>\$ 446,920</u>	<u>\$ 60,340</u>	<u>\$ 692,791</u>	<u>\$ 1,050,354</u>

G. Tax Incremental Districts

The City has created three 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Tax Incremental Districts (Continued)

The City terminated TID #1 in 1996. TID #2 and TID #3 were in existence during the year ended December 31, 2019. The resolutions creating TID #2 and TID #3 were dated May 13, 1997 and April 26, 2007, respectively. Resolutions subsequently amending TID #2 were dated April 8, 2003 and September 10, 2013. At the creation of TID #2, the statutes provided that no project costs could be expended later than seven years after the creation date of the district. The statutes further allowed the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district had been recovered, whichever occurred first. 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. For those districts that had reached the end of its project expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004 (subject to certain conditions). The unextended maximum life of TID #3 is 20 years.

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. TID #2 was closed during 2019.

The following is a summary of TID #2 and TID #3 project costs and revenues through December 31, 2019:

	<u>TID #2</u>	<u>TID #3</u>
Accumulated Project Costs:		
From Inception to December 31, 2019	\$ 4,642,494	\$ 281,154
Accumulated Project Revenues:		
Tax Increments	4,133,013	-
Intergovernmental Revenues	336,245	-
Special Assessments Levied	29,995	-
Sale of Property	15,144	-
Rent	34,530	7,891
Interest on Investments	65,948	-
Premium on Debt Issued	27,619	-
Transfers In	-	206,594
Total Project Revenues	<u>4,642,494</u>	<u>214,485</u>
Future Project Revenues Necessary to Recover Net Costs to Date	<u>\$ -</u>	<u>\$ 66,669</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 (CAFR), 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 is 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. 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, 2019, the WRS recognized \$24,743 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.55%	6.55%
Executives & Elected Officials	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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>
2009	(2.1)	(42.0)
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

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the City reported a liability of \$88,646 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.00249168 percent, which was a decrease of 0.00018272 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$60,695. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the table on the following page:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 69,040	\$ 122,040
Changes of Assumptions	14,941	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	129,462	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	2,329	-
City Contributions Subsequent to the Measurement Date	24,743	-
Total	<u>\$ 240,515</u>	<u>\$ 122,040</u>

\$24,743 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended December 31, 2020. 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>
2020	\$ 33,829
2021	9,024
2022	15,061
2023	35,818
2024	-
Thereafter	-

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Inflation:	3.0%
Salary Increases:	3.1% to 8.6% including inflation
Inflation	3.0%
Seniority/Merit	0.2% - 5.8%
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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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)

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	N/A	N/A	70%	5.0%
International Equities	N/A	N/A	30%	5.9%
Global Equities	49%	5.5%	N/A	N/A
Fixed Income	24.5%	1.5%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.3%	N/A	N/A
Real Estate	9%	3.9%	N/A	N/A
Private Equity/Debt	8%	6.7%	N/A	N/A
Multi-Asset	4%	4.1%	N/A	N/A
Cash	-10%	0.9%	N/A	N/A
Totals	100%		100%	

Discount rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. 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 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 352,289	\$ 88,646	\$ (107,392)

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

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, 2019 were \$59,166 and \$11,965, respectively.

C. Other Postemployment Benefit Plan (OPEB)

The City adopted 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 for postemployment healthcare benefits other than pensions.

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.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

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, 2017 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	3
Active plan members	17
	20

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 as of December 31, 2017 rolled forward to a measurement date of December 31, 2018. At December 31, 2019, the City reported a total OPEB liability of \$283,300. Changes in the City's total OPEB liability were as follows:

	Total OPEB Liability
Balances at December 31, 2018	\$ 280,534
Changes for the Year:	
Service Cost	12,447
Interest	9,779
Changes of Assumptions or Other Input	(4,717)
Benefit Payments	(14,743)
Net Changes	2,766
Balances at December 31, 2019	\$ 283,300

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

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

Single-Employer Plan Description (Continued)

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 7.5% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter.
Medical Care Trend	4.0%
Discount Rate:	4.0%
Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14
Actuarial Assumptions	Wisconsin 2012 Mortality Table
Mortality Assumptions	2.5%
Inflation Rate	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.0 percent. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 4.0%.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 292,804	\$ 283,300	\$ 274,098

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	12/31/2019	\$ 282,575	\$ 283,300	\$ 283,875

These amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Input	\$ -	\$ 4,193
Contributions Subsequent to the Measurement Date	16,409	-
Total	\$ 16,409	\$ 4,193

Year Ending December 31,	OPEB Expense Amount
2020	\$ (524)
2021	(524)
2022	(524)
2023	(524)
2024	(524)
Thereafter	(1,573)

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.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Joint Ventures (Continued)

Single-Employer Plan Description (Continued)

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 2019 totaled \$58,872.

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 non-voting 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 2019 totaled \$34,583. 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHETEK, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 1,281,526	\$ 1,281,526	\$ 1,282,151	\$ 625
Intergovernmental	522,774	620,330	658,185	37,855
Licenses and Permits	64,750	64,750	67,151	2,401
Fines and Forfeits	20,100	20,100	20,768	668
Public Charges for Services	458,200	492,542	500,719	8,177
Miscellaneous:				
Interest	26,350	40,165	68,982	28,817
Rent	17,280	17,280	27,900	10,620
Other	1,000	9,503	19,194	9,691
Total Revenues	2,391,980	2,546,196	2,645,050	98,854
EXPENDITURES				
General Government	392,875	429,591	414,003	15,588
Public Safety	714,461	724,709	729,938	(5,229)
Transportation	481,765	509,265	507,251	2,014
Sanitation	343,492	353,492	349,638	3,854
Health and Human Services	9,000	9,000	84,753	(75,753)
Culture, Recreation and Education	168,361	173,162	165,966	7,196
Conservation and Development	250	250	8,114	(7,864)
Capital Outlay	228,776	1,300,866	613,412	687,454
Total Expenditures	2,338,980	3,500,335	2,873,075	627,260
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	53,000	(954,139)	(228,025)	726,114
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	14,700	39,803	25,103
Transfers In	56,000	56,000	407,636	351,636
Transfers Out	(109,000)	(118,000)	(93,136)	24,864
Total Other Financing Sources (Uses)	(53,000)	(47,300)	354,303	401,603
NET CHANGE IN FUND BALANCE	-	(1,001,439)	126,278	1,127,717
Fund Balance, January 1	2,021,143	2,021,143	2,021,143	-
FUND BALANCE, DECEMBER 31	\$ 2,021,143	\$ 1,019,704	\$ 2,147,421	\$ 1,127,717

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)

	2018	2019
Total OPEB Liability		
Service Cost	\$ 12,447	\$ 12,447
Interest	9,567	9,779
Changes of Assumptions or Other Input	-	(4,717)
Benefit Payments	(17,218)	(14,743)
Net Change in Total OPEB Liability	4,796	2,766
Total OPEB Liability - Beginning	275,738	280,534
Total OPEB Liability - Ending	\$ 280,534	\$ 283,300
Covered Employee Payroll	\$ 831,745	\$ 831,745
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	33.73%	34.06%

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

Changes of Assumptions. The discount rate was from 3.50% to 4.00%.

**CITY OF CHETEK, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

Measurement Date:	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
City's proportion of the net pension liability (asset)	0.00293350%	0.00267440%	0.00249168%
City's proportionate share of the net pension liability (asset)	\$ 24,179	\$ (79,405)	\$ 88,646
City's covered payroll	\$ 284,301	\$ 218,141	\$ 231,331
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	8.50%	-36.40%	38.32%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	102.93%	96.45%

**CITY OF CHETEK, WISCONSIN
SCHEDULE OF CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS**

Fiscal Year Ended: December 31,	2017	2018	2019
Contractually Required Contribution	\$ 23,123	\$ 24,752	\$ 24,743
Contributions in Relation to the Contractually Required Contributions	(23,123)	(24,752)	(24,743)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
 City's Covered Payroll	 \$ 284,301	 \$ 218,141	 \$ 231,331
 Contributions as a Percentage of Covered Payroll	 8.13%	 11.35%	 10.70%

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

Changes of Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**CITY OF CHETEK, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF CHETEK, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019**

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Funds
	Park Development Fund	Stormwater Fund	Tax Incremental District #3 Fund	
ASSETS				
Cash and Investments	\$ -	\$ 56,184	\$ -	\$ 56,184
Accounts Receivable	-	4,181	-	4,181
Total Assets	<u>\$ -</u>	<u>\$ 60,365</u>	<u>\$ -</u>	<u>\$ 60,365</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers and Accounts Payable	\$ -	\$ 25	\$ -	\$ 25
Due to General Fund	2,082	-	66,669	68,751
Total Liabilities	2,082	25	66,669	68,776
Fund Balances:				
Committed	-	60,340	-	60,340
Unassigned	(2,082)	-	(66,669)	(68,751)
Total Fund Balances	<u>(2,082)</u>	<u>60,340</u>	<u>(66,669)</u>	<u>(8,411)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 60,365</u>	<u>\$ -</u>	<u>\$ 60,365</u>

**CITY OF CHETEK, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
YEAR ENDED DECEMBER 31, 2019**

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Funds
	Park Development Fund	Stormwater Fund	Tax Incremental District #3 Fund	
REVENUES				
Public Charges for Services:				
Stormwater Fees	\$ -	\$ 62,763	\$ -	\$ 62,763
Miscellaneous:				
Donations	17,061	-	-	17,061
Total Revenues	17,061	62,763	-	79,824
EXPENDITURES				
Transportation	-	47,066	-	47,066
Conservation and Development	42,384	-	150	42,534
Total Expenditures	42,384	47,066	150	89,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,323)	15,697	(150)	(9,776)
OTHER FINANCING SOURCES (USES)				
Transfer to Debt Service Fund	-	(10,452)	-	(10,452)
NET CHANGE IN FUND BALANCES	(25,323)	5,245	(150)	(20,228)
Fund Balance (Deficit), January 1	23,241	55,095	(66,519)	11,817
FUND BALANCE (DEFICIT), DECEMBER 31	<u>\$ (2,082)</u>	<u>\$ 60,340</u>	<u>\$ (66,669)</u>	<u>\$ (8,411)</u>

CITY OF CHETEK, WISCONSIN
 GENERAL FUND
 DETAILED BALANCE SHEET
 DECEMBER 31, 2019

	<u>2019</u>
ASSETS	
Treasurer's Cash and Investments	\$ 2,464,877
Taxes Receivable:	
Current Tax Roll Items	883,108
Delinquent Personal Property Taxes	75
Delinquent Taxes Held by County	2,420
Accounts Receivable	77,238
Due from Other Funds:	
TID #3 Fund	66,669
Other Funds	<u>2,082</u>
Total Assets	<u><u>\$ 3,496,469</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Vouchers and Accounts Payable	\$ 79,859
Deferred Inflows of Resources:	
Subsequent Year's Property Taxes	1,269,189
Fund Balance:	
Nonspendable	2,495
Restricted	333,030
Assigned	692,791
Unassigned	<u>1,119,105</u>
Total Fund Balance	<u><u>2,147,421</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 3,496,469</u></u>

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	2019		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES:			
Taxes:			
General Property Taxes	\$ 1,259,726	\$ 1,259,726	\$ -
Mobile Home Tax	5,700	4,831	(869)
Payments in Lieu of Taxes	16,000	16,640	640
Interest on Taxes	100	954	854
Total Taxes	1,281,526	1,282,151	625
Intergovernmental:			
State Shared Revenues	374,000	371,187	(2,813)
Fire Insurance Taxes	-	6,471	6,471
State Exempt Computer Aid	-	4,986	4,986
State Aid Police Training	-	960	960
State Transportation Aids	142,700	142,709	9
State Aid for Local Road Improvement	-	22,420	22,420
State Aid for State Owned Property	174	175	1
State Aid for Ambulance Service	-	12,087	12,087
Safe Routes to Schools Grant	5,900	-	(5,900)
County Library Aid	97,556	97,190	(366)
Total Intergovernmental	620,330	658,185	37,855
Licenses and Permits:			
Liquor and Malt Beverage	4,500	5,224	724
Operators' Licenses	3,000	3,965	965
Cigarette Licenses	250	254	4
Television Franchise	44,000	41,685	(2,315)
Direct Seller License	700	480	(220)
Dog Licenses	1,100	1,307	207
Building Permits	10,000	11,095	1,095
Other Permits Games/Dance	200	261	61
Zoning Permits	1,000	2,880	1,880
Total Licenses and Permits	64,750	67,151	2,401
Fines and Forfeits:			
Court Penalties and Costs	20,000	20,573	573
Parking Violations	100	195	95
Total Fines and Forfeits	20,100	20,768	668

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES: (CONTINUED)			
Public Charges for Services:			
Clerk/Treasurer's Fees	\$ 3,200	\$ 4,011	\$ 811
License Publication Fees	-	70	70
Police Paper Service Fees	-	200	200
Accident Reports	1,000	2,860	1,860
Canine Unit Revenues	4,342	3,232	(1,110)
Snow Removal/Street Services	35,000	27,041	(7,959)
Airport - Fuel Sales	35,000	27,176	(7,824)
Garbage Collections	410,000	427,112	17,112
Garbage Miscellaneous Revenues	3,000	6,011	3,011
Library	-	1,296	1,296
Parks	1,000	1,410	410
Cemetery	-	300	300
Total Public Charges for Services	492,542	500,719	8,177
Miscellaneous:			
Interest:			
Temporary Investments	39,165	67,229	28,064
Garbage Accounts	1,000	1,753	753
Rent:			
City Buildings	6,280	12,980	6,700
Community Senior Center	5,000	5,596	596
Airport	6,000	9,324	3,324
Other:			
Donations	3,257	5,618	2,361
Miscellaneous	6,246	13,576	7,330
Total Miscellaneous	66,948	116,076	49,128
Total Revenues	2,546,196	2,645,050	98,854

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019		Variance Positive (Negative)
	Final Budget	Actual	
EXPENDITURES:			
General Government:			
Council	\$ 20,619	\$ 20,011	\$ 608
Municipal Court	39,588	35,550	4,038
Municipal Court Attorney	4,000	6,295	(2,295)
Mayor	9,249	9,111	138
Elections	3,500	2,984	516
Assessment of Property	8,500	9,349	(849)
Clerks Office	194,319	191,817	2,502
Record Checks	100	225	(125)
Independent Auditing	12,000	11,720	280
Legal Fees	57,000	57,855	(855)
Illegal Taxes	-	31	(31)
City Hall	500	-	500
Property and Liability Insurance	33,900	33,891	9
Workers' Compensation Insurance	30,000	31,203	(1,203)
Retirement Expense	15,316	3,961	11,355
Unemployment Compensation	1,000	-	1,000
Total General Government	429,591	414,003	15,588
Public Safety:			
Law Enforcement:			
Wages and Fringe Benefits	466,637	470,727	(4,090)
Training	4,060	3,461	599
Operation Costs	42,784	40,205	2,579
Police Station	7,700	6,857	843
Shop With a Cop	2,890	1,093	1,797
Fire Department	59,000	58,872	128
Suppression (Hydrant Rental)	38,250	38,250	-
Ambulance Service Charge	33,717	34,583	(866)
Tornado Warning System	2,315	2,315	-
Inspector	67,356	73,575	(6,219)
Total Public Safety	724,709	729,938	(5,229)
Transportation:			
Department of Public Works	327,115	321,469	5,646
Snow and Ice Control	83,000	103,591	(20,591)
Traffic Control	150	193	(43)
Street Lighting	49,000	46,422	2,578
Safety Program	3,000	2,158	842
Airport	12,000	11,623	377
Airport Fuel Purchases	35,000	21,795	13,205
Total Transportation	509,265	507,251	2,014

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019		Variance Positive (Negative)
	Final Budget	Actual	
EXPENDITURES: (CONTINUED)			
Sanitation:			
Garbage Collection	\$ 207,492	\$ 210,408	\$ (2,916)
Incinerator	146,000	139,230	6,770
Total Sanitation	353,492	349,638	3,854
Health and Human Services:			
Animal Pound	1,000	957	43
Cemetery	8,000	6,529	1,471
Uncollectible Knapp Haven Receivables	-	77,267	(77,267)
Total Health and Human Services	9,000	84,753	(75,753)
Culture, Recreation and Education:			
Library	106,101	101,697	4,404
Community Center	47,061	48,712	(1,651)
Celebrations and Entertainment	4,000	3,500	500
Parks	16,000	12,057	3,943
Total Culture, Recreation and Education	173,162	165,966	7,196
Conservation and Development:			
Other Conservation and Development	250	8,114	(7,864)
Capital Outlay:			
Data Processing Costs	6,624	3,592	3,032
City Hall	1,776	-	1,776
Law Enforcement:			
Squad Car	26,841	-	26,841
Building Maintenance	33	-	33
Equipment	13,856	6,587	7,269
Radio Equipment	4,724	-	4,724
Vest Matching Funds	8,538	8,537	1
Court Special Purchases	3,150	1,674	1,476
Machinery and Equipment	110,596	110,596	-
Snow and Ice Control	35	-	35
Garbage Truck	52,160	4,553	47,607
City Shop	5,138	436	4,702
Streets	250,565	256,334	(5,769)

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019		Variance Positive (Negative)
	Final Budget	Actual	
EXPENDITURES: (CONTINUED)			
Capital Outlay: (Continued)			
Airport	\$ 8,500	\$ -	\$ 8,500
Airport Courtesy Van	954	156	798
Cemetery	45,035	-	45,035
Library	200	-	200
Library Act 150 Fund	202,784	88,933	113,851
Parks	19,600	15,675	3,925
Assessment of Property	45,713	-	45,713
Fixed Asset Reserve Fund	15,708	-	15,708
Building Fund	299,713	71,598	228,115
Sidewalks	30,000	29,568	432
Retirement Expense	138,370	4,926	133,444
Economic Development	10,253	10,247	6
Total Capital Outlay	<u>1,300,866</u>	<u>613,412</u>	<u>687,454</u>
Total Expenditures	<u>3,500,335</u>	<u>2,873,075</u>	<u>627,260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(954,139)	(228,025)	726,114
OTHER FINANCING SOURCES (USES):			
Sale of Property	14,700	39,803	25,103
Transfers In:			
From Tax Increment District #2 Fund	-	355,912	355,912
From Water Utility Fund	56,000	51,724	(4,276)
Transfers Out:			
To Debt Service Fund	(118,000)	(93,136)	24,864
Total Other Financing Sources (Uses)	<u>(47,300)</u>	<u>354,303</u>	<u>401,603</u>
NET CHANGE IN FUND BALANCE	(1,001,439)	126,278	1,127,717
Fund Balance, January 1	2,021,143	2,021,143	-
FUND BALANCE, DECEMBER 31	<u>\$ 1,019,704</u>	<u>\$ 2,147,421</u>	<u>\$ 1,127,717</u>

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	2019
ASSETS	
Current Assets:	
Cash and Investments	\$ 427,843
Customer Accounts Receivable	247,616
Inventories	20,740
Prepayments	1,248
Total Current Assets	697,447
 Restricted Assets:	
Special Redemption Fund:	
Debt Service	1,171
 Capital Assets:	
Property and Plant in Service	3,571,532
Less Accumulated Depreciation	1,193,759
Net Property and Plant in Service	2,377,773
Land Held for Future Use	1,837
Total Capital Assets	2,379,610
 Other Assets:	
Special Assessments Receivable	8,913
Total Assets	3,087,141
 DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits Related	1,360

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019**

	2019
LIABILITIES	
Current Liabilities:	
Accounts Payable	8,384
Accrued Interest Payable	3,334
Accrued Employee Leave Liabilities - Current Portion	5,672
Current Portion of General Obligation Debt	4,015
Current Portion of Revenue Bonds	548
Total Current Liabilities Payable from Current Assets	21,953
Current Liabilities Payable from Restricted Assets:	
Interest Accrued	73
Current Portion of Revenue Bonds	1,098
Total Current Liabilities Payable from Restricted Assets	1,171
Long-Term Liabilities (Net of Current Portion):	
Total Other Postemployment Benefits Liability	23,483
General Obligation Debt	107,642
Mortgage Revenue Bonds	35,279
Total Long-Term Liabilities (Net of Current Portion)	166,404
Total Liabilities	189,528
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits Related	348
NET POSITION	
Net Investment in Capital Assets	2,232,126
Restricted for Debt Retirement	1,098
Unrestricted	665,401
Total Net Position	\$ 2,898,625

**CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER UTILITY ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2019**

	2019
OPERATING REVENUES:	
Sales of Water:	
Residential	\$ 141,816
Commercial	61,404
Industrial	10,741
Public Authorities	16,672
Private Fire Protection	5,417
Public Fire Protection	132,369
Total Sales of Water Revenues	368,419
Other Operating Revenues:	
Forfeited Discounts	796
Meter Charge to Sewer	20,246
Miscellaneous Operating Revenues	25,542
Total Other Operating Revenues	46,584
Total Operating Revenues	415,003
OPERATING EXPENSES:	
Operation and Maintenance:	
Operation	158,346
Maintenance	6,438
Administrative and General	95,704
Total Operation and Maintenance	260,488
Depreciation	82,813
Total Operating Expenses	343,301
OPERATING INCOME	71,702
NONOPERATING REVENUES (EXPENSES)	
Interest Income	8,354
Interest Expense	(4,672)
Debt Expense	(6,500)
Total Nonoperating Revenues (Expenses)	(2,818)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	68,884
TRANSFERS AND CONTRIBUTIONS	
Transfer to General Fund	(51,724)
Transfer to Governmental Activities	(119,081)
Capital Assets Funded by Grants	240,765
Total Transfers and Contributions	69,960
CHANGE IN NET POSITION	138,844
Net Position, January 1	2,759,781
NET POSITION, DECEMBER 31	\$ 2,898,625

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 352,285
Cash Received from Municipality for Fire Protection	38,250
Water Meter Related Charges to Sewer Department	20,246
Cash Payments to Suppliers for Goods and Services	(130,571)
Cash Payments for Employee Services	(135,828)
Net Cash Provided by Operating Activities	144,382
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Principal Paid on Pension Related Debt	(3,973)
Interest Paid on Pension Related Debt	(4,564)
Cash Payment for Tax Equivalents	(51,724)
Net Cash Used by Noncapital Financing Activities	(60,261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash Paid for Capital Assets	(485,808)
Cash Received from Capital Grants	30,211
Cash Received from Salvage of Capital Assets	1,771
Cash Received from Long-Term Debt	36,925
Interest and Debt Issuance Costs Paid on Long-Term Debt	(6,652)
Net Cash Used by Capital and Related Financing Activities	(423,553)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash Received from Redemption of Investments	242,045
Cash Received from Interest on Investments	8,354
Net Cash Provided by Investing Activities	250,399
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,033)
CASH AND CASH EQUIVALENTS, BEGINNING	469,615
CASH AND CASH EQUIVALENTS, ENDING	\$ 380,582

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 71,702
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	82,813
Change in Other Postemployment Benefits Related Items:	
Liability	(4,569)
Deferred Outflows of Resources	114
Deferred Inflows of Resources	348
(Increase) Decrease in Assets:	
Customer Accounts Receivable	(4,222)
Inventories	(532)
Prepayments	126
Increase (Decrease) in Liabilities:	
Accounts Payable	251
Accrued Employee Benefits Payable	(1,649)
Net Cash Provided by Operating Activities	\$ 144,382
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:	
Cash and Investments per Statements of Net Position:	
Cash and Investments	\$ 427,843
Less: Investments with a Maturity Greater than Three Months	48,432
Cash and Cash Equivalents	\$ 380,582

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	2019
ASSETS	
Current Assets:	
Cash and Investments	\$ 99,149
Customer Accounts Receivable	45,262
Inventories	3,397
Prepaid Expenses	3,555
Total Current Assets	151,363
Restricted Assets:	
Cash and Investments:	
Replacement Fund	254,509
Special Redemption Fund:	
Debt Service Fund	8,828
Total Restricted Assets	263,337
Capital Assets:	
Property and Plant in Service	4,609,311
Less Accumulated Depreciation	2,503,984
Net Property and Plant in Service	2,105,327
Land Held for Future Use	50,820
Construction Work in Progress	19,514
Net Capital Assets	2,175,661
Total Assets	2,590,361
 DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits Related	1,694

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019**

	2019
LIABILITIES	
Current Liabilities :	
Accounts Payable	\$ 4,706
Accrued Interest Payable	3,417
Accrued Employee Leave Liabilities - Current Portion	6,293
Current Portion of General Obligation Debt	20,542
Current Portion of Unamortized Debt Premium	400
Current Portion of Revenue Bonds - Clean Water Fund	4,197
Total Current Liabilities	39,555
 Current Liabilities Payable from Restricted Assets:	
Interest Accrued Payable	437
Current Portion of Revenue Bonds	8,391
Total Current Liabilities Payable from Restricted Assets	8,828
 Long-Term Liabilities (Net of Current Portion):	
Accrued Employee Leave Liabilities	
Total Other Postemployment Benefits Liability	29,253
General Obligation Debt	124,168
Unamortized Debt Premium	232
Mortgage Revenue Bonds Series - Clean Water Fund	235,520
Total Long-Term Liabilities (Net of Current Portion)	389,173
Total Liabilities	437,556
 DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits Related	433
 NET POSITION	
Net Investment in Capital Assets	1,782,211
Restricted for Capital Asset Replacement	254,509
Restricted for Debt Retirement	8,391
Unrestricted	108,955
Total Net Position	\$ 2,154,066

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

	2019
OPERATING REVENUES:	
Sewerage Revenues:	
Residential	\$ 282,154
Commercial	130,454
Industrial	22,760
Public Authorities	37,920
Total Sewerage Revenues	473,288
Other Operating Revenues:	
Forfeited Discounts	1,633
Miscellaneous Revenues	4,608
Total Other Operating Revenues	6,241
Total Operating Revenues	479,529
OPERATING EXPENSES:	
Operation and Maintenance:	
Operation	187,068
Maintenance	46,731
Administrative and General	125,489
Total Operation and Maintenance	359,288
Depreciation	133,899
Total Operating Expenses	493,187
OPERATING INCOME	(13,658)
NONOPERATING REVENUES (EXPENSES):	
Interest Income	7,511
Rental Income	5,416
Amortization of Debt Premium	400
Interest Expense	(9,079)
Rental Property Expense	(1,000)
Total Nonoperating Revenues (Expenses)	3,248
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	(10,410)
TRANSFERS AND CONTRIBUTIONS	
Transfer to Governmental Activities	(119,081)
Capital Assets Funded by Grants	16,303
Total Transfers and Contributions	(102,778)
CHANGE IN NET POSITION	(113,188)
Net Position, January 1	2,267,254
NET POSITION, DECEMBER 31	\$ 2,154,066

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 477,758
Water Meter Related Charges to Sewer Department	(20,246)
Cash Payments to Suppliers for Goods and Services	(175,229)
Cash Payments for Employee Services	(179,234)
Net Cash Provided by Operating Activities	103,049
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Principal Paid on Pension Related Debt	(3,973)
Interest Paid on Pension Related Debt	(4,564)
Cash Received for Rents from Rental Properties	5,416
Cash Paid for Rental Property Expense	(1,000)
Net Cash Provided by Noncapital Financing Activities	(4,121)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash Paid for Capital Assets	(61,651)
Cash Received from Capital Grant	39,925
Cash Received from Long-Term Debt	12,579
Principal Paid on Long-Term Debt	(28,983)
Interest Paid on Long-Term Debt	(4,236)
Net Cash Used by Capital and Related Financing Activities	(42,366)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash Received from Redemption of Investments	247,000
Cash Received from Interest on Investments	7,511
Net Cash Provided by Investing Activities	254,511
NET CHANGE IN CASH AND CASH EQUIVALENTS	311,073
CASH AND CASH EQUIVALENTS, BEGINNING	51,413
CASH AND CASH EQUIVALENTS, ENDING	\$ 362,486

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (13,658)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	133,899
Change in Other Postemployment Benefits Related Items:	
Liability	(14,877)
Deferred Outflows of Resources	625
Deferred Inflows of Resources	433
(Increase) Decrease in Assets:	
Customer Accounts Receivable	(1,771)
Inventories	(56)
Prepayments	833
Increase (Decrease) in Liabilities:	
Accounts Payable	2,845
Accrued Employee Benefits Payable	(5,224)
Net Cash Provided by Operating Activities	\$ 103,049
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:	
Cash and Investments per Statements of Net Position:	
Cash and Investments	\$ 99,149
Cash and Investments - Restricted	263,337
Cash and Cash Equivalents	\$ 362,486