



JOHNSON BLOCK
CPAs

CITY OF WAUPACA, WISCONSIN
AUDITED FINANCIAL STATEMENTS
Including Independent Auditor's Report
As of and for the year ended December 31, 2020

Johnson Block and Company, Inc.
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CITY OF WAUPACA, WISCONSIN
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Waupaca, Wisconsin

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 Waupaca, Wisconsin ("City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's 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 Waupaca, Wisconsin, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund Schedules on pages 56-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

The miscellaneous financial data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 25, 2021

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Waupaca, Wisconsin
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 8,108,539	\$ 5,706,278	\$ 13,814,817
Receivables:			
Taxes	5,545,517		5,545,517
Due from other governments	178,881		178,881
Customer		400,154	400,154
Other	305,316	20,005	325,321
Internal balances	(6,602,888)	6,602,888	
Prepays	49,612		49,612
Inventories	29,526	69,645	99,171
Total current assets	<u>7,614,503</u>	<u>12,798,970</u>	<u>20,413,473</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments		1,650,481	1,650,481
Other assets:			
Long-term notes receivable	608,443		608,443
Less: discount on long-term notes receivable	(89,937)		(89,937)
Less: allowance for uncollectible loans	(43,175)		(43,175)
Special assessments receivable	41,382	243,008	284,390
Net pension asset	687,407	114,309	801,716
Capital assets:			
Property and plant	39,840,355	38,459,423	78,299,778
Less: accumulated provision for depreciation	(13,020,502)	(20,506,945)	(33,527,447)
Total noncurrent assets	<u>28,023,973</u>	<u>19,960,276</u>	<u>47,984,249</u>
Total assets	<u>35,638,476</u>	<u>32,759,246</u>	<u>68,397,722</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension outflows	1,614,706	268,509	1,883,215
OPEB - group life insurance plan outflows	83,022	15,473	98,495
Deferred charges on refunding	2,747		2,747
Total deferred outflows of resources	<u>1,700,475</u>	<u>283,982</u>	<u>1,984,457</u>
Total assets and deferred outflows of resources	<u>\$ 37,338,951</u>	<u>\$ 33,043,228</u>	<u>\$ 70,382,179</u>

Exhibit A-1 (Continued)
City of Waupaca, Wisconsin
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 559,149	\$ 195,453	\$ 754,602
Developer payable	21,690		21,690
Due to other governments	413		413
Accrued liabilities	123,023	11,531	134,554
Accrued interest	93,469	16,153	109,622
Current portion of long-term debt	2,044,322	585,978	2,630,300
Total current liabilities	<u>2,842,066</u>	<u>809,115</u>	<u>3,651,181</u>
Current liabilities (payable from restricted assets):			
Accrued interest		11,893	11,893
Current portion of mortgage revenue bonds		385,000	385,000
Total current liabilities (payable from restricted assets)		<u>396,893</u>	<u>396,893</u>
Long-term liabilities:			
Mortgage revenue bonds		6,564,430	6,564,430
Bonds and notes payable	11,659,150		11,659,150
Debt premium	180,276		180,276
OPEB - group life insurance plan	199,278	37,141	236,419
Compensated absences	792,879	119,035	911,914
Less: current portion	(2,044,322)	(970,978)	(3,015,300)
Total long-term liabilities	<u>10,787,261</u>	<u>5,749,628</u>	<u>16,536,889</u>
Total liabilities	<u>13,629,327</u>	<u>6,955,636</u>	<u>20,584,963</u>
DEFERRED INFLOWS OF RESOURCES			
Pension inflows	2,063,200	343,092	2,406,292
OPEB - group life insurance plan inflows	33,770	6,294	40,064
Deferred revenues	5,332,093		5,332,093
Total deferred inflows of resources	<u>7,429,063</u>	<u>349,386</u>	<u>7,778,449</u>
NET POSITION			
Net investment in capital assets	21,813,780	11,388,048	33,201,828
Restricted for:			
Debt Service	348,002		348,002
TIF #4	1,111,073		1,111,073
Inland lakes	14,265		14,265
Hotel/motel tax	102,082		102,082
Revolving loans	458,483		458,483
Adult recreation center	27,468		27,468
TIF #6	756,232		756,232
Donation and grants	103,021		103,021
Library	28,321		28,321
Youth programs	38,164		38,164
South park trust	96,738		96,738
Perpetual care	118,227		118,227
Water		354,181	354,181
Sewer		1,284,407	1,284,407
Unrestricted	(8,735,295)	12,711,570	3,976,275
Total net position	<u>16,280,561</u>	<u>25,738,206</u>	<u>42,018,767</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 37,338,951</u>	<u>\$ 33,043,228</u>	<u>\$ 70,382,179</u>

Exhibit A-2
City of Waupaca, Wisconsin
Statement of Activities
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 1,415,859	\$ 146,245	\$	\$	\$ (1,269,614)	\$	\$ (1,269,614)
Public safety	2,176,151	483,542	11,261		(1,681,348)		(1,681,348)
Health and social services	209,915	20,688	12,300		(176,927)		(176,927)
Public works	2,488,099	293,694	289,796	28,444	(1,876,165)		(1,876,165)
Culture, recreation and education	1,763,916	113,049	580,047		(1,070,820)		(1,070,820)
Conservation and development	317,117	1,841			(315,276)		(315,276)
Interest and fiscal charges	379,844				(379,844)		(379,844)
Total governmental activities	<u>8,750,901</u>	<u>1,059,059</u>	<u>893,404</u>	<u>28,444</u>	<u>(6,769,994)</u>		<u>(6,769,994)</u>
Business-type activities:							
Water utility	1,081,368	1,253,504		3,266		175,402	175,402
Sewer utility	1,771,251	2,138,166		89,876		456,791	456,791
Telecommunication utility	210,130	212,006				1,876	1,876
Total business-type activities	<u>3,062,749</u>	<u>3,603,676</u>		<u>93,142</u>		<u>634,069</u>	<u>634,069</u>
Total primary government	<u>\$ 11,813,650</u>	<u>\$ 4,662,735</u>	<u>\$ 893,404</u>	<u>\$ 121,586</u>	<u>(6,769,994)</u>	<u>634,069</u>	<u>(6,135,925)</u>
<u>General Revenues and Transfers:</u>							
Property taxes							
General purposes					5,193,924		5,193,924
Other taxes					253,807		253,807
Federal and state aid not restricted for specific purposes					1,967,748		1,967,748
Interest and investment earnings					93,527	26,456	119,983
Proceeds from insurance					12,560		12,560
Gain on sale of fixed assets					73,646		73,646
Miscellaneous					170,222	20,640	190,862
Transfers					450,817	(450,817)	
Total general revenues					<u>8,216,251</u>	<u>(403,721)</u>	<u>7,812,530</u>
Change in net position					1,446,257	230,348	1,676,605
Net position - beginning					14,834,304	25,507,858	40,342,162
Net position - ending					<u>\$ 16,280,561</u>	<u>\$ 25,738,206</u>	<u>\$ 42,018,767</u>

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-3
City of Waupaca, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	Capital Improvements	TIF #4	TIF #8	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 1,837,999	\$ 441,471	\$ 3,336,211	\$ 1,110,700	\$	\$ 1,382,158	\$ 8,108,539
Receivables:							
Taxes	3,531,943			693,753	250,805	1,069,016	5,545,517
Due from other governments						178,881	178,881
Special assessments			41,382				41,382
Due from other funds	156,178						156,178
Other	159,464		118,372	373		27,107	305,316
Long-term notes receivable, net of discount of \$89,937	110,063					408,442	518,505
Inventory						29,526	29,526
Advance from other funds				910,613			910,613
Prepays	49,612						49,612
Total assets	\$ 5,845,259	\$ 441,471	\$ 3,495,965	\$ 2,715,439	\$ 250,805	\$ 3,095,130	\$ 15,844,069
LIABILITIES							
Accounts payable	\$ 69,071	\$	\$ 373,198	\$	\$	\$ 116,880	\$ 559,149
Developer payable			20,667			1,023	21,690
Accrued liabilities	113,991					9,032	123,023
Due to other governments	413						413
Due to other funds						156,178	156,178
Advances due to other funds					7,513,501		7,513,501
Total liabilities	183,475		393,865		7,513,501	283,113	8,373,954
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	3,428,328		42,900	693,753	250,805	1,477,458	5,893,244
Total deferred inflows of resources	3,428,328		42,900	693,753	250,805	1,477,458	5,893,244
Total liabilities and deferred inflows of resources	3,611,803		436,765	693,753	7,764,306	1,760,571	14,267,198
FUND BALANCES							
Nonspendable	159,675			910,613		29,526	1,099,814
Restricted		441,471		1,111,073		1,334,559	2,887,103
Assigned			3,059,200				3,059,200
Unassigned (deficit)	2,073,781				(7,513,501)	(29,526)	(5,469,246)
Total fund balances	2,233,456	441,471	3,059,200	2,021,686	(7,513,501)	1,334,559	1,576,871
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,845,259	\$ 441,471	\$ 3,495,965	\$ 2,715,439	\$ 250,805	\$ 3,095,130	\$ 15,844,069

Exhibit A-4
City of Waupaca, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2020

Total fund balances-governmental funds: \$ 1,576,871

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital asset	39,840,355	
Governmental accumulated depreciation	<u>(13,020,502)</u>	26,819,853

Pension and OPEB deferred outflows and inflows of resources are actuarially determined by the plans.

These items are reflected in the statement of net position and are being amortized with pension and OPEB expense in the statement of activities.

The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore, are not reported in the fund statements.

Deferred outflows of resources		1,697,728
Deferred inflows of resources		(2,096,970)

The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements 687,407

Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.

Special assessments		42,646
Long-term notes receivable		565,268
Discount on notes receivable		(89,937)

Payments made to the refunding bond escrow are reported in the funds statement when expended, but are amortized over the life of the bond in the statement of net position.

Deferred charges on refunding		2,747
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

Bonds and notes payable		(11,659,150)
Debt premium		(180,276)
Accrued interest on general obligation debt		(93,469)
OPEB - group life insurance plan		(199,278)
Compensated absences		<u>(792,879)</u>

Total net position of governmental activities \$ 16,280,561

Exhibit A-5
City of Waupaca, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Capital Improvements	TIF #4	TIF #8	Other Governmental Funds	Total
REVENUES							
Taxes	\$ 3,348,363	\$	\$	\$ 673,236	\$ 162,182	\$ 1,263,951	\$ 5,447,732
Special assessments			17,501				17,501
Licenses and permits	396,368						396,368
Fines, forfeits and penalties	57,078						57,078
Intergovernmental	1,628,032		290,200	5,882	4,255	881,587	2,809,956
Public charges for services	84,967					250,045	335,012
Miscellaneous:							
Interest	83,252		465			6,604	90,321
Other	266,844		23,564			150,988	441,396
Total revenues	5,864,904		331,730	679,118	166,437	2,553,175	9,595,364
EXPENDITURES							
General government	1,221,752						1,221,752
Public safety	1,949,154					12,951	1,962,105
Health and social services	167,585					5,738	173,323
Public works	909,189					797,450	1,706,639
Culture, recreation and education	552,284					1,006,515	1,558,799
Conservation and development						108,276	108,276
Capital outlay:							
General government			202,646				202,646
Public safety			197,552				197,552
Health and social services						8,350	8,350
Public works			1,688,866				1,688,866
Culture, recreation and education			68,999			11,595	80,594
Conservation and development				22,255	7,034	202,691	231,980
Debt service:							
Principal retirement		1,337,063		124,054	2,135,000	648,453	4,244,570
Interest and fiscal charges		222,518		5,429	112,827	31,291	372,065
Debt issuance costs					13,126		13,126
Total expenditures	4,799,964	1,559,581	2,158,063	151,738	2,267,987	2,833,310	13,770,643
Excess of revenues over (under) expenditures	1,064,940	(1,559,581)	(1,826,333)	527,380	(2,101,550)	(280,135)	(4,175,279)
OTHER FINANCIAL SOURCES (USES)							
Transfers in	624,498	1,070,034			196,559	901,794	2,792,885
Transfers out	(1,630,293)			(223,756)	(37,009)	(451,010)	(2,342,068)
Proceeds from sale of capital assets	404		143,443			3,836	147,683
Debt proceeds and debt premiums		208,415	4,000,000		2,023,213		6,231,628
Total other financing sources (uses)	(1,005,391)	1,278,449	4,143,443	(223,756)	2,182,763	454,620	6,830,128
Net change in fund balances	59,549	(281,132)	2,317,110	303,624	81,213	174,485	2,654,849
Fund balances - beginning	2,173,907	722,603	742,090	1,718,062	(7,594,714)	1,160,074	(1,077,978)
Fund balances - ending	\$ 2,233,456	\$ 441,471	\$ 3,059,200	\$ 2,021,686	\$ (7,513,501)	\$ 1,334,559	\$ 1,576,871

Exhibit A-6
City of Waupaca, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances-total governmental funds \$ 2,654,849

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

The acquisition of capital assets are reported in the governmental funds as
expenditures. However, for governmental activities those costs are shown in
the statement of net position and allocated over their estimated useful lives as
annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	1,856,246	
Depreciation expenses reported in the statement of activities	(946,615)	
Amount by which capital outlays and donations are greater (less) than depreciation in the current period.		909,631

The cost of capital assets disposed of during the current year is expensed in the
statement of activities. In the governmental funds, the cost of these assets was
recognized as an expenditure in the year purchased. Thus, the change in net position
differs from the change in fund balances by the undepreciated cost of the disposed assets. (74,037)

Vested employee benefits and the OPEB liability are reported in the governmental
funds when amounts are paid. The statement of activities reports the amount earned
during the year.

Change in OPEB -group life insurance plan liability and related deferred outflows and inflows of resources		(2,415)
Change in compensated absences		(101,492)

Repayment of principal on long-term debt is reported in the governmental funds
as an expenditure, but is reported as a reduction in long-term debt in the
statement of net position and does not affect the statement of activities

The amount of long-term debt principal payments in the current year is:		4,244,569
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The issuance of long-term debt (e.g. bonds, notes) provides current financial
resources to governmental funds but does not affect the statement of activities (5,935,000)

Deferred charges associated with long-term debt issued in a prior period are reported
in the statement of activities, but are not a current financial resource and, therefore,
are not reported in the governmental funds. This is the net decrease in deferred
charges during the current period. (4,407)

Exhibit A-6 (continued)
City of Waupaca, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

In governmental funds, special assessment collections are reflected as revenue when received.		
In the statement of activities, revenue is recognized when assessed.		
Amount assessed is greater (less) than collected by:	10,944	
Long-term notes receivable loans are reflected as expenditures in governmental funds, but are reported as additions to notes receivable in statement of net position and does not affect the statement of activities.		
Net amount of new loans versus loan repayments was:	(50,532)	
The amortization of a discount on notes receivable does not involve current financial resources and, therefore, is not reported as revenue in the governmental funds. In the statement of activities, the discount on notes receivable is being amortized as interest income over the life of the note.		
	3,206	
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as interest income in the statement of activities.		
Current year debt premium issued	(181,791)	
Amount of debt premium amortized in the current year	1,515	
		(180,276)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	344,552	
The amount of interest accrued during the current period	(336,313)	
Interest paid is greater (less) than interest expensed by		8,239
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension asset between years, with adjustments.		(37,022)
Change in net position-governmental activities		\$ 1,446,257

Exhibit A-7
City of Waupaca, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020

	Water Utility	Sewer Utility	Telecommunications Utility	Total
ASSETS				
Current assets:				
Cash and investments	\$ 2,650,271	\$ 2,898,840	\$ 157,167	\$ 5,706,278
Receivables:				
Customer	152,615	226,995	20,544	400,154
Other	4,881	15,124		20,005
Inventories	67,152	2,493		69,645
Total current assets	2,874,919	3,143,452	177,711	6,196,082
Restricted assets:				
Equipment replacement		438,000		438,000
Maintenance		256,500		256,500
Debt reserves	366,074	589,907		955,981
Total restricted assets	366,074	1,284,407		1,650,481
Other assets:				
Special assessments receivable	236,049	6,959		243,008
Net pension asset	50,989	63,255	65	114,309
Advance due from other funds	2,942,888	3,660,000		6,602,888
Total other assets	3,229,926	3,730,214	65	6,960,205
Capital assets:				
Property and plant	13,018,055	25,183,056	258,312	38,459,423
Less: accumulated provision for depreciation	(5,637,020)	(14,614,828)	(255,097)	(20,506,945)
Total capital assets	7,381,035	10,568,228	3,215	17,952,478
Total assets	13,851,954	18,726,301	180,991	32,759,246
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows	119,772	148,585	152	268,509
OPEB - group life insurance plan outflows	8,904	6,569		15,473
Total deferred outflows of resources	128,676	155,154	152	283,982
Total assets and deferred outflows of resources	\$ 13,980,630	\$ 18,881,455	\$ 181,143	\$ 33,043,228

Exhibit A-7 (Continued)
City of Waupaca, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020

	Water Utility	Sewer Utility	Telecommunications Utility	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 66,289	\$ 122,403	\$ 6,761	\$ 195,453
Accrued liabilities	4,873	5,639	1,019	11,531
Accrued interest		16,153		16,153
Current portion of revenue bonds	9,520	576,458		585,978
Total current liabilities	80,682	720,653	7,780	809,115
Current liabilities (payable from restricted assets):				
Accrued interest	11,893			11,893
Current portion of revenue bonds	385,000			385,000
Total current liabilities (payable from restricted assets)	396,893			396,893
Long-term liabilities:				
Revenue bonds	2,917,922	3,646,508		6,564,430
OPEB - group life insurance plan	21,372	15,769		37,141
Compensated absences	64,686	54,349		119,035
Less: current portion	(394,520)	(576,458)		(970,978)
Total long-term liabilities	2,609,460	3,140,168		5,749,628
Total liabilities	3,087,035	3,860,821	7,780	6,955,636
DEFERRED INFLOWS OF RESOURCES				
Pension inflows	153,040	189,857	195	343,092
OPEB - group life insurance plan inflows	3,623	2,671		6,294
Total deferred inflows of resources	156,663	192,528	195	349,386
NET POSITION				
Net investment in capital assets	4,463,113	6,921,720	3,215	11,388,048
Restricted	354,181	1,284,407		1,638,588
Unrestricted	5,919,638	6,621,979	169,953	12,711,570
Total net position	10,736,932	14,828,106	173,168	25,738,206
Total liabilities, deferred inflows of resources, and net position	\$ 13,980,630	\$ 18,881,455	\$ 181,143	\$ 33,043,228

Exhibit A-8
City of Waupaca, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
OPERATING REVENUES				
Sales of water	\$ 1,253,504	\$	\$	\$ 1,253,504
Measured sewer service		2,138,166		2,138,166
Telecommunications revenues			212,006	212,006
Total operating revenues	1,253,504	2,138,166	212,006	3,603,676
OPERATING EXPENSES				
Operation and maintenance	754,259	959,080	209,630	1,922,969
Depreciation	229,826	703,442	500	933,768
Taxes	16,676	5,732		22,408
Total operating expenses	1,000,761	1,668,254	210,130	2,879,145
Operating income	252,743	469,912	1,876	724,531
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,816	10,630	10	26,456
Debt discount and premium	(16,106)	36,746		20,640
Interest expense	(80,607)	(102,997)		(183,604)
Total nonoperating revenues (expenses)	(80,897)	(55,621)	10	(136,508)
Income before contributions and transfers	171,846	414,291	1,886	588,023
Capital contributions	3,266	89,876		93,142
Transfer of tax equivalent	(200,809)	(250,008)		(450,817)
Change in net position	(25,697)	254,159	1,886	230,348
Net position - beginning	10,762,629	14,573,947	171,282	25,507,858
Net position - ending	\$ 10,736,932	\$ 14,828,106	\$ 173,168	\$ 25,738,206

Exhibit A-9
City of Waupaca, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Received from customers	\$ 1,253,418	\$ 2,214,205	\$ 224,923	\$ 3,692,546
Payments to employees	(412,281)	(476,893)	(67,139)	(956,313)
Payments to suppliers	(147,813)	(512,213)	(137,339)	(797,365)
Net cash flows from (used by) operating activities	693,324	1,225,099	20,445	1,938,868
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(200,809)	(250,008)		(450,817)
Net cash flows from (used by) noncapital financing activities	(200,809)	(250,008)		(450,817)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for capital acquisitions	(439,940)	(515,673)		(955,613)
Principal payments	880,603	532,521		1,413,124
Interest paid	(79,380)	(101,972)		(181,352)
Debt premium and discount	(16,106)	36,746		20,640
Contributed capital	3,266	89,876		93,142
Net cash flows from (used by) capital and related financing activities	348,443	41,498		389,941
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of interest	15,816	10,630	10	26,456
Net cash flows from investing activities	15,816	10,630	10	26,456
Net change in cash and cash equivalents	856,774	1,027,219	20,455	1,904,448
Cash and cash equivalents - beginning of year	2,159,571	3,156,028	136,712	5,452,311
Cash and cash equivalents - end of year	<u>\$ 3,016,345</u>	<u>\$ 4,183,247</u>	<u>\$ 157,167</u>	<u>\$ 7,356,759</u>
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 2,650,271	\$ 2,898,840	\$ 157,167	\$ 5,706,278
Cash and investments (restricted assets)	366,074	1,284,407		1,650,481
Cash and cash equivalents	<u>\$ 3,016,345</u>	<u>\$ 4,183,247</u>	<u>\$ 157,167</u>	<u>\$ 7,356,759</u>

Exhibit A-9 (Continued)
City of Waupaca, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 252,743	\$ 469,912	\$ 1,876	\$ 724,531
Noncash items in operating income:				
Depreciation expense	251,237	682,030	500	933,767
Pension expense	(6,475)	(4,350)	772	(10,053)
Life insurance expense	9,397	5,608		15,005
Amortization of major repair				
Changes in assets and liabilities:				
Customer accounts receivable	(1,084)	13,815	(1,635)	11,096
Other accounts receivable	837	22,080	14,552	37,469
Due from other funds	125,101			125,101
Special assessments receivable	161	40,144		40,305
Inventories	44			44
Accounts payable	52,578	112,600	3,815	168,993
Due to other funds		(125,101)		(125,101)
Accrued liabilities	1,598	(104)	565	2,059
Compensated absences	7,187	8,465		15,652
Net cash provided by operating activities	<u>\$ 693,324</u>	<u>\$ 1,225,099</u>	<u>\$ 20,445</u>	<u>\$ 1,938,868</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Waupaca, Wisconsin
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 December 31, 2020

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City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waupaca conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The City of Waupaca, Wisconsin was incorporated under the provisions of Chapter 131, Laws of Wisconsin, 1981. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter; public safety (police and fire), highways and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning, and general administrative services.

The basic criterion for including a legally separate organization as a Component Unit is the degree of financial accountability the City has with the organization. The following circumstances set forth the City's financial accountability for a legally separate organization:

- a. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.
- b. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The financial statements include the City of Waupaca Community Development Authority as a component unit. The Authority is organized as a legally separate organization under Section 66.431 of the State of Wisconsin Statutes for the purpose of carrying out blight elimination, slum clearance and urban renewal projects. The board of the Authority is appointed by the mayor of the City. Wisconsin statutes provide for circumstances whereby the City can impose its will on the Authority and also create a potential financial benefit to or burden the City. As a component unit, the activities of the Community Development Authority, when they occur, are blended into the City's general and capital projects funds. Separately issued financial statements of the Authority are not available.

For 2020, there were no revenues or expenditures for the Community Development Authority.

B. Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Eliminations have been made to minimize the double-counting of internal activities of the City.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial 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 with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program 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 expenditure/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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major fund within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Basis of Presentation:

The City reports the following major governmental funds:

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial Statements (Continued)

Debt Service– Used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Capital Improvements – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

TIF No. 4 and 8 Capital Projects Funds – Accounts for the activity of Tax Incremental District No.’s 4 and 8, including any payment of long-term debt principal, interest and related costs.

The City reports the following major proprietary funds:

Water– All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer – This fund accounts for the maintenance of the City’s sewer system. Wisconsin State Statutes Section 66.076, permit municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Non-Major Funds:

The City reports the following non-major governmental funds:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Inland Lakes
- Hotel/Motel Tax
- Transit System
- Revolving Loans
- Adult Recreation Center
- Airport
- Donations and Grants
- Library
- Youth Programs
- South Park Trust

TIF No. 3, 6, 9 & 10 Capital Projects Funds – Accounts for the activity of Tax Incremental Districts, including any payment of long-term debt principal, interest and related costs.

Permanent Funds – Are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs.

-Cemetery Perpetual care

The City reports the following non-major proprietary funds:

Telecommunications– This fund accounts for the activities of the City’s communication utility. This utility offers broadband services to businesses and individuals. Expenditures are recovered through user fees.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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. Unbilled receivables are recorded as revenues when services are provided.

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 city's water and sewer utility 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.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major funds.

All deposits of the City are made in board designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

For purposes of the statement of cash flows, all cash and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

E. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying agency fund balance sheet.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
January settlement	January 15, 2021
February settlement	February 20, 2021
August settlement	August 20, 2021
Personal property taxes in full	January 31, 2021
Tax sale- 2020 delinquent real estate taxes	October 2025

No provision for uncollectible accounts receivable has been made for the City and the utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds," Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of fuel and expendable supplies held for consumption. Expendable supplies, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet- Governmental Funds.

Inventories of proprietary fund types are valued at the lower-of-cost or market using the first-in, first-out method and are initially capitalized and then charged to expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Restricted Assets

Certain proceeds of the Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond special redemption” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond depreciation” account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Other restricted assets include a “DNR Replacement Fund” which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the Wastewater Utility plant and the net pension asset related to the Wisconsin Retirement System. “Customer Deposits” are deposits made by the customer which are due to the customers unless their bills are not paid.

H. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost if actual cost is not available. Contributed assets are reported at acquisition value. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset’s lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction are capitalized as part of the additions to capital assets.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	\$ 5,000	20-35
Land		N/A
Improvements	5,000	5-15
Buildings	5,000	50-100
Machinery and equipment	5,000	5-20

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

I. Compensated Absences

Vacation pay is earned based on length of service (5-30 days per year). Vacation days are not cumulative and are based on the calendar year.

Regular full-time employees can accrue sick leave to a maximum of 150 days. For regular full-time employees hired after 2011, sick leave shall be eligible for a maximum accrual of 90 days. Employees earn 12 sick days per year. Accumulated unused sick leave is placed in a bank for the employee. All full-time employees leaving employment with the City in good standing will receive a lump sum payment of unused sick leave (paid at a pre-determined percentage based on years of service). An employee that is retiring also has the option to use unused sick leave as credit towards the City's health insurance plan. The City health insurance program is not available to retirees beyond COBRA requirements.

Compensated absence expenditures and liabilities are recorded and adjusted to December 31 salaries/wages at the close of each fiscal year.

J. Bond Premiums, Discounts, Issuance Costs, and Conduit Debt

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

Deferred amounts from refunding resulting in a debit are reported as deferred outflows. Deferred amounts from refunding resulting in a credit are reported as deferred inflows.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,113,667.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

L. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the City Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

Fund Statements (Continued)

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

The City has passed a fund balance policy to preserve working capital and to adequately prepare for unforeseen events which will require ready access to funds. The City requires that the unassigned fund balance be maintained between 20% and 25% of the General Fund budget. Amounts exceeding 30% shall be transferred to the Rainy-Day Fund. As of December 31, 2020, the unassigned fund balance of the general fund was 34.3% of the current year general fund budgeted expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

M. Transfers

Transfers include the payment in lieu of taxes from the water, sewer, and telecommunications utilities to the general fund. The debt service fund transferred property tax levies to the TIF funds for shortfalls between the tax increments and their debt payments. TIF District No. 4 is a donor to TIF District No. 8 and 10. TIF District No. 6 is a donor to TIF District No. 3 and 5. TIF District No. 9 is a donor to TIF District No. 10. A transfer of positive tax increment after satisfying current year debt service and project costs was made to TIF District No. 3, 8, and 10 in the amount of \$202,844, \$196,559, and \$138,691, respectively.

N. Encumbrances

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year-end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. The City does not use encumbrance accounting.

O. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; 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 fiscal years.

P. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Regulation of Municipal Utilities

The Waupaca Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission. The Sewer and Telecommunications Utilities are not regulated.

R. State and Federal Aids

State general and categorical aids are recognized as revenue in the entitlement year. Federal aids and certain state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows of resources.

S. Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund and as revenue in the fund that is reimbursed.

T. Discount on Long-Term Notes Receivable

A long-term receivable is discounted at a rate of 3%. The discount is recognized and being amortized to interest income in the statement of activities over the course of the loan using the effective interest method.

U. Debt Policy

The City's General Guidelines per Debt Policy:

- a. The City shall assess the fiscal impact of the debt prior to issuance.
- b. Tax supported general obligation debt of the City will not exceed 2.5 percent (2.5%) of the equalized valuation, including tax incremental value, of the taxable property of the City ("TID-In"). Total general obligation debt for the City shall not exceed 3.75 percent (3.75%) of TID-In equalized valuation.
- c. Total annual debt service payments on tax-supported debt, excluding tax increment finance debt, of the City will not exceed 25 percent (25%) of total general government operating revenue.
- d. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

The City is in compliance with these general guidelines of the debt policy.

V. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows and inflows of resources related to pensions, 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 benefits terms. Investments are reported at fair value.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Other Postemployment Benefits

Group life insurance plan

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

X. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has items that qualify for reporting in this category. The deferred outflows of resources were derived from the WRS pension system and OPEB plan. The deferred outflows of resources for the WRS pension system are discussed in Note 6. The deferred outflows of resources for the OPEB plan are discussed in Note 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The City has items that qualify for reporting in this category. Deferred inflows of resources related to the WRS pension system are discussed in Note 6, deferred inflows of resources related to the OPEB plan are discussed in Note 7, and the remaining deferred inflows of resources are discussed in Note 16.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2020, cash and investments included the following:

Petty cash/cash on hand	\$ 650
Deposits with financial institutions	12,926,543
Certificate of deposit	2,017,819
Mutual Fund	20,286
U.S. government agencies	500,000
Total cash and investments	\$ 15,465,298

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 13,814,817
Cash and investments-restricted	1,650,481
Total cash and investments	\$ 15,465,298

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds are securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Income Allocation – Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>12 months or less</u>	<u>13 to 24 months</u>
Certificates of deposit	\$ 2,017,819	\$ 340,746	\$ 1,677,073
Mutual Fund	20,286	20,286	
U.S. government agencies	500,000	500,000	
Total	<u>\$ 2,538,105</u>	<u>\$ 861,032</u>	<u>\$ 1,677,073</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to those authorized by State Statutes. At December 31, 2020 the City's investments were rated as follows:

	<u>Amount</u>	<u>Rating</u>
Mutual Fund	\$ 20,286	(4) Stars (Morningstar)
U.S. government agencies	500,000	Aaa (Moody's)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

The City's investment policy requires all certificates of deposits and other time deposits be collateralized in an amount equal to 102% of the investment less the amount insured by the State of Wisconsin and the FDIC.

As of December 31, 2020, \$2,628,898 of the City's deposits were insured by collateral at financial institutions, \$927,828 were insured by the FDIC and \$1,701,070 of the City's deposits with financial institutions were insured by pledged collateral.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

Fair Value Measurement

The City uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the City's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The City uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Assets at Fair Value as of December 31, 2020	
	Fair Value	Level 1
Mutual Fund	\$ 20,286	\$ 20,286
U.S. government agencies	500,000	500,000
Totals	\$ 520,286	\$ 520,286

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 4

CAPITAL ASSETS

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

	Beginning Balance	Additions	Removals	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Construction work in progress	\$ 740,998	\$ 746,223	(727,763)	\$ 759,458
Land	4,599,696		(66,500)	4,533,196
Total capital assets not being depreciated	5,340,694	746,223	(794,263)	5,292,654
 <i>Capital assets, being depreciated:</i>				
Building	12,574,752	353,305		12,928,057
Infrastructure	15,722,360	845,353		16,567,713
Improvements other than buildings	1,178,804	11,595		1,190,399
Machinery and equipment	1,633,784	345,096	(59,000)	1,919,880
Vehicles	1,828,414	282,437	(169,199)	1,941,652
Total capital assets, being depreciated	32,938,114	1,837,786	(228,199)	34,547,701
Total capital assets	38,278,808	2,584,009	(1,022,462)	39,840,355
 Less accumulated depreciation:				
Building	3,058,824	167,568		3,226,392
Infrastructure	6,719,410	503,457		7,222,867
Improvements other than buildings	528,085	55,792		583,877
Machinery and equipment	915,853	92,076	(59,000)	948,929
Vehicles	1,072,377	127,722	(161,662)	1,038,437
Total accumulated depreciation	12,294,549	946,615	(220,662)	13,020,502
Total net capital assets	\$ 25,984,259	\$ 1,637,394	\$ (801,800)	\$ 26,819,853

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 72,459
Public safety	102,954
Public works	602,758
Culture, recreation and education	131,853
Health and human services	36,591
Total governmental activities depreciation expense	\$ 946,615

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Salvage	Removals	Ending Balance
Business-type Activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 72,639	\$	\$	\$	\$ 72,639
Non-utility property	13,563				13,563
Property held for future use	100,000				100,000
Total capital assets not being depreciated	186,202				186,202
 <i>Capital assets, being depreciated:</i>					
Building	6,510,218	394,984		(173,000)	6,732,202
Infrastructure/systems/equipment	31,156,160	560,630		(175,771)	31,541,019
Total capital assets, being depreciated	37,666,378	955,614		(348,771)	38,273,221
Total capital assets	37,852,580	955,614		(348,771)	38,459,423
 Less accumulated depreciation:					
Building	5,243,491	282,197			5,525,688
Infrastructure/systems/equipment	14,678,457	651,571		(348,771)	14,981,257
Total accumulated depreciation	19,921,948	933,768		(348,771)	20,506,945
Total net capital assets	\$ 17,930,632	\$ 21,846	\$	\$	\$ 17,952,478

Depreciation expense for business-type activities was charged to functions as follows:

Business-type activities	
Water	229,826
Telecommunication	703,442
Wastewater	500
Total depreciation expense per exhibit A-8	\$ 933,768

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 5

LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the City for the year ended December 31, 2020.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 3,150,000	\$	\$ (2,645,000)	\$ 505,000	\$ 365,000
General obligation notes	5,020,000	5,935,000	(820,000)	10,135,000	1,245,000
Notes from direct borrowings and direct placements	1,798,719		(779,569)	1,019,150	434,322
Total general obligation debt	9,968,719	5,935,000	(4,244,569)	11,659,150	2,044,322
Other long-term obligations:					
Compensated absences	691,387	111,595	(10,103)	792,879	
Total governmental activities					
Long-term liabilities	\$ 10,660,106	\$ 6,046,595	\$ (4,254,672)	\$ 12,452,029	\$ 2,044,322

The compensated absences liability attributed to governmental activities are typically liquidated in the general fund.

At December 31, 2019 the City had an open Line of Credit with a local financial institution for \$500,000 with a final maturity of December 15, 2023. As of December 31, the City had a balance \$500,000 left on the line to borrow in 2020. Interest on the line of credit for 2020 was \$7,982.

Interest costs incurred during the year totaled \$336,313. Total interest paid during the year aggregated \$344,552.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities</u>					
Mortgage Revenue bonds	\$ 4,250,000	\$	\$ (670,000)	\$ 3,580,000	\$ 695,000
Revenue Bonds from direct borrowings and direct placements	901,306	2,245,000	(161,876)	2,984,430	275,978
Other long-term obligations:					
Compensated absences	103,383	15,652		119,035	
Total business-type activities					
Long-term liabilities	\$ 5,254,689	\$ 2,260,652	\$ (831,876)	\$ 6,683,465	\$ 970,978

Interest costs incurred during the year totaled \$142,366. Total interest paid during the year aggregated \$142,662.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, and tax increments. General obligation debt at December 31, 2020, is comprised of the following issues:

Description	Issue Dates	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
<u>Notes payable</u>					
G.O. promissory notes	03/05/18	03/01/25	3.00%	\$ 3,960,000	\$ 2,850,000
State trust fund loan	08/05/16	03/15/22	3.00%	545,000	190,316
State trust fund loan	09/30/16	03/15/22	3.00%	278,926	29,379
State trust fund loan	09/30/16	03/15/23	3.00%	923,644	488,699
State trust fund loan	12/29/17	03/15/22	3.00%	600,000	310,756
G.O. promissory notes	03/26/19	03/01/29	3.00-4.00%	1,555,000	1,350,000
G.O. promissory notes	11/23/20	03/01/30	2.00-3.00%	5,935,000	5,935,000
					<u>\$ 11,154,150</u>
<u>Refunding bonds</u>					
G.O. promissory bonds	03/15/18	03/01/23	1.95-2.29%	1,215,000	\$ 505,000
					<u>\$ 505,000</u>
Total governmental activities - general obligation debt					<u><u>\$ 11,659,150</u></u>

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. The mortgage revenue bonds are expected to be repaid with water and wastewater revenue. Enterprise Fund debt at December 31, 2020, is comprised of the following:

Description	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/20
<u>Revenue bonds</u>					
Sewerage system revenue bond	07/24/02	05/01/22	2.84%	\$ 1,135,476	\$ 149,903
Sewerage system revenue bond	11/01/04	05/01/24	2.37%	454,008	121,039
Sewerage system revenue bond	01/01/05	05/01/25	2.37%	437,107	129,428
Sewerage system revenue bond	07/11/07	05/01/27	2.48%	502,814	216,138
Sewerage system revenue bond	03/05/18	05/01/28	3.00-4.00%	2,740,000	1,935,000
Sewerage system revenue bond	11/23/20	05/01/30	2.00-3.00%	1,095,000	1,095,000
Water system revenue bond	03/05/18	05/01/28	3.00-4.00%	2,160,000	1,645,000
Water system revenue bond	06/13/12	05/01/32	1.32%	194,758	122,922
Water system revenue bond	11/23/20	05/01/30	2.00-3.00%	1,150,000	1,150,000
Total business-type activities revenue debt					<u><u>\$ 6,564,430</u></u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

The sewerage system and water system revenue bonds require that the following requirements:

Debt Service Fund Requirement: The Bond covenants require the utility to establish and maintain a Debt Service Fund Account, deposits to be made monthly equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source). This requirement was met for both the sewer utility and the water utility for the year ended December 31, 2020. The debt service fund requirement for the sewer utility is \$396,407 and the Debt Service Fund Account had a balance of \$396,407 at December 31, 2020. The debt service fund requirement for the water utility is \$201,574 and the Debt Service Fund Account had a balance of \$201,574 at December 31, 2020.

Bond Reserve Requirement: The City covenants to establish and maintain a Reserve Account in an amount equal to the least of (a) 10% of the principal of the Bonds and the Parity Bonds; (b) maximum amount of principal and interest due on the outstanding Bonds and Parity Bonds in any Fiscal Year; or (c) 125% of average annual debt service on the outstanding Bonds and the Parity Bonds requirement will be deposited in the Reserve Account. This requirement was met for both the sewer utility and the water utility for the year ended December 31, 2020. The reserve requirement for the sewer utility is \$193,500 and the Bond Reserve Account had a balance of \$193,500 at December 31, 2020. The reserve requirement for the water utility is \$164,500 and the Bond Reserve Account had a balance of \$164,500 at December 31, 2020.

Annual Debt Service Requirement: The City covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Sewerage and Water System so that net revenues (i.e. gross revenues less all costs of operation and maintenance, exclusive of debt service, depreciation, or local tax equivalents) will be at least 1.10 times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenues of the Sewerage and Water System each year. This requirement was not met for the year ended December 31, 2020. The net earnings for the sewer utility were \$1,183,984 or 2.50 times the annual principal and interest amount of \$472,656. The net earnings for the water utility were \$297,576 or .91 times the annual principal and interest amount of \$325,325.

General Obligation Debt Limit Calculation

The 2020 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$466,714,700. The legal debt limit and margin of indebtedness as of December 31, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$466,714,700)	\$ 23,335,735
General obligation debt outstanding	(11,659,150)
Margin of indebtedness	\$ 11,676,585

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Maturities of Long-Term Obligations

Maturities of the long-term debt to maturity for Governmental Activities, at December 31, 2020, are:

Years	Governmental Activities					
	Bonds		Notes		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 365,000	\$ 6,646	\$ 1,245,000	\$ 237,623	\$ 434,322	\$ 25,982
2022	70,000	2,345	1,260,000	236,125	417,091	12,815
2023	70,000	802	1,585,000	192,075	167,737	5,032
2024			1,360,000	146,475		
2025			1,315,000	104,875		
2026-2030			3,370,000	188,950		
Totals	\$ 505,000	\$ 9,793	\$ 10,135,000	\$ 1,106,123	\$ 1,019,150	\$ 43,829

Maturities of the long-term debt to maturity for Enterprise Activities, at December 31, 2020, are:

Years	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 695,000	\$ 102,981	\$ 275,978	\$ 54,294
2022	710,000	81,906	280,189	50,455
2023	730,000	60,306	256,545	44,492
2024	760,000	37,956	263,555	39,525
2025	160,000	23,356	283,747	34,349
2026-2030	525,000	30,634	1,602,763	80,764
2031-2032			21,653	289
Totals	\$ 3,580,000	\$ 337,139	\$ 2,984,430	\$ 304,168

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN

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

ETF issues a standalone 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.

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3%)	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$255,282 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with social security	6.75%	11.65%
Protective without social security	6.75%	16.25%

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

At December 31, 2020, the City reported a liability (asset) of (\$801,716) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.02486362%, which was an increase of 0.00009495% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$298,466.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,521,841	\$ 761,579
Changes of assumptions	62,475	
Net differences between projected and actual earnings on pension plan investments		1,638,993
Changes in proportion and differences between employer contributions and proportionate share of contributions	21	5,720
Employer contributions subsequent to the measurement date	298,878	
Total	\$ 1,883,215	\$ 2,406,292

\$298,878 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2021	\$ (244,366)
2022	(182,612)
2023	27,272
2024	(422,249)
Total	\$ (821,955)

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Allocation Targets and Expected Returns			
As of December 31, 2019			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the City of Waupaca'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 percent, 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 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$2,064,563	(\$801,716)	(\$2,944,590)

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>.

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$1,003 in contributions from the employer.

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

At December 31, 2020, the LRLIF Employer reported a liability (asset) of \$236,419 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.05552100%, which was a decrease of 0.001146% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$25,699.

OPEB amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 10,592
Changes of assumptions	87,216	26,004
Net differences between projected and actual earnings on OPEB plan investments	4,460	
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,648	3,468
Employer contributions subsequent to the measurement date	1,171	
Totals	\$ 98,495	\$ 40,064

\$1,171 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2021	\$ 10,081
2022	10,081
2023	9,600
2024	9,104
2025	7,027
Thereafter	11,367
Total	\$ 57,260

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

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's proportionate share of the net OPEB liability (asset)	\$326,455	\$236,419	\$167,919

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

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Government Funds:		
General	Airport	\$ 24,891
General	Hotel Tax	115,454
General	Transit System	15,833
		<u>\$ 156,178</u>

The following is a schedule of interfund advances at December 31, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water utility	TIF #8	\$ 2,942,888
Sewer utility	TIF #8	3,660,000
TIF #4	TIF #8	910,613
	Total	<u>\$ 7,513,501</u>

No repayment schedule has been prepared for the advance to the TIF District's and no interest is being charged on the advance.

For the statement of net assets, interfund balances which are owned within the government activities or business-type activities are netted and eliminated.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The following is a schedule of interfund transfers:

<u>Fund Transfer To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Government Funds:		
General	Water utility-tax equivalent	\$ 200,809
General	Sewer utility-tax equivalent	250,008
General	Hotel/Motel revenue	46,153
Airport	General	66,265
Transit system	General	52,117
Library	General	339,554
Youth Program	General	102,323
Debt service fund	General	1,070,034
TIF #3	TIF #6	202,844
TIF #8	TIF #4	196,559
TIF #10	TIF #9	119,744
TIF #10	TIF #4	18,947
General	TIF #3	37,009
General	TIF #4	8,250
General	TIF #6	22,630
General	TIF #8	37,009
General	TIF #10	22,630
	Total	<u>\$ 2,792,885</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Cumulative transfers from the Debt Service fund to the TIF Districts due to a shortfall of the increment versus the required debt payments are:

TIF #3	\$ 838,493
TIF #6	640,639
TIF #8	1,647,546
TIF #10	36,063
	<u>\$ 3,162,741</u>

Repayment by the TIF Districts was determined to be unlikely, and as such, a transfer has been recorded.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 9

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2020 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land	\$ 4,533,196
Other capital assets, net of accumulated depreciation	22,286,657
Less: related long-term debt outstanding	<u>(5,006,073)</u>
Total net investment in capital assets	<u>21,813,780</u>
Restricted:	
Debt service	348,002
TIF #4	1,111,073
Inland Lakes	14,265
Hotel/motel tax	102,082
Revolving loans	458,483
Adult Recreation Center	27,468
TIF #6	756,232
Donation and Grants	103,021
Library	28,321
Youth programs	38,164
South Park Trust	96,738
Perpetual care	<u>118,227</u>
Total restricted	<u>3,202,076</u>
Unrestricted	<u>(8,735,295)</u>
Total governmental activities net assets	<u>\$ 16,280,561</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 9 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 includes the following:

Major Funds

General Fund:

Nonspendable:

Prepays	\$ 49,612
Long-term receivable	110,063
Total	\$ 159,675

Unassigned: \$ 2,073,781

Debt Service Fund:

Restricted:

Restricted for future debt payments	\$ 441,471
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Capital Improvements Fund:

Assigned:

Assigned for future capital projects	\$ 3,059,200
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TIF District #4 Fund:

Nonspendable:

Advance	\$ 910,613
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Restricted:

Restricted for TIF purposes	\$ 1,111,073
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Other Non-major Governmental Funds:

Nonspendable:

Airport fund:

Inventories	\$ 29,526
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City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 9 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

Restricted:	
Inland Lakes fund:	
Restricted for future expenditures	\$ 14,265
Hotel/motel tax fund:	
Restricted for economic development	102,082
Revolving loan fund:	
Restricted for economic development	50,041
Adult Recreation Center:	
Restricted for future expenditures	27,468
Donations and Grants fund:	
Restricted for future expenditures	103,021
Library fund:	
Restricted for future expenditures	28,321
Youth program fund:	
Restricted for future expenditures	38,164
South Park Trust fund:	
Restricted for future expenditures	96,738
TIF Districts fund:	
Restricted for future TIF expenditures	
TIF #6	756,232
Perpetual care fund:	
Restricted for future cemetery expenditures	118,227
Total restricted non-major funds	<u>\$ 1,334,559</u>
 Assigned:	
Capital Improvements Fund:	
Assigned for future capital projects	<u>\$ 3,059,200</u>

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

Unassigned fund balance (deficit)	
Airport	\$ (29,526)
TIF Districts Fund:	
TIF #8	(7,513,501)
	<u>\$ (7,543,027)</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 10 NET POSITION RESTRICTION – PROPRIETARY FUNDS

Portions of net position are restricted and are not available for current expenses as follows:

<u>Proprietary Funds</u>	
Water Utility:	
Restricted for:	
Debt reserves	<u>\$ 354,181</u>
Sewer Utility:	
Restricted for:	
Equipment	\$ 438,000
Maintenance	256,500
Debt reserves	<u>589,907</u>
Total	<u>\$ 1,284,407</u>

NOTE 11 JOINT VENTURES

The Waupaca Area Fire District was established in 1991 for the purpose of furnishing firefighting services to the territory included within the district. The municipalities participating in the fire district and their percentage shares are as follows: City of Waupaca – 33.530%; Town of Waupaca – 7.063%; Town of Dayton – 21.404%; Town of Farmington – 32.134%; and Town of Lind – 5.868%.

The percentage shares of each municipality are based on their 2020 share of equalized value within the district. The governing body consists of five voting members, those being the four town chairpersons and the chairperson of the Police and Fire Committee of the City of Waupaca. Budgets and expenditures must be approved by at least 80% of the shares. Fire district dues are based on the percentages above, and all shortfalls in revenue are allocated to each participating municipality in the same percentage. The Fire District does not have authority to borrow funds and participating municipalities do not have any equity interest in the assets of the district. The City accounts for its share of the operation in the general fund. The City believes that the district will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Area Fire District may be obtained at City Clerk’s Office, 111 South Main Street, Waupaca, WI 54981.

The Waupaca Regional Recycling/Composting Center was established in July of 1990 for the purpose of joining together in the recycling of items in the waste stream that can be recycled. Additionally, the other purposes of the center are to protect the interests of the taxpayers and to ensure that solid wastes generated within the district are properly recycled or disposed of in accordance with the applicable laws. The municipalities currently participating in the recycling district and their percentage shares are as follows: City of Waupaca – 38.92%; Town of Farmington – 25.53%; Town of Dayton – 17.70%; Town of Waupaca – 7.65%; and Town of Lind – 10.20%.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 11

JOINT VENTURES (CONTINUED)

The percentage shares of each municipality are based on the 2019 census of all municipalities of Waupaca County. The budgeted costs are paid by each municipality in proportion to their share of ownership. The governing body consists of two delegates appointed from each municipality included in the center. The chairman of the center will be elected from the two delegates of the municipality having the largest population. Budgets and expenditures must be approved by two-thirds of the members present. Shortfalls in revenues or deficits will be paid pro-rata by all participating municipalities. The Center does not have the authority to borrow funds and participating municipalities do not have any equity interest assets of the Center. The City accounts for its share of the operation in the general fund. The City believes that the Center will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Regional Recycling/Compositing Center may be obtained at the City Clerk's Office, 111 South Main Street, Waupaca, WI 54981.

NOTE 12

LANDFILL POST CLOSURE CARE COST

The City of Waupaca has an old landfill that is no longer accepting waste and is being monitored. State and federal laws and regulations require the City to monitor, document and report the condition of the City's closed landfill site in perpetuity. City officials are unable to estimate the total cost of closing the landfill and post closure monitoring at this time. \$715,966, including current year costs of \$3,381 have been incurred to date in closing and monitoring the landfill. The City has received a grant from the Wisconsin Department of Natural Resources, which will finance approximately 50% of the original costs of the landfill over a period of years beginning in 1992. Actual post closure care costs will be paid as incurred. No escrow accounts are required as a part of the current closure agreement and annual costs are paid from property tax revenues.

NOTE 13

TAX INCREMENTAL FINANCE DISTRICTS

Tax increment financing, as authorized by Section 66.46 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its TIF primary through the issuance of long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures. Tax increments will be used to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The District is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the District. The City becomes liable for any cost not recovered by the termination date.

During 2010, the City declared TIF District Numbers 3, 5, 8, and 10 to be distressed Districts. The City also declared TIF District Number 4 to be a donor to TIF District Number 8 and 10, TIF District Number 6 to be a donor to TIF Districts Number 3 and 5, and TIF District Number 9 to be a donor to TIF Districts Number 6, 7, and 10 (each of which have the same overlying taxing jurisdictions). As such, the donor Districts can use cumulative excess revenues over expenditures to aid in paying the costs of the distressed Districts. This could potentially add ten years to the life of the distressed Districts. TIF District #5 was closed in 2019 and #7 was closed in 2018.

The City has six active Tax Incremental Financing Districts. Project summaries of the activity and status of the districts through December 31, 2020 are provided as supplemental financial information.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 14 WASTEWATER REVENUE CONTRIBUTIONS - OTHER GOVERNMENTS

The Wastewater Utility provides treatment services to the Chain O'Lakes Sanitary District. During 2020, the following amounts were received:

Contributed capital:	
Replacement component	\$ 28,215
Customer charges:	
Flow component (net of overcharge)	142,464
Total	<u>\$ 170,679</u>

NOTE 15 CONTINGENCIES

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City's counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTE 16 DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2020 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 5,332,093
Special assessments	42,646
Long-term notes receivable – CDBG	408,442
Long-term notes receivable – Townhouse Land	110,063
Total deferred inflows of resources for government funds	<u>\$ 5,893,244</u>

Postponed special assessments are generally collectible in annual installments over five years while the CDBG notes receivable have been deferred until the property is sold or homeowner becomes deceased.

The long-term notes receivable for the townhouse land is for a principal sum of \$200,000, payable in one installment on March 15, 2041. The note carries an interest rate of 0%. The note has been discounted at a rate of 3% in these financial statements. The discount as of December 31, 2020 was \$89,937.

NOTE 17 CONCENTRATION OF RISK

Approximately 14% of the water utility operating revenues and approximately 5% of the sewer utility operating revenues are provided by one customer.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 18

TAX LEVY LIMIT

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, and street sweeping.

NOTE 19

TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Waupaca, through one of its TID districts, has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plan. The developers pay property taxes as they become due, and if they generate the guaranteed increment, a percentage of property tax generated based on a certain tax base is returned to developers.

For the year ended December 31, 2020, the City abated property taxes totaling \$40,141 related to TID developer agreements.

NOTE 20

CONTINGENT LIABILITY

The City received residential lots in satisfaction of outstanding delinquent taxes. When the City sells the lots, it is to pay the County the delinquent taxes.

NOTE 21

SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the City approved \$1,000,000 for the Main St project, sewer clarifier project for \$327,650, purchase of 2 new trucks for \$102,900, \$39,370 for a 2021 Taxi-minivan, \$323,125 for design and planning for the new public works facility.

NOTE 22

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, and GASB Statement No. 91, *Conduit Debt Obligations*. When these become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
City of Waupaca, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 3,345,872	\$ 3,345,872	\$ 3,348,363	\$ 2,491	\$ 2,491
Licenses and permits	185,833	185,833	396,368	210,535	210,535
Fines, forfeits and penalties	76,000	76,000	57,078	(18,922)	(18,922)
Public charges for services	114,500	114,500	84,967	(29,533)	(29,533)
Intergovernmental	1,558,129	1,558,129	1,628,032	69,903	69,903
Interest	36,000	36,000	83,252	47,252	47,252
Miscellaneous	224,109	224,109	266,844	42,735	42,735
Total revenues	5,540,443	5,540,443	5,864,904	324,461	324,461
EXPENDITURES					
General government	640,405	640,405	1,221,752	(581,347)	(581,347)
Public safety	1,960,394	1,960,394	1,949,154	11,240	11,240
Health and social services	185,715	185,715	167,585	18,130	18,130
Public works	1,188,389	1,188,389	909,189	279,200	279,200
Culture, recreation and education	596,349	596,349	552,284	44,065	44,065
Total expenditures	4,571,252	4,571,252	4,799,964	(228,712)	(228,712)
Excess of revenues over (under) expenditures	969,191	969,191	1,064,940	95,749	95,749
OTHER FINANCIAL SOURCES (USES)					
Proceeds from sale of capital assets			404	404	404
Transfers in	738,630	738,630	624,498	(114,132)	(114,132)
Transfers out	(1,479,588)	(1,479,588)	(1,630,293)	(150,705)	(150,705)
Total other financing sources (uses)	(740,958)	(740,958)	(1,005,391)	(264,433)	(264,433)
Net change in fund balance	228,233	228,233	59,549	(168,684)	(168,684)
Fund balance - beginning	2,173,907	2,173,907	2,173,907		
Fund balance - ending	\$ 2,402,140	\$ 2,402,140	\$ 2,233,456	\$ (168,684)	\$ (168,684)

Exhibit B-2
City of Waupaca, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Calendar Years*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	(0.02486362%)	\$ (801,716)	\$ 3,272,899	(24.50%)	(102.96%)
2018	0.02476867%	881,191	3,236,938	27.22%	96.45%
2017	(0.02444423%)	(725,778)	3,176,272	(22.85%)	(102.93%)
2016	0.02392902%	197,232	3,042,669	6.48%	99.12%
2015	0.02391266%	388,576	3,068,385	12.66%	98.20%
2014	(0.02371278%)	(582,291)	2,935,377	(19.84%)	(102.74%)

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 298,878	(298,878)		\$ 3,272,899	9.13%
2019	283,162	(283,162)		3,137,235	9.02%
2018	306,525	(306,525)		3,243,270	9.45%
2017	294,186	(294,186)		3,176,273	9.26%
2016	259,551	(259,551)		3,042,669	8.53%
2015	269,909	(269,909)		2,937,144	9.19%

Exhibit B-3
City of Waupaca, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Calendar Years*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	0.05552100%	\$ 236,419	\$ 3,112,000	7.60%	37.58%
2018	0.05666700%	146,220	2,846,000	5.14%	48.69%
2017	0.05694800%	171,333	2,394,826	7.15%	44.81%

*The proportionate share of the net OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

City of Waupaca, Wisconsin
Notes to Required Supplementary Information
December 31, 2020

NOTE 1

BUDGET SCHEDULE

General Policies – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C to the financial statements.

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution, designated carryovers from prior years, and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision, which states that no expenditures can be made from an expired appropriation. The statutes also require publication of the budget revisions. Revisions require a majority vote of the Common Council. Appropriations for the general fund lapse at year end unless specifically carried forward by council action.

Annual budgets, as required by state statutes, are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. Budgets have not been formally adopted for certain special revenue and capital projects funds, since effective control is achieved through alternative means.

The budgeted amounts presented include both the original and amended budgets. The City council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year. Appropriations lapse at year-end unless assigned. Budgets are adopted at the broad functional category level of expenditures in the general fund and total expenditures level for other funds.

Although there are adopted budgets for the enterprise funds, budget to actual data is not shown since there is no requirement under U.S. generally accepted accounting principles to present budget to actual comparisons for enterprise funds as part of the financial statements, even if annual budgets are legally adopted for these funds.

Encumbrances – Encumbrance accounting is not used.

Excess of Expenditures Over Appropriations – For the year ended December 31, 2020, expenditures exceeded budgeted amounts for the following:

General government	\$ 581,347
Transfer out	150,705

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 4 preceding years.

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

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

City of Waupaca, Wisconsin
Notes to Required Supplementary Information
December 31, 2020

NOTE 3

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

SUPPLEMENTARY INFORMATION

Exhibit C-1
City of Waupaca, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Inland Lakes	Hotel/Motel Tax	Transit System	Revolving Loans	Adult Recreation Center	Airport	Donations and Grants	Library	Youth Programs	South Park Trust	TIF Districts	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
ASSETS													
Cash and investments	\$ 14,601	\$ 112,934	\$	\$ 50,041	\$ 27,468	\$	\$ 104,184	\$ 48,808	\$ 19,388	\$ 96,738	\$ 789,769	\$ 118,227	\$ 1,382,158
Receivables:													
Taxes	10,000										1,059,016		1,069,016
Notes				408,442									408,442
Due from other governments			155,617						23,264				178,881
Other		22,268				1,039	3,800						27,107
Inventory						29,526							29,526
Total assets	24,601	135,202	155,617	458,483	27,468	30,565	107,984	48,808	42,652	96,738	1,848,785	118,227	3,095,130
LIABILITIES													
Accounts payable	\$ 336	\$ 17,287	\$ 40,163	\$	\$	\$ 5,674	\$ 4,963	\$ 11,821	\$ 4,122	\$	\$ 32,514	\$	\$ 116,880
Developer payable											1,023		1,023
Accrued liabilities							8,666	\$ 366					9,032
Due to other funds		15,833	115,454			24,891							156,178
Total liabilities	336	33,120	155,617			30,565	4,963	20,487	4,488		33,537		283,113
DEFERRED INFLOWS OF RESOURCES													
Deferred revenue	10,000			408,442							1,059,016		1,477,458
Total deferred inflows of resources	10,000			408,442							1,059,016		1,477,458
Total liabilities and deferred inflows of resources	10,336	33,120	155,617	408,442		30,565	4,963	20,487	4,488		1,092,553		1,760,571
FUND BALANCES													
Nonspendable						29,526							29,526
Restricted	14,265	102,082		50,041	27,468		103,021	28,321	38,164	96,738	756,232	118,227	1,334,559
Unassigned (deficit)						(29,526)							(29,526)
Total fund balances	14,265	102,082		50,041	27,468		103,021	28,321	38,164	96,738	756,232	118,227	1,334,559
Total liabilities, deferred inflows of resources and fund balances	\$ 24,601	\$ 135,202	\$ 155,617	\$ 458,483	\$ 27,468	\$ 30,565	\$ 107,984	\$ 48,808	\$ 42,652	\$ 96,738	\$ 1,848,785	\$ 118,227	\$ 3,095,130

Exhibit C-2
City of Waupaca, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Inland Lakes	Hotel/Motel Tax	Transit System	Revolving Loans	Adult Recreation Center	Airport	Donations and Grants	Library	Youth Programs	South Park Trust	TIF Districts	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
REVENUES													
Taxes	\$ 10,000	\$ 199,014	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,054,937	\$	\$ 1,263,951
Intergovernmental	14,447		320,557				475	397,275	132,159		16,674		881,587
Public charges for services			150,354		4,434	80,706		5,819	8,732				250,045
Miscellaneous:													
Interest				26						1,882		4,696	6,604
Other			15,379	51,652		24,403	30,300	28,754	500				150,988
Total revenues	24,447	199,014	486,290	51,678	4,434	105,109	30,775	431,848	141,391	1,882	1,071,611	4,696	2,553,175
EXPENDITURES													
General government													
Public safety							12,951						12,951
Health and social services							5,738						5,738
Public works			589,918			188,366	19,166						797,450
Culture, recreation and education					4,448		16,814	779,703	205,550				1,006,515
Conservation and development	11,040	92,534		4,702									108,276
Capital outlay:													
Culture, recreation and education										11,595			11,595
Conservation and development											202,691		202,691
Health and social services												8,350	8,350
Debt service:													
Principal retirement											648,453		648,453
Interest and fiscal charges											31,291		31,291
Total expenditures	11,040	92,534	589,918	4,702	4,448	188,366	54,669	779,703	205,550	11,595	882,435	8,350	2,833,310
Excess of revenues over (under) expenditures	13,407	106,480	(103,628)	46,976	(14)	(83,257)	(23,894)	(347,855)	(64,159)	(9,713)	189,176	(3,654)	(280,135)
OTHER FINANCIAL SOURCES (USES)													
Transfers in			52,117			66,265		339,554	102,323		341,535		901,794
Transfers out		(46,153)									(404,857)		(451,010)
Proceeds from sale of capital assets			3,836										3,836
Total other financing sources (uses)		(46,153)	55,953			66,265		339,554	102,323		(63,322)		454,620
Net change in fund balances	13,407	60,327	(47,675)	46,976	(14)	(16,992)	(23,894)	(8,301)	38,164	(9,713)	125,854	(3,654)	174,485
Fund balances - beginning	858	41,755	47,675	3,065	27,482	16,992	126,915	36,622		106,451	630,378	121,881	1,160,074
Fund balances - ending	\$ 14,265	\$ 102,082	\$	\$ 50,041	\$ 27,468	\$	\$ 103,021	\$ 28,321	\$ 38,164	\$ 96,738	\$ 756,232	\$ 118,227	\$ 1,334,559

Exhibit C-3
City of Waupaca, Wisconsin
Combining Balance Sheet
TIF Districts
December 31, 2020

	TIF #3	TIF #6	TIF #9	TIF #10	Total
ASSETS					
Cash and investments	\$ 29,717	\$ 760,047	\$	\$ 5	\$ 789,769
Receivables:					
Taxes	409,869	588,147		61,000	1,059,016
 Total assets	 \$ 439,586	 \$ 1,348,194	 \$	 \$ 61,005	 \$ 1,848,785
LIABILITIES					
Accounts payable	\$ 28,694	\$ 3,815	\$	\$ 5	\$ 32,514
Developer payable	1,023				1,023
 Total liabilities	 29,717	 3,815		 5	 33,537
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	409,869	588,147		61,000	1,059,016
 Total deferred inflows of resources	 409,869	 588,147		 61,000	 1,059,016
 Total liabilities and deferred inflows of resources	 439,586	 591,962		 61,005	 1,092,553
FUND BALANCES					
Restricted for TIF expenditures		756,232			756,232
 Total fund balances		 756,232			 756,232
 Total liabilities, deferred inflows of resources and fund balances	 \$ 439,586	 \$ 1,348,194	 \$	 \$ 61,005	 \$ 1,848,785

Exhibit C-4
City of Waupaca, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
TIF Districts
For the Year Ended December 31, 2020

	TIF #3	TIF #6	TIF #9	TIF #10	Total
REVENUES					
Taxes	\$ 385,184	\$ 595,262	\$	\$ 74,491	\$ 1,054,937
Intergovernmental	9,399	4,243	1,728	1,304	16,674
Total revenues	394,583	599,505	1,728	75,795	1,071,611
EXPENDITURES					
Conservation and development					
Capital outlay:					
Conservation and development	44,984	150,026	150	7,531	202,691
Debt service:					
Principal retirement	453,453			195,000	648,453
Interest and fiscal charges	24,972			6,319	31,291
Total expenditures	523,409	150,026	150	208,850	882,435
OTHER FINANCIAL SOURCES (USES)					
Transfers in	202,844			138,691	341,535
Transfers out	(37,009)	(225,474)	(119,744)	(22,630)	(404,857)
Total other financing sources (uses)	165,835	(225,474)	(119,744)	116,061	(63,322)
Net change in fund balance	37,009	224,005	(118,166)	(16,994)	125,854
Fund balances - beginning	(37,009)	532,227	118,166	16,994	630,378
Fund balances - ending	\$	\$ 756,232	\$	\$	\$ 756,232

MISCELLANEOUS FINANCIAL DATA

City of Waupaca, Wisconsin
Historical Sources, Uses and Status of Funds - Tax Incremental Financing Districts
From Dates of Creation Through December 31, 2020

	TIF #3	TIF #4	TIF #6	TIF #8	TIF #9	TIF #10	Totals
SOURCES OF FUNDS							
Taxes	\$ 4,547,157	\$ 10,554,767	\$ 9,171,507	\$ 1,233,641	\$ 57,655	\$ 1,108,269	\$ 26,672,996
Intergovernmental	245,939	81,992	40,552	540,935	242,586	2,193	1,154,197
Other revenue	970,461	1,114,021	1,021,484	552,001	5,600	322,141	3,985,708
Sale of capital assets	446,829			536,835			983,664
Proceeds of long-term debt	8,768,644	8,565,985	9,915,000	23,345,000		1,919,915	52,514,544
Transfers	2,523,835		640,639	3,599,515	67,636	472,894	7,304,519
Total sources	17,502,865	20,316,765	20,789,182	29,807,927	373,477	3,825,412	92,615,628
USES OF FUNDS							
Capital expenditures	5,751,904	9,252,828	7,875,196	27,865,963	35,180	1,076,911	51,857,982
Debt service:							
Principal retirement	5,774,945	5,479,475	8,384,793	4,849,870		1,015,130	25,504,213
Interest and fiscal charges	1,514,768	2,256,299	1,345,207	2,279,434		305,234	7,700,942
Transfers	4,461,248	1,306,477	2,427,754	2,326,161	338,297	1,428,137	12,288,074
Total uses	17,502,865	18,295,079	20,032,950	37,321,428	373,477	3,825,412	97,351,211
Fund balance at December 31	\$	\$ 2,021,686	\$ 756,232	\$ (7,513,501)	\$	\$	\$ (4,735,583)
Cash	\$ (29,717)	\$ (2,021,313)	\$ (760,047)	\$	\$	\$ (5)	\$ (2,811,082)
Other receivable		(373)					(373)
Accounts payable	28,694		3,815			5	32,514
Developer payables	1,023						1,023
Debt outstanding	788,698	234,379		2,375,000			3,398,077
Advance due from other funds				7,513,501			7,513,501
Balance to be collected (surplus) at December 31	\$ 788,698	\$ (1,787,307)	\$ (756,232)	\$ 9,888,501	\$	\$	\$ 8,133,660