

City of De Pere, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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City of De Pere, Wisconsin

DECEMBER 31, 2019

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Independent auditors' report

To the City Council
City of De Pere, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of De Pere, Wisconsin (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON PRIOR YEAR SUMMARIZED INFORMATION

We have previously audited the City's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated September 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER MATTERS**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedules relating to pensions and other postemployment benefits on pages 66 through 68 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by the *Department of Health Services Audit Guide* issued by the State of Wisconsin and are also not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of De Pere as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated September 5, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The combining and individual fund financial statements for the year ended December 31, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin
October 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

MDAAs management of the City of De Pere, Wisconsin, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$106,008,122 (*net position*). Of this amount, \$13,905,754 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$15,081,359, an increase of \$3,005,333 in comparison with the prior year. Approximately 33% of this total amount, \$4,948,816 is *available for spending* at the City's discretion (*unassigned fund balance*).
- As of December 31, 2019, unassigned fund balance for the general fund was \$6,648,634 or approximately 38% of total general fund expenditures.
- The City's total general-obligation debt increased by \$1,635,000 (4%) during 2019. The City issued \$9,595,000 of debt during 2019, and retired \$7,960,000.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, health and human services, culture and recreation, and conservation and development. The business-type activities of the City include the water, wastewater treatment, wastewater collection and stormwater utilities.

The government-wide financial statements can be found on pages 11 - 13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and public improvements capital project fund, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 20 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater treatment plant, stormwater utility, and wastewater utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health and dental self-insurance funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise and internal service funds. The four enterprise funds are considered to be major funds of the City. The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21 - 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 31 of this report.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 65 of this report.

Other information. Required supplementary information relating to pensions and other postemployment benefits and the combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 70 - 85.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$106,008,122 at the close of 2019.

| City of De Pere's Net Position (in thousands of dollars) | | | | | | |
|---|-------------------------|-----------|--------------------------|-----------|------------|------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 39,296 | \$ 38,683 | \$ 3,916 | \$ 5,972 | \$ 43,212 | \$ 44,655 |
| Capital assets | 69,789 | 67,585 | 59,295 | 55,837 | 129,084 | 123,422 |
| Total Assets | 109,085 | 106,268 | 63,211 | 61,809 | 172,296 | 168,077 |
| Deferred Outflows of Resources | 8,350 | 4,656 | 782 | 441 | 9,132 | 5,097 |
| Other liabilities | 3,973 | 3,884 | 1,661 | 2,351 | 5,634 | 6,235 |
| Long-term liabilities outstanding | 43,892 | 38,493 | 3,717 | 4,291 | 47,609 | 42,784 |
| Total Liabilities | 47,865 | 42,377 | 5,378 | 6,642 | 53,243 | 49,019 |
| Deferred Inflows of Resources | 21,768 | 21,848 | 409 | 461 | 22,177 | 22,309 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 31,271 | 32,813 | 56,177 | 51,888 | 87,448 | 84,701 |
| Restricted | 4,449 | 6,097 | 205 | 435 | 4,654 | 6,532 |
| Unrestricted | 12,082 | 7,789 | 1,824 | 2,824 | 13,906 | 10,613 |
| Total Net Assets | \$ 47,802 | \$ 46,699 | \$ 58,206 | \$ 55,147 | \$ 106,008 | \$ 101,846 |

By far the largest portion of the City's net position (82%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,905,754) may be used to meet the City's ongoing obligations to citizens and creditors.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Change in net position. Governmental activities increased the City's net position by \$1,103,037, while business-type activities increased \$3,059,239. Key elements of the changes in net position are as follows:

| City of De Pere's Change in Net Position (In thousands of dollars) | | | | | | |
|---|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 3,858 | \$ 3,595 | \$ 16,965 | \$ 17,891 | \$ 20,823 | \$ 21,486 |
| Operating grants and contributions | 1,788 | 1,628 | - | - | 1,788 | 1,628 |
| Capital grants and contributions | 959 | 2,769 | 2,539 | 1,635 | 3,498 | 4,404 |
| General Revenues | | | | | | |
| Property taxes | 16,932 | 14,925 | - | - | 16,932 | 14,925 |
| Other taxes | 306 | 324 | - | - | 306 | 324 |
| Grants and contributions not restricted to specific programs | 2,124 | 2,116 | - | - | 2,124 | 2,116 |
| Other | 801 | 708 | 59 | 64 | 860 | 772 |
| Total Revenues | 26,768 | 26,065 | 19,563 | 19,590 | 46,331 | 45,655 |
| Expenses | | | | | | |
| General government | 2,004 | 1,981 | - | - | 2,004 | 1,981 |
| Public safety | 10,020 | 9,523 | - | - | 10,020 | 9,523 |
| Public works and sanitation | 7,779 | 6,493 | - | - | 7,779 | 6,493 |
| Health and human services | 497 | 496 | - | - | 497 | 496 |
| Culture and recreation | 3,134 | 3,197 | - | - | 3,134 | 3,197 |
| Conservation and development | 1,953 | 3,125 | - | - | 1,953 | 3,125 |
| Interest on long-term debt | 1,047 | 992 | - | - | 1,047 | 992 |
| Water utility | - | - | 6,147 | 5,901 | 6,147 | 5,901 |
| Wastewater Collection | - | - | 8,194 | 8,509 | 8,194 | 8,509 |
| Stormwater utility | - | - | 1,394 | 1,311 | 1,394 | 1,311 |
| Total Expenses | 26,434 | 25,807 | 15,735 | 15,721 | 42,169 | 41,528 |
| Change in Net Position Before Transfers | 334 | 258 | 3,828 | 3,869 | 4,162 | 4,127 |
| Transfers | 769 | 737 | (769) | (737) | - | - |
| Change in Net Position | 1,103 | 995 | 3,059 | 3,132 | 4,162 | 4,127 |
| Cumulative Effect of Change in Accounting Principle | - | (789) | - | (74) | - | (863) |
| Net Position - January 1 | 46,699 | 46,493 | 55,147 | 52,089 | 101,846 | 98,582 |
| Net Position - December 31 | \$ 47,802 | \$ 46,699 | \$ 58,206 | \$ 55,147 | \$ 106,008 | \$ 101,846 |

Property taxes increased by \$2,006,732 (13%) during the year.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$15,081,359, an increase of \$3,005,333 in comparison with the prior year. Approximately 32% of this amount (\$4,948,816) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is restricted (\$8,558,582), committed (\$1,337,553), or nonspendable (\$236,408).

The general fund is the main operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,648,634 while total fund balance reached \$7,839,127. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37% of total general fund expenditures, while total fund balance represents 44% of that same amount.

The fund balance of the City's general fund increased by \$290,870 during the current year. The key factor in this decrease was unfavorable budget to actual variances in expenditures.

The debt service fund has a total fund balance of \$2,555,768 as of December 31, 2019. The fund balance represents 30% of total debt service fund expenditures.

The public improvements fund has a total fund balance of \$98,514. This increased by \$21,632 during the current year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the City's government-wide financial statements, but in more detail.

Unrestricted net position of the water utility fund at the end of the year amounted to -\$2,723,178. The total increase in net position was \$295,212.

Unrestricted net position of the wastewater treatment plant fund at the end of the year amounted to \$1,433,686.

Unrestricted net position of the wastewater utility fund at the end of the year amounted to \$1,941,317. The total increase in net position was \$1,330,430.

Unrestricted net position of the stormwater utility fund at the end of the year amounted to \$943,141. The total increase in net position was \$1,234,285.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Generally the original budget is modified in small amounts. The City allocated a total of \$18,942 from the contingency account to various expenditure accounts in the general fund as approved by the City Council.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

During the year, actual revenues were greater than budgeted revenues by \$515,244. Actual expenditures were greater than budgeted expenditures by \$274,957 primarily in culture & recreation, public works, sanitation and conservation & development.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$129,084,610 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, infrastructure (highways and bridges), and construction in progress. The total increase in the City's investment in capital assets for the current year was \$5,662,919 or 5% over last year.

| City of De Pere's Capital Assets (in thousands of dollars) | | | | | | |
|---|-------------------------|-----------|--------------------------|-----------|------------|------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 9,354 | \$ 9,354 | \$ 53 | \$ 53 | \$ 9,407 | \$ 9,407 |
| Construction in progress | 207 | 93 | 219 | 623 | 426 | 716 |
| Land improvements | 6,387 | 6,139 | - | - | 6,387 | 6,139 |
| Buildings | 12,463 | 12,580 | 892 | 892 | 13,355 | 13,472 |
| Machinery and equipment | 5,224 | 4,501 | 6,610 | 6,449 | 11,834 | 10,950 |
| Vehicles | 6,128 | 6,146 | - | - | 6,128 | 6,146 |
| Infrastructure | 81,382 | 78,473 | 78,688 | 73,571 | 160,070 | 152,044 |
| Accumulated depreciation | (51,356) | (49,701) | (27,167) | (25,752) | (78,523) | (75,453) |
| Net Capital Assets | \$ 69,789 | \$ 67,585 | \$ 59,295 | \$ 55,836 | \$ 129,084 | \$ 123,421 |

Long-term debt. At the end of the current fiscal year, the City had total general obligation debt outstanding of \$38,520,000. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

| City of De Pere's Outstanding Debt General Obligation Debt and Revenue Bonds (in thousands of dollars) | | | | | | |
|--|-------------------------|-----------|--------------------------|----------|-----------|-----------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General Obligation Debt | | | | | | |
| Bonds | \$ 15,240 | \$ 20,230 | \$ - | \$ - | \$ 15,240 | \$ 20,230 |
| Notes | 20,975 | 13,880 | 2,305 | 2,775 | 23,280 | 16,655 |
| Total General Obligation Debt | 36,215 | 34,110 | 2,305 | 2,775 | 38,520 | 36,885 |
| Revenue bonds | - | - | 730 | 1,075 | 730 | 1,075 |
| Total | \$ 36,215 | \$ 34,110 | \$ 3,035 | \$ 3,850 | \$ 39,250 | \$ 37,960 |

The City's total general obligation debt increased by \$1,635,000 (4%) during the current fiscal year. The key factor in this increase was the newly incurred debt was more than debt retirements.

The City maintains an Aa2 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$110,490,770 which is significantly in excess of the City's \$38,520,000 in outstanding general obligation debt.

City of De Pere, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities which support our tax base.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unassigned fund balance in the general fund increased by \$442,638 to \$6,648,634.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joseph G. Zegers, Finance Director of the City of De Pere, 335 S. Broadway, De Pere, Wisconsin 54115.

BASIC FINANCIAL STATEMENTS

City of De Pere, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | Governmental | Business-type | Totals | |
|---|---------------|---------------|----------------|----------------|
| | Activities | Activities | 2019 | 2018 |
| ASSETS | | | | |
| Cash and investments | \$ 12,760,813 | \$ 1,858,604 | \$ 14,619,417 | \$ 13,520,894 |
| Receivables | | | | |
| Taxes and special charges | 17,169,083 | - | 17,169,083 | 16,931,655 |
| Delinquent taxes | 7,431 | - | 7,431 | 5,745 |
| Accounts | 611,139 | 3,904,195 | 4,515,334 | 4,368,482 |
| Special assessments | 1,306,434 | - | 1,306,434 | 2,433,691 |
| Loans | 357,674 | - | 357,674 | 467,629 |
| Other | - | 269,329 | 269,329 | 216,103 |
| Internal balances | 3,540,946 | (3,540,946) | - | - |
| Due from other governments | - | 1,037,251 | 1,037,251 | 1,140,701 |
| Inventories and prepaid items | 172,072 | 25,008 | 197,080 | 191,873 |
| Restricted assets | | | | |
| Cash and investments | 3,369,242 | 362,233 | 3,731,475 | 2,679,076 |
| Net pension asset | - | - | - | 2,699,621 |
| Capital assets, nondepreciable | 9,560,990 | 272,556 | 9,833,546 | 10,123,194 |
| Capital assets, depreciable | 60,228,507 | 59,022,557 | 119,251,064 | 113,298,497 |
| Total assets | 109,084,331 | 63,210,787 | 172,295,118 | 168,077,161 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related amounts | 8,217,155 | 769,842 | 8,986,997 | 4,956,789 |
| Other postemployment related amounts | 133,054 | 12,259 | 145,313 | 140,109 |
| Total deferred outflows of resources | 8,350,209 | 782,101 | 9,132,310 | 5,096,898 |
| LIABILITIES | | | | |
| Accounts payable | 2,339,012 | 1,619,444 | 3,958,456 | 4,596,094 |
| Accrued and other current liabilities | 914,485 | 22,851 | 937,336 | 789,758 |
| Due to other governments | 1,513 | - | 1,513 | 1,136 |
| Accrued interest payable | 244,214 | 18,597 | 262,811 | 229,179 |
| Special deposits | 70,818 | - | 70,818 | 45,104 |
| Unearned revenues | 2,635 | - | 2,635 | 2,789 |
| Short-term note payable | 400,000 | - | 400,000 | 570,000 |
| Long-term obligations | | | | |
| Due within one year | 5,369,108 | 850,552 | 6,219,660 | 5,342,655 |
| Due in more than one year | 34,378,990 | 2,505,809 | 36,884,799 | 35,968,076 |
| Net pension liability | 3,032,857 | 279,458 | 3,312,315 | - |
| Other postemployment benefits | 1,110,938 | 80,795 | 1,191,733 | 1,474,762 |
| Total liabilities | 47,864,570 | 5,377,506 | 53,242,076 | 49,019,553 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes levied for subsequent year | 17,169,083 | - | 17,169,083 | 16,931,655 |
| Pension related amounts | 4,206,219 | 387,576 | 4,593,795 | 5,348,993 |
| Other postemployment related amounts | 392,740 | 21,612 | 414,352 | 28,012 |
| Total deferred inflows of resources | 21,768,042 | 409,188 | 22,177,230 | 22,308,660 |
| NET POSITION | | | | |
| Net investment in capital assets | 31,270,908 | 56,176,741 | 87,447,649 | 82,744,109 |
| Restricted | 4,449,093 | 205,626 | 4,654,719 | 3,722,370 |
| Unrestricted | 12,081,927 | 1,823,827 | 13,905,754 | 15,379,367 |
| Total net position | \$ 47,801,928 | \$ 58,206,194 | \$ 106,008,122 | \$ 101,845,846 |

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

City of De Pere, Wisconsin

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| GOVERNMENTAL ACTIVITIES | | | | |
| General government | \$ 2,004,281 | \$ 597,485 | \$ - | \$ - |
| Public safety | 10,019,651 | 1,691,080 | 145,596 | - |
| Public works | 7,024,668 | 929,861 | 1,375,828 | 364,293 |
| Sanitation | 754,230 | - | 188,244 | - |
| Health and human services | 496,739 | 2,318 | 77,783 | - |
| Culture and recreation | 3,134,509 | 587,344 | 559 | 592,031 |
| Conservation and development | 1,952,630 | 49,535 | - | 2,813 |
| Interest and fiscal charges | 1,047,078 | - | - | - |
| Total governmental activities | <u>26,433,786</u> | <u>3,857,623</u> | <u>1,788,010</u> | <u>959,137</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Water utility | 6,146,679 | 6,062,376 | - | 940,151 |
| Wastewater collection | 8,194,390 | 9,175,822 | - | 648,787 |
| Stormwater utility | 1,394,090 | 1,726,712 | - | 950,353 |
| Total business-type activities | <u>15,735,159</u> | <u>16,964,910</u> | <u>-</u> | <u>2,539,291</u> |
| Total | <u>\$ 42,168,945</u> | <u>\$ 20,822,533</u> | <u>\$ 1,788,010</u> | <u>\$ 3,498,428</u> |

General revenues
 Taxes
 Property taxes
 Tax increments
 Sales tax
 Other taxes
 Federal and state grants and other contributions
 not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on sale of asset
 Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

**Net (Expense) Revenue
and Changes in Net Position**

| Governmental Activities | Business-type Activities | Totals | |
|----------------------------|-----------------------------|-----------------------|-----------------------|
| | | 2019 | 2018 |
| \$ (1,406,796) | \$ - | \$ (1,406,796) | \$ (1,413,668) |
| (8,182,975) | - | (8,182,975) | (7,922,414) |
| (4,354,686) | - | (4,354,686) | (747,704) |
| (565,986) | - | (565,986) | (632,534) |
| (416,638) | - | (416,638) | (419,278) |
| (1,954,575) | - | (1,954,575) | (2,578,209) |
| (1,900,282) | - | (1,900,282) | (3,108,897) |
| (1,047,078) | - | (1,047,078) | (991,789) |
| <u>(19,829,016)</u> | <u>-</u> | <u>(19,829,016)</u> | <u>(17,814,493)</u> |
| - | 855,848 | 855,848 | 1,320,487 |
| - | 1,630,219 | 1,630,219 | 1,693,650 |
| - | 1,282,975 | 1,282,975 | 791,261 |
| <u>-</u> | <u>3,769,042</u> | <u>3,769,042</u> | <u>3,805,398</u> |
| <u>(19,829,016)</u> | <u>3,769,042</u> | <u>(16,059,974)</u> | <u>(14,009,095)</u> |
| 13,675,077 | - | 13,675,077 | 12,201,697 |
| 3,256,583 | - | 3,256,583 | 2,723,211 |
| 8,047 | - | 8,047 | 22,025 |
| 298,227 | - | 298,227 | 301,789 |
| 2,124,137 | - | 2,124,137 | 2,115,798 |
| 665,070 | 58,874 | 723,944 | 340,077 |
| 136,235 | - | 136,235 | 95,085 |
| - | - | - | 336,665 |
| <u>768,677</u> | <u>(768,677)</u> | <u>-</u> | <u>-</u> |
| <u>20,932,053</u> | <u>(709,803)</u> | <u>20,222,250</u> | <u>18,136,347</u> |
| 1,103,037 | 3,059,239 | 4,162,276 | 4,127,252 |
| <u>46,698,891</u> | <u>55,146,955</u> | <u>101,845,846</u> | <u>97,718,594</u> |
| <u>\$ 47,801,928</u> | <u>\$ 58,206,194</u> | <u>\$ 106,008,122</u> | <u>\$ 101,845,846</u> |

City of De Pere, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | <u>General</u> | <u>Debt Service</u> | <u>Public Improvements</u> | <u>Other Governmental Funds</u> |
|--|----------------------|---------------------|--------------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 3,642,002 | \$ - | \$ 1,315,492 | \$ 5,780,786 |
| Restricted cash and investments | - | 2,555,768 | - | 813,474 |
| Receivables | | | | |
| Taxes and special charges | 8,146,885 | 3,813,192 | 942,276 | 4,266,730 |
| Delinquent taxes | 7,431 | - | - | - |
| Accounts | 435,313 | - | - | 175,826 |
| Special assessments | 46,965 | - | 1,259,469 | - |
| Loans | - | - | - | 357,674 |
| Due from other funds | 5,486,362 | - | - | - |
| Advance to other funds | 27,821 | - | - | - |
| Inventories and prepaid items | 172,072 | - | - | - |
| | <u>17,964,851</u> | <u>6,368,960</u> | <u>3,517,237</u> | <u>11,394,490</u> |
| Total assets | <u>\$ 17,964,851</u> | <u>\$ 6,368,960</u> | <u>\$ 3,517,237</u> | <u>\$ 11,394,490</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 591,587 | \$ - | \$ 1,216,978 | \$ 463,382 |
| Accrued and other current liabilities | 912,286 | - | - | 2,199 |
| Due to other funds | - | - | - | 1,716,555 |
| Due to other governments | 1,513 | - | - | - |
| Special deposits | 70,818 | - | - | - |
| Unearned revenues | 2,635 | - | - | - |
| Short-term note payable | 400,000 | - | - | - |
| | <u>1,978,839</u> | <u>-</u> | <u>1,216,978</u> | <u>2,182,136</u> |
| Total liabilities | <u>1,978,839</u> | <u>-</u> | <u>1,216,978</u> | <u>2,182,136</u> |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | 8,146,885 | 3,813,192 | 942,276 | 4,266,730 |
| Loans receivable | - | - | - | 357,674 |
| Special assessments | - | - | 1,259,469 | - |
| | <u>8,146,885</u> | <u>3,813,192</u> | <u>2,201,745</u> | <u>4,624,404</u> |
| Total deferred inflows of resources | <u>8,146,885</u> | <u>3,813,192</u> | <u>2,201,745</u> | <u>4,624,404</u> |
| Fund balances | | | | |
| Nonspendable | 236,408 | - | - | - |
| Restricted | 626,689 | 2,555,768 | - | 5,376,125 |
| Committed | 327,396 | - | 98,514 | 911,643 |
| Unassigned | 6,648,634 | - | - | (1,699,818) |
| | <u>7,839,127</u> | <u>2,555,768</u> | <u>98,514</u> | <u>4,587,950</u> |
| Total fund balances | <u>7,839,127</u> | <u>2,555,768</u> | <u>98,514</u> | <u>4,587,950</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 17,964,851</u> | <u>\$ 6,368,960</u> | <u>\$ 3,517,237</u> | <u>\$ 11,394,490</u> |

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

| Totals | |
|----------------------|----------------------|
| 2019 | 2018 |
| \$ 10,738,280 | \$ 10,283,453 |
| 3,369,242 | 2,317,795 |
| 17,169,083 | 16,931,655 |
| 7,431 | 5,745 |
| 611,139 | 402,446 |
| 1,306,434 | 2,433,691 |
| 357,674 | 467,629 |
| 5,486,362 | 3,697,639 |
| 27,821 | 27,821 |
| 172,072 | 166,996 |
| <u>\$ 39,245,538</u> | <u>\$ 36,734,870</u> |

| | |
|------------------|------------------|
| \$ 2,271,947 | \$ 2,030,225 |
| 914,485 | 751,359 |
| 1,716,555 | 1,490,562 |
| 1,513 | 1,136 |
| 70,818 | 63,830 |
| 2,635 | 2,789 |
| 400,000 | 570,000 |
| <u>5,377,953</u> | <u>4,909,901</u> |

| | |
|-------------------|-------------------|
| 17,169,083 | 16,931,655 |
| 357,674 | 467,629 |
| <u>1,259,469</u> | <u>2,349,659</u> |
| <u>18,786,226</u> | <u>19,748,943</u> |

| | |
|-------------------|-------------------|
| 236,408 | 251,709 |
| 8,558,582 | 6,587,476 |
| 1,337,553 | 501,778 |
| <u>4,948,816</u> | <u>4,735,063</u> |
| <u>15,081,359</u> | <u>12,076,026</u> |

| | |
|----------------------|----------------------|
| <u>\$ 39,245,538</u> | <u>\$ 36,734,870</u> |
|----------------------|----------------------|

City of De Pere, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| RECONCILIATION TO THE STATEMENT OF NET POSITION | | |
| Total fund balances as shown on previous page | \$ 15,081,359 | \$ 12,076,026 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 69,789,497 | 67,585,058 |
| Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds. | 1,617,143 | 2,817,288 |
| Net position of the internal service fund is reported in the statement of net position as governmental activities | 1,698,786 | 713,796 |
| Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds. | | |
| Deferred outflows related to pensions | 8,217,155 | 4,527,547 |
| Deferred inflows related to pensions | (4,206,219) | (4,889,812) |
| Deferred outflows related to other postemployment benefits | 133,054 | 128,081 |
| Deferred inflows related to other postemployment benefits | (392,740) | (26,682) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds and notes payable | (36,215,000) | (34,110,000) |
| Capital leases payable | (156,381) | (96,140) |
| Premium on debt | (1,633,465) | (1,135,708) |
| Compensated absences | (1,743,252) | (1,771,995) |
| Net pension liability (asset) | (3,032,857) | 2,467,873 |
| Other postemployment benefit | (1,110,938) | (1,380,355) |
| Accrued interest on long-term obligations | <u>(244,214)</u> | <u>(206,086)</u> |
| Net position of governmental activities as reported on the statement of net position (see page 11) | <u>\$ 47,801,928</u> | <u>\$ 46,698,891</u> |

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

City of De Pere, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>General</u> | <u>Debt Service</u> | <u>Public Improvements</u> | <u>Other Governmental Funds</u> |
|--|---------------------|---------------------|--------------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 8,271,714 | \$ 3,730,250 | \$ 942,276 | \$ 4,056,583 |
| Special assessments | - | - | 1,454,483 | - |
| Intergovernmental | 3,303,419 | 20,796 | 263,605 | 658,044 |
| Licenses and permits | 692,896 | - | - | 90,430 |
| Fines and forfeits | 425,638 | - | - | - |
| Public charges for services | 1,565,235 | - | - | 32,939 |
| Intergovernmental charges for services | 1,324,327 | - | - | - |
| Miscellaneous | 763,151 | 158 | - | 369,258 |
| | <u>16,346,380</u> | <u>3,751,204</u> | <u>2,660,364</u> | <u>5,207,254</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,955,999 | - | - | - |
| Public safety | 9,532,198 | - | - | - |
| Public works | 2,397,887 | - | - | - |
| Sanitation | 729,742 | - | - | - |
| Health and human services | 501,685 | - | - | - |
| Culture and recreation | 2,515,160 | - | - | 136,135 |
| Conservation and development | 348,822 | - | - | 886,650 |
| Debt service | | | | |
| Principal | - | 7,490,000 | - | - |
| Interest and fiscal charges | - | 1,045,286 | 41,433 | 61,379 |
| Capital outlay | - | - | 3,883,555 | 4,560,759 |
| | <u>17,981,493</u> | <u>8,535,286</u> | <u>3,924,988</u> | <u>5,644,923</u> |
| Total expenditures | | | | |
| Excess of revenues under expenditures | <u>(1,635,113)</u> | <u>(4,784,082)</u> | <u>(1,264,624)</u> | <u>(437,669)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | 2,600,000 | 1,444,387 | 5,550,613 |
| Capital lease issued | 126,239 | - | - | - |
| Premium on debt issued | - | 193,376 | 216,869 | 226,660 |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers in | 1,830,077 | 3,609,720 | - | 600,333 |
| Transfers out | (30,333) | (570,000) | (375,000) | (4,296,120) |
| | <u>1,925,983</u> | <u>5,833,096</u> | <u>1,286,256</u> | <u>2,081,486</u> |
| Total other financing sources (uses) | | | | |
| Net change in fund balances | 290,870 | 1,049,014 | 21,632 | 1,643,817 |
| Fund balances - January 1 | <u>7,548,257</u> | <u>1,506,754</u> | <u>76,882</u> | <u>2,944,133</u> |
| Fund balances - December 31 | <u>\$ 7,839,127</u> | <u>\$ 2,555,768</u> | <u>\$ 98,514</u> | <u>\$ 4,587,950</u> |

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

| Totals | |
|----------------------|----------------------|
| 2019 | 2018 |
| \$ 17,000,823 | \$ 15,010,832 |
| 1,454,483 | 785,196 |
| 4,245,864 | 3,857,301 |
| 783,326 | 728,159 |
| 425,638 | 404,015 |
| 1,598,174 | 1,474,721 |
| 1,324,327 | 1,258,677 |
| 1,132,567 | 455,310 |
| <u>27,965,202</u> | <u>23,974,211</u> |
| 1,955,999 | 1,873,365 |
| 9,532,198 | 9,184,628 |
| 2,397,887 | 2,025,000 |
| 729,742 | 733,009 |
| 501,685 | 488,618 |
| 2,651,295 | 2,708,634 |
| 1,235,472 | 1,138,481 |
| 7,490,000 | 6,380,000 |
| 1,148,098 | 1,019,312 |
| 8,444,314 | 7,910,828 |
| <u>36,086,690</u> | <u>33,461,875</u> |
| <u>(8,121,488)</u> | <u>(9,487,664)</u> |
| 9,595,000 | 8,145,000 |
| 126,239 | 168,635 |
| 636,905 | 526,711 |
| - | 713,800 |
| 6,040,130 | 5,467,381 |
| <u>(5,271,453)</u> | <u>(4,730,512)</u> |
| <u>11,126,821</u> | <u>10,291,015</u> |
| 3,005,333 | 803,351 |
| <u>12,076,026</u> | <u>11,272,675</u> |
| <u>\$ 15,081,359</u> | <u>\$ 12,076,026</u> |

City of De Pere, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | 2019 | 2018 |
|---|--------------|-------------|
| RECONCILIATION TO THE STATEMENT OF ACTIVITIES | | |
| Net change in fund balances as shown on previous page | \$ 3,005,333 | \$ 803,351 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital assets reported as capital outlay in governmental fund statements | 5,359,767 | 4,215,509 |
| Depreciation expense reported in the statement of activities | (3,096,187) | (2,860,277) |
| Net book value of disposals | (59,141) | (377,135) |
| Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. | (1,200,145) | 1,790,832 |
| Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Long-term debt issued | (9,595,000) | (8,145,000) |
| Capital leases issued | (126,239) | (168,635) |
| Premium on debt issued | (636,905) | (526,712) |
| Principal repaid | 7,490,000 | 6,380,000 |
| Capital leases paid | 65,998 | 72,495 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds: | | |
| Accrued interest on long-term debt | (38,128) | (69,382) |
| Amortization of debt premium | 139,148 | 96,906 |
| Compensated absences | 28,743 | (10,179) |
| Net pension asset | (2,467,873) | 2,467,873 |
| Net pension liability | (3,032,857) | 666,658 |
| Deferred outflows of resources related to pensions | 3,689,608 | (643,645) |
| Deferred inflows of resources related to pensions | 683,593 | (2,770,193) |
| Other postemployment benefits | 269,417 | (207,038) |
| Deferred outflows of resources related to other postemployment benefits | 4,973 | 128,081 |
| Deferred inflows of resources related to other postemployment benefits | (366,058) | (26,682) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. | 984,990 | 178,254 |
| Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13) | \$ 1,103,037 | \$ 995,081 |

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

City of De Pere, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance | 2018 Actual |
|---|---------------------|---------------------|---------------------|--|---------------------|
| | Original | Final | | Final Budget - Positive (Negative) | |
| REVENUES | | | | | |
| Taxes | \$ 8,270,467 | \$ 8,270,467 | \$ 8,271,714 | \$ 1,247 | \$ 8,259,381 |
| Intergovernmental | 3,244,618 | 3,244,618 | 3,303,419 | 58,801 | 3,180,529 |
| Licenses and permits | 645,372 | 645,372 | 692,896 | 47,524 | 633,003 |
| Fines and forfeits | 390,000 | 390,000 | 425,638 | 35,638 | 404,015 |
| Public charges for services | 1,466,549 | 1,466,549 | 1,565,235 | 98,686 | 1,469,321 |
| Intergovernmental charges for services | 1,380,100 | 1,380,100 | 1,324,327 | (55,773) | 1,258,677 |
| Miscellaneous | 434,030 | 434,030 | 763,151 | 329,121 | 291,601 |
| Total revenues | 15,831,136 | 15,831,136 | 16,346,380 | 515,244 | 15,496,527 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 2,074,697 | 2,074,697 | 1,955,999 | 118,698 | 1,873,365 |
| Public safety | 9,656,889 | 9,656,889 | 9,532,198 | 124,691 | 9,184,628 |
| Public works | 2,239,033 | 2,239,033 | 2,397,887 | (158,854) | 2,025,000 |
| Sanitation | 627,633 | 627,633 | 729,742 | (102,109) | 733,009 |
| Health and human services | 547,059 | 547,059 | 501,685 | 45,374 | 488,618 |
| Culture and recreation | 2,232,537 | 2,232,537 | 2,515,160 | (282,623) | 2,586,487 |
| Conservation and development | 328,688 | 328,688 | 348,822 | (20,134) | 452,951 |
| Total expenditures | 17,706,536 | 17,706,536 | 17,981,493 | (274,957) | 17,344,058 |
| Excess of revenues under expenditures | (1,875,400) | (1,875,400) | (1,635,113) | 240,287 | (1,847,531) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital lease issued | - | - | 126,239 | 126,239 | 168,635 |
| Transfers in | 1,791,400 | 1,791,400 | 1,830,077 | 38,677 | 1,798,269 |
| Transfers out | - | - | (30,333) | (30,333) | (167,118) |
| Total other financing sources (uses) | 1,791,400 | 1,791,400 | 1,925,983 | 134,583 | 1,799,786 |
| Net change in fund balance | (84,000) | (84,000) | 290,870 | 374,870 | (47,745) |
| Fund balance - January 1 | 7,548,257 | 7,548,257 | 7,548,257 | - | 7,596,002 |
| Fund balance - December 31 | \$ 7,464,257 | \$ 7,464,257 | \$ 7,839,127 | \$ 374,870 | \$ 7,548,257 |

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

City of De Pere, Wisconsin

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | Enterprise Funds | | | |
|---------------------------------------|-------------------|--|-----------------------|-----------------------|
| | Water Utility | Wastewater Treatment Plant Utility | Wastewater Utility | Stormwater Utility |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | \$ - | \$ 396,435 | \$ 412,620 | \$ 1,049,549 |
| Receivables | | | | |
| Customer accounts | 1,567,985 | - | 2,336,210 | - |
| Other | 269,329 | - | - | - |
| Due from other governments | - | 1,037,251 | - | - |
| Inventories and prepaid items | 25,008 | - | - | - |
| Total current assets | <u>1,862,322</u> | <u>1,433,686</u> | <u>2,748,830</u> | <u>1,049,549</u> |
| Noncurrent assets | | | | |
| Restricted assets | | | | |
| Cash and investments | 212,233 | - | 150,000 | - |
| Other assets | | | | |
| Net pension asset | - | - | - | - |
| Capital assets | | | | |
| Nondepreciable | 162,581 | - | - | 109,975 |
| Depreciable | 27,005,043 | - | 18,431,036 | 13,586,478 |
| Total capital assets | <u>27,167,624</u> | <u>-</u> | <u>18,431,036</u> | <u>13,696,453</u> |
| Total assets | <u>29,242,179</u> | <u>1,433,686</u> | <u>21,329,866</u> | <u>14,746,002</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related amounts | 313,630 | - | 248,316 | 207,896 |
| Other postemployment related amounts | 6,133 | - | 2,850 | 3,276 |
| Total deferred outflows of resources | <u>319,763</u> | <u>-</u> | <u>251,166</u> | <u>211,172</u> |

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

| Totals | | Governmental Activities - Internal Service Funds | |
|-------------------|-------------------|---|------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 1,858,604 | \$ 2,151,983 | \$ 2,022,533 | \$ 1,085,458 |
| 3,904,195 | 3,966,036 | - | - |
| 269,329 | 216,103 | - | - |
| 1,037,251 | 1,140,701 | - | - |
| 25,008 | 24,877 | - | - |
| <u>7,094,387</u> | <u>7,499,700</u> | <u>2,022,533</u> | <u>1,085,458</u> |
| | | | |
| 362,233 | 361,281 | - | - |
| | | | |
| - | 231,748 | - | - |
| | | | |
| 272,556 | 675,874 | - | - |
| <u>59,022,557</u> | <u>55,160,759</u> | <u>-</u> | <u>-</u> |
| | | | |
| 59,295,113 | 55,836,633 | - | - |
| <u>66,751,733</u> | <u>63,929,362</u> | <u>2,022,533</u> | <u>1,085,458</u> |
| | | | |
| 769,842 | 429,242 | - | - |
| <u>12,259</u> | <u>12,028</u> | <u>-</u> | <u>-</u> |
| | | | |
| <u>782,101</u> | <u>441,270</u> | <u>-</u> | <u>-</u> |

City of De Pere, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | Enterprise Funds | | | |
|---|----------------------|------------------------------------|----------------------|----------------------|
| | Water Utility | Wastewater Treatment Plant Utility | Wastewater Utility | Stormwater Utility |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 724,730 | \$ - | \$ 866,053 | \$ 28,661 |
| Accrued and other current liabilities | 9,034 | - | 7,488 | 6,329 |
| Due to other funds | 3,769,807 | - | - | - |
| Current portion of long-term debt | 460,200 | - | 390,352 | - |
| Payable from restricted assets | | | | |
| Accrued interest payable | 6,607 | - | 11,990 | - |
| Total current liabilities | <u>4,970,378</u> | <u>-</u> | <u>1,275,883</u> | <u>34,990</u> |
| Long-term obligations, less current portion | | | | |
| Advance from other funds | - | - | - | - |
| General obligation debt | 620,000 | - | 1,210,000 | - |
| Revenue bonds | 370,000 | - | - | - |
| Debt premium | 15,273 | - | 52,547 | - |
| Compensated absences | 78,742 | - | 82,284 | 76,963 |
| Net pension liability | 114,023 | - | 90,752 | 74,683 |
| Other postemployment benefits | 41,846 | - | 17,357 | 21,592 |
| Total long-term liabilities | <u>1,239,884</u> | <u>-</u> | <u>1,452,940</u> | <u>173,238</u> |
| Total liabilities | <u>6,210,262</u> | <u>-</u> | <u>2,728,823</u> | <u>208,228</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related amounts | 158,137 | - | 125,863 | 103,576 |
| Other postemployment related amounts | 8,944 | - | 6,892 | 5,776 |
| Total deferred inflows of resources | <u>167,081</u> | <u>-</u> | <u>132,755</u> | <u>109,352</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 25,702,151 | - | 16,778,137 | 13,696,453 |
| Restricted | 205,626 | - | - | - |
| Unrestricted | (2,723,178) | 1,433,686 | 1,941,317 | 943,141 |
| Total net position | <u>\$ 23,184,599</u> | <u>\$ 1,433,686</u> | <u>\$ 18,719,454</u> | <u>\$ 14,639,594</u> |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position of business-type activities as reported on the statement of net position (see page 11)

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

| Totals | | Governmental Activities - Internal Service Funds | |
|----------------------|----------------------|---|-------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 1,619,444 | \$ 2,308,612 | \$ 67,065 | \$ 257,257 |
| 22,851 | 19,673 | - | - |
| 3,769,807 | 2,207,077 | - | - |
| 850,552 | 831,575 | - | - |
| 18,597 | 23,093 | - | - |
| <u>6,281,251</u> | <u>5,390,030</u> | <u>67,065</u> | <u>257,257</u> |
| - | - | 27,821 | 27,821 |
| 1,830,000 | 2,305,000 | - | - |
| 370,000 | 730,000 | - | - |
| 67,820 | 83,372 | - | - |
| 237,989 | 246,941 | - | - |
| 279,458 | - | - | - |
| 80,795 | 94,407 | - | - |
| <u>2,866,062</u> | <u>3,459,720</u> | <u>27,821</u> | <u>27,821</u> |
| <u>9,147,313</u> | <u>8,849,750</u> | <u>94,886</u> | <u>285,078</u> |
| 387,576 | 459,181 | - | - |
| 21,612 | 1,330 | - | - |
| <u>409,188</u> | <u>460,511</u> | <u>-</u> | <u>-</u> |
| 56,176,741 | 51,887,709 | - | - |
| 205,626 | 435,001 | - | - |
| 1,594,966 | 2,737,661 | 1,927,647 | 800,380 |
| 57,977,333 | 55,060,371 | <u>\$ 1,927,647</u> | <u>\$ 800,380</u> |
| 228,861 | 86,584 | | |
| <u>\$ 58,206,194</u> | <u>\$ 55,146,955</u> | | |

City of De Pere, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Enterprise Funds | | | |
|---|----------------------|------------------------------------|----------------------|----------------------|
| | Water Utility | Wastewater Treatment Plant Utility | Wastewater Utility | Stormwater Utility |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 5,763,102 | \$ - | \$ 6,877,480 | \$ 1,726,712 |
| Other | 299,274 | - | 2,298,342 | - |
| Total operating revenues | 6,062,376 | - | 9,175,822 | 1,726,712 |
| OPERATING EXPENSES | | | | |
| Claims and administrative fees | - | - | - | - |
| Operation and maintenance | 5,376,225 | - | 7,459,792 | 943,272 |
| Depreciation | 720,178 | - | 748,035 | 499,508 |
| Taxes | 49,528 | - | - | - |
| Total operating expenses | 6,145,931 | - | 8,207,827 | 1,442,780 |
| Operating income (loss) | (83,555) | - | 967,995 | 283,932 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 1,839 | 57,035 | - | - |
| Nonoperating grants | - | - | - | - |
| Interest and fiscal charges | (51,156) | - | (29,742) | - |
| Total nonoperating revenues (expenses) | (49,317) | 57,035 | (29,742) | - |
| Income before contributions and transfers | (132,872) | 57,035 | 938,253 | 283,932 |
| Capital contributions | 940,151 | - | 648,787 | 950,353 |
| Transfers out | (512,067) | - | (256,610) | - |
| Change in net position | 295,212 | 57,035 | 1,330,430 | 1,234,285 |
| Net position - January 1 | 22,889,387 | 1,376,651 | 17,389,024 | 13,405,309 |
| Net position - December 31 | <u>\$ 23,184,599</u> | <u>\$ 1,433,686</u> | <u>\$ 18,719,454</u> | <u>\$ 14,639,594</u> |

Change in net position, per above
 Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
 Change in net position of business-type activities as reported on the statement of activities (see pages 12 - 13)

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

| Totals | | Governmental Activities - Internal Service Funds | |
|----------------------|----------------------|---|-------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 14,367,294 | \$ 14,517,681 | \$ 2,627,156 | \$ 2,636,225 |
| 2,597,616 | 3,372,792 | - | - |
| <u>16,964,910</u> | <u>17,890,473</u> | <u>2,627,156</u> | <u>2,636,225</u> |
| - | - | 1,502,978 | 2,354,045 |
| 13,779,289 | 13,855,135 | - | - |
| 1,967,721 | 1,823,217 | - | - |
| 49,528 | 46,647 | - | - |
| <u>15,796,538</u> | <u>15,724,999</u> | <u>1,502,978</u> | <u>2,354,045</u> |
| <u>1,168,372</u> | <u>2,165,474</u> | <u>1,124,178</u> | <u>282,180</u> |
| 58,874 | 63,642 | 3,089 | 2,554 |
| - | 94,612 | - | - |
| <u>(80,898)</u> | <u>(101,960)</u> | <u>-</u> | <u>-</u> |
| <u>(22,024)</u> | <u>56,294</u> | <u>3,089</u> | <u>2,554</u> |
| 1,146,348 | 2,221,768 | 1,127,267 | 284,734 |
| 2,539,291 | 1,540,792 | - | - |
| <u>(768,677)</u> | <u>(736,869)</u> | <u>-</u> | <u>-</u> |
| 2,916,962 | 3,025,691 | 1,127,267 | 284,734 |
| <u>55,060,371</u> | <u>52,034,680</u> | <u>800,380</u> | <u>515,646</u> |
| <u>\$ 57,977,333</u> | <u>\$ 55,060,371</u> | <u>\$ 1,927,647</u> | <u>\$ 800,380</u> |
| \$ 2,916,962 | \$ 3,025,691 | | |
| 142,277 | 106,480 | | |
| <u>\$ 3,059,239</u> | <u>\$ 3,132,171</u> | | |

City of De Pere, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

| | Enterprise Funds | | | |
|--|-------------------|------------------------------------|--------------------|---------------------|
| | Water Utility | Wastewater Treatment Plant Utility | Wastewater Utility | Stormwater Utility |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 5,982,111 | \$ - | \$ 9,264,702 | \$ 1,726,712 |
| Cash paid for services provided | - | - | - | - |
| Cash paid for employee wages and benefits | (870,097) | - | (643,587) | (607,358) |
| Cash paid to suppliers | (4,483,319) | - | (7,503,733) | (311,379) |
| Net cash provided by operating activities | 628,695 | - | 1,117,382 | 807,975 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intergovernmental revenues | - | - | - | - |
| Due to/from other funds | 1,562,730 | - | - | - |
| Transfer in (out) | (512,067) | - | (256,610) | - |
| Net cash provided (used) by noncapital financing activities | 1,050,663 | - | (256,610) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (1,182,468) | - | (855,431) | (849,011) |
| Proceeds from sale of treatment plant | - | 103,450 | - | - |
| Principal paid on long-term debt | (442,500) | - | (372,500) | - |
| Interest paid on long-term debt | (55,277) | - | (45,669) | - |
| Net cash provided (used) by capital and related financing activities | (1,680,245) | 103,450 | (1,273,600) | (849,011) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 1,839 | 57,035 | - | - |
| Change in cash and cash equivalents | 952 | 160,485 | (412,828) | (41,036) |
| Cash and cash equivalents - January 1 | 211,281 | 235,950 | 975,448 | 1,090,585 |
| Cash and cash equivalents - December 31 | <u>\$ 212,233</u> | <u>\$ 396,435</u> | <u>\$ 562,620</u> | <u>\$ 1,049,549</u> |

| Totals | | Governmental Activities - Internal Service Funds | |
|---------------------|---------------------|---|---------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 16,973,525 | \$ 17,979,820 | \$ - | \$ - |
| - | - | 2,627,156 | 2,636,225 |
| (2,121,042) | (1,615,200) | - | - |
| (12,298,431) | (11,791,411) | (1,693,170) | (2,272,265) |
| <u>2,554,052</u> | <u>4,573,209</u> | <u>933,986</u> | <u>363,960</u> |
| - | 94,612 | - | - |
| 1,562,730 | 1,090,800 | - | - |
| (768,677) | (736,869) | - | - |
| <u>794,053</u> | <u>448,543</u> | <u>-</u> | <u>-</u> |
| (2,886,910) | (3,860,317) | - | - |
| 103,450 | 98,524 | - | - |
| (815,000) | (795,000) | - | - |
| (100,946) | (121,008) | - | - |
| <u>(3,699,406)</u> | <u>(4,677,801)</u> | <u>-</u> | <u>-</u> |
| <u>58,874</u> | <u>63,642</u> | <u>3,089</u> | <u>2,554</u> |
| (292,427) | 407,593 | 937,075 | 366,514 |
| <u>2,513,264</u> | <u>2,105,671</u> | <u>1,085,458</u> | <u>718,944</u> |
| <u>\$ 2,220,837</u> | <u>\$ 2,513,264</u> | <u>\$ 2,022,533</u> | <u>\$ 1,085,458</u> |

City of De Pere, Wisconsin

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

| | Enterprise Funds | | | |
|--|-------------------|------------------------------------|---------------------|---------------------|
| | Water Utility | Wastewater Treatment Plant Utility | Wastewater Utility | Stormwater Utility |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ (83,555) | \$ - | \$ 967,995 | \$ 283,932 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation | 720,178 | - | 748,035 | 499,508 |
| Depreciation charged to sewer utility | 22,060 | - | (22,060) | - |
| Change in liability (asset) and deferred outflows and inflows of resources | | | | |
| Pension | 42,950 | - | 32,702 | 23,349 |
| Other postemployment benefits | 9,315 | - | (6,068) | 3,192 |
| Change in operating assets and liabilities | | | | |
| Accounts receivables | (80,265) | - | 88,880 | - |
| Inventories and prepaid items | (131) | - | - | - |
| Accounts payable | (3,589) | - | (687,762) | 2,183 |
| Accrued and other current liabilities | 788 | - | 998 | 1,392 |
| Compensated absences | 944 | - | (5,338) | (5,581) |
| Net cash provided by operating activities | <u>\$ 628,695</u> | <u>\$ -</u> | <u>\$ 1,117,382</u> | <u>\$ 807,975</u> |
| Reconciliation of cash and cash equivalents to the statement of net position | | | | |
| Cash and cash equivalents in current assets | \$ - | \$ 396,435 | \$ 412,620 | \$ 1,049,549 |
| Cash and cash equivalents in restricted assets | <u>212,233</u> | <u>-</u> | <u>150,000</u> | <u>-</u> |
| Total cash and cash equivalents | <u>\$ 212,233</u> | <u>\$ 396,435</u> | <u>\$ 562,620</u> | <u>\$ 1,049,549</u> |
| Noncash capital and related financing activities | | | | |
| Capital contributions | <u>\$ 940,151</u> | <u>\$ -</u> | <u>\$ 648,787</u> | <u>\$ 950,353</u> |

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

| Totals | | Governmental Activities - Internal Service Funds | |
|---------------------|---------------------|---|---------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 1,168,372 | \$ 2,165,474 | \$ 1,124,178 | \$ 282,180 |
| 1,967,721 | 1,823,217 | - | - |
| - | - | - | - |
| 99,001 | 12,867 | - | - |
| 6,439 | 9,621 | - | - |
| 8,615 | 89,347 | - | - |
| (131) | 27 | - | - |
| (689,168) | 426,811 | (190,192) | 81,780 |
| 3,178 | 4,730 | - | - |
| (9,975) | 41,115 | - | - |
| <u>\$ 2,554,052</u> | <u>\$ 4,573,209</u> | <u>\$ 933,986</u> | <u>\$ 363,960</u> |
| \$ 1,858,604 | \$ 2,151,983 | \$ 2,022,533 | \$ 1,085,458 |
| 362,233 | 361,281 | - | - |
| <u>\$ 2,220,837</u> | <u>\$ 2,513,264</u> | <u>\$ 2,022,533</u> | <u>\$ 1,085,458</u> |
| <u>\$ 2,539,291</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of De Pere, Wisconsin

**STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

| | Tax Collection | Trust Deposits | Totals | |
|--------------------------|----------------------|-------------------|----------------------|----------------------|
| | | | 2019 | 2018 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | \$ 5,150,612 | \$ 25,230 | \$ 5,175,842 | \$ 4,836,498 |
| Receivables | | | | |
| Taxes | 23,668,480 | - | 23,668,480 | 24,612,900 |
| Total assets | <u>\$ 28,819,092</u> | <u>\$ 25,230</u> | <u>\$ 28,844,322</u> | <u>\$ 29,449,398</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Deposits held in trust | \$ - | \$ 25,230 | \$ 25,230 | \$ 25,230 |
| Due to other governments | 28,819,092 | - | 28,819,092 | 29,424,168 |
| Total liabilities | <u>\$ 28,819,092</u> | <u>\$ 25,230</u> | <u>\$ 28,844,322</u> | <u>\$ 29,449,398</u> |

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

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of De Pere, Wisconsin (the "City"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected eight member board. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

B. RELATED ORGANIZATIONS

The City's officials are also responsible for appointing the members of the Boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. Therefore, these organizations are not included in the City's reporting entity. The Mayor and the City Council appoints some or all of the members of the following related organization:

De Pere Housing Authority

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

Public Improvements Fund

This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

The City reports the following major enterprise funds:

Water Utility Fund

This fund accounts for the operations of the City's water utility.

Wastewater Treatment Plant Utility Fund

This fund is used to account for the collection of the long-term receivable from the sale of the City's wastewater treatment plant utility.

Wastewater Utility Fund

This fund accounts for the operations of the City's wastewater utility.

Stormwater Utility Fund

This fund accounts for the operations of the City's stormwater utility.

Additionally, the City reports the following fund types:

- ▶ *Internal service fund* accounts for health insurance and dental insurances services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.
- ▶ The City accounts for property taxes collected on behalf of other governments in an *agency fund*.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

City of De Pere, Wisconsin

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DECEMBER 31, 2019

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the De Pere and West De Pere Schools, Brown County, and Northeast Wisconsin Technical College. Brown County currently collects the City's property taxes by agreement.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Installments placed on the 2018 tax roll are recognized as revenue in 2019. Special assessments are subject to collection procedures.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. **Loans Receivable**

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

6. **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the general fund are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

7. **Inventories**

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

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

8. **Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

9. **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

| Assets | Governmental | Business-type |
|----------------------------|--------------|---------------|
| | Activities | Activities |
| | Years | |
| Land improvements | 15 - 25 | - |
| Buildings and improvements | 30 - 50 | 25 - 50 |
| Machinery and equipment | 5 - 25 | 3 - 10 |
| Infrastructure | 25 - 100 | 25 - 100 |

10. Compensated Absences

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Long-term Obligations

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

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

13. Pensions

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

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

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

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized any City official or committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

F. USE OF ESTIMATES

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

G. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

H. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2019 as follows:

| Funds | Excess Expenditures |
|------------------------------|------------------------|
| General | |
| General Government | |
| Sanitation | \$ 102,109 |
| Public Works | 158,854 |
| Culture and Recreation | 282,623 |
| Conservation and Development | 20,134 |

C. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2019:

| Funds | Deficit Fund Balance |
|------------------------|-------------------------|
| Special Revenue Fund | |
| Cable Access | \$ 76,503 |
| Capital Projects Funds | |
| TID No. 7 | 1,137,621 |
| TID No. 9 | 485,694 |

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

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2019 budget was .99%. The actual limit for the City for the 2020 budget was 0.988%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

The carrying amount of the City's cash and investments totaled \$23,526,734 on December 31, 2019 as summarized below:

| | |
|--|----------------------|
| Petty cash and cash on hand | \$ 4,113 |
| Deposits with financial institutions | 2,305,771 |
| Investments | |
| U.S. Treasury securities | 3,788,275 |
| Federal agency securities | 1,338,714 |
| Negotiable certificate of deposits | 3,768,096 |
| Corporate bonds and notes | 740,011 |
| Municipal bonds | 1,144,994 |
| Money market mutual funds | 3,311,727 |
| Wisconsin local government investment pool | 7,125,033 |
| | <u>\$ 23,526,734</u> |

Reconciliation to the basic financial statements:

| | |
|---|----------------------|
| Government-wide Statement of Net Position | |
| Cash and investments | \$ 14,619,417 |
| Restricted cash and investments | 3,731,475 |
| Fiduciary Fund Statement of Net Position | |
| Cash and investments | 5,175,842 |
| | <u>\$ 23,526,734</u> |

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2019:

| | Fair Value Measurements Using: | | |
|------------------------------------|--------------------------------|----------------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Investments | | | |
| U.S. Treasury securities | \$ - | \$ 3,788,275 | \$ - |
| Federal agency securities | - | 1,338,714 | - |
| Corporate bonds & notes | - | 740,011 | - |
| Municipal bonds | - | 1,144,994 | - |
| Money market mutual funds | 3,311,727 | - | - |
| Negotiable certificates of deposit | - | 3,768,096 | - |
| | <u>\$ 3,311,727</u> | <u>\$ 10,780,090</u> | <u>\$ -</u> |

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The city's policy required collateralization for depository institutions rated average. Collateralization is not required for institutions rated superior or excellent.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2019, \$5,838,905 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$5,838,905 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. Presented below is the actual rating as of the year-end for each investment type.

| Investment Type | Amount | Exempt from | | | A | Not Rated |
|--|----------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| | | Disclosure | AAA | Aa | | |
| U.S. Treasury securities | \$ 3,788,275 | \$3,788,275 | \$ - | \$ - | \$ - | \$ - |
| Federal agency securities | 1,338,714 | - | 1,338,714 | - | - | - |
| Negotiable certificates of deposit | 3,768,096 | - | 3,768,096 | - | - | - |
| Corporate bonds & notes | 740,011 | 740,011 | - | - | - | - |
| Municipal bonds | 1,144,994 | - | 407,653 | 597,656 | 139,685 | - |
| Money market mutual funds | 3,311,727 | 3,311,727 | - | - | - | - |
| Wisconsin local government investment pool | 7,125,033 | - | - | - | - | 7,125,033 |
| Totals | \$ 21,216,850 | \$7,840,013 | \$5,514,463 | \$ 597,656 | \$ 139,685 | \$7,125,033 |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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:

| Investment Type | Amount | Remaining Maturity (in Months) | | | |
|--|---------------------|--------------------------------|---------------------|---------------------|------------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| U.S. Treasury securities | \$ 3,788,275 | \$ 3,278,517 | \$ 509,758 | \$ - | \$ - |
| Federal agency securities | 1,338,714 | 424,413 | 214,727 | 699,574 | - |
| Negotiable certificates of deposit | 3,768,096 | 740,413 | 746,826 | 2,280,857 | - |
| Corporate bonds and notes | 740,011 | - | 307,248 | 432,763 | - |
| Municipal Bonds | 1,144,994 | 100,113 | 100,032 | 944,849 | - |
| Money market mutual funds | 3,311,727 | 3,311,727 | - | - | - |
| Wisconsin local government investment pool | 7,125,033 | 7,125,033 | - | - | - |
| Totals | <u>\$21,216,850</u> | <u>\$14,980,216</u> | <u>\$ 1,878,591</u> | <u>\$ 4,358,043</u> | <u>\$ -</u> |

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

| Highly Sensitive Investments | Fair Value at Year End |
|---|---------------------------|
| Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. | \$ 1,338,714 |

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$7,125,033 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$4,301,475 and consisted of cash and investments held for the following purposes:

| Funds | Amount | Purpose |
|---------------------------|--------------|--|
| Debt Service Fund | | |
| Debt retirement | \$ 2,555,768 | Resources available for debt retirement |
| Special Revenue Funds | | |
| Development loans | 813,474 | Resources available for economic development loans |
| Enterprise Funds | | |
| Water Utility | | To reserve additional funds for debt retirement; |
| Revenue bond reserve fund | 212,233 | to be used if sufficient funds are not available |
| Wastewater Utility | | |
| Debt retirement | 150,000 | To reserve additional funds for debt retirement |
| Total Enterprise Funds | 362,233 | |
| Total | \$ 3,731,475 | |

C. DUE FROM OTHER GOVERNMENTS

In prior years, the City of De Pere sold its wastewater treatment facility to the Green Bay Metropolitan Sewerage District (GBMSD) with the sale price repaid to the City over a 20 year period. The notes receivable from GBMSD was discounted using a 5% interest rate. Annual principal and interest payments of \$160,485 are due annually through 2027, with a notes receivable balance of \$1,037,251 as of December 31, 2019 as summarized below.

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 108,622 | \$ 51,863 | \$ 160,485 |
| 2021 | 114,054 | 46,431 | 160,485 |
| 2022 | 119,756 | 40,729 | 160,485 |
| 2023 | 125,744 | 34,741 | 160,485 |
| 2024 | 132,031 | 28,454 | 160,485 |
| 2025 - 2027 | 437,044 | 44,411 | 481,455 |
| | <u>\$ 1,037,251</u> | <u>\$ 246,629</u> | <u>\$ 1,283,880</u> |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, nondepreciable: | | | | |
| Land | \$ 9,354,236 | \$ - | \$ - | \$ 9,354,236 |
| Construction in progress | 93,084 | 206,754 | 93,084 | 206,754 |
| Total capital assets, nondepreciable | <u>9,447,320</u> | <u>206,754</u> | <u>93,084</u> | <u>9,560,990</u> |
| Capital assets, depreciable: | | | | |
| Land improvements | 6,139,432 | 709,891 | 461,630 | 6,387,693 |
| Buildings and improvements | 12,580,177 | 319,956 | 436,568 | 12,463,565 |
| Machinery and equipment | 10,646,632 | 1,307,100 | 602,165 | 11,351,567 |
| Infrastructure | 78,472,623 | 2,909,150 | - | 81,381,773 |
| Subtotals | <u>107,838,864</u> | <u>5,246,097</u> | <u>1,500,363</u> | <u>111,584,598</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 2,674,340 | 114,052 | 461,630 | 2,326,762 |
| Buildings and improvements | 7,711,326 | 354,745 | 377,427 | 7,688,644 |
| Machinery and equipment | 7,338,395 | 651,933 | 125,230 | 7,865,098 |
| Infrastructure | 31,977,065 | 1,975,457 | 476,935 | 33,475,587 |
| Subtotals | <u>49,701,126</u> | <u>3,096,187</u> | <u>1,441,222</u> | <u>51,356,091</u> |
| Total capital assets, depreciable, net | <u>58,137,738</u> | <u>2,149,910</u> | <u>59,141</u> | <u>60,228,507</u> |
| Governmental activities capital assets, net | <u>\$ 67,585,058</u> | <u>\$ 2,356,664</u> | <u>\$ 152,225</u> | 69,789,497 |
| Less: Capital related debt | | | | 35,806,121 |
| Less: Debt premium | | | | 1,633,465 |
| Less: Capital related accounts payable | | | | <u>(1,079,003)</u> |
| Net investment in capital assets | | | | <u>\$ 31,270,908</u> |
| Business-type activities: | | | | |
| Capital assets, nondepreciable: | | | | |
| Land | \$ 53,207 | \$ - | \$ - | \$ 53,207 |
| Construction in progress | 622,667 | 219,349 | 622,667 | 219,349 |
| Total capital assets, nondepreciable | <u>675,874</u> | <u>219,349</u> | <u>622,667</u> | <u>272,556</u> |
| Capital assets, depreciable: | | | | |
| Buildings and improvements | 892,181 | - | - | 892,181 |
| Machinery and equipment | 6,449,253 | 173,252 | 12,881 | 6,609,624 |
| Infrastructure | 73,571,300 | 5,666,151 | 549,167 | 78,688,284 |
| Subtotals | <u>80,912,734</u> | <u>5,839,403</u> | <u>562,048</u> | <u>86,190,089</u> |
| Less accumulated depreciation | <u>25,751,975</u> | <u>1,967,721</u> | <u>552,164</u> | <u>27,167,532</u> |
| Total capital assets, depreciable, net | <u>55,160,759</u> | <u>3,871,682</u> | <u>9,884</u> | <u>59,022,557</u> |
| Business-type activities capital assets, net | <u>\$ 55,836,633</u> | <u>\$ 4,091,031</u> | <u>\$ 632,551</u> | 59,295,113 |
| Less: Capital related debt | | | | 3,035,000 |
| Less: Debt premium | | | | <u>83,372</u> |
| Net investment in capital assets | | | | <u>\$ 56,176,741</u> |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

| | |
|---|---------------------|
| Governmental activities | |
| General government | \$ 78,260 |
| Public safety | 383,028 |
| Public works | 2,315,777 |
| Culture and recreation | 319,122 |
| Total depreciation expense - governmental activities | <u>\$ 3,096,187</u> |
| Business-type activities | |
| Water utility | \$ 720,178 |
| Wastewater utility | 748,035 |
| Stormwater utility | 499,508 |
| Total depreciation expense - business-type activities | <u>\$ 1,967,721</u> |

E. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---|----------------------------------|-------------------------------|
| Temporary cash advances to finance operating cash deficits | | |
| Governmental Funds | | |
| General | \$ 5,486,362 | \$ - |
| Cable Access | - | 93,791 |
| TID No. 7 | - | 1,137,379 |
| TID No. 9 | - | 485,385 |
| Proprietary Fund | | |
| Water Utility | - | 3,769,807 |
| Subtotal | <u>5,486,362</u> | <u>5,486,362</u> |
| Long-term advances | | |
| General Fund | 27,821 | - |
| Internal Service Funds | | |
| Health Self Insurance | - | 17,821 |
| Dental Self Insurance | - | 10,000 |
| Subtotal | <u>27,821</u> | <u>27,821</u> |
| Totals | <u>\$ 5,514,183</u> | <u>\$ 5,514,183</u> |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Interfund transfers for the year ended December 31, 2019 were as follows:

| Funds | Transfer In | Transfer Out |
|---------------------|---------------------|---------------------|
| General | \$ 1,830,077 | \$ 30,333 |
| Wastewater Utility | - | 256,610 |
| Water Utility | - | 512,067 |
| Public Improvements | - | 375,000 |
| Capital Equipment | 570,000 | 800,000 |
| TID No. 5 | - | 366,010 |
| TID No. 6 | - | 1,588,285 |
| TID No. 7 | - | 447,782 |
| TID No. 8 | - | 370,095 |
| TID No. 9 | - | 157,452 |
| TID No. 10 | - | 401,534 |
| TID No. 11 | - | 36,449 |
| TID No. 12 | - | 22,590 |
| TID No. 13 | - | 105,923 |
| Cable Access | 30,333 | - |
| Debt Service | 3,609,720 | 570,000 |
| | <u>\$ 6,040,130</u> | <u>\$ 6,040,130</u> |

Interfund transfers were made for the following purposes:

| | |
|---|---------------------|
| Transfer to debt service for debt payments | \$ 3,609,720 |
| Transfer to general fund for equipment purchases | 1,311,400 |
| Transfer levy to fund capital projects | 570,000 |
| Transfer to general fund for payment in lieu of taxes | 518,677 |
| Transfer to cable access for deficit | 30,333 |
| | <u>\$ 6,040,130</u> |

F. SHORT-TERM OBLIGATIONS

The City issued short-term promissory notes in advance of property tax collections. Short-term debt activity for the year ended December 31, 2019 was as follows:

| Note | Outstanding 1/1/19 | Issued | Retired | Outstanding 12/31/19 |
|------|-----------------------|-------------------|-------------------|-------------------------|
| | | <u>\$ 570,000</u> | <u>\$ 400,000</u> | <u>\$ 570,000</u> |

Short-term notes payable at December 31, 2019 of \$400,000 consist of the following promissory notes:

| Note | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/19 |
|------|------------------|-------------------|-------------------|--------------------------|---------------------|
| | | 12/27/19 | 2/27/20 | 3.50% | \$ 400,000 |

Total interest paid for the year on short-term debt totaled \$3,373.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

G. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2019:

| | <u>Beginning Balance</u> | <u>Issued</u> | <u>Retired</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------|----------------------|--------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General Obligation Debt | | | | | |
| Bonds | \$10,230,000 | \$ - | \$3,110,000 | \$ 7,120,000 | \$1,130,000 |
| Taxable bonds | 4,455,000 | - | 1,660,000 | 2,795,000 | 420,000 |
| Community development bonds | 5,545,000 | - | 220,000 | 5,325,000 | 150,000 |
| Notes | 13,160,000 | 8,715,000 | 2,410,000 | 19,465,000 | 3,290,000 |
| Taxable notes | 720,000 | 880,000 | 90,000 | 1,510,000 | 95,000 |
| Total General Obligation Debt | <u>34,110,000</u> | <u>9,595,000</u> | <u>7,490,000</u> | <u>36,215,000</u> | <u>5,085,000</u> |
| Debt premium | 1,135,708 | 636,905 | 139,148 | 1,633,465 | 193,128 |
| Capital leases | 96,140 | 126,239 | 65,998 | 156,381 | 90,980 |
| Compensated absences | 1,771,995 | - | 28,743 | 1,743,252 | - |
| Governmental activities | | | | | |
| Long-term obligations | <u>\$37,113,843</u> | <u>\$ 10,358,144</u> | <u>\$7,723,889</u> | <u>\$39,748,098</u> | <u>\$5,369,108</u> |
| Business-type activities: | | | | | |
| General Obligation Debt | | | | | |
| Notes | \$ 2,775,000 | \$ - | \$ 470,000 | \$ 2,305,000 | \$ 475,000 |
| Revenue bonds | 1,075,000 | - | 345,000 | 730,000 | 360,000 |
| Debt premium | 98,924 | - | 15,552 | 83,372 | 15,552 |
| Compensated absences | 247,964 | - | 9,975 | 237,989 | - |
| Business-type activities | | | | | |
| Long-term obligations | <u>\$ 4,196,888</u> | <u>\$ -</u> | <u>\$ 840,527</u> | <u>\$ 3,356,361</u> | <u>\$ 850,552</u> |

Total interest paid during the year on long-term debt totaled \$1,098,479.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/19</u> |
|---|----------------------|-----------------------|-----------------------|------------------------------|-----------------------------|
| General obligation bonds: | | | | | |
| 2011A | 08/15/11 | 2025 | 1.75-3.45% | \$ 2,245,000 | \$ 995,000 |
| 2012A | 09/20/12 | 2027 | 0.90-2.40% | 2,980,000 | 1,340,000 |
| 2013A | 08/13/13 | 2028 | 3.00-3.625% | 5,650,000 | 2,170,000 |
| 2014A | 11/20/14 | 2029 | 2.00-3.00% | 1,075,000 | 750,000 |
| 2014B | 11/20/14 | 2023 | 2.00-3.00% | 2,530,000 | 310,000 |
| 2017B | 10/18/17 | 2027 | 2.75% | 1,700,000 | 1,555,000 |
| General obligation taxable bonds: | | | | | |
| 2012B | 09/20/12 | 2031 | 1.30-3.90% | 2,850,000 | 2,105,000 |
| 2013B | 08/13/13 | 2023 | 2.00-3.50% | 2,530,000 | 690,000 |
| General obligation community development bonds: | | | | | |
| 2018B | 09/20/18 | 2033 | 3.25-5.00% | 5,545,000 | 5,325,000 |
| General obligation notes: | | | | | |
| 2010 | 10/28/10 | 2020 | 1.50-3.00% | 2,985,000 | 210,000 |
| 2011B | 08/15/11 | 2020 | 2.00-2.70% | 1,565,000 | 80,000 |
| 2015A | 09/24/15 | 2025 | 2.00-3.00% | 8,285,000 | 3,595,000 |
| 2016A | 10/19/16 | 2026 | 1.00-2.00% | 7,915,000 | 5,430,000 |
| 2017A | 10/18/17 | 2027 | 2.00-2.25% | 2,015,000 | 1,440,000 |
| 2018A | 09/20/18 | 2028 | 3.00-5.00% | 2,600,000 | 2,300,000 |
| 2019A | 10/21/19 | 2029 | 3.00-4.00% | 8,715,000 | 8,715,000 |
| General obligation taxable notes: | | | | | |
| 2016B | 10/19/16 | 2026 | 2.00-2.25% | 890,000 | 630,000 |
| 2019B | 10/21/19 | 2029 | 2.25-2.70% | 880,000 | <u>880,000</u> |
| Total Outstanding General Obligation Debt | | | | | <u><u>\$ 38,520,000</u></u> |

Annual principal and interest maturities of the outstanding general obligation debt of \$38,520,000 on December 31, 2019 are detailed below:

| <u>Year Ended</u> <u>December 31,</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|--|--------------------------------|---------------------|---------------------------------|-------------------|----------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 5,085,000 | \$ 1,036,764 | \$ 475,000 | \$ 48,838 | \$ 5,560,000 | \$ 1,085,602 |
| 2021 | 3,930,000 | 938,846 | 490,000 | 38,000 | 4,420,000 | 976,846 |
| 2022 | 3,825,000 | 833,584 | 500,000 | 26,800 | 4,325,000 | 860,384 |
| 2023 | 3,785,000 | 724,394 | 205,000 | 16,800 | 3,990,000 | 741,194 |
| 2024 | 3,740,000 | 615,234 | 210,000 | 12,700 | 3,950,000 | 627,934 |
| 2025 - 2029 | 13,615,000 | 1,471,537 | 425,000 | 12,800 | 14,040,000 | 1,484,337 |
| 2030 - 2033 | 2,235,000 | 174,115 | - | - | 2,235,000 | 174,115 |
| | <u>\$ 36,215,000</u> | <u>\$ 5,794,474</u> | <u>\$ 2,305,000</u> | <u>\$ 155,938</u> | <u>\$ 38,520,000</u> | <u>\$ 5,950,412</u> |

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

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2019 was \$74,526,538 as follows:

| | | |
|---|------------------|-----------------------------|
| Equalized valuation of the City | | \$2,209,815,400 |
| Statutory limitation percentage | | (x) 5% |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | <u>110,490,770</u> |
| Total outstanding general obligation debt applicable to debt limitation | \$ 38,520,000 | |
| Less: Amounts available for financing general obligation debt | | |
| Debt service fund | <u>2,555,768</u> | |
| Net outstanding general obligation debt applicable to debt limitation | | <u>35,964,232</u> |
| Legal margin for new debt | | <u><u>\$ 74,526,538</u></u> |

Revenue Bonds

Revenue bonds outstanding on December 31, 2019 totaled \$730,000 and were comprised of the following issues:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/19</u> |
|----------------------------|----------------------|-----------------------|-----------------------|------------------------------|-------------------------|
| Water utility revenue bond | 03/07/07 | 2021 | 3.81% | \$ 4,395,000 | <u>\$ 730,000</u> |

Annual principal and interest maturities of the outstanding revenue bonds of \$730,000 on December 31, 2019 are detailed below:

| <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|-------------------|------------------|-------------------|
| 2020 | \$ 360,000 | \$ 27,813 | \$ 387,813 |
| 2021 | 370,000 | 14,097 | 384,097 |
| | <u>\$ 730,000</u> | <u>\$ 41,910</u> | <u>\$ 771,910</u> |

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay the water revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water customer net revenues and are payable through 2021. The total principal and interest remaining to be paid on the bonds is \$771,910. Principal and interest paid for the current year and total customer net revenues were \$385,958 and \$638,462, respectively.

Capital Lease

The City is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases are \$286,000 and the related accumulated depreciation is \$44,133 as of December 31, 2019.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2019:

| <u>Year Ending</u> | <u>Governmental Activities</u> |
|--|--------------------------------|
| 2020 | \$ 102,407 |
| 2021 | <u>70,306</u> |
| Subtotal | 172,713 |
| Less: Amount representing interest | <u>16,332</u> |
| Present Value of Future Minimum Lease Payments | <u><u>\$ 156,381</u></u> |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

H. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$269,230.

I. PENSION PLAN

1. Plan Description

The Wisconsin Retirement System (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>.

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

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

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

2. Post-Retirement Adjustments

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2008 | 6.6 | 0 |
| 2009 | (2.1) | (42) |
| 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) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |

3. Contributions

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

During the year ending December 31, 2019, the WRS recognized \$1,006,862 in contributions from the City.

Contribution rates for the reporting period are:

| Employee Category | Employee | Employer |
|--|----------|----------|
| General (including teachers, executives and elected officials) | 6.7% | 6.7% |
| Protective with Social Security | 6.7% | 10.7% |
| Protective without Social Security | 6.7% | 14.9% |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

At December 31, 2019, the City reported a liability of \$3,312,315 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.09310308%, which was an increase of 0.00217974% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$2,235,365.

At December 31, 2019, 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 | \$ 2,579,792 | \$ 4,560,145 |
| Net differences between projected and actual earnings on pension plan investments | 4,837,410 | - |
| Changes in assumptions | 558,335 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 4,597 | 33,650 |
| Employer contributions subsequent to the measurement date | 1,006,863 | - |
| Total | \$ 8,986,997 | \$ 4,593,795 |

\$1,006,863 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. 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, | Expense |
|------------------------------------|---------------------|
| 2020 | \$ 1,226,715 |
| 2021 | 300,753 |
| 2022 | 535,833 |
| 2023 | 1,323,038 |
| Total | \$ 3,386,339 |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

5. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial valuation date: | December 31, 2017 |
| Measurement date of net pension liability (asset): | December 31, 2018 |
| Actuarial cost method: | Entry Age |
| Asset valuation method: | Fair Value |
| Long-term expected rate of return: | 7.0% |
| Discount rate: | 7.0% |
| 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 2017 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

| | Current Asset Allocation % | Long-term Expected Nominal Rate of Return % | Long-term Expected Real Rate of Return % |
|----------------------------------|---------------------------------------|--|---|
| <u>Core Fund Asset Class</u> | | | |
| Global equities | 49% | 8.1% | 5.5% |
| Fixed income | 24.5% | 4.0% | 1.5% |
| Inflation sensitive assets | 15.5% | 3.8% | 1.3% |
| Real estate | 9% | 6.5% | 3.9% |
| Private equity/debt | 8% | 9.4% | 6.7% |
| Multi-asset | 4% | 6.7% | 4.1% |
| Total Core Fund | 110% | 7.3% | 4.7% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. equities | 70% | 7.6% | 5.0% |
| International equities | 30% | 8.5% | 5.9% |
| Total Variable Fund | 100% | 8.0% | 5.4% |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.50%

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, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 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) | \$ 13,163,489 | \$ 3,312,315 | \$ (4,012,796) |

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>.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

J. OTHER POSTEMPLOYMENT BENEFITS

The City reports OPEB related balances at December 31, 2019 as summarized below:

| | <u>Liability</u> | <u>of Resources</u> | <u>of Resources</u> | <u>Expense</u> |
|---|---------------------|---------------------|---------------------|-------------------|
| Single-employer defined OPEB plan | \$ 234,098 | \$ - | \$ 158,195 | \$ 18,495 |
| Local Retiree Life Insurance Fund (LRLIF) | 957,635 | 145,313 | 256,157 | 100,513 |
| Total | <u>\$ 1,191,733</u> | <u>\$ 145,313</u> | <u>\$ 414,352</u> | <u>\$ 119,008</u> |

1. Single-employer defined OPEB Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the City. Eligible retired employees have access to group medical coverage through the City's group plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. City paid medical benefits are paid for as indicated below. All employees of the City are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The City provides medical (including prescription drugs) and dental coverage for retired employees through the City's self-insured plans.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 5 |
| Active employees | 116 |
| | <u>121</u> |

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. City paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2018 and rolled forward to December 31, 2019.

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

| | |
|--------------------------------|--|
| Inflation: | 2.50% |
| Salary increases: | 3.00% |
| Investment rate of return: | 2.75% |
| Medical care cost trend rates: | 7.5% decreasing by 0.50% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter. |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2018 valuation were based on the “Wisconsin Retirement System 2014 – 2017 Experience Study” conducted in 2018.

The projection of cash flows used to determine the single discount rate assumed that plan would continue to be funded on a pay as you go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefits payment to determine the total OPEB liability.

The discount rate was changed to the 20-year AA municipal bond rate (2.75%) as of the measurement date. All other assumptions and methods remained unchanged from the valuation performed as of December 31, 2018.

Discount Rate. The discount rate used to measure the total OPEB liability was based on the 20-year AA municipal bond note.

Changes in the Total OPEB Liability

| | <u>Increase (Decrease)</u> |
|--|----------------------------|
| | <u>Total OPEB</u> |
| | <u>Liability</u> |
| Balance at December 31, 2018 | \$ 375,030 |
| Changes for the year: | |
| Service cost | 20,928 |
| Interest | 15,145 |
| Differences between expected and actual experience | (157,218) |
| Changes of assumptions | (6,038) |
| Benefit payments | (13,749) |
| Net changes | <u>(140,932)</u> |
| Balance at December 31, 2018 | <u>\$ 234,098</u> |

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

| | <u>1% Decrease to</u> | <u>Current</u> | <u>1% Increase to</u> |
|----------------------|-----------------------|----------------------|-----------------------|
| | <u>Discount Rate</u> | <u>Discount Rate</u> | <u>Discount Rate</u> |
| | <u>(1.75%)</u> | <u>(2.75%)</u> | <u>(3.75%)</u> |
| Total OPEB liability | \$ 254,287 | \$ 234,098 | \$ 215,427 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

| | <u>Healthcare Cost</u> | | |
|----------------------|-------------------------|-------------------------|-------------------------|
| | <u>1% Decrease</u> | <u>Trend Rates</u> | <u>1% Increase</u> |
| | <u>(6.5% decreasing</u> | <u>(7.5% decreasing</u> | <u>(8.5% decreasing</u> |
| | <u>to 4.0%)</u> | <u>to 5.0%)</u> | <u>to 6.0%)</u> |
| Total OPEB liability | \$ 207,110 | \$ 234,098 | \$ 265,880 |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$18,495. At December 31, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

| | Deferred Inflows of Resources |
|---|--|
| Differences between expected and actual experience | \$ 141,496 |
| Changes in assumptions | 16,699 |
| Total | <u>\$ 158,195</u> |

The amounts above reported as deferred inflows of resources related to OPEB will be recognized in other postemployment benefit expense as follows:

| Year Ended December 31, | Expense |
|------------------------------------|---------------------|
| 2020 | \$ (17,578) |
| 2021 | (17,578) |
| 2022 | (17,578) |
| 2023 | (17,578) |
| 2024 | (17,578) |
| Thereafter | (70,305) |
| Total | <u>\$ (158,195)</u> |

Plan Financial Report

The Plan does not prepare a separate standalone financial report.

2. Local Retiree Life Insurance Fund

Plan Description

The 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 postemployment 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.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Contribution rates as of December 31, 2019 are:

| Coverage Type | Employer Contribution |
|------------------------------|------------------------------|
| 50% Post-retirement coverage | 40% of employee contribution |
| 25% Post-retirement coverage | 20% of employee contribution |

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

| Life Insurance 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 |

During the year ended December 31, 2019, the LRLIF recognized \$6,915 in contributions from the employer.

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

At December 31, 2019, the City reported a liability of \$957,635 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.371128%, which was an increase of 0.005596% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2018, the City recognized OPEB expense of \$100,513.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 48,580 |
| Net differences between projected and actual earnings on OPEB plan investments | 22,886 | - |
| Changes in assumptions | 91,373 | 207,577 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 31,054 | - |
| Total | <u>\$ 145,313</u> | <u>\$ 256,157</u> |

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

| <u>Year Ended December 31,</u> | <u>Expense</u> |
|------------------------------------|---------------------|
| 2020 | \$ (13,470) |
| 2021 | (13,470) |
| 2022 | (13,470) |
| 2023 | (16,684) |
| 2024 | (19,995) |
| Thereafter | (33,755) |
| Total | <u>\$ (110,844)</u> |

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|--------------------------------|
| Actuarial valuation date: | January 1, 2018 |
| Measurement date of net OPEB liability (asset): | December 31, 2018 |
| Actuarial cost method: | Entry age normal |
| 20 year tax-exempt municipal bond yield: | 4.10% |
| Long-term expected rate of return: | 5.00% |
| Discount rate: | 4.22% |
| Salary increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The total OPEB liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-term Expected Geometric Real Rate of Return %</u> |
|-----------------------------------|------------------------|--------------------------|---|
| U.S. Government Bonds | Barclays Government | 1% | 1.44% |
| U.S. Credit Bonds | Barclays Credit | 40% | 2.69% |
| U.S. Long Credit Bonds | Barclays Long Credit | 4% | 3.01% |
| U.S. Mortgages | Barclays MBS | 54% | 2.25% |
| U.S. Municipal Bonds | Bloomberg Barclays Mun | 1% | 1.68% |
| Inflation | | | 2.30% |
| Long-term expected rate of return | | | 5.00% |

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City's proportionate share of net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 4.22%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

| | <u>1% Decrease to Discount Rate (3.22%)</u> | <u>Current Discount Rate (4.22%)</u> | <u>1% Increase to Discount Rate (5.22%)</u> |
|--|---|--------------------------------------|---|
| City's proportionate share of the net OPEB liability (asset) | \$ 1,362,300 | \$ 957,635 | \$ 645,529 |

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>.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Payable to the OPEB Plan

At December 31, 2019, the City reported no payable for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

K. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2019, nonspendable fund balance was as follows:

| | | |
|---------------------------------|----|----------------|
| General Fund | | |
| Nonspendable | | |
| Inventories and prepaid items | \$ | 172,072 |
| Special assessments | | 36,515 |
| Advances to other funds | | 27,821 |
| | | <u>236,408</u> |
| Total Nonspendable Fund Balance | \$ | <u>236,408</u> |

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

| | | |
|---|----|------------------|
| General Fund | | |
| Restricted for | | |
| Property tax relief and economic development | \$ | 599,676 |
| Fire UTV Fund | | 859 |
| Recreation scholarship | | 26,154 |
| Total General Fund Restricted Fund Balance | | <u>626,689</u> |
| Debt Service Fund | | <u>2,555,768</u> |
| Special Revenue Funds | | |
| Restricted for | | |
| Development loans | | 1,049,020 |
| Public Land Acquisition | | 104,156 |
| | | <u>1,153,176</u> |
| Capital Projects Funds | | |
| Restricted for | | |
| Tax incremental financing district expenditures | | |
| TID No. 5 | | 836,194 |
| TID No. 6 | | 212,189 |
| TID No. 8 | | 820,714 |
| TID No. 10 | | 387,061 |
| TID No. 11 | | 69,066 |
| TID No. 12 | | 830,904 |
| TID No. 13 | | 632,715 |
| TID No. 14 | | 434,106 |
| Total Tax incremental financing district expenditures | | <u>4,222,949</u> |
| Total Restricted Fund Balance | \$ | <u>8,558,582</u> |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2019, General Fund balance was committed as follows:

| | |
|---|---------------------|
| General Fund | |
| Committed for | |
| Non-lapsing funds | <u>\$ 327,396</u> |
| Special Revenue Funds | |
| Committed for | |
| Riverwalk pier | 231,406 |
| Dog park | 12,090 |
| Park equipment | 28,813 |
| Total Special Revenue Fund Committed Fund Balance | <u>272,309</u> |
| Capital Project Funds | |
| Committed for | |
| Capital equipment | 628,467 |
| Community center | 7,935 |
| Police/fire expansion | 2,932 |
| Capital outlay | 98,514 |
| Total Capital Project Funds | <u>737,848</u> |
| Total Committed Fund Balance | <u>\$ 1,337,553</u> |

Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 25% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

| | |
|---|---------------------|
| Budgeted 2020 General Fund Expenditures | \$ 18,159,452 |
| Minimum Fund Balance % | (x) 25% |
| Minimum Fund Balance Amount | <u>\$ 4,539,863</u> |

The City's unassigned general fund balance of \$6,648,634 is above the minimum fund balance amount.

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Net Position

The City reports restricted net position at December 31, 2019 as follows:

Governmental Activities

Restricted for

| | |
|--|-------------------------|
| Debt service | \$ 2,311,554 |
| Property tax relief and economic development | 599,676 |
| Development loans | 1,406,694 |
| Recreation scholarship | 26,154 |
| Fire UTV fund | 859 |
| Park land acquisition | 104,156 |
| Total Governmental Activities Restricted Net Position | <u>4,449,093</u> |

Business-type Activities

Restricted for

| | |
|--------------|----------------|
| Debt service | <u>205,626</u> |
|--------------|----------------|

Total Restricted Net Position

\$ 4,654,719

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING

The City has established separate capital projects funds for six Tax Incremental City (TID) which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the City was created, the property tax base within the City was “frozen” and increment taxes resulting from increases to the property tax base are used to finance City improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City’s City is still eligible to incur project costs.

Since creation of the TID’s, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2019, the City can recover \$14,338,909 from future excess tax increment revenues of the following. Furthermore, the intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Cities. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

| | TID No. 5 | TID No. 6 | TID No. 7 | TID No. 8 | TID No. 9 |
|--|------------------|------------------|------------------|------------------|------------------|
| Creation date | 8/27/1996 | 3/3/1998 | 10/17/2006 | 8/21/2007 | 8/7/2012 |
| Termination date | 8/27/2023 | 3/3/2021 | 10/17/2033 | 8/21/2027 | 8/7/2039 |
| Tax increment property tax revenues for 2019 | \$ 757,571 | \$ 1,793,690 | \$ 135,823 | \$ 293,367 | \$ 35,056 |
| Net unreimbursed project costs due City | \$ 1,980,421 | \$(2,504,856) | \$ 4,083,923 | \$ 1,494,195 | \$ 921,884 |

| | TID No. 10 | TID No. 11 | TID No. 12 | TID No. 13 | TID No. 14 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Creation date | 8/7/2012 | 9/1/2015 | 9/1/2015 | 7/18/2017 | 9/19/2018 |
| Termination date | 8/7/2032 | 9/1/2035 | 9/1/2035 | 7/18/2037 | 12/31/2038 |
| Tax increment property tax revenues for 2019 | \$ 200,385 | \$ 40,691 | \$ - | \$ - | \$ - |
| Net unreimbursed project costs due City | \$ 3,413,275 | \$ 1,105,935 | \$ (395,903) | \$ 2,472,285 | \$ 445,894 |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded coverage in each of the past three years.

In addition to the above, the City has established separate internal service funds for the following risk management programs:

Health Self-Insurance Fund

City employees, retirees and employee dependents are eligible for medical benefits from a health self-insurance fund. Funding is provided by charges to City departments, employees and retirees. The program is supplemented by stop loss protection, which limits the City's annual liability. Fund expenses consist of payments to a third-party administrator for medical claims, stop loss insurance premiums and administrative fees. On December 31, 2019, the fund had a balance of \$1,899,821.

The claims liability of \$63,154 reported in the fund at December 31, 2019 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount are as follows:

| | Liability January 1 | Current Year Claims and Changes in Estimates | Claims Payments | Liability December 31 |
|------|------------------------|---|--------------------|--------------------------|
| 2019 | \$ 252,363 | \$ 858,449 | \$ 1,047,658 | \$ 63,154 |
| 2018 | 171,090 | 1,759,689 | 1,678,416 | 252,363 |

Dental Self-Insurance Fund

City employees, retirees and employee dependents are eligible for dental benefits from a dental self-insurance fund. Funding is provided by charges to City departments, employees and retirees. The program is supplemented by stop loss protection, which limits the City's annual liability. Fund expenses consist of payments to a third-party administrator for dental claims, stop loss insurance premiums and administrative fees. On December 31, 2019, the fund had a balance of \$27,826.

The claims liability of \$3,911 reported in the fund at December 31, 2019, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount are as follows:

| | Liability January 1 | Current Year Claims and Changes in Estimates | Claims Payments | Liability December 31 |
|------|------------------------|---|--------------------|--------------------------|
| 2019 | \$ 4,894 | \$ 136,532 | \$ 137,515 | \$ 3,911 |
| 2018 | 4,387 | 147,331 | 146,824 | 4,894 |

City of De Pere, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

C. CONTINGENCIES

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City 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.

D. WATER PURCHASE CONTRACT WITH CENTRAL BROWN COUNTY WATER AUTHORITY

The City of De Pere is a Charter member of the Central Brown County Water Authority with five other Brown County communities. The Authority was formed under Wisconsin Statutes in 1998 to provide a long-term solution to water quantity and quality concerns. In 2004, the Authority entered into a contract to purchase Lake Michigan water from the City of Manitowoc. In 2007 the Authority completed construction of a 30 mile water transmission main from the City of Manitowoc and a 35 mile long spoke transmission system to distribute the water to its individual members. To provide funds to complete construction projects, the Authority issued \$136,625,000 of revenue bonds in June of 2005.

Each Charter Member has entered into a water purchase contract under which they agree to purchase wholesale water from the Authority. Rates charged to each member are billed monthly and are based on (1) operation and maintenance costs, (2) fixed costs, including debt service on the revenue bond and (3) required Security Fund deposits. During 2019 the City paid the Authority \$3,853,004 in accordance with the water purchase contract.

E. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* made this statement effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* made this statement effective for reporting periods beginning after June 15, 2021. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

F. SUBSEQUENT EVENT

On October 14, 2020, the City issued \$8,340,000 of General Obligation Promissory Notes, Series 2020A to finance general capital improvements and Tax Increment Districts No. 7 and No. 9. Principal payments of \$770,000 to \$880,000 are due annually from 2021 to 2030. The notes bear interest at 1.0 – 2.0 %.

On October 14, 2020, the City issued \$2,670,000 Taxable General Obligation Promissory Notes, Series 2020B to finance development projects for Tax Increment Districts No. 11 and No. 14. Principal payments of \$110,000 to \$315,000 are due annually from 2021 to 2028. The notes bear interest at .35% - 1.25%.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

City of De Pere, Wisconsin

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

| <u>Plan Year Ending</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Covered Payroll (plan year)</u> | <u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u> |
|-------------------------|--|---|------------------------------------|--|---|
| 12/31/14 | 0.08664090% | \$ (2,128,138) | \$ 9,073,681 | 23.45% | 102.74% |
| 12/31/15 | 0.08721909% | 1,417,293 | 9,424,305 | 15.04% | 98.20% |
| 12/31/16 | 0.08851511% | 729,575 | 9,577,125 | 7.62% | 99.12% |
| 12/31/17 | 0.09092334% | (2,699,621) | 9,670,368 | 27.92% | 102.93% |
| 12/31/18 | 0.09310308% | 3,312,315 | 10,029,996 | 33.02% | 96.45% |

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

| <u>Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll (fiscal year)</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|---------------------------|---|--|---|--------------------------------------|---|
| 12/31/15 | \$ 853,538 | \$ 853,538 | \$ - | \$ 9,424,305 | 9.06% |
| 12/31/16 | 862,667 | 862,667 | - | 9,577,125 | 9.01% |
| 12/31/17 | 947,840 | 947,840 | - | 9,670,368 | 9.80% |
| 12/31/18 | 976,960 | 976,960 | - | 10,029,997 | 9.74% |
| 12/31/19 | 1,006,862 | 1,006,862 | - | 10,457,330 | 9.63% |

See notes to required supplementary information.

City of De Pere, Wisconsin

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS *

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 20,928 | \$ 22,795 | \$ 22,795 |
| Interest | 15,145 | 13,298 | 12,862 |
| Differences between expected and actual experience | (157,218) | - | |
| Changes of assumptions | (6,038) | (13,769) | (5,254) |
| Benefit payments | <u>(13,749)</u> | <u>(31,655)</u> | <u>(14,784)</u> |
| Net change in total OPEB liability | (140,932) | (9,331) | 15,619 |
| Total OPEB liability - beginning | <u>375,030</u> | <u>384,361</u> | <u>368,742</u> |
| Total OPEB liability - ending | <u>\$ 234,098</u> | <u>\$ 375,030</u> | <u>\$ 384,361</u> |
| Covered-employee payroll | \$ 9,732,159 | \$ 7,447,066 | \$ 7,447,066 |
| District's total OPEB liability as a percentage of covered-employee payroll | 2.41% | 5.04% | 5.16% |

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

City of De Pere, Wisconsin

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

| <u>Plan Fiscal Year Ending</u> | <u>Proportion of the Net OPEB Liability (Asset)</u> | <u>Proportionate Share of the Net OPEB Liability (Asset)</u> | <u>Covered-Employee Payroll</u> | <u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u> |
|--------------------------------|---|--|---------------------------------|--|--|
| 12/31/17 | 0.36553200% | \$ 1,099,732 | \$ 9,670,368 | 11.37% | 44.81% |
| 12/31/18 | 0.37112800% | 957,635 | 9,292,000 | 10.31% | 48.69% |

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

| <u>Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered-Employee Payroll</u> | <u>Contributions as a Percentage of Covered-Employee Payroll</u> |
|---------------------------|---|--|---|---------------------------------|--|
| 12/31/17 | \$ 6,917 | \$ 6,917 | \$ - | \$ 9,670,368 | 0.07% |
| 12/31/18 | 7,150 | 7,150 | - | 9,292,000 | 0.08% |
| 12/31/19 | 6,915 | 6,915 | - | 10,457,330 | 0.07% |

See notes to required supplementary information.

City of De Pere, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

A. WISCONSIN RETIREMENT SYSTEM

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

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

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

B. OTHER POSTEMPLOYMENT BENEFITS

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

Single-employer Defined Postemployment Benefit Plan

The discount rate was changed to the 20-year AA municipal bond rate (2.75%) for the measurement date of December 31, 2019. All other assumptions and methods remained unchanged from the valuation performed as of December 31, 2018. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

City of De Pere, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance | 2018 Actual |
|-----------------------------------|------------------|------------------|------------------|--|------------------|
| | Original | Final | | Final Budget - Positive (Negative) | |
| Taxes | | | | | |
| General property | \$ 8,202,547 | \$ 8,202,547 | \$ 8,202,551 | \$ 4 | \$ 8,173,457 |
| Mobile home | 7,000 | 7,000 | 4,535 | (2,465) | 7,077 |
| Excess stadium district sales tax | 120 | 120 | 8,167 | 8,047 | 22,145 |
| Room tax | 7,900 | 7,900 | 8,719 | 819 | 9,428 |
| Payments in lieu of taxes | 1,700 | 1,700 | 1,409 | (291) | 1,692 |
| Housing authority | 30,000 | 30,000 | 30,047 | 47 | 29,593 |
| Interest and penalties | | | | | |
| Taxes | 1,200 | 1,200 | 498 | (702) | 1,478 |
| Special assessments | 20,000 | 20,000 | 15,788 | (4,212) | 14,511 |
| Total taxes | 8,270,467 | 8,270,467 | 8,271,714 | 1,247 | 8,259,381 |
| Intergovernmental | | | | | |
| Law enforcement training | 85,719 | 85,719 | 95,753 | 10,034 | 11,363 |
| State shared taxes | 1,459,334 | 1,459,334 | 1,468,450 | 9,116 | 1,496,278 |
| Exempt computer aid | 76,012 | 76,012 | 77,852 | 1,840 | 76,012 |
| Fire insurance | 84,732 | 84,732 | 93,294 | 8,562 | 84,732 |
| Rescue squad | 7,000 | 7,000 | 7,848 | 848 | 6,756 |
| Transportation | 1,081,534 | 1,081,534 | 1,081,038 | (496) | 1,035,430 |
| Mass transit | 294,790 | 294,790 | 294,790 | - | 294,790 |
| Public health | 57,929 | 57,929 | 77,783 | 19,854 | 75,600 |
| Recycling | 97,568 | 97,568 | 97,611 | 43 | 97,568 |
| Other | - | - | 9,000 | 9,000 | 2,000 |
| Total intergovernmental | 3,244,618 | 3,244,618 | 3,303,419 | 58,801 | 3,180,529 |
| Licenses and permits | | | | | |
| Licenses | | | | | |
| Liquor and malt beverage | 35,000 | 35,000 | 34,555 | (445) | 36,315 |
| Operators | 12,200 | 12,200 | 15,186 | 2,986 | 31,171 |
| Cigarette | 2,100 | 2,100 | 2,025 | (75) | 2,100 |
| Food and beverage | - | - | 79,821 | 79,821 | 65,193 |
| DATCP licensing | 72,022 | 72,022 | (1,313) | (73,335) | 6,179 |
| Cable television | 145,000 | 145,000 | 146,681 | 1,681 | 142,734 |
| Trailer park | 100 | 100 | 100 | - | 100 |
| Dog | 4,200 | 4,200 | 3,540 | (660) | 3,617 |
| Bicycle | - | - | - | - | 6 |
| Other licenses/permits | 11,500 | 11,500 | 7,303 | (4,197) | 10,255 |
| Permits | | | | | |
| Electrical and plumbing | 155,000 | 155,000 | 146,855 | (8,145) | 144,355 |
| Sanitary sewer | 5,250 | 5,250 | 11,025 | 5,775 | 6,925 |
| Zoning | 203,000 | 203,000 | 247,118 | 44,118 | 184,053 |
| Total licenses and permits | 645,372 | 645,372 | 692,896 | 47,524 | 633,003 |

City of De Pere, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance | 2018 Actual |
|--|-----------------------------|-----------------------------|-----------------------------|--|-----------------------------|
| | Original | Final | | Final Budget - Positive (Negative) | |
| Fines and forfeits | | | | | |
| Court forfeitures and costs | 350,000 | 350,000 | 390,739 | 40,739 | 363,178 |
| Parking violations | 40,000 | 40,000 | 34,899 | (5,101) | 40,837 |
| Total fines and forfeits | <u>390,000</u> | <u>390,000</u> | <u>425,638</u> | <u>35,638</u> | <u>404,015</u> |
| Public charges for services | | | | | |
| General government | 35,000 | 35,000 | 44,115 | 9,115 | 33,135 |
| Police | 2,750 | 2,750 | 1,425 | (1,325) | 2,162 |
| Alarm monitoring fees | 10,000 | 10,000 | 4,976 | (5,024) | 8,177 |
| Ambulance | 805,835 | 805,835 | 833,139 | 27,304 | 747,157 |
| Streets | 87,942 | 87,942 | 58,647 | (29,295) | 48,497 |
| Snow removal | 6,600 | 6,600 | 8,747 | 2,147 | 2,497 |
| Weed cutting | 10,000 | 10,000 | 6,682 | (3,318) | 6,232 |
| Recycling | 15,300 | 15,300 | 2,296 | (13,004) | 2,810 |
| Public health | 6,000 | 6,000 | 2,318 | (3,682) | 1,261 |
| Community center | 35,260 | 35,260 | 40,314 | 5,054 | 35,697 |
| Swimming pools | 84,556 | 84,556 | 91,824 | 7,268 | 122,114 |
| Parks | 10,150 | 10,150 | 16,266 | 6,116 | 9,981 |
| Recreation | 344,399 | 344,399 | 442,928 | 98,529 | 432,020 |
| Concession sales | 12,757 | 12,757 | 11,558 | (1,199) | 17,581 |
| Total public charges for services | <u>1,466,549</u> | <u>1,466,549</u> | <u>1,565,235</u> | <u>98,686</u> | <u>1,469,321</u> |
| Intergovernmental charges for services | | | | | |
| General government | 184,100 | 184,100 | 185,492 | 1,392 | 173,421 |
| Public safety | 467,000 | 467,000 | 409,987 | (57,013) | 357,248 |
| Public works | 729,000 | 729,000 | 728,848 | (152) | 728,008 |
| Total intergovernmental charges for services | <u>1,380,100</u> | <u>1,380,100</u> | <u>1,324,327</u> | <u>(55,773)</u> | <u>1,258,677</u> |
| Miscellaneous | | | | | |
| Investment income | 262,000 | 262,000 | 656,096 | 394,096 | 225,115 |
| Donations | 2,500 | 2,500 | 30,563 | 28,063 | 9,534 |
| Sale of City property | 66,500 | 66,500 | 26,022 | (40,478) | 4,333 |
| Salvage products | 5,000 | 5,000 | - | (5,000) | 787 |
| Rental income | 97,480 | 97,480 | 39,805 | (57,675) | 47,567 |
| Department revenue | - | - | 9,390 | 9,390 | 4,221 |
| Other | 550 | 550 | 1,275 | 725 | 44 |
| Total miscellaneous | <u>434,030</u> | <u>434,030</u> | <u>763,151</u> | <u>329,121</u> | <u>291,601</u> |
| Total revenues | <u><u>\$ 15,831,136</u></u> | <u><u>\$ 15,831,136</u></u> | <u><u>\$ 16,346,380</u></u> | <u><u>\$ 515,244</u></u> | <u><u>\$ 15,496,527</u></u> |

City of De Pere, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance | 2018 Actual |
|----------------------------------|------------------|------------------|------------------|--|------------------|
| | Original | Final | | Final Budget - Positive (Negative) | |
| General government | | | | | |
| Council | \$ 75,919 | \$ 75,919 | \$ 76,885 | \$ (966) | \$ 82,288 |
| Council outlay | 7,200 | 7,200 | 7,556 | (356) | 4,740 |
| Municipal court | 108,007 | 108,007 | 105,017 | 2,990 | 103,673 |
| Municipal court outlay | 2,000 | 2,000 | 1,990 | 10 | 1,470 |
| Mayor | 42,729 | 42,729 | 44,422 | (1,693) | 37,800 |
| Mayor outlay | - | - | 357 | (357) | - |
| Administrator | 167,189 | 167,189 | 139,949 | 27,240 | 118,523 |
| Administrator outlay | 100 | 100 | 600 | (500) | 439 |
| Clerk/treasurer | 210,780 | 210,780 | 214,165 | (3,385) | 202,126 |
| Clerk/treasurer outlay | - | - | - | - | 185 |
| Elections | 22,850 | 22,850 | 14,676 | 8,174 | 60,685 |
| Elections outlay | 14,284 | 14,284 | 13,760 | 524 | - |
| Assessment of property | 58,895 | 58,895 | 61,249 | (2,354) | 66,383 |
| Accounting and finance | 132,086 | 132,086 | 131,191 | 895 | 130,548 |
| Accounting and finance outlay | - | - | - | - | 3,562 |
| Data processing | 127,897 | 127,897 | 112,554 | 15,343 | 109,856 |
| Data processing outlay | 36,750 | 36,750 | 30,670 | 6,080 | 30,736 |
| Personnel and insurance | 349,341 | 349,341 | 344,268 | 5,073 | 322,350 |
| Personnel and insurance outlay | - | - | - | - | 680 |
| Legal | 261,684 | 261,684 | 260,669 | 1,015 | 195,554 |
| Legal outlay | 350 | 350 | - | 350 | 340 |
| City hall | 123,490 | 123,490 | 112,390 | 11,100 | 113,492 |
| City hall outlay | 19,915 | 19,915 | 17,659 | 2,256 | 9,253 |
| Other general government | 313,231 | 313,231 | 265,972 | 47,259 | 278,682 |
| Total general government | <u>2,074,697</u> | <u>2,074,697</u> | <u>1,955,999</u> | <u>118,698</u> | <u>1,873,365</u> |
| Public safety | | | | | |
| Police department | 5,095,701 | 5,095,701 | 4,743,269 | 352,432 | 4,684,461 |
| Police department outlay | 66,250 | 66,250 | 301,684 | (235,434) | 260,096 |
| Traffic control | 96,008 | 96,008 | 87,131 | 8,877 | 86,509 |
| Fire/ambulance department | 4,080,948 | 4,080,948 | 4,078,059 | 2,889 | 3,792,937 |
| Fire/ambulance department outlay | 40,000 | 40,000 | 33,662 | 6,338 | 56,940 |
| Building and electrical | 264,482 | 264,482 | 278,216 | (13,734) | 295,285 |
| Building and electrical outlay | 4,500 | 4,500 | 3,076 | 1,424 | - |
| Jail | 9,000 | 9,000 | 7,101 | 1,899 | 8,400 |
| Total public safety | <u>9,656,889</u> | <u>9,656,889</u> | <u>9,532,198</u> | <u>124,691</u> | <u>9,184,628</u> |
| Public works | | | | | |
| Street machinery repair | 108,286 | 108,286 | 87,610 | 20,676 | 76,794 |
| Street machinery repair outlay | 4,168 | 4,168 | 5,801 | (1,633) | 6,710 |
| Municipal service center | 111,489 | 111,489 | 111,453 | 36 | 110,487 |
| Municipal service center outlay | 13,750 | 13,750 | 11,071 | 2,679 | 4,911 |
| Mechanics | 138,562 | 138,562 | 138,480 | 82 | 117,926 |
| Administration | 112,087 | 112,087 | 128,586 | (16,499) | 119,577 |
| Engineer | 206,818 | 206,818 | 216,042 | (9,224) | 215,575 |
| Engineer outlay | 10,000 | 10,000 | 7,893 | 2,107 | 2,497 |
| Street maintenance | 129,265 | 129,265 | 142,425 | (13,160) | 131,956 |

City of De Pere, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Budget | | Actual | Variance | 2018 Actual |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|--|-----------------------------|
| | Original | Final | | Final Budget - Positive (Negative) | |
| Public works (continued) | | | | | |
| Street maintenance outlay | - | - | 19,099 | (19,099) | - |
| Brush pickup | 93,884 | 93,884 | 101,467 | (7,583) | 81,287 |
| Weed cutting | 9,011 | 9,011 | 13,124 | (4,113) | 7,592 |
| Snow and ice control | 240,013 | 240,013 | 355,625 | (115,612) | 187,382 |
| Traffic signs and markings | 132,360 | 132,360 | 126,122 | 6,238 | 108,321 |
| Traffic signs and markings outlay | - | - | - | - | 1,133 |
| Traffic lights | 39,000 | 39,000 | 41,987 | (2,987) | 40,154 |
| Traffic lights outlay | 20,000 | 20,000 | - | 20,000 | 2,428 |
| Street lighting | 409,830 | 409,830 | 439,180 | (29,350) | 411,157 |
| Street lighting outlay | 25,000 | 25,000 | 31,555 | (6,555) | - |
| Transit systems | 435,510 | 435,510 | 420,367 | 15,143 | 399,113 |
| Total public works | <u>2,239,033</u> | <u>2,239,033</u> | <u>2,397,887</u> | <u>(158,854)</u> | <u>2,025,000</u> |
| Sanitation | | | | | |
| Garbage and refuse collection | 293,207 | 293,207 | 318,625 | (25,418) | 333,254 |
| Landfill waste disposal | 245,000 | 245,000 | 315,074 | (70,074) | 304,865 |
| Recycling | 89,426 | 89,426 | 96,043 | (6,617) | 94,890 |
| Total sanitation | <u>627,633</u> | <u>627,633</u> | <u>729,742</u> | <u>(102,109)</u> | <u>733,009</u> |
| Health and human services | | | | | |
| Nurse | 545,337 | 545,337 | 500,355 | 44,982 | 487,081 |
| Board of health | 1,722 | 1,722 | 1,330 | 392 | 1,537 |
| Total health and human services | <u>547,059</u> | <u>547,059</u> | <u>501,685</u> | <u>45,374</u> | <u>488,618</u> |
| Culture and recreation | | | | | |
| Community center | 341,744 | 341,744 | 346,379 | (4,635) | 346,232 |
| Community center outlay | 10,000 | 10,000 | 5,042 | 4,958 | 15,343 |
| Special events and celebrations | 11,616 | 11,616 | 199 | 11,417 | 229 |
| Park and recreation administration | 278,620 | 278,620 | 267,165 | 11,455 | 245,201 |
| Recreation | 532,375 | 532,375 | 447,364 | 85,011 | 427,277 |
| Swimming pools | 203,590 | 203,590 | 174,779 | 28,811 | 259,115 |
| Swimming pools outlay | - | - | 278,028 | (278,028) | 16,748 |
| Parks - general | 430,337 | 430,337 | 469,363 | (39,026) | 431,826 |
| Parks outlay | 48,000 | 48,000 | 127,098 | (79,098) | 485,063 |
| Parks equipment maintenance | 87,154 | 87,154 | 112,012 | (24,858) | 103,407 |
| Parks equipment outlay | - | - | - | - | 1,800 |
| Boat ramps | 20,687 | 20,687 | 22,181 | (1,494) | 22,790 |
| Boat ramps outlay | - | - | 945 | (945) | - |
| Forestry | 258,304 | 258,304 | 238,510 | 19,794 | 224,871 |
| Forestry outlay | - | - | 20,000 | (20,000) | 95 |
| Historical society | 10,110 | 10,110 | 6,095 | 4,015 | 6,490 |
| Total culture and recreation | <u>2,232,537</u> | <u>2,232,537</u> | <u>2,515,160</u> | <u>(282,623)</u> | <u>2,586,487</u> |
| Conservation and development | | | | | |
| Economic development | 328,688 | 328,688 | 348,822 | (20,134) | 452,951 |
| Total expenditures | <u>\$ 17,706,536</u> | <u>\$ 17,706,536</u> | <u>\$ 17,981,493</u> | <u>\$ (274,957)</u> | <u>\$ 17,344,058</u> |

City of De Pere, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | Special Revenue | | | |
|--|---|------------------------------------|---------------------------|-------------------------|
| | Development Loan Program | Public Land Acquisition | Riverwalk Pier | Cable Access |
| ASSETS | | | | |
| Cash and investments | \$ 235,546 | \$ 104,156 | \$ 231,406 | \$ - |
| Restricted cash and investments | 813,474 | - | - | - |
| Receivables | | | | |
| Taxes and special charges | - | - | - | - |
| Accounts | - | - | - | 24,029 |
| Loans | 357,674 | - | - | - |
| | <u>357,674</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 1,406,694</u> | <u>\$ 104,156</u> | <u>\$ 231,406</u> | <u>\$ 24,029</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 5,281 |
| Accrued and other current liabilities | - | - | - | 1,460 |
| Due to other funds | - | - | - | 93,791 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>93,791</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,532</u> |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | - | - | - | - |
| Loans receivable | 357,674 | - | - | - |
| | <u>357,674</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>357,674</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | |
| Restricted | 1,049,020 | 104,156 | - | - |
| Committed | - | - | 231,406 | - |
| Unassigned (deficit) | - | - | - | (76,503) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(76,503)</u> |
| Total fund balances | <u>1,049,020</u> | <u>104,156</u> | <u>231,406</u> | <u>(76,503)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,406,694</u> | <u>\$ 104,156</u> | <u>\$ 231,406</u> | <u>\$ 24,029</u> |

| Capital Projects | | | | | | |
|-------------------------|---------------------------------|--------------------------|-------------------------|------------------------------|---------------------|---------------------|
| Dog Park | Southwest Park Equipment | Capital Equipment | Community Center | Police/Fire Expansion | TID No. 5 | TID No. 6 |
| \$ 12,090 | \$ 28,813 | \$ 928,740 | \$ 7,935 | \$ 2,932 | \$ 836,404 | \$ 215,560 |
| - | - | - | - | - | - | - |
| - | - | 800,000 | - | - | 742,515 | 1,880,932 |
| - | - | 151,797 | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 12,090</u> | <u>\$ 28,813</u> | <u>\$ 1,880,537</u> | <u>\$ 7,935</u> | <u>\$ 2,932</u> | <u>\$ 1,578,919</u> | <u>\$ 2,096,492</u> |
| \$ - | \$ - | \$ 452,070 | \$ - | \$ - | \$ 140 | \$ 3,287 |
| - | - | - | - | - | 70 | 84 |
| - | - | - | - | - | - | - |
| - | - | 452,070 | - | - | 210 | 3,371 |
| - | - | 800,000 | - | - | 742,515 | 1,880,932 |
| - | - | - | - | - | - | - |
| - | - | 800,000 | - | - | 742,515 | 1,880,932 |
| - | - | - | - | - | 836,194 | 212,189 |
| 12,090 | 28,813 | 628,467 | 7,935 | 2,932 | - | - |
| - | - | - | - | - | - | - |
| <u>12,090</u> | <u>28,813</u> | <u>628,467</u> | <u>7,935</u> | <u>2,932</u> | <u>836,194</u> | <u>212,189</u> |
| <u>\$ 12,090</u> | <u>\$ 28,813</u> | <u>\$ 1,880,537</u> | <u>\$ 7,935</u> | <u>\$ 2,932</u> | <u>\$ 1,578,919</u> | <u>\$ 2,096,492</u> |

City of De Pere, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

| | Capital Projects | | | |
|--|-------------------------|---------------------|------------------|-------------------|
| | TID No. 7 | TID No. 8 | TID No. 9 | TID No. 10 |
| ASSETS | | | | |
| Cash and investments | \$ - | \$ 820,956 | \$ - | \$ 387,370 |
| Restricted cash and investments | - | - | - | - |
| Receivables | | | | |
| Taxes and special charges | 129,085 | 305,352 | 40,812 | 207,928 |
| Accounts | - | - | - | - |
| Loans | - | - | - | - |
| Total assets | <u>\$ 129,085</u> | <u>\$ 1,126,308</u> | <u>\$ 40,812</u> | <u>\$ 595,298</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 158 | \$ 158 | \$ 192 | \$ 192 |
| Accrued and other current liabilities | 84 | 84 | 117 | 117 |
| Due to other funds | <u>1,137,379</u> | <u>-</u> | <u>485,385</u> | <u>-</u> |
| Total liabilities | <u>1,137,621</u> | <u>242</u> | <u>485,694</u> | <u>309</u> |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | 129,085 | 305,352 | 40,812 | 207,928 |
| Loans receivable | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>129,085</u> | <u>305,352</u> | <u>40,812</u> | <u>207,928</u> |
| Fund balances | | | | |
| Restricted | - | 820,714 | - | 387,061 |
| Committed | - | - | - | - |
| Unassigned (deficit) | <u>(1,137,621)</u> | <u>-</u> | <u>(485,694)</u> | <u>-</u> |
| Total fund balances | <u>(1,137,621)</u> | <u>820,714</u> | <u>(485,694)</u> | <u>387,061</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 129,085</u> | <u>\$ 1,126,308</u> | <u>\$ 40,812</u> | <u>\$ 595,298</u> |

| | | | | Totals | |
|-------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| TID No. 11 | TID No. 12 | TID No. 13 | TID No. 14 | 2019 | 2018 |
| \$ 69,340 | \$ 832,687 | \$ 632,715 | \$ 434,136 | \$ 5,780,786 | \$ 3,696,988 |
| - | - | - | - | 813,474 | 811,041 |
| 137,742 | - | 22,364 | - | 4,266,730 | 3,256,582 |
| - | - | - | - | 175,826 | 24,591 |
| - | - | - | - | 357,674 | 467,629 |
| <u>\$ 207,082</u> | <u>\$ 832,687</u> | <u>\$ 655,079</u> | <u>\$ 434,136</u> | <u>\$ 11,394,490</u> | <u>\$ 8,256,831</u> |
| | | | | | |
| \$ 175 | \$ 1,699 | \$ - | \$ 30 | \$ 463,382 | \$ 94,975 |
| 99 | 84 | - | - | 2,199 | 2,950 |
| - | - | - | - | 1,716,555 | 1,490,562 |
| <u>274</u> | <u>1,783</u> | <u>-</u> | <u>30</u> | <u>2,182,136</u> | <u>1,588,487</u> |
| | | | | | |
| 137,742 | - | 22,364 | - | 4,266,730 | 3,256,582 |
| - | - | - | - | 357,674 | 467,629 |
| <u>137,742</u> | <u>-</u> | <u>22,364</u> | <u>-</u> | <u>4,624,404</u> | <u>3,724,211</u> |
| | | | | | |
| 69,066 | 830,904 | 632,715 | 434,106 | 5,376,125 | 4,222,575 |
| - | - | - | - | 911,643 | 192,491 |
| - | - | - | - | (1,699,818) | (1,470,933) |
| <u>69,066</u> | <u>830,904</u> | <u>632,715</u> | <u>434,106</u> | <u>4,587,950</u> | <u>2,944,133</u> |
| | | | | | |
| <u>\$ 207,082</u> | <u>\$ 832,687</u> | <u>\$ 655,079</u> | <u>\$ 434,136</u> | <u>\$ 11,394,490</u> | <u>\$ 8,256,831</u> |

City of De Pere, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Special Revenue | | | |
|--|--------------------------------|----------------------------|-------------------|--------------------|
| | Development Loan Program | Public Land Acquisition | Riverwalk Pier | Cable Access |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Licenses and permits | - | - | - | 90,430 |
| Public charges for services | - | 32,939 | - | - |
| Miscellaneous | 117,852 | - | 230,234 | 264 |
| Total revenues | <u>117,852</u> | <u>32,939</u> | <u>230,234</u> | <u>90,694</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | - | - | - | 130,604 |
| Conservation and development | - | - | - | 4,967 |
| Debt service | | | | |
| Interest and fiscal charges | - | - | - | - |
| Capital outlay | - | 270 | - | 31,626 |
| Total expenditures | <u>-</u> | <u>270</u> | <u>-</u> | <u>167,197</u> |
| Excess of revenues over (under) expenditures | <u>117,852</u> | <u>32,669</u> | <u>230,234</u> | <u>(76,503)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | - | - | - |
| Premium on debt issued | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers in | - | - | - | 30,333 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>30,333</u> |
| Net change in fund balances | 117,852 | 32,669 | 230,234 | (46,170) |
| Fund balances (deficit) - January 1 | <u>931,168</u> | <u>71,487</u> | <u>1,172</u> | <u>(30,333)</u> |
| Fund balances (deficit) - December 31 | <u>\$ 1,049,020</u> | <u>\$ 104,156</u> | <u>\$ 231,406</u> | <u>\$ (76,503)</u> |

| Capital Projects | | | | | | | |
|-------------------------|---------------------------------|--------------------------|-------------------------|------------------------------|-------------------|-------------------|----------------------|
| Dog Park | Southwest Park Equipment | Capital Equipment | Community Center | Police/Fire Expansion | TID No. 5 | TID No. 6 | TID No. 7 |
| \$ - | \$ - | \$ 800,000 | \$ - | \$ - | \$ 757,571 | \$ 1,793,690 | \$ 135,823 |
| - | - | 361,797 | - | - | 15,732 | 36,883 | 2,847 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 19,424 | - | 559 | - | - | 925 | - |
| - | 19,424 | 1,161,797 | 559 | - | 773,303 | 1,831,498 | 138,670 |
| 403 | 5,128 | - | - | - | - | - | - |
| - | - | - | - | - | 34,193 | 24,610 | 143,537 |
| - | - | - | - | - | - | - | 1,386 |
| - | - | 2,002,944 | - | - | - | 15,666 | 51,108 |
| 403 | 5,128 | 2,002,944 | - | - | 34,193 | 40,276 | 196,031 |
| (403) | 14,296 | (841,147) | 559 | - | 739,110 | 1,791,222 | (57,361) |
| - | - | 1,545,613 | - | - | - | - | 100,000 |
| - | - | - | - | - | - | - | 7,253 |
| - | - | - | - | - | - | - | - |
| - | - | 570,000 | - | - | - | - | - |
| - | - | (800,000) | - | - | (366,010) | (1,588,285) | (447,782) |
| - | - | 1,315,613 | - | - | (366,010) | (1,588,285) | (340,529) |
| (403) | 14,296 | 474,466 | 559 | - | 373,100 | 202,937 | (397,890) |
| 12,493 | 14,517 | 154,001 | 7,376 | 2,932 | 463,094 | 9,252 | (739,731) |
| <u>\$ 12,090</u> | <u>\$ 28,813</u> | <u>\$ 628,467</u> | <u>\$ 7,935</u> | <u>\$ 2,932</u> | <u>\$ 836,194</u> | <u>\$ 212,189</u> | <u>\$(1,137,621)</u> |

City of De Pere, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Capital Projects | | | |
|--|-------------------------|---------------------|--------------------|-------------------|
| | <u>TID No. 8</u> | <u>TID No. 9</u> | <u>TID No. 10</u> | <u>TID No. 11</u> |
| REVENUES | | | | |
| Taxes | \$ 293,367 | \$ 35,056 | \$ 200,385 | \$ 40,691 |
| Intergovernmental | 231,873 | 3,536 | 5,216 | 155 |
| Licenses and permits | - | - | - | - |
| Public charges for services | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | <u>525,240</u> | <u>38,592</u> | <u>205,601</u> | <u>40,846</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and recreation | - | - | - | - |
| Conservation and development | 31,372 | 77,339 | 34,944 | 50,886 |
| Debt service | | | | |
| Interest and fiscal charges | - | 2,564 | 23,419 | 12,472 |
| Capital outlay | - | 91,936 | 1,665,848 | 536,545 |
| Total expenditures | <u>31,372</u> | <u>171,839</u> | <u>1,724,211</u> | <u>599,903</u> |
| Excess of revenues over (under) expenditures | <u>493,868</u> | <u>(133,247)</u> | <u>(1,518,610)</u> | <u>(559,057)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | 185,000 | 1,690,000 | 900,000 |
| Premium on debt issued | - | 13,418 | 122,578 | 65,278 |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | <u>(370,095)</u> | <u>(157,452)</u> | <u>(401,534)</u> | <u>(36,449)</u> |
| Total other financing sources (uses) | <u>(370,095)</u> | <u>40,966</u> | <u>1,411,044</u> | <u>928,829</u> |
| Net change in fund balances | 123,773 | (92,281) | (107,566) | 369,772 |
| Fund balances (deficit) - January 1 | <u>696,941</u> | <u>(393,413)</u> | <u>494,627</u> | <u>(300,706)</u> |
| Fund balances (deficit) - December 31 | <u>\$ 820,714</u> | <u>\$ (485,694)</u> | <u>\$ 387,061</u> | <u>\$ 69,066</u> |

| | | | Totals | |
|-------------------|-------------------|-------------------|---------------------|---------------------|
| TID No. 12 | TID No. 13 | TID No. 14 | 2019 | 2018 |
| \$ - | \$ - | \$ - | \$ 4,056,583 | \$ 3,523,211 |
| 5 | - | - | 658,044 | 254,320 |
| - | - | - | 90,430 | 95,156 |
| - | - | - | 32,939 | 5,400 |
| - | - | - | 369,258 | 128,162 |
| <u>5</u> | <u>-</u> | <u>-</u> | <u>5,207,254</u> | <u>4,006,249</u> |
| - | - | - | 136,135 | 122,147 |
| 49,378 | 14,354 | 421,070 | 886,650 | 685,530 |
| 3,464 | - | 18,074 | 61,379 | 58,263 |
| 164,816 | - | - | 4,560,759 | 4,473,274 |
| <u>217,658</u> | <u>14,354</u> | <u>439,144</u> | <u>5,644,923</u> | <u>5,339,214</u> |
| <u>(217,653)</u> | <u>(14,354)</u> | <u>(439,144)</u> | <u>(437,669)</u> | <u>(1,332,965)</u> |
| 250,000 | - | 880,000 | 5,550,613 | 6,502,895 |
| 18,133 | - | - | 226,660 | 322,354 |
| - | - | - | - | 713,800 |
| - | - | - | 600,333 | 167,118 |
| <u>(22,590)</u> | <u>(105,923)</u> | <u>-</u> | <u>(4,296,120)</u> | <u>(4,188,394)</u> |
| <u>245,543</u> | <u>(105,923)</u> | <u>880,000</u> | <u>2,081,486</u> | <u>3,517,773</u> |
| 27,890 | (120,277) | 440,856 | 1,643,817 | 2,184,808 |
| 803,014 | 752,992 | (6,750) | 2,944,133 | 759,325 |
| <u>\$ 830,904</u> | <u>\$ 632,715</u> | <u>\$ 434,106</u> | <u>\$ 4,587,950</u> | <u>\$ 2,944,133</u> |

City of De Pere, Wisconsin

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

| | Health Self Insurance | Dental Self Insurance | Totals | |
|-----------------------------|--------------------------|--------------------------|--------------|--------------|
| | | | 2019 | 2018 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | \$ 1,980,796 | \$ 41,737 | \$ 2,022,533 | \$ 1,085,458 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts and claims payable | 63,154 | 3,911 | 67,065 | 257,257 |
| Advance from other funds | 17,821 | 10,000 | 27,821 | 27,821 |
| Total liabilities | 80,975 | 13,911 | 94,886 | 285,078 |
| NET POSITION | | | | |
| Unrestricted | \$ 1,899,821 | \$ 27,826 | \$ 1,927,647 | \$ 800,380 |

City of De Pere, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Health Self Insurance | Dental Self Insurance | Totals | |
|-----------------------------------|--------------------------|--------------------------|---------------------|-------------------|
| | | | 2019 | 2018 |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 2,467,820 | \$ 159,336 | \$ 2,627,156 | \$ 2,636,225 |
| OPERATING EXPENSES | | | | |
| Claims and administrative fees | 1,359,571 | 143,407 | 1,502,978 | 2,354,045 |
| Operating income | 1,108,249 | 15,929 | 1,124,178 | 282,180 |
| NONOPERATING REVENUES | | | | |
| Interest income | 3,089 | - | 3,089 | 2,554 |
| Change in net position | 1,111,338 | 15,929 | 1,127,267 | 284,734 |
| Net position - January 1 | 788,483 | 11,897 | 800,380 | 515,646 |
| Net position - December 31 | <u>\$ 1,899,821</u> | <u>\$ 27,826</u> | <u>\$ 1,927,647</u> | <u>\$ 800,380</u> |

City of De Pere, Wisconsin

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Health Self Insurance | Dental Self Insurance | Totals | |
|--|--------------------------|--------------------------|---------------------|---------------------|
| | | | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from interfund services | \$ 2,467,820 | \$ 159,336 | \$ 2,627,156 | \$ 2,636,225 |
| Cash paid to suppliers | (1,548,780) | (144,390) | (1,693,170) | (2,272,265) |
| Net cash provided by operating activities | <u>919,040</u> | <u>14,946</u> | <u>933,986</u> | <u>363,960</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 3,089 | - | 3,089 | 2,554 |
| Change in cash and cash equivalents | 922,129 | 14,946 | 937,075 | 366,514 |
| Cash and cash equivalents - January 1 | <u>1,058,667</u> | <u>26,791</u> | <u>1,085,458</u> | <u>718,944</u> |
| Cash and cash equivalents - December 31 | <u>\$ 1,980,796</u> | <u>\$ 41,737</u> | <u>\$ 2,022,533</u> | <u>\$ 1,085,458</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ 1,108,249 | \$ 15,929 | \$ 1,124,178 | \$ 282,180 |
| Change in operating assets and liabilities | | | | |
| Accounts and claims payable | (189,209) | (983) | (190,192) | 81,780 |
| Net cash provided by operating activities | <u>\$ 919,040</u> | <u>\$ 14,946</u> | <u>\$ 933,986</u> | <u>\$ 363,960</u> |
| Noncash capital and related financing activities | | | | |
| None | | | | |

City of De Pere, Wisconsin

SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2019</u> | <u>2018</u> |
|---------------------------------|--------------------|-------------------|
| OPERATING REVENUES | | |
| Charges for services | | |
| Residential | \$ 2,655,519 | \$ 2,709,460 |
| Commercial | 1,001,503 | 1,000,689 |
| Industrial | 502,037 | 564,277 |
| Public authority | 191,880 | 197,100 |
| Private fire protection | 126,264 | 124,499 |
| Public fire protection | 1,285,899 | 1,266,269 |
| Total charges for services | <u>5,763,102</u> | <u>5,862,294</u> |
| Other revenues | | |
| Forfeited discounts | 20,020 | 38,934 |
| Other water revenues | 279,254 | 309,590 |
| Total other revenues | <u>299,274</u> | <u>348,524</u> |
| Total operating revenues | <u>6,062,376</u> | <u>6,210,818</u> |
| OPERATING EXPENSES | | |
| Operation and maintenance | | |
| Source of supply | 3,853,288 | 3,877,466 |
| Pumping | 112,777 | 60,581 |
| Water treatment | 35,604 | 34,980 |
| Transmission and distribution | 598,835 | 509,668 |
| Customer accounts | 318,680 | 276,838 |
| Administrative and general | 457,474 | 421,479 |
| Total operation and maintenance | <u>5,376,658</u> | <u>5,181,012</u> |
| Depreciation | 720,178 | 648,497 |
| Taxes | 49,095 | 46,224 |
| Total operating expenses | <u>6,145,931</u> | <u>5,875,733</u> |
| Operating income | <u>\$ (83,555)</u> | <u>\$ 335,085</u> |

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and the *Department of Health Services Audit Guide*

To the City Council
City of De Pere, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Department of Health Service Audit Guide*, issued by the State of Wisconsin, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of De Pere, Wisconsin (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

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

CITY OF DE PERE, WISCONSIN'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin

October 20, 2020

FEDERAL AND STATE AWARDS

City of De Pere, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency |
|---|----------------|------------------------------------|
| U.S. DEPARTMENT OF INTERIOR | | |
| Natural Resource Damage Assessment, Restoration and Implementation | 15.658 | WI Department of Natural Resources |
| U.S. DEPARTMENT OF TRANSPORTATION | | |
| Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants | 20.601 | City of Green Bay |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| Public Health Emergency Preparedness | 93.069 | WI Department of Human Services |
| Public Health Emergency Preparedness | 93.069 | WI Department of Human Services |
| Total Public Health Emergency Preparedness | | |
| Immunization Cooperative Agreements | 93.268 | WI Department of Human Services |
| Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure | 93.539 | WI Department of Human Services |
| Preventive Health and Health Services Block Grant | 93.758 | WI Department of Human Services |
| Preventive Health and Health Services Block Grant | 93.991 | WI Department of Human Services |
| Total Preventative Health and Health Services Block Grant | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | WI Department of Human Services |
| Total U.S. Department of Health and Human Services | | |
| TOTAL FEDERAL AWARDS | | |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

| <u>Pass-Through Entity Identifying Number</u> | <u>(Accrued) Deferred Revenue 1/1/19</u> | <u>Cash Received (Refunded)</u> | <u>Accrued (Deferred) Revenue 12/31/19</u> | <u>Total Expenditures</u> | <u>Subrecipient Payments</u> |
|---|--|---|--|-------------------------------|----------------------------------|
| Unknown | \$ - | \$ 210,000 | \$ - | \$ 210,000 | \$ - |
| Unknown | - | 5,120 | - | 5,120 | - |
| 155050 | - | 11,475 | - | 11,475 | - |
| 155015 | (8,633) | 44,651 | 11,183 | 47,201 | - |
| | (8,633) | 56,126 | 11,183 | 58,676 | - |
| 155020 | - | 7,210 | 129 | 7,339 | - |
| 155020 | (1,487) | 1,487 | - | - | - |
| 159220 | (433) | 433 | - | - | - |
| 159220 | - | 4,880 | 795 | 5,675 | - |
| | (433) | 5,313 | 795 | 5,675 | - |
| 159320 | - | 10,517 | 1,705 | 12,222 | - |
| | (10,553) | 80,653 | 13,812 | 83,912 | - |
| | <u>\$ (10,553)</u> | <u>\$ 295,773</u> | <u>\$ 13,812</u> | <u>\$ 299,032</u> | <u>\$ -</u> |

City of De Pere, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| <u>Grantor Agency/State Program Title</u> | <u>State I.D. Number</u> | <u>Pass-Through Agency</u> | <u>Pass-Through Entity Identifying Number</u> |
|---|------------------------------|--------------------------------|---|
| DEPARTMENT OF NATURAL RESOURCES | | | |
| Boating Projects | 370.573 | Direct Program | Unknown |
| Recycling Grant | 370.670 | Direct Program | Unknown |
| Total Department of Natural Resources | | | |
| DEPARTMENT OF HEALTH SERVICES | | | |
| Consolidated Contracts - Childhood Lead | 435.157720 | Direct Program | 157720 |
| Communicable Disease Control & Prevention | 435.1558 | Direct Program | 155800 |
| Total Department of Health Services | | | |
| TOTAL STATE PROGRAMS | | | |

The notes to the schedule of expenditures of state awards are an integral part of this schedule.

| (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payments |
|--|---|--|-------------------------------|----------------------------------|
| \$ - | \$ - | \$ 151,797 | \$ 151,797 | \$ - |
| - | 97,611 | - | 97,611 | - |
| - | 97,611 | 151,797 | 249,408 | - |
| - | 1,724 | - | 1,724 | - |
| - | 3,827 | 535 | 4,362 | - |
| - | 5,551 | 535 | 6,086 | - |
| <u>\$ -</u> | <u>\$ 103,162</u> | <u>\$ 152,332</u> | <u>\$ 255,494</u> | <u>\$ -</u> |

City of De Pere, Wisconsin

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards include the federal and state grant activity of the City of De Pere, Wisconsin and are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Department of Health Services Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2019 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded City expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The City has not elected to charge a de minimis indirect cost rate of 10% allowed under the Uniform Guidance.

NOTE 3: STATE OF WISCONSIN REPORTING SYSTEMS

The Wisconsin Department of Health Services (DHS) utilize the Community Aids Reporting System (CARS) for reimbursing the City for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS programs agree with the expenditures reported on the December, 2019 CARS.

City of De Pere, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

| | |
|---|------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified? | Yes |
| Noncompliance material to basic financial statements noted? | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

| Finding No. | Internal Control Deficiencies |
|------------------|---|
| 2019-001 | Preparation of Annual Financial Report Repeat of Finding 2018-001 |
| Type of Finding: | Significant Deficiency in Internal Control over Financial Reporting |
| Condition: | Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. |
| Context: | While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. |
| Criteria: | The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes. |
| Cause: | City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits. |
| Effect: | Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America. |

City of De Pere, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

| Finding No. | Internal Control Deficiencies |
|----------------------|--|
| Recommendation: | We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report. |
| Management Response: | Management agrees it may not be cost effective to train additional staff to completely prepare the report, but will more thoroughly review the information to gain an increased understanding in hopes of assisting with the annual report preparation in 2020. |
| 2019-002 | Adjustments to the City's Financial Records Repeat of Finding 2018-002 |
| Type of Finding: | Material Weakness in Internal Control over Financial Reporting |
| Condition: | As part of our 2019 audit, we proposed adjusting journal entries that were material to the City's financial statements. |
| Context: | While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures. |
| Criteria: | Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency. |
| Cause: | While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop. |
| Effect: | Year-end financial records prepared by the City may contain material misstatements. |
| Recommendation: | We recommend the City Finance Director work to prepare the adjusting and closing entries necessary, prior to the audit, to reduce the risk of material misstatement to the financial statements. |
| Management Response: | The City intends to have all enterprise fund capital asset and debt related entries completed before the 2020 final audit work is commenced. |

City of De Pere, Wisconsin

SCHEDULE OF SETTLEMENT OF DHS COST REIMBURSEMENT AWARD PUBLIC HEALTH DEPARTMENT FOR THE YEAR ENDED DECEMBER 31, 2019

| DHS identification number | 155015 | 155020 | 155050 | 155800 |
|--|------------------|-------------------|------------------|------------------|
| Grant Award | \$ 37,515 | \$ 7,339 | \$ 11,475 | \$ 3,600 |
| Award period | 7/1/18 - 6/30/19 | 1/1/19 - 12/31/19 | 7/1/18 - 6/30/19 | 7/1/18 - 6/30/19 |
| Period of award within audit period | 1/1/19 - 6/30/19 | 1/1/19 - 12/31/19 | 1/1/19 - 6/30/19 | 1/1/19 - 6/30/19 |
| Expenditures reported to DHS for payment | \$ 20,024 | \$ 5,205 | \$ 11,497 | \$ 3,696 |
| Contract Year | 960 | 960 | 960 | 960 |
| Actual allowable costs of award | | | | |
| Program expenses | | | | |
| Compensation of current officers, directors, trustees, and key employees | \$ 12,333 | \$ 2,482 | \$ - | \$ - |
| Pension plan contributions | 810 | 163 | - | - |
| Other employee benefits | 5,687 | 1,194 | - | - |
| Other costs | 1,194 | 1,366 | 11,497 | 3,696 |
| Total program expenses | 20,024 | 5,205 | 11,497 | 3,696 |
| Less program revenue and other offsets to costs | - | - | - | - |
| Total allowable costs | \$ 20,024 | \$ 5,205 | \$ 11,497 | \$ 3,696 |

| 157720 | 159220 | 159320 | 155015 | 155800 | 159220 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 1,724 | \$ 5,313 | \$ 12,675 | \$ 34,037 | \$ 3,600 | \$ 4,304 |
| 1/1/19 - 12/31/19 | 10/1/17 - 8/31/19 | 1/1/19 - 12/31/19 | 7/1/19 - 6/30/20 | 7/1/19 - 6/30/20 | 9/1/19 - 8/31/20 |
| 1/1/19 - 12/31/19 | 1/1/19 - 8/31/19 | 1/1/19 - 12/31/19 | 7/1/19 - 12/31/19 | 7/1/19 - 12/31/19 | 9/1/19 - 12/31/19 |
| \$ 4,320 | \$ 6,545 | \$ 14,062 | \$ 20,017 | \$ 227 | \$ 878 |
| 960 | 960 | 960 | 60 | 60 | 960 |

| | | | | | |
|----------|----------|-----------|-----------|--------|--------|
| \$ 2,367 | \$ 3,893 | \$ 6,578 | \$ 8,896 | \$ - | \$ 394 |
| 155 | 255 | 431 | 583 | - | 26 |
| 960 | 1,428 | 5,709 | 4,424 | - | 172 |
| 838 | 969 | 1,344 | 6,114 | 227 | 286 |
| 4,320 | 6,545 | 14,062 | 20,017 | 227 | 878 |
| - | - | - | - | - | - |
| \$ 4,320 | \$ 6,545 | \$ 14,062 | \$ 20,017 | \$ 227 | \$ 878 |