

**CITY OF RHINELANDER**

Rhineland, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

# CITY OF RHINELANDER

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Rhinelander  
Rhinelander, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rhinelander, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Rhinelander'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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Rhinelander'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 of Rhinelander'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rhinelander, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note I, the City of Rhinelander adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rhinelander's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020 on our consideration of the City of Rhinelander's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rhinelander'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 of Rhinelander's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Eau Claire, Wisconsin  
September 25, 2020

# CITY OF RHINELANDER

## STATEMENT OF NET POSITION As of December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
<b>ASSETS</b>					
Cash and investments	\$ 6,727,748	\$ 5,711,605	\$ 12,439,353	\$ 168,820	\$ 936,636
Receivables (net)					
Taxes	6,918,500	-	6,918,500	197,081	279,929
Delinquent personal property	8,118	-	8,118	-	-
Accounts	207,077	1,371,596	1,578,673	19,850	-
Special assessments	39,962	-	39,962	-	-
Loans	2,099,836	-	2,099,836	-	-
Other	23,382	35,641	59,023	-	-
Due from other governments	353,747	-	353,747	498,522	487,568
Due from component units	108,000	-	108,000	-	-
Internal balances	2,054,156	(2,054,156)	-	-	-
Inventories and prepaid items	281,182	143,638	424,820	11,445	6,187
Restricted assets					
Cash and investments	-	2,741,387	2,741,387	-	-
Capital Assets					
Construction in progress	2,870,527	6,634,162	9,504,689	1,523,655	-
Land	3,719,433	1,657,329	5,376,762	187,700	8,183
Other capital assets, net of depreciation	22,162,790	46,233,606	68,396,396	7,905,821	253,165
Total Assets	<u>47,574,458</u>	<u>62,474,808</u>	<u>110,049,266</u>	<u>10,512,894</u>	<u>1,971,668</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	<u>4,155,944</u>	<u>562,449</u>	<u>4,718,393</u>	<u>260,895</u>	<u>317,420</u>
<b>LIABILITIES</b>					
Accounts payable	486,330	351,727	838,057	43,990	19,937
Accrued liabilities and deposits	295,127	146,724	441,851	16,644	18,850
Due to other governments	17,628	-	17,628	-	-
Due to primary government	-	-	-	47,000	61,000
Noncurrent Liabilities					
Due within one year	1,827,430	6,619,856	8,447,286	-	-
Due in more than one year	17,937,053	21,442,512	39,379,565	96,056	119,086
Total Liabilities	<u>20,563,568</u>	<u>28,560,819</u>	<u>49,124,387</u>	<u>203,690</u>	<u>218,873</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenues	6,578,743	3,516	6,582,259	197,081	767,497
Pension related amounts	<u>2,115,369</u>	<u>321,718</u>	<u>2,437,087</u>	<u>134,980</u>	<u>160,464</u>
Total Deferred Inflows of Resources	<u>8,694,112</u>	<u>325,234</u>	<u>9,019,346</u>	<u>332,061</u>	<u>927,961</u>

See accompanying notes to financial statements.

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Rhineland- Oneida County Airport	Rhineland- District Library
<b>NET POSITION</b>					
Net investment in capital assets	\$ 19,275,165	\$ 26,767,900	\$ 44,023,083	\$ 9,617,176	\$ 261,348
Restricted for					
Cemetery perpetual care	18,728	-	18,728	-	-
Tourism	108,443	-	108,443	-	-
Loan programs	2,075,690	-	2,075,690	-	-
Debt service	441,148	977,491	1,418,639	-	-
Parking advisory board operations	72,070	-	72,070	-	-
Hazardous materials response	24,089	-	24,089	-	-
Historical complex facilities and programs	19,666	-	19,666	-	-
K-9 program	8,029	-	8,029	-	-
Landfill clean up	92,454	-	92,454	-	-
DARE program	3,165	-	3,165	-	-
TIF projects	2,207,576	-	2,207,576	-	-
Capital projects	1,370,948	-	1,370,948	-	-
Equipment replacement	-	1,654,830	1,654,830	-	-
Library - expendable	-	-	-	-	683,160
Library - nonexpendable	-	-	-	-	197,746
Unrestricted (deficit)	<u>(3,244,449)</u>	<u>4,750,983</u>	<u>3,526,516</u>	<u>620,862</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 22,472,722</u>	<u>\$ 34,151,204</u>	<u>\$ 56,623,926</u>	<u>\$ 10,238,038</u>	<u>\$ 1,142,254</u>

See accompanying notes to financial statements.



# CITY OF RHINELANDER

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,288,629	\$ 499,933	\$ -	\$ -
Public safety	5,374,174	641,861	69,891	5,777
Public works	3,339,501	87,390	1,014,563	8,395
Health and human services	76,119	20,650	-	-
Culture, education and recreation	677,289	18,867	11,969	-
Conservation and development	131,013	3,066	-	-
Interest and fiscal charges	520,360	-	-	-
Total Governmental Activities	<u>11,407,085</u>	<u>1,271,767</u>	<u>1,096,423</u>	<u>14,172</u>
Business-type Activities				
Water Utility	1,532,751	2,051,192	-	-
Wastewater Utility	2,994,533	3,082,448	-	500,366
Stormwater Utility	396,271	420,037	-	-
Golf Course	823,182	603,974	-	-
Total Business-type Activities	<u>5,746,737</u>	<u>6,157,651</u>	<u>-</u>	<u>500,366</u>
Total Primary Government	<u>\$ 17,153,822</u>	<u>\$ 7,429,418</u>	<u>\$ 1,096,423</u>	<u>\$ 514,538</u>
<b>Component Units</b>				
Rhinelanders-Oneida County Airport	\$ 2,019,111	\$ 1,120,191	\$ -	\$ 222,587
Rhinelanders District Library	1,124,722	-	143,842	-
Total Component Units	<u>\$ 3,143,833</u>	<u>\$ 1,120,191</u>	<u>\$ 143,842</u>	<u>\$ 222,587</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for the airport

Property taxes, levied for the library

Premier resort area tax

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Transfers - internal

Total General Revenues and Transfers

**Change in Net Position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
\$ (788,696)	\$ -	\$ (788,696)	\$ -	\$ -
(4,656,645)	-	(4,656,645)	-	-
(2,229,153)	-	(2,229,153)	-	-
(55,469)	-	(55,469)	-	-
(646,453)	-	(646,453)	-	-
(127,947)	-	(127,947)	-	-
(520,360)	-	(520,360)	-	-
<u>(9,024,723)</u>	<u>-</u>	<u>(9,024,723)</u>	<u>-</u>	<u>-</u>
-	518,441	518,441	-	-
-	588,281	588,281	-	-
-	23,766	23,766	-	-
-	(219,208)	(219,208)	-	-
<u>-</u>	<u>911,280</u>	<u>911,280</u>	<u>-</u>	<u>-</u>
<u>(9,024,723)</u>	<u>911,280</u>	<u>(8,113,443)</u>	<u>-</u>	<u>-</u>
-	-	-	(676,333)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(980,880)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(676,333)</u>	<u>(980,880)</u>
4,629,644	-	4,629,644	-	-
898,592	-	898,592	-	-
982,534	-	982,534	-	-
-	-	-	197,081	-
-	-	-	-	275,660
686,923	-	686,923	-	-
360,042	-	360,042	-	-
1,396,638	-	1,396,638	-	655,135
254,860	126,191	381,051	4,239	43,024
66,950	-	66,950	-	32,740
<u>2,543,395</u>	<u>(2,543,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,819,578</u>	<u>(2,417,204)</u>	<u>9,402,374</u>	<u>201,320</u>	<u>1,006,559</u>
2,794,855	(1,505,924)	1,288,931	(475,013)	25,679
<u>19,677,867</u>	<u>35,657,128</u>	<u>55,334,995</u>	<u>10,713,051</u>	<u>1,116,575</u>
<u>\$ 22,472,722</u>	<u>\$ 34,151,204</u>	<u>\$ 56,623,926</u>	<u>\$ 10,238,038</u>	<u>\$ 1,142,254</u>

See accompanying notes to financial statements.

# CITY OF RHINELANDER

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Fund	1985 Community Block Grant Special Revenue Fund	General Debt Service Fund	General Capital Projects
<b>ASSETS</b>				
Cash and investments	\$ 1,050,512	\$ 222,516	\$ 120,618	\$ 1,546,345
Receivables (net)				
Taxes	4,927,997	-	903,276	20,885
Delinquent personal property taxes	8,118	-	-	-
Accounts	62,146	-	-	-
Special assessments	-	-	-	39,962
Loans	6,871	1,646,663	-	-
Other	3,492	-	-	-
Due from other governments	76,512	-	-	4,481
Due from component units	-	-	108,000	-
Due from other funds	64,494	-	-	-
Inventories and prepaid items	234,712	-	-	-
Advances to other funds	2,317,845	-	191,000	-
<b>TOTAL ASSETS</b>	<b>\$ 8,752,699</b>	<b>\$ 1,869,179</b>	<b>\$ 1,322,894</b>	<b>\$ 1,611,673</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 270,475	\$ -	\$ -	\$ 155,886
Accrued liabilities and deposits	141,040	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	411,515	-	-	155,886
Deferred Inflows of Resources				
Unearned revenues	4,633,159	-	903,276	-
Unavailable revenues	6,871	1,646,663	-	60,848
Total Deferred Inflows of Resources	4,640,030	1,646,663	903,276	60,848
Fund Balances				
Nonspendable	2,552,557	-	-	-
Restricted	-	222,516	419,618	1,337,558
Committed	-	-	-	-
Assigned	-	-	-	57,381
Unassigned (deficit)	1,148,597	-	-	-
Total Fund Balances	3,701,154	222,516	419,618	1,394,939
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,752,699</b>	<b>\$ 1,869,179</b>	<b>\$ 1,322,894</b>	<b>\$ 1,611,673</b>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 3,767,127	\$ 6,707,118
1,066,342	6,918,500
-	8,118
144,931	207,077
-	39,962
446,302	2,099,836
19,890	23,382
272,754	353,747
-	108,000
-	64,494
46,470	281,182
<u>-</u>	<u>2,508,845</u>
<u>\$ 5,763,816</u>	<u>\$ 19,320,261</u>
\$ 58,740	\$ 485,101
8,182	149,222
17,628	17,628
64,494	64,494
<u>454,689</u>	<u>454,689</u>
<u>603,733</u>	<u>1,171,134</u>
1,042,308	6,578,743
<u>554,089</u>	<u>2,268,471</u>
<u>1,596,397</u>	<u>8,847,214</u>
65,198	2,617,755
3,797,352	5,777,044
127,976	127,976
1,537	58,918
<u>(428,377)</u>	<u>720,220</u>
<u>3,563,686</u>	<u>9,301,913</u>
<u>\$ 5,763,816</u>	<u>\$ 19,320,261</u>

See accompanying notes to financial statements.

## CITY OF RHINELANDER

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

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Total Fund Balances - Governmental Funds	\$	9,301,913
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III. D.		28,752,750
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note III. B.		2,268,471
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		4,155,944
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(2,115,369)
Internal service funds are reported in the statement of net position as governmental activities.		6,186
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.		
Bonds and notes payable		(16,990,640)
Compensated absences		(625,731)
Accrued interest		(132,690)
Unamortized debt premium		(290,007)
Landfill liability		(303,000)
Net pension liability		<u>(1,555,105)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>22,472,722</u></b>

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	<u>General Debt Service Fund</u>	<u>General Capital Projects</u>
<b>REVENUES</b>				
Taxes	\$ 4,754,059	\$ -	\$ 898,592	\$ -
Special assessments	7,419	-	-	20,089
Intergovernmental	2,014,679	-	-	4,475
Licenses and permits	189,071	-	-	-
Fines, forfeitures and penalties	36,400	-	-	-
Charges for services	483,652	-	-	-
Investment income	172,223	4,049	9,523	17,459
Miscellaneous	<u>30,137</u>	<u>72,869</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>7,687,640</u>	<u>76,918</u>	<u>908,115</u>	<u>42,023</u>
<b>EXPENDITURES</b>				
Current				
General government	1,185,770	-	-	-
Public safety	4,142,086	-	-	2,660
Public works	1,705,953	-	-	4,370
Health and human services	66,672	-	-	-
Culture, recreation and education	288,265	-	-	4,745
Conservation and development	27,664	9,884	-	-
Capital Outlay	40,107	-	-	805,311
Debt Service				
Principal	-	-	745,000	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>193,144</u>	<u>57,562</u>
Total Expenditures	<u>7,456,517</u>	<u>9,884</u>	<u>938,144</u>	<u>874,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>231,123</u>	<u>67,034</u>	<u>(30,029)</u>	<u>(832,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	1,585,000
Premium on debt issued	-	-	-	50,913
Transfers in	317,733	-	35,853	-
Transfers out	(301,539)	-	-	(35,853)
Property sales	<u>2,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>19,000</u>	<u>-</u>	<u>35,853</u>	<u>1,600,060</u>
<b>Net Change in Fund Balances</b>	250,123	67,034	5,824	767,435
FUND BALANCES - Beginning of Year	<u>3,451,031</u>	<u>155,482</u>	<u>413,794</u>	<u>627,504</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,701,154</u>	<u>\$ 222,516</u>	<u>\$ 419,618</u>	<u>\$ 1,394,939</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 1,905,084	\$ 7,557,735
-	27,508
503,291	2,522,445
-	189,071
-	36,400
517,822	1,001,474
53,236	256,490
<u>149,817</u>	<u>252,823</u>
<u>3,129,250</u>	<u>11,843,946</u>
-	1,185,770
512,437	4,657,183
696,730	2,407,053
-	66,672
238,539	531,549
33,483	71,031
115,779	961,197
909,398	1,654,398
<u>336,475</u>	<u>587,181</u>
<u>2,842,841</u>	<u>12,122,034</u>
<u>286,409</u>	<u>(278,088)</u>
-	1,585,000
-	50,913
333,215	686,801
(31,676)	(369,068)
-	<u>2,806</u>
<u>301,539</u>	<u>1,956,452</u>
587,948	1,678,364
<u>2,975,738</u>	<u>7,623,549</u>
<u>\$ 3,563,686</u>	<u>\$ 9,301,913</u>

See accompanying notes to financial statements.

## CITY OF RHINELANDER

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

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Net change in fund balances - total governmental funds	\$	1,678,364
--	----	-----------

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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		961,197
Some items reported as capital outlay were not capitalized		(140,284)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		99,599
Capital assets transferred from business-type activities		2,225,662
Depreciation is reported in the government-wide financial statements		(1,288,305)
Loss on disposal of capital assets is recorded in the government-wide statements		(806)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(284,200)
---	--	-----------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(1,585,000)
Principal repaid		1,654,398

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization		24,963
Debt discount (premium)		(50,913)

Some expenses 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.

Compensated absences		8,311
Accrued interest on debt		41,858
Net pension asset/liability (and pension related deferred outflows and inflows of resources)		(569,618)
Landfill liability		26,000

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities

		<u>(6,371)</u>
--	--	----------------

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,794,855</u></b>
--	-----------	-------------------------

See accompanying notes to financial statements.



**CITY OF RHINELANDER**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 2,446,120	\$ 3,265,485	\$ -	\$ 5,711,605	\$ 20,630
Receivables					
Accounts	409,109	843,083	119,404	1,371,596	-
Due from other funds	-	100,000	-	100,000	-
Inventories and prepaid items	84,955	29,371	29,312	143,638	-
Restricted cash and investments	<u>271,393</u>	<u>679,988</u>	<u>-</u>	<u>951,381</u>	<u>-</u>
Total Current Assets	<u>3,211,577</u>	<u>4,917,927</u>	<u>148,716</u>	<u>8,278,220</u>	<u>20,630</u>
Noncurrent Assets					
Restricted Assets					
Cash and investments	-	1,790,006	-	1,790,006	-
Capital Assets					
Construction in progress	1,617,053	4,232,637	784,472	6,634,162	-
Land	34,070	1,587,593	35,666	1,657,329	-
Capital assets being depreciated	20,008,847	43,964,547	8,915,937	72,889,331	-
Less: Accumulated depreciation	(6,540,879)	(14,730,210)	(5,384,636)	(26,655,725)	-
Advances to other funds	696,459	1,533,781	-	2,230,240	-
Other receivables	<u>-</u>	<u>-</u>	<u>35,641</u>	<u>35,641</u>	<u>-</u>
Total Noncurrent Assets	<u>15,815,550</u>	<u>38,378,354</u>	<u>4,387,080</u>	<u>58,580,984</u>	<u>-</u>
Total Assets	<u>19,027,127</u>	<u>43,296,281</u>	<u>4,535,796</u>	<u>66,859,204</u>	<u>20,630</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	<u>194,316</u>	<u>302,421</u>	<u>65,712</u>	<u>562,449</u>	<u>-</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 116,516	\$ 187,738	\$ 47,473	\$ 351,727	\$ 1,229
Accrued liabilities and deposits	10,094	13,980	13,584	37,658	10,487
Due to other funds	-	-	100,000	100,000	-
General obligation bonds and notes payable	-	-	105,000	105,000	-
Current portion of compensated absences	9,374	3,893	-	13,267	-
Current portion of leases	-	-	21,044	21,044	-
Claims payable	-	-	-	-	2,728
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	387,277	6,093,268	-	6,480,545	-
Accrued interest	13,209	95,857	-	109,066	-
Total Current Liabilities	<u>536,470</u>	<u>6,394,736</u>	<u>287,101</u>	<u>7,218,307</u>	<u>14,444</u>
Noncurrent Liabilities					
Long-Term Debt					
General obligation debt	-	-	75,000	75,000	-
Revenue bonds	6,537,230	14,498,355	-	21,035,585	-
Other Liabilities					
Compensated absences	70,022	38,847	-	108,869	-
Net pension liability	73,077	100,252	9,706	183,035	-
Capital leases payable	-	-	40,023	40,023	-
Advances from other funds	70,000	86,000	4,128,396	4,284,396	-
Total Noncurrent Liabilities	<u>6,750,329</u>	<u>14,723,454</u>	<u>4,253,125</u>	<u>25,726,908</u>	<u>-</u>
Total Liabilities	<u>7,286,799</u>	<u>21,118,190</u>	<u>4,540,226</u>	<u>32,945,215</u>	<u>14,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenues	-	-	3,516	3,516	-
Pension related amounts	100,313	152,080	69,325	321,718	-
Total Deferred Inflows of Resources	<u>100,313</u>	<u>152,080</u>	<u>72,841</u>	<u>325,234</u>	<u>-</u>

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
<b>NET POSITION</b>					
Net investment in capital assets	\$ 8,194,584	\$ 14,462,944	\$ 4,110,372	\$ 26,767,900	\$ -
Restricted for					
Debt service	258,184	719,307	-	977,491	-
Equipment replacement	-	1,654,830	-	1,654,830	-
Unrestricted (deficit)	<u>3,381,563</u>	<u>5,491,351</u>	<u>(4,121,931)</u>	<u>4,750,983</u>	<u>6,186</u>
<b>TOTAL NET POSITION</b>	<u>\$ 11,834,331</u>	<u>\$ 22,328,432</u>	<u>\$ (11,559)</u>	<u>\$ 34,151,204</u>	<u>\$ 6,186</u>

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>	<u>\$ 2,051,192</u>	<u>\$ 3,082,448</u>	<u>\$ 1,024,011</u>	<u>\$ 6,157,651</u>	<u>\$ 79,715</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	993,627	1,162,241	935,214	3,091,082	-
Depreciation	449,440	1,368,494	246,839	2,064,773	-
Taxes	18,940	32,244	-	51,184	-
Self insurance claims	-	-	-	-	86,260
Total Operating Expenses	<u>1,462,007</u>	<u>2,562,979</u>	<u>1,182,053</u>	<u>5,207,039</u>	<u>86,260</u>
Operating Income (Loss)	<u>589,185</u>	<u>519,469</u>	<u>(158,042)</u>	<u>950,612</u>	<u>(6,545)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	40,630	85,561	-	126,191	174
Interest and fiscal charges	(70,744)	(431,554)	(8,005)	(510,303)	-
Contribution of infrastructure to City	(808,997)	(1,416,665)	-	(2,225,662)	-
Loss on disposal of capital assets	-	-	(29,395)	(29,395)	-
Total Nonoperating Revenues (Expenses)	<u>(839,111)</u>	<u>(1,762,658)</u>	<u>(37,400)</u>	<u>(2,639,169)</u>	<u>174</u>
Income (Loss) Before Contributions and Transfers	<u>(249,926)</u>	<u>(1,243,189)</u>	<u>(195,442)</u>	<u>(1,688,557)</u>	<u>(6,371)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	-	500,366	-	500,366	-
Transfers out	(317,733)	-	-	(317,733)	-
Total Contributions and Transfers	<u>(317,733)</u>	<u>500,366</u>	<u>-</u>	<u>182,633</u>	<u>-</u>
<b>Change in Net   Position</b>	<u>(567,659)</u>	<u>(742,823)</u>	<u>(195,442)</u>	<u>(1,505,924)</u>	<u>(6,371)</u>
NET POSITION - Beginning of Year	<u>12,401,990</u>	<u>23,071,255</u>	<u>183,883</u>	<u>35,657,128</u>	<u>12,557</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,834,331</u>	<u>\$ 22,328,432</u>	<u>\$ (11,559)</u>	<u>\$ 34,151,204</u>	<u>\$ 6,186</u>

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 2,101,230	\$ 3,073,958	\$ 1,030,640	\$ 6,205,828	\$ 90,202
Paid to suppliers for goods and services	(829,486)	(899,896)	(801,591)	(2,530,973)	(85,031)
Paid to employees for services	(192,722)	(312,080)	(77,356)	(582,158)	-
Net Cash Flows From Operating Activities	<u>1,079,022</u>	<u>1,861,982</u>	<u>151,693</u>	<u>3,092,697</u>	<u>5,171</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	<u>40,630</u>	<u>85,561</u>	<u>-</u>	<u>126,191</u>	<u>174</u>
Net Cash Flows From Investing Activities	<u>40,630</u>	<u>85,561</u>	<u>-</u>	<u>126,191</u>	<u>174</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Paid to municipality for tax equivalent	(317,733)	-	-	(317,733)	-
Negative cash implicitly financed	-	-	103,432	103,432	-
Interfunds and long-term advances repaid	-	-	(1,000)	(1,000)	-
Advances from (repaid to) other funds	(219,996)	(400,982)	-	(620,978)	-
Interest on advance	(2,252)	(2,772)	(1,115)	(6,139)	-
Net Cash Flows From Noncapital Financing Activities	<u>(539,981)</u>	<u>(403,754)</u>	<u>101,317</u>	<u>(842,418)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt issued	3,090,922	5,277,997	-	8,368,919	-
Debt retired	(246,620)	(886,744)	(120,183)	(1,253,547)	-
Interest and fiscal charges paid	(62,882)	(400,044)	(6,890)	(469,816)	-
Acquisition and construction of capital assets	(2,904,905)	(5,350,270)	(840,988)	(9,096,163)	-

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> (cont.)					
Contribution received for construction	\$ -	\$ 500,366	\$ -	\$ 500,366	\$ -
Capital advances from other funds	-	-	694,120	694,120	-
Net Cash Flows From Capital and Related Financing Activities	<u>(123,485)</u>	<u>(858,695)</u>	<u>(273,941)</u>	<u>(1,256,121)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	456,186	685,094	(20,931)	1,120,349	5,345
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,261,327</u>	<u>5,050,385</u>	<u>20,931</u>	<u>7,332,643</u>	<u>15,285</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,717,513</u>	<u>\$ 5,735,479</u>	<u>\$ -</u>	<u>\$ 8,452,992</u>	<u>\$ 20,630</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 589,185	\$ 519,469	\$ (158,042)	\$ 950,612	\$ (6,545)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	449,440	1,368,494	246,839	2,064,773	-
Depreciation charged to other funds	21,194	(21,194)	-	-	-

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(cont.)					
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources					
Accounts receivable	\$ 28,844	\$ 12,704	\$ 5,237	\$ 46,785	\$ -
Other accounts receivables	-	-	23,097	23,097	-
Inventories and prepaid items	(15,828)	(14,822)	(1,593)	(32,243)	-
Accounts payable	(33,599)	(4,201)	(50)	(37,850)	1,229
Accrued liabilities and deposits	1,983	2,981	(2,279)	2,685	-
Accrued compensated absences	8,002	(42,659)	-	(34,657)	-
Unearned revenue	-	-	1,392	1,392	10,487
Pension related deferrals and asset/liability	<u>29,801</u>	<u>41,210</u>	<u>37,092</u>	<u>108,103</u>	<u>-</u>
 <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	 <u>\$ 1,079,022</u>	 <u>\$ 1,861,982</u>	 <u>\$ 151,693</u>	 <u>\$ 3,092,697</u>	 <u>\$ 5,171</u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>					
Cash and investments	\$ 2,446,120	\$ 3,265,485	\$ -	\$ 5,711,605	\$ 20,630
Restricted cash and investments	<u>271,393</u>	<u>2,469,994</u>	<u>-</u>	<u>2,741,387</u>	<u>-</u>
 <b>CASH AND CASH EQUIVALENTS</b>	 <u>\$ 2,717,513</u>	 <u>\$ 5,735,479</u>	 <u>\$ -</u>	 <u>\$ 8,452,992</u>	 <u>\$ 20,630</u>
 <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets acquired via accounts payable	<u>\$ 88,473</u>	<u>\$ 159,245</u>	<u>\$ 47,453</u>		<u>\$ -</u>
Capital assets transferred to Governmental Activities	<u>\$ 808,997</u>	<u>\$ 1,416,665</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF RHINELANDER**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
As of December 31, 2019

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	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,468,041
Taxes receivable	<u>3,793,411</u>
Total Assets	<u>7,261,452</u>
<b>LIABILITIES</b>	
Due to other governments	<u>7,261,452</u>
Total Liabilities	<u>7,261,452</u>
<b>NET POSITION</b>	<u>\$ -</u>

See accompanying notes to financial statements.



**CITY OF RHINELANDER**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended December 31, 2019

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	<u>Custodial Fund Tax Collection Fund</u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	<u>\$ 4,714,154</u>
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>4,714,154</u>
<b>Change in Fiduciary Net Position</b>	-
NET POSITION - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

# CITY OF RHINELANDER

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the City of Rhinelander, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

#### ***Discretely Presented Component Unit***

##### *Rhinelanders-Oneida County Airport*

The government-wide financial statements include the Rhinelanders-Oneida County Airport (airport) as a component unit. The airport is a legally separate organization. The commission of the airport is made up of three members; appointments to the commission are alternated between the City of Rhinelanders and Oneida County. The city is the fiscal agent for the airport's operations. See Note III.J. As a component unit, the airport's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. The airport does not issue separate financial statements.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **A. REPORTING ENTITY (cont.)**

##### ***Discretely Presented Component Unit*** (cont.)

###### *Rhinelanders District Library*

The government-wide financial statements include the Rhinelanders District Library (library) as a component unit. The library is a legally separate organization. The board of the library is made up of three trustees representing the City of Rhinelanders, one trustee representing each member town and one trustee representing the K-12 school district. Under the agreement creating the library, the city is responsible for the largest share of the financial contribution to the library and is also the fiscal agent for the library's operations. See Note III.J. As a component unit, the library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. The library does not issue separate financial statements.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In January 2017, the GASB issued statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

In June 2018, the GASB issued statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2019.

#### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Government-Wide Financial Statements (cont.)***

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

##### ***Fund Financial Statements***

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- 1985 Community Block Grant Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.

# CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

The city reports the following major governmental funds: (cont.)

General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.

General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities, other than TIF or enterprise projects.

The city reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.

Wastewater Utility - accounts for operations of the wastewater system.

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Room Tax	Historical Complex
Recycling Grant	Boat Launch
Parking Advisory Board	K-9
Downtown Works	Fire Inspection Seminars
Hazardous Materials	Cemetery Perpetual Care
Shared Ride Transport Grant	DARE
Tank Inspections	Historic Preservation
Landfill Settlement	Ambulance
Playground Equipment	Property Acquisition & Improvements

Debt Service Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Environmental TIF #1

TIF #5

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TIF #6  
TIF #8  
TIF #9

TIF #10  
Premier Resort Area Tax

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

The city reports the following nonmajor governmental and enterprise funds: (cont.)

Enterprise Funds - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Stormwater Utility

Golf Course

In addition, the city reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Dental

HRA/FSA

Custodial Fund - used to account for and report assets controlled by the city and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Collection Fund

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)*

##### *Fund Financial Statements*

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At year-end, there were \$296,446 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and stormwater utilities and golf course are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***All Financial Statements***

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

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

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

The city has adopted an investment policy. That policy is more restrictive than the state statute for allowable investments. Custodial credit risk and credit risk are addressed as follows:

- > Where allowed by state law, full collateralization will be required on all demand deposit accounts and non-negotiable certificates of deposit.
- > Investments will be limited to the safest type of securities.
- > Financial institutions, broker/dealers, intermediaries and advisors with which the city will do business will be pre-qualified.
- > The investment portfolio will be diversified so that potential losses on individual securities will be minimized.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

##### ***2. Receivables***

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

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

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

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received grant funds for housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

##### ***4. Restricted Assets***

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

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **5. Capital Assets**

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets purchased prior to 2014 and \$10,000 for general capital assets purchased in 2014 and beyond, and \$20,000 for infrastructure assets purchased prior to 2014 and \$100,000 for infrastructure assets purchased in 2014 and beyond, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50	Years
Land Improvements	10-55	Years
Machinery and Equipment	3-25	Years
Utility System	40-100	Years
Infrastructure	10-60	Years
Intangibles	3-7	Years

###### ***Fund Financial Statements***

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

##### **6. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***7. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

##### ***8. Long-Term Obligations***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, compensated absences and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

##### ***9. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

**10. Equity Classifications**

***Government-Wide Statements***

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 19,275,165	\$ 26,767,900	\$ (2,019,982)	\$ 44,023,083
Unrestricted	(3,244,449)	4,750,983	2,019,982	3,526,516

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.

***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. Equity Classifications (cont.)***

###### ***Fund Statements (cont.)***

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

It is the goal of the city to achieve and maintain an unassigned fund balance in the general fund equal to 25% of expenditures. The city considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the 15% level the city will implement a corrective plan of action. The general fund's unassigned fund balance at the end of 2019 compared to actual general fund expenditures was 15.4%.

See Note III. I. for further information.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

**11. Pension**

For purposes of measuring the net pension asset (liability), 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.

**12. Basis for Existing Rates**

***Water Utility***

Current rates for the water utility were authorized by the Public Service Commission in 2015 with order 5010-WR-109.

***Wastewater Utility***

By ordinance, the city's wastewater rates are based on a user charge system. Current rates were approved by the city council in 2014 and were effective June 1, 2014.

***Stormwater Utility***

Current rates for the stormwater utility were approved by the city council in 2012. The rates were effective January 1, 2013 and contain step increases for 2014 and 2015.

### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS***

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 7,717,339	\$ 7,758,056	\$ 40,717
Landfill Settlement	41,481	45,218	3,737
Ambulance	667,737	667,911	174

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.



# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

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#### ***B. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Share Ride Transport Grant	\$ 187,314	Expenditures in excess of revenues
Environmental TIF #1	169,458	Expenditures in excess of revenues
TIF #8	29,030	Expenditures in excess of revenues
Golf Course	1,740,209	Expenses in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with future grants and contributions, general tax revenues, or long-term borrowing.

#### ***C. LIMITATIONS ON THE CITY'S TAX LEVY***

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 18,216,871	\$ 18,516,220	Custodial credit
U.S. agencies - implicitly guaranteed	199,994	199,994	Custodial credit, credit, concentration of credit, interest rate
Negotiable CD's	230,260	230,260	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,656	-	N/A
Total Deposits and Investments	<u>\$ 18,648,781</u>	<u>\$ 18,946,474</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 12,439,353		
Restricted cash and investments	2,741,387		
Per statement of net position - fiduciary fund			
Custodial Fund	3,468,041		
Total Deposits and Investments	<u>\$ 18,648,781</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$199,994 of the city's investments are covered by SIPC. Additionally, through London insurers, accounts have additional securities coverage of \$149.5 million per customer, subject to a \$500 million aggregate firm limit.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **A. DEPOSITS AND INVESTMENTS (cont.)**

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$17,779,165 to secure the city's deposits.

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 other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
U.S. agencies - implicitly guaranteed	\$ -	\$ 199,994	\$ -	\$ 199,994
Negotiable CD	-	230,260	-	230,260
Total	\$ -	\$ 430,254	\$ -	\$ 430,254

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

As of December 31, 2019, \$86,165 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 86,165</u>
--------------------------------	------------------

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The city does not have any investments exposed to custodial credit risk.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Credit Risk (cont.)**

As of December 31, 2019, the city's investments were rated as follows:

Investment Type	Standard & Poors
U.S. agencies - implicitly guaranteed	AA+
Negotiable CD	A-1

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	US agencies - implicitly guaranteed	46.48%
BMO Harris Bank National Association	Negotiable CD	53.52%

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2019, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	More than 3
US agencies - implicitly guaranteed	\$ 199,994	\$ 199,994	\$ -	\$ -
Negotiable CD	230,260	230,260	-	-
Totals	<u>\$ 430,254</u>	<u>\$ 430,254</u>	<u>\$ -</u>	<u>\$ -</u>

See Note I.D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year except for \$1.98 million of loans receivable and \$20,276 of special assessments receivable.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,558,853	\$ 20,885
Developer shortfall payment	19,890	-
Special assessments not yet due	-	39,963
Loans receivable	-	2,100,164
Other receivables	-	27,463
Due from other governments	-	79,996
 Total Unearned/Unavailable Revenue for Governmental Funds	 <b>\$ 6,578,743</b>	 <b>\$ 2,268,471</b>

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption     -   Used to segregate resources accumulated for debt service payments over the next twelve months.
  
- Reserve         -   Used to report resources set aside to make up potential future deficiencies in the redemption account.

***Equipment Replacement Account***

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

Following is a list of restricted assets at December 31, 2019:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 951,381	\$ 109,066	\$ 842,315
Bond reserve account	135,176	-	135,176
Equipment replacement account	1,654,830	-	1,654,830
Total	\$ 2,741,387	\$ 109,066	\$ 2,632,321

**D. CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 535,556	\$ 2,870,527	\$ 535,556	\$ 2,870,527
Land	3,719,433	-	-	3,719,433
Total Capital Assets Not Being Depreciated/Amortized	4,254,989	2,870,527	535,556	6,589,960
Capital assets being depreciated/amortized				
Land improvements	1,062,311	306,849	5,000	1,364,160
Buildings and improvements	8,238,638	-	-	8,238,638
Machinery and equipment	8,726,230	504,354	105,313	9,125,271
Intangibles	75,945	-	-	75,945
Infrastructure	30,969,497	-	-	30,969,497
Total Capital Assets Being Depreciated/Amortized	49,072,621	811,203	110,313	49,773,511
Total Capital Assets	53,327,610	3,681,730	645,869	56,363,471

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/amortization for				
Land improvements	\$ (391,972)	\$ (48,723)	\$ 5,000	\$ 435,695
Buildings and improvements	(6,140,682)	(85,001)	-	6,225,683
Machinery and equipment	(5,791,130)	(459,835)	104,507	6,146,458
Intangibles	(61,519)	(5,687)	-	67,206
Infrastructure	<u>(14,046,620)</u>	<u>(689,059)</u>	<u>-</u>	<u>14,735,679</u>
Total Accumulated Depreciation/Amortization	<u>(26,431,923)</u>	<u>(1,288,305)</u>	<u>109,507</u>	<u>27,610,721</u>
Net Capital Assets Being Depreciated/ Amortized	<u>22,640,698</u>	<u>(477,102)</u>	<u>806</u>	<u>22,162,790</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 26,895,687</u>	<u>\$ 2,393,425</u>	<u>\$ 536,362</u>	<u>\$ 28,752,750</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 22,466
Public safety	249,779
Public works	930,274
Health and human services	7,868
Culture, education and recreation	<u>77,918</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,288,305</u>

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ 43,464	\$ 1,607,415	\$ 33,826	\$ 1,617,053
Land	34,070	-	-	34,070
Total Capital Assets Not Being Depreciated	77,534	1,607,415	33,826	1,651,123
Capital assets being depreciated				
Property and equipment	19,587,666	452,766	31,585	20,008,847
Total Capital Assets Being Depreciated	19,587,666	452,766	31,585	20,008,847
Total Capital Assets	19,665,200	2,060,181	65,411	21,659,970
Less: Accumulated depreciation for				
Property and equipment	(6,101,830)	(470,634)	31,585	(6,540,879)
Total Accumulated Depreciation	(6,101,830)	(470,634)	31,585	(6,540,879)
Net Capital Assets Being Depreciated	13,485,836	(17,868)	-	13,467,968
Net Water Capital Assets	\$ 13,563,370	\$ 1,589,547	\$ 33,826	\$ 15,119,091



**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 606,941	\$ 3,636,438	\$ 10,742	\$ 4,232,637
Land	<u>1,587,593</u>	<u>-</u>	<u>-</u>	<u>1,587,593</u>
Total Capital Assets Not Being Depreciated	<u>2,194,534</u>	<u>3,636,438</u>	<u>10,742</u>	<u>5,820,230</u>
Capital assets being depreciated				
Property and equipment	<u>43,762,571</u>	<u>248,276</u>	<u>46,300</u>	<u>43,964,547</u>
Total Capital Assets Being Depreciated	<u>43,762,571</u>	<u>248,276</u>	<u>46,300</u>	<u>43,964,547</u>
Total Capital Assets	<u>45,957,105</u>	<u>3,884,714</u>	<u>57,042</u>	<u>49,784,777</u>
Less: Accumulated depreciation for				
Property and equipment	<u>(13,429,210)</u>	<u>(1,347,300)</u>	<u>46,300</u>	<u>(14,730,210)</u>
Total Accumulated Depreciation	<u>(13,429,210)</u>	<u>(1,347,300)</u>	<u>46,300</u>	<u>(14,730,210)</u>
Net Capital Assets Being Depreciated	<u>30,333,361</u>	<u>(1,099,024)</u>	<u>-</u>	<u>29,234,337</u>
Net Wastewater Capital Assets	<u>\$ 32,527,895</u>	<u>\$ 2,537,414</u>	<u>\$ 10,742</u>	<u>\$ 35,054,567</u>

## CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

##### Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 619	\$ 784,472	\$ 619	\$ 784,472
Land	35,666	-	-	35,666
Total Capital Assets Not Being Depreciated	36,285	784,472	619	820,138
Capital assets being depreciated				
Property and equipment	5,431,646	82,088	5,400	5,508,334
Total Capital Assets Being Depreciated	5,431,646	82,088	5,400	5,508,334
Total Capital Assets	5,467,931	866,560	6,019	6,328,472
Less: Accumulated depreciation for				
Property and equipment	(2,160,595)	(164,594)	5,400	(2,319,789)
Total Accumulated Depreciation	(2,160,595)	(164,594)	5,400	(2,319,789)
Net Capital Assets Being Depreciated	3,271,051	(82,506)	-	3,188,545
Net Stormwater Capital Assets	\$ 3,307,336	\$ 701,966	\$ 619	\$ 4,008,683
<u>Golf Course</u>				
Capital assets being depreciated				
Property and equipment	\$ 3,607,987	\$ 27,250	\$ 227,634	\$ 3,407,603
Total Capital Assets Being Depreciated	3,607,987	27,250	227,634	3,407,603
Less: Accumulated depreciation for				
Property and equipment	(3,176,091)	(82,245)	193,489	(3,064,847)
Total Accumulated Depreciation	(3,176,091)	(82,245)	193,489	(3,064,847)
Net Capital Assets Being Depreciated	431,896	(54,995)	34,145	342,756
Net Golf Course Capital Assets	\$ 431,896	\$ (54,995)	\$ 34,145	\$ 342,756

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 49,830,497	\$ 4,773,932	\$ 79,332	\$ 54,525,097

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 449,440
Wastewater	1,368,494
Stormwater	164,594
Golf course	<u>82,245</u>

Total Business-type Activities Depreciation Expense \$ 2,064,773

Depreciation/amortization expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Shared Ride Transport Grant	\$ 64,494
Wastewater Utility	Stormwater Utility	<u>100,000</u>
Total - Fund Financial Statements		164,494
Less: Fund eliminations		(164,494)
Add: Interfund advances		<u>2,054,156</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 2,054,156</u>

All amounts are due within one year.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)*

##### *Interfund Receivables/Payables (cont.)*

The principal purpose of these interfunds is to cover deficit cash balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

##### **Advances**

The general fund is advancing funds to the golf course, environmental TIF #1, TIF #8, ambulance, and shared ride transport grant funds. The amount advanced is determined by the cash deficit in the funds since their inception. No interest is being charged and no repayment schedule has been established.

The water utility and wastewater utility are advancing funds to the stormwater utility. The amount advanced is determined by an allocation of 2016 and 2019 project costs. In addition, the wastewater utility is also advancing funds to cover the remaining cash deficit in the fund since its inception. No interest is being charged and no repayment schedule has been established.

The general debt service fund advance to the water utility, wastewater utility and golf course reflects the amount each fund is contributing toward the debt service requirements on the 2014 state trust fund loan (refinanced in 2016), which was used for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Golf Course	\$ 1,863,156	\$ 1,863,156
General Fund	Environmental TIF #1	169,458	169,458
General Fund	Ambulance	135,384	135,384
General Fund	Shared Ride Transport Grant	120,817	120,817
General Fund	TIF #8	29,030	29,030
General Debt Service	Golf Course	35,000	35,000
General Debt Service	Water Utility	70,000	70,000
General Debt Service	Wastewater Utility	86,000	86,000
Water Utility	Stormwater Utility	696,459	696,459
Wastewater Utility	Stormwater Utility	<u>1,533,781</u>	1,533,781
Total - Fund Financial Statements		4,739,085	
Less: Fund eliminations		<u>(2,684,929)</u>	
Total - Interfund Advances		<u>\$ 2,054,156</u>	

The principal purpose of these interfunds is described above.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 317,733	Payment in lieu of taxes
Recycling Grant	General Fund	120,000	Grant match
Historical Complex	Room Tax	31,676	Yearly contribution per agreement
General Debt Service	General Capital Projects	35,853	2019A premium (contingency)
Ambulance	General Fund	179,202	Operating subsidy
Property Acquisitions & Improvements	General Fund	<u>2,337</u>	Contribution to Kabel Auto acquisition
Total - Fund Financial Statements		686,801	
Less: Fund eliminations		(369,068)	
Transfers of capital assets from business-type activities to governmental activities		<u>2,225,662</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 2,543,395</u>	

Generally, transfers are used to: (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 15,595,000	\$ 1,585,000	\$ 1,475,000	\$ 15,705,000	\$ 1,625,000
General obligation debt from direct borrowings and direct placements	1,465,038	-	179,398	1,285,640	138,753
(Discounts)/Premiums	264,057	50,913	24,963	290,007	-
Sub-totals	<u>17,324,095</u>	<u>1,635,913</u>	<u>1,679,361</u>	<u>17,280,647</u>	<u>1,763,753</u>
Other Liabilities					
Compensated absences	634,042	-	8,311	625,731	43,477
Net pension liability	-	3,378,280	1,823,175	1,555,105	-
Landfill liability	329,000	-	26,000	303,000	20,200
Total Other Liabilities	<u>963,042</u>	<u>3,378,280</u>	<u>1,857,486</u>	<u>2,483,836</u>	<u>63,677</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,287,137</u>	<u>\$ 5,014,193</u>	<u>\$ 3,536,847</u>	<u>\$ 19,764,483</u>	<u>\$ 1,827,430</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 280,000	\$ -	\$ 100,000	\$ 180,000	\$ 105,000
Revenue debt from direct borrowings and direct placements	20,280,575	8,368,919	1,133,364	27,516,130	6,480,545
Sub-totals	<u>20,560,575</u>	<u>8,368,919</u>	<u>1,233,364</u>	<u>27,696,130</u>	<u>6,585,545</u>
Other Liabilities					
Compensated absences	156,793	-	34,657	122,136	13,267
Net pension liability	-	402,742	219,707	183,035	-
Capital leases	81,250	-	20,183	61,067	21,044
Total Other Liabilities	<u>238,043</u>	<u>402,742</u>	<u>274,547</u>	<u>366,238</u>	<u>34,311</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 20,798,618</u>	<u>\$ 8,771,661</u>	<u>\$ 1,507,911</u>	<u>\$ 28,062,368</u>	<u>\$ 6,619,856</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019, was \$30,487,030. Total general obligation debt outstanding at year-end was \$17,170,640.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service funds. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
2010 Taxable G.O. Refunding Bonds	5/26/2010	3/1/2025	2.0-5.2%	\$ 1,285,000	\$ 680,000
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	1,945,000	175,000
2012 G.O. Notes	1/26/2012	12/1/2021	2.00%	1,785,000	360,000
2013 G.O. Bonds	1/29/2013	12/1/2032	2.0-3.0%	4,755,000	3,400,000
2013 Taxable G.O. Bonds	6/11/2013	12/1/2029	2.0-3.7%	2,110,000	1,490,000
2013 G.O. Bonds	6/11/2013	3/1/2029	2.0-3.0%	1,835,000	1,370,000
2013 State Trust Fund Loan*	7/10/2013	3/15/2033	3.75%	401,500	321,379
2013 State Trust Fund Loan*	7/10/2013	3/15/2023	2.75%	50,000	21,455
2013 State Trust Fund Loan*	7/10/2013	3/15/2026	3.75%	252,000	148,774
2013 State Trust Fund Loan*	11/27/2013	3/15/2026	4.25%	113,500	73,850
2013 State Trust Fund Loan*	7/10/2013	3/15/2023	2.75%	280,000	120,146
2013 State Trust Fund Loan*	7/26/2013	3/15/2026	3.75%	439,091	260,945
2013 State Trust Fund Loan*	7/26/2013	3/15/2030	3.75%	474,732	339,091
2014 G.O. Notes	3/13/2014	2/1/2024	0.4-2.6%	1,575,000	795,000
2016 G.O. Bonds	4/27/2016	4/1/2036	2.0-3.0%	2,197,200	2,005,000
2016 G.O. Bonds	4/27/2016	3/1/2033	1.75-3.75%	1,135,000	1,030,000
2018 G.O. Notes	5/1/2018	5/1/2028	2.5-3.0%	3,085,000	2,815,000
2019 G.O. Bonds	9/4/2019	6/1/2039	2.0-4.0%	1,585,000	<u>1,585,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 16,990,640</u>

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	\$ 305,000	\$ 85,000
2013 G.O. Bonds	6/11/2013	3/1/2029	2.0-3.0%	125,000	60,000
2014 G.O. Bonds	3/13/2014	2/1/2024	0.4-2.6%	225,000	<u>35,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 180,000</u>

\* The debt noted is directly placed with a third party.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,625,000	\$ 447,183	\$ 105,000	\$ 4,250
2021	1,515,000	394,734	20,000	1,470
2022	1,515,000	356,732	20,000	1,068
2023	1,350,000	317,435	25,000	563
2024	1,385,000	278,076	10,000	130
2025-2029	5,765,000	836,288	-	-
2030-2034	1,835,000	233,286	-	-
2035-2039	<u>715,000</u>	<u>43,715</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 15,705,000</u>	<u>\$ 2,907,449</u>	<u>\$ 180,000</u>	<u>\$ 7,481</u>

<u>Years</u>	<u>Governmental Activities General Obligation Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 138,753	\$ 47,294
2021	143,792	42,255
2022	148,883	37,163
2023	154,158	31,888
2024	121,681	26,496
2025-2029	432,136	68,550
2030-2033	<u>146,237</u>	<u>11,825</u>
Totals	<u>\$ 1,285,640</u>	<u>\$ 265,471</u>



# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *Revenue Debt*

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and wastewater utilities.

The water utility has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2008, 2013, 2014, 2016, and 2019. Proceeds from the bonds provided financing for the construction of a new well and wellhouse, as well as upgrades to existing facilities. The bonds are payable solely from water utility revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require 35% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,625,312. Principal and interest paid for the current year and total customer net revenues were \$294,503 and \$1,079,255, respectively.

The wastewater utility has pledged future wastewater revenues, net of specified operating expenses, to repay revenue bonds issued in 2010 - 2012, 2016, 2018, and 2019. Proceeds from the bonds provided financing for the construction of a new wastewater treatment plant, lift station and interceptor, as well as upgrades to existing facilities. The bonds are payable solely from wastewater revenues and are payable through 2056. Annual principal and interest payments on the bonds are expected to require 34% of net revenues. The total principal and interest remaining to be paid on the bonds is \$24,779,854. Principal and interest paid for the current year and total customer net revenues were \$1,278,290 and \$1,973,524, respectively.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2019, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
<u>Water Utility</u>					
2008 Safe Drinking Water Loan*	11/26/2008	5/1/2028	1.42%	\$ 1,097,024	\$ 533,917
2013 Safe Drinking Water Loan*	11/27/2013	5/1/2033	1.155%	1,026,552	781,828
2014 Safe Drinking Water Loan*	12/23/2014	5/1/2034	1.155%	881,411	689,083
2016 Safe Drinking Water Loan*	5/25/2016	5/1/2036	.99%	2,102,430	1,828,757
2019 Safe Drinking Water Loan*	6/26/2019	5/1/2039	1.188%	3,090,922	<u>3,090,922</u> (1)
				Total Water Utility	<u>6,924,507</u>

(1) - During 2019, the utility was authorized to issue \$5,677,375 of water system Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

**Business-type Activities Revenue Debt (cont.)**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>	
<u>Wastewater Utility</u>						
2010 Clean Water Fund Loan*	1/13/2010	5/1/2009	2.54%	\$ 12,633,196	\$ 7,795,393	
2011 Clean Water Fund Loan*	9/28/2011	5/1/2031	2.4%	975,332	639,593	
2012 Clean Water Fund Loan*	5/23/2012	5/1/2032	3.0%	486,465	347,743	
2016 Sewerage System Mortgage Revenue Bonds*	9/26/2016	5/1/2056	2.25%	2,100,000	1,999,600	
2016 Clean Water Fund Loan*	5/25/2016	5/1/2036	2.1%	1,191,891	1,052,208	
2016 Sewerage System Mortgage Revenue Bonds*	5/12/2016	5/1/2053	2.75%	3,431,650	3,264,550	
2018 Revenue Bond Anticipation Note*	12/28/2018	4/1/2020	3.9%	5,169,235	5,169,236	(1)
2019 Clean Water Fund Loan*	10/23/2019	5/1/2039	1.056%	323,300	<u>323,300</u>	(2)
				Total Wastewater Utility	<u>20,591,623</u>	

(1) - During 2018, the utility was authorized to issue \$5,373,000 of wastewater system revenue bond anticipation notes. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

(2) - During 2019, the utility was authorized to issue \$514,603 of wastewater system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

Total Business-type Activities - Revenue Debt \$ 27,516,130

\* The debt noted is directly placed with a third party.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 6,480,545	\$ 498,077
2021	1,338,976	421,620
2022	1,367,216	393,086
2023	1,396,141	363,893
2024	1,425,666	334,026
2056-2029	7,532,516	1,197,819
2030-2034	3,101,150	656,813
2035-2039	2,031,670	443,315
2040-2044	826,500	310,563
2045-2049	940,400	196,862
2050-2054	919,650	69,442
2055-2056	155,700	3,520
Totals	\$ 27,516,130	\$ 4,889,036

**Other Debt Information**

Estimated payments of compensated absences, the net pension liability and landfill liability are not included in the debt service requirement schedules. The portion of these liabilities attributable to governmental activities will be liquidated primarily by the general fund and landfill settlement fund.

A statutory mortgage lien upon the wastewater's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The wastewater's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Debt Information (cont.)**

The city's outstanding debt from direct borrowings and/or direct placements related to governmental activities of \$1,285,640 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the city.

The city's outstanding debt from direct borrowings and/or direct placements related to business-type activities of \$17,082,744 contain provisions that in the event the city fails to make a payment when due or fails to comply with any other provisions of the financial assistance agreement, the lender may pursue remedies including, but not limited to, declaring the entire balance of the loans immediately due and payable, deducting amounts from any state payments due the municipality, increasing the interest rate to the market interest rate, and/or appointing a receiver for the benefit of the lender.

The city's outstanding debt from direct borrowings and/or direct placements related to business-type activities of \$5,264,150 contain a provision that in the event the city fails to make a payment when due or fails to comply with any other provisions of the agreement, the lender at its option may declare the entire loan balance outstanding immediately due and payable, incur and pay expenses necessary to cure the cause of default (payable from the source of funds pledged to pay the bonds or any other legally permissible source), and/or take possession of the facility.

**G. LEASE DISCLOSURES**

**Lessee - Capital Leases**

In 2016 and 2017, the golf course acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$122,823, which are included in capital assets in the business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2019, are as follows:

<u>Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 21,044	\$ 2,217	\$ 23,261
2021	19,586	1,402	20,988
2022	20,437	550	20,987
Totals	<u>\$ 61,067</u>	<u>\$ 4,169</u>	<u>\$ 65,236</u>

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### ***H. CLOSURE AND POSTCLOSURE CARE COST***

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. The city completed final closure of the landfill in 1979. The \$303,000 reported as landfill postclosure care liability at December 31, 2019, represents the total amount needed by the city for postclosure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The city is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure care costs. At December 31, 2019, the city had restricted fund balance in the landfill settlement fund in the amount of \$92,454. The maintenance and monitoring expenses for long-term care will be budgeted for each year and the amount will be paid from the landfill settlement funds.

#### ***I. NET POSITION/FUND BALANCES***

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

##### ***Governmental Activities***

Net Investment in Capital Assets	
Construction in progress	\$ 2,870,527
Land	3,719,433
Other capital assets, net of accumulated depreciation/amortization	22,162,790
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(9,192,515)
Less: Unamortized debt premium	<u>(285,070)</u>
Total Net Investment in Capital Assets	<u>\$ 19,275,165</u>

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### I. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	<u>General Debt Service Fund</u>	<u>General Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories and prepaid items	\$ 234,712	\$ -	\$ -	\$ -	\$ 46,470	\$ 281,182
Noncurrent advances	2,317,845	-	-	-	-	2,317,845
Cemetery perpetual care	-	-	-	-	18,728	18,728
Sub-total	<u>2,552,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,198</u>	<u>2,617,755</u>
<b>Restricted for:</b>						
Loan programs	-	222,516	-	-	111,579	334,095
Debt service	-	-	419,618	-	75,150	494,768
Capital projects	-	-	-	1,337,558	1,379,861	2,717,419
Tourism	-	-	-	-	108,443	108,443
TIF projects	-	-	-	-	1,902,846	1,902,846
Parking advisory board operations	-	-	-	-	72,070	72,070
Hazardous materials response	-	-	-	-	24,089	24,089
Landfill clean-up	-	-	-	-	92,454	92,454
Historical complex facilities and programs	-	-	-	-	19,666	19,666
K-9 program	-	-	-	-	8,029	8,029
DARE	-	-	-	-	3,165	3,165
Sub-total	<u>-</u>	<u>222,516</u>	<u>419,618</u>	<u>1,337,558</u>	<u>3,797,352</u>	<u>5,777,044</u>
<b>Committed to:</b>						
Tank inspection equipment	-	-	-	-	43,087	43,087
Playground equipment and maintenance	-	-	-	-	40,296	40,296
Boat launch equipment and maintenance	-	-	-	-	42,461	42,461
Historic preservation	-	-	-	-	2,132	2,132
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,976</u>	<u>127,976</u>
<b>Assigned to:</b>						
Capital projects	-	-	-	57,381	-	57,381
Recycling	-	-	-	-	1,537	1,537
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,381</u>	<u>1,537</u>	<u>58,918</u>
<b>Unassigned (deficit):</b>	<u>1,148,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(428,377)</u>	<u>720,220</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 3,701,154</u>	<u>\$ 222,516</u>	<u>\$ 419,618</u>	<u>\$ 1,394,939</u>	<u>\$ 3,563,686</u>	<u>\$ 9,301,913</u>

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. NET POSITION/FUND BALANCES (cont.)

##### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 1,657,329
Construction in progress	6,634,162
Other capital assets, net of accumulated depreciation	46,233,606
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(27,757,197)</u>
Total Net Investment in Capital Assets	<u>\$ 26,767,900</u>

#### J. COMPONENT UNITS

##### *RHINELANDER-ONEIDA COUNTY AIRPORT*

This report contains the Rhinelanders-Oneida County Airport (airport), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The airport follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

at year-end, the carrying amount of the airport's deposits was \$168,820 and is part of the city's commingled cash. See Note III. A.



**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**J. COMPONENT UNITS (cont.)**

***RHINELANDER-ONEIDA COUNTY AIRPORT (cont.)***

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Construction in progress	\$ 1,645,516	\$ 222,587	\$ 344,448	\$ 1,523,655	
Land	187,700	-	-	187,700	
Buildings and improvements	4,790,231	-	-	4,790,231	25 - 50
Machinery and equipment	3,282,828	542,542	348,683	3,476,687	3 - 25
Infrastructure	12,908,466	-	-	12,908,466	10 - 60
Less: Accumulated depreciation	<u>(12,809,930)</u>	<u>(808,316)</u>	<u>348,683</u>	<u>(13,269,563)</u>	
<b>Totals</b>	<b><u>\$ 10,004,811</u></b>	<b><u>\$ (43,187)</u></b>	<b><u>\$ 344,448</u></b>	<b><u>\$ 9,617,176</u></b>	

d. Employee Retirement System

All eligible airport employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note IV.A.

e. Due to Primary Government

The total reported as due to primary government reflects the amount the airport is contributing toward the debt service requirements on the city's 2016 G.O. bond which was used to refund the state trust fund loan originally issued for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

***RHINELANDER DISTRICT LIBRARY***

This report contains the Rhinelander District Library (library), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The library follows the full accrual basis of accounting and the flow of economic resources measurement focus.

**CITY OF RHINELANDER**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**J. COMPONENT UNITS (cont.)**

**LIBRARY COMPONENT UNIT (cont.)**

b. Deposits and Investments

At year-end, the carrying amount of the library's deposits was \$128,342 and is part of the city's commingled cash. See Note III. A. Total library cash and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Commingled cash deposits	\$ 128,342	\$ -	N/A
Deposits	808,144	805,076	Custodial credit risk
Petty cash	150	-	N/A
 Total Deposits and Investments	 \$ 936,636	 \$ 805,076	

**Custodial Credit Risk**

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the library's deposits may not be returned to the library.

The library does not have any deposits exposed to custodial credit risk.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 8,183	\$ -	\$ -	\$ 8,183	
Buildings and improvements	1,464,391	-	-	1,464,391	25 - 50
Machinery and equipment	1,337,965	57,642	219,073	1,176,534	3 - 25
Less: Accumulated depreciation	(2,558,046)	(46,284)	216,570	(2,387,760)	
 Totals	 \$ 252,493	 \$ 11,358	 \$ 2,503	 \$ 261,348	

d. Employee Retirement System

All eligible library employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note IV.A.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *J. COMPONENT UNITS (cont.)*

##### *LIBRARY COMPONENT UNIT (cont.)*

###### e. Due to Primary Government

The total reported as due to primary government reflects the amount the library is contributing toward the debt service requirements on the city's 2016 G.O. bond which was used to refund the state trust fund loan originally issued for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

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### NOTE IV - OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

Final average earnings is the average of the participant's three highest annual earnings period. 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.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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 merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$552,580 in contributions from the city (including component units).

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

#### ***Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019, the city (including component units) reported a liability of \$1,953,282 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 0.05490316%, which was a decrease of 0.00093650% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city (including component units) recognized pension expense of \$1,312,802.

## CITY OF RHINELANDER

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the city (including component units) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,521,311	\$ 2,689,130
Changes in assumptions	329,252	-
Net differences between projected and actual earnings on pension plan investments	2,852,635	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,443	8,587
Employer contributions subsequent to the measurement date	556,253	-
Totals	\$ 5,261,894	\$ 2,697,717

Deferred outflows of resources and deferred inflows of resources (except for employer contributions subsequent to the measurement date) reported above are for the government as a whole as reported by the WRS. Totals do not agree to the statement of net position due to internal allocations of these amounts between the governmental activities and the business-type activities financial statements.

\$556,253 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. 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:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 725,606
2021	181,211
2022	319,117
2023	781,990

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</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: 2.5%  
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. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability 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 asset (liability)	\$(7,762,548)	\$(1,953,282)	\$2,366,357

**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>.

At December 31, 2019, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

#### B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city participates in a public entity risk pool called CVMIC to provide coverage for losses from errors and omission, liability and workers compensation claims. However, other risks, such as dental claims are accounted for and financed by the city in the internal service fund. Commercial insurance coverage has been purchased for theft and property damage, as well as health insurance.

#### **Public Entity Risk Pool**

##### **Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)**

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

# CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

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## NOTE IV - OTHER INFORMATION (cont.)

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### **B. RISK MANAGEMENT** (cont.)

#### **Public Entity Risk Pool** (cont.)

##### **Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)** (cont.)

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$17,500 per occurrence and an annual aggregate limit of \$70,000.

### **C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

The city has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city had \$6.6 million in open construction contracts at December 31, 2019.

During 2019, multiple sampling events detected per- and polyfluoroalkyl substances (PFAS) in the city's well #7. The city voluntarily took the well offline. Subsequent sampling at well #8 also detected PFAS and that well was voluntarily taken offline as well. In a December 2019 letter from the DNR, the City of Rhineland, Oneida County and Rhineland-Oneida County Airport were all named as responsible parties related to the contamination at well #7. The city's intent is to identify remediation and treatment options, however, formal costs and strategies remain unknown at this time.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***D. SUBSEQUENT EVENTS***

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the Entity. As of the audit opinion date, the city's evaluation of the effects of these events is ongoing; however, based on current information we believe this situation will impact room tax and premier resort area tax revenues.

The extent of the impact of COVID-19 on the city's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

In January 2020, the city issued sewerage system mortgage revenue bonds in the amount of \$5,373,000 with an interest rate of 1.625%. This amount will be used primarily to refund the city's 2018 revenue bond anticipation notes.

During 2020, the city made additional draws in the amount of \$2,057,729 on its 2019 safe drinking water loan and \$154,103 on its clean water fund loan.

#### ***E. RELATED ORGANIZATIONS***

##### ***Housing Authority***

The city's officials are responsible for appointing the board members of the Rhinelander Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

# CITY OF RHINELANDER

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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### **NOTE IV - OTHER INFORMATION** (cont.)

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#### ***F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus 2020*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF RHINELANDER

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 4,771,542	\$ 4,771,542	\$ 4,754,059	\$ (17,483)
Special assessments	8,000	8,000	7,419	(581)
Intergovernmental	1,998,075	1,998,075	2,014,679	16,604
Licenses and permits	168,280	168,280	189,071	20,791
Fines, forfeitures and penalties	32,500	32,500	36,400	3,900
Charges for services	301,117	301,117	483,652	182,535
Investment income	70,759	70,759	172,223	101,464
Miscellaneous	<u>35,066</u>	<u>35,066</u>	<u>30,137</u>	<u>(4,929)</u>
<b>Total Revenues</b>	<u>7,385,339</u>	<u>7,385,339</u>	<u>7,687,640</u>	<u>302,301</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,113,893	1,177,260	1,185,770	(8,510)
Public safety	4,162,619	4,130,249	4,142,086	(11,837)
Public works	1,737,924	1,720,589	1,705,953	14,636
Health and human services	66,497	66,497	66,672	(175)
Culture, recreation and education	312,447	300,447	288,265	12,182
Conservation and development	28,000	28,000	27,664	336
Capital Outlay	<u>30,439</u>	<u>30,439</u>	<u>40,107</u>	<u>(9,668)</u>
<b>Total Expenditures</b>	<u>7,451,819</u>	<u>7,453,481</u>	<u>7,456,517</u>	<u>(3,036)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,480)</u>	<u>(68,142)</u>	<u>231,123</u>	<u>299,265</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	328,000	328,000	317,733	(10,267)
Transfers out	(261,520)	(263,858)	(301,539)	(37,681)
Property sales	<u>-</u>	<u>-</u>	<u>2,806</u>	<u>2,806</u>
<b>Total Other Financing Sources     (Uses)</b>	<u>66,480</u>	<u>64,142</u>	<u>19,000</u>	<u>(45,142)</u>
<b>Net Change in Fund Balance</b>	-	(4,000)	250,123	254,123
FUND BALANCE - Beginning of Year	<u>3,451,031</u>	<u>3,451,031</u>	<u>3,451,031</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,451,031</u>	<u>\$ 3,447,031</u>	<u>\$ 3,701,154</u>	<u>\$ 254,123</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF RHINELANDER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - 1985 COMMUNITY  
BLOCK GRANT SPECIAL REVENUE FUND  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 2,000	\$ 2,000	\$ 4,049	\$ 2,049
Miscellaneous revenue	50,000	50,000	72,869	22,869
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>76,918</u>	<u>24,918</u>
<b>EXPENDITURES</b>				
Current				
Conservation and development	140,471	140,471	9,884	130,587
Total Expenditures	<u>140,471</u>	<u>140,471</u>	<u>9,884</u>	<u>130,587</u>
Net Change in Fund Balance	(88,471)	(88,471)	67,034	155,505
FUND BALANCE - Beginning of Year	<u>155,482</u>	<u>155,482</u>	<u>155,482</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 67,011</u>	<u>\$ 67,011</u>	<u>\$ 222,516</u>	<u>\$ 155,505</u>

See independent auditors' report and accompanying notes to required supplementary information.

**CITY OF RHINELANDER**

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)  
WISCONSIN RETIREMENT SYSTEM (WRS)  
For the Year Ended December 31, 2019

WRS Fiscal Year End (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension Asset (Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	0.05490316%	\$ (1,953,282)	\$ 5,680,341	34.39%	96.45%
12/31/17	0.05583966%	1,657,945	5,793,805	28.62%	102.93%
12/31/16	0.05576150%	(459,608)	5,983,218	7.68%	99.12%
12/31/15	0.05558475%	(903,241)	6,105,118	14.79%	98.20%
12/31/14	0.05522279%	1,356,423	5,876,759	23.08%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM (WRS)  
For the Year Ended December 31, 2019

City Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 556,253	\$ 556,253	\$ -	\$ 5,769,085	9.64%
12/31/18	552,578	552,578	-	5,680,341	9.73%
12/31/17	562,095	562,095	-	5,793,805	9.70%
12/31/16	528,400	528,400	-	5,983,218	8.83%
12/31/15	544,900	544,900	-	6,105,118	8.93%

See accompanying notes to required supplementary information and independent auditors' report.



# CITY OF RHINELANDER

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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### ***BUDGETARY INFORMATION***

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

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

**SUPPLEMENTARY INFORMATION**

**CITY OF RHINELANDER**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
<b>ASSETS</b>				
Cash and investments	\$ 97,266	\$ 12,172	\$ 73,806	\$ 111,907
Receivables (net)				
Taxes	43,924	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	94,604
Other	-	-	-	-
Due from other governments	-	-	-	-
Inventories and prepaid items	-	-	-	-
	<u>\$ 141,190</u>	<u>\$ 12,172</u>	<u>\$ 73,806</u>	<u>\$ 206,511</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 32,747	\$ 9,356	\$ 370	\$ -
Accrued liabilities and deposits	-	1,279	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>32,747</u>	<u>10,635</u>	<u>370</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	1,366	94,932
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,366</u>	<u>94,932</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	108,443	-	72,070	111,579
Committed	-	-	-	-
Assigned	-	1,537	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>108,443</u>	<u>1,537</u>	<u>72,070</u>	<u>111,579</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 141,190</u>	<u>\$ 12,172</u>	<u>\$ 73,806</u>	<u>\$ 206,511</u>

Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Boat Launch
\$ 24,213	\$ -	\$ 43,087	\$ 96,689	\$ 42,968	\$ 25,286	\$ 42,461
-	-	-	-	-	-	-
-	15,625	-	-	-	-	-
-	-	-	-	-	-	-
-	79,996	-	-	-	-	-
-	-	-	195	-	3,700	-
<u>\$ 24,213</u>	<u>\$ 95,621</u>	<u>\$ 43,087</u>	<u>\$ 96,884</u>	<u>\$ 42,968</u>	<u>\$ 28,986</u>	<u>\$ 42,461</u>
\$ 124	\$ -	\$ -	\$ 4,235	\$ 2,672	\$ 5,620	\$ -
-	-	-	-	-	-	-
-	17,628	-	-	-	-	-
-	64,494	-	-	-	-	-
-	120,817	-	-	-	-	-
<u>124</u>	<u>202,939</u>	<u>-</u>	<u>4,235</u>	<u>2,672</u>	<u>5,620</u>	<u>-</u>
-	-	-	-	-	-	-
-	79,996	-	-	-	-	-
-	79,996	-	-	-	-	-
-	-	-	195	-	3,700	-
24,089	-	-	92,454	-	19,666	-
-	-	43,087	-	40,296	-	42,461
-	-	-	-	-	-	-
-	(187,314)	-	-	-	-	-
<u>24,089</u>	<u>(187,314)</u>	<u>43,087</u>	<u>92,649</u>	<u>40,296</u>	<u>23,366</u>	<u>42,461</u>
<u>\$ 24,213</u>	<u>\$ 95,621</u>	<u>\$ 43,087</u>	<u>\$ 96,884</u>	<u>\$ 42,968</u>	<u>\$ 28,986</u>	<u>\$ 42,461</u>

**CITY OF RHINELANDER**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

	Special Revenue			
	K-9	Fire Inspection Seminars	Cemetery Perpetual Care	DARE
<b>ASSETS</b>				
Cash and investments	\$ 8,093	\$ -	\$ 18,728	\$ 3,165
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	-
Inventories and prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 8,093</u>	<u>\$ -</u>	<u>\$ 18,728</u>	<u>\$ 3,165</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 64	\$ -	\$ -	\$ -
Accrued liabilities and deposits	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	18,728	-
Restricted	8,029	-	-	3,165
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>8,029</u>	<u>-</u>	<u>18,728</u>	<u>3,165</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 8,093</u>	<u>\$ -</u>	<u>\$ 18,728</u>	<u>\$ 3,165</u>

Special Revenue			Debt Service		Capital Projects	
Historic Preservation	Ambulance	Property Acquisitions & Improvements	Environmental TIF #1	TIF #5	TIF #6	TIF #8
\$ 2,132	\$ -	\$ -	\$ -	\$ 75,150	\$ 162,865	\$ -
-	-	-	111,185	14,467	213,211	-
-	129,306	-	-	-	-	-
-	-	-	-	-	351,698	-
-	-	-	19,890	-	-	-
-	-	-	-	-	-	-
-	42,575	-	-	-	-	-
<u>\$ 2,132</u>	<u>\$ 171,881</u>	<u>\$ -</u>	<u>\$ 131,075</u>	<u>\$ 89,617</u>	<u>\$ 727,774</u>	<u>\$ -</u>
\$ -	\$ 3,497	\$ -	\$ -	\$ -	\$ 55	\$ -
-	6,903	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	135,384	-	169,458	-	-	29,030
-	145,784	-	169,458	-	55	29,030
-	-	-	131,075	14,467	213,211	-
-	26,097	-	-	-	351,698	-
-	26,097	-	131,075	14,467	564,909	-
-	42,575	-	-	-	-	-
-	-	-	-	75,150	162,810	-
2,132	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(42,575)	-	(169,458)	-	-	(29,030)
<u>2,132</u>	<u>-</u>	<u>-</u>	<u>(169,458)</u>	<u>75,150</u>	<u>162,810</u>	<u>(29,030)</u>
<u>\$ 2,132</u>	<u>\$ 171,881</u>	<u>\$ -</u>	<u>\$ 131,075</u>	<u>\$ 89,617</u>	<u>\$ 727,774</u>	<u>\$ -</u>

**CITY OF RHINELANDER**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2019

	Capital Projects			Total Nonmajor Governmental Funds
	TIF #9	TIF #10	Premier Resort Area Tax	
<b>ASSETS</b>				
Cash and investments	\$ 1,285,835	\$ 454,201	\$ 1,187,103	\$ 3,767,127
Receivables (net)				
Taxes	573,313	110,242	-	1,066,342
Accounts	-	-	-	144,931
Loans	-	-	-	446,302
Other	-	-	-	19,890
Due from other governments	-	-	192,758	272,754
Inventories and prepaid items	-	-	-	46,470
	<u>1,859,148</u>	<u>564,443</u>	<u>1,379,861</u>	<u>5,763,816</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,859,148</u>	<u>\$ 564,443</u>	<u>\$ 1,379,861</u>	<u>\$ 5,763,816</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 58,740
Accrued liabilities and deposits	-	-	-	8,182
Due to other governments	-	-	-	17,628
Due to other funds	-	-	-	64,494
Advances from other funds	-	-	-	454,689
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,733</u>
Deferred Inflows of Resources				
Unearned revenues	573,313	110,242	-	1,042,308
Unavailable revenues	-	-	-	554,089
Total Deferred Inflows of Resources	<u>573,313</u>	<u>110,242</u>	<u>-</u>	<u>1,596,397</u>
Fund Balances				
Nonspendable	-	-	-	65,198
Restricted	1,285,835	454,201	1,379,861	3,797,352
Committed	-	-	-	127,976
Assigned	-	-	-	1,537
Unassigned (deficit)	-	-	-	(428,377)
Total Fund Balances	<u>1,285,835</u>	<u>454,201</u>	<u>1,379,861</u>	<u>3,563,686</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,859,148</u>	<u>\$ 564,443</u>	<u>\$ 1,379,861</u>	<u>\$ 5,763,816</u>

**CITY OF RHINELANDER**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
<b>REVENUES</b>				
Taxes	\$ 235,627	\$ -	\$ -	\$ -
Intergovernmental	-	22,574	-	-
Charges for services	-	-	2,165	300
Investment income	-	-	-	1,648
Miscellaneous	2,755	-	15,993	43,316
Total Revenues	<u>238,382</u>	<u>22,574</u>	<u>18,158</u>	<u>45,264</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Public works	-	173,012	56,519	-
Culture, recreation and education	188,587	-	-	-
Conservation and development	-	-	-	17,622
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>188,587</u>	<u>173,012</u>	<u>56,519</u>	<u>17,622</u>
Excess (deficiency) of revenues over expenditures	<u>49,795</u>	<u>(150,438)</u>	<u>(38,361)</u>	<u>27,642</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	120,000	-	-
Transfers out	(31,676)	-	-	-
Total Other Financing Sources (Uses)	<u>(31,676)</u>	<u>120,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	18,119	(30,438)	(38,361)	27,642
FUND BALANCES (DEFICIT) - Beginning of Year	<u>90,324</u>	<u>31,975</u>	<u>110,431</u>	<u>83,937</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 108,443</u>	<u>\$ 1,537</u>	<u>\$ 72,070</u>	<u>\$ 111,579</u>



Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Boat Launch
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,875	316,534	-	-	-	-	-
-	-	23,704	-	2,440	-	6,281
-	-	-	3,052	-	-	-
<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,878</u>	<u>1,000</u>
<u>20,625</u>	<u>316,534</u>	<u>23,704</u>	<u>3,052</u>	<u>2,440</u>	<u>9,878</u>	<u>7,281</u>
2,433	-	9,334	-	-	-	-
-	368,719	-	45,218	-	-	-
-	-	-	-	3,682	45,225	1,045
-	-	-	-	-	-	-
26,638	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>29,071</u>	<u>368,719</u>	<u>9,334</u>	<u>45,218</u>	<u>3,682</u>	<u>45,225</u>	<u>1,045</u>
<u>(8,446)</u>	<u>(52,185)</u>	<u>14,370</u>	<u>(42,166)</u>	<u>(1,242)</u>	<u>(35,347)</u>	<u>6,236</u>
-	-	-	-	-	31,676	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,676</u>	<u>-</u>
(8,446)	(52,185)	14,370	(42,166)	(1,242)	(3,671)	6,236
<u>32,535</u>	<u>(135,129)</u>	<u>28,717</u>	<u>134,815</u>	<u>41,538</u>	<u>27,037</u>	<u>36,225</u>
<u>\$ 24,089</u>	<u>\$ (187,314)</u>	<u>\$ 43,087</u>	<u>\$ 92,649</u>	<u>\$ 40,296</u>	<u>\$ 23,366</u>	<u>\$ 42,461</u>

**CITY OF RHINELANDER**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	Special Revenue			
	K-9	Fire Inspection Seminars	Cemetery Perpetual Care	DARE
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	433	-
Miscellaneous	9,952	-	840	354
Total Revenues	<u>9,952</u>	<u>-</u>	<u>1,273</u>	<u>354</u>
<b>EXPENDITURES</b>				
Current				
Public safety	2,689	1,667	-	558
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,689</u>	<u>1,667</u>	<u>-</u>	<u>558</u>
Excess (deficiency) of revenues over expenditures	<u>7,263</u>	<u>(1,667)</u>	<u>1,273</u>	<u>(204)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	7,263	(1,667)	1,273	(204)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>766</u>	<u>1,667</u>	<u>17,455</u>	<u>3,369</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 8,029</u>	<u>\$ -</u>	<u>\$ 18,728</u>	<u>\$ 3,165</u>

Special Revenue			Debt Service		Capital Projects	
Historic Preservation	Ambulance	Property Acquisitions & Improvements	Environmental TIF #1	TIF #5	TIF #6	TIF #8
\$ -	\$ -	\$ -	\$ 89,860	\$ 15,211	\$ 161,836	\$ -
-	5,777	97,282	2,049	233	12,548	13,873
-	482,932	-	-	-	-	-
-	-	-	-	-	19,684	-
-	-	-	38,554	-	23,225	-
-	488,709	97,282	130,463	15,444	217,293	13,873
-	495,756	-	-	-	-	-
-	-	1,418	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,048	2,349	3,606	2,354
-	-	-	-	-	-	-
-	140,260	-	95,000	-	83,839	28,056
-	31,895	-	35,863	-	34,407	4,076
-	667,911	1,418	132,911	2,349	121,852	34,486
-	(179,202)	95,864	(2,448)	13,095	95,441	(20,613)
-	179,202	2,337	-	-	-	-
-	-	-	-	-	-	-
-	179,202	2,337	-	-	-	-
-	-	98,201	(2,448)	13,095	95,441	(20,613)
2,132	-	(98,201)	(167,010)	62,055	67,369	(8,417)
<u>\$ 2,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,458)</u>	<u>\$ 75,150</u>	<u>\$ 162,810</u>	<u>\$ (29,030)</u>

## CITY OF RHINELANDER

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Capital Projects			Total Nonmajor Governmental Funds
	TIF #9	TIF #10	Premier Resort Area Tax	
<b>REVENUES</b>				
Taxes	\$ 613,401	\$ 102,226	\$ 686,923	\$ 1,905,084
Intergovernmental	14,100	1,446	-	503,291
Charges for services	-	-	-	517,822
Investment income	-	-	28,419	53,236
Miscellaneous	-	-	200	149,817
Total Revenues	627,501	103,672	715,542	3,129,250
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	512,437
Public works	-	-	51,844	696,730
Culture, recreation and education	-	-	-	238,539
Conservation and development	3,151	2,353	-	33,483
Capital Outlay	-	-	89,141	115,779
Debt Service				
Principal	365,010	17,233	180,000	909,398
Interest and fiscal charges	129,023	12,698	88,513	336,475
Total Expenditures	497,184	32,284	409,498	2,842,841
Excess (deficiency) of revenues over expenditures	130,317	71,388	306,044	286,409
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	333,215
Transfers out	-	-	-	(31,676)
Total Other Financing Sources (Uses)	-	-	-	301,539
<b>Net Change in Fund Balances</b>	130,317	71,388	306,044	587,948
FUND BALANCES (DEFICIT) - Beginning of Year	1,155,518	382,813	1,073,817	2,975,738
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,285,835	\$ 454,201	\$ 1,379,861	\$ 3,563,686

## CITY OF RHINELANDER

### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2019

	<u>Stormwater Utility</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets			
Receivables			
Accounts	\$ 119,404	\$ -	\$ 119,404
Inventories and prepaid items	-	29,312	29,312
Total Current Assets	<u>119,404</u>	<u>29,312</u>	<u>148,716</u>
Noncurrent Assets			
Capital Assets			
Construction in progress	784,472	-	784,472
Land	35,666	-	35,666
Capital assets being depreciated	5,508,334	3,407,603	8,915,937
Less: Accumulated depreciation	(2,319,789)	(3,064,847)	(5,384,636)
Other receivables	-	35,641	35,641
Total Noncurrent Assets	<u>4,008,683</u>	<u>378,397</u>	<u>4,387,080</u>
Total Assets	<u>4,128,087</u>	<u>407,709</u>	<u>4,535,796</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>14,761</u>	<u>50,951</u>	<u>65,712</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	47,453	20	47,473
Accrued liabilities and deposits	2,687	10,897	13,584
Due to other funds	100,000	-	100,000
Current portion of general obligation debt	5,000	100,000	105,000
Current portion of leases	-	21,044	21,044
Total Current Liabilities	<u>155,140</u>	<u>131,961</u>	<u>287,101</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	15,000	60,000	75,000
Other Liabilities			
Net pension liability	5,673	4,033	9,706
Capital leases payable	-	40,023	40,023
Advances from other funds	<u>2,230,240</u>	<u>1,898,156</u>	<u>4,128,396</u>
Total Noncurrent Liabilities	<u>2,250,913</u>	<u>2,002,212</u>	<u>4,253,125</u>
Total Liabilities	<u>2,406,053</u>	<u>2,134,173</u>	<u>4,540,226</u>

**CITY OF RHINELANDER**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2019

	Stormwater Utility	Golf Course	Total Nonmajor Enterprise Funds
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	\$ -	\$ 3,516	\$ 3,516
Pension related amounts	8,145	61,180	69,325
Total Deferred Inflows of Resources	<u>8,145</u>	<u>64,696</u>	<u>72,841</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,988,683	121,689	4,110,372
Unrestricted (deficit)	<u>(2,260,033)</u>	<u>(1,861,898)</u>	<u>(4,121,931)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 1,728,650</u>	<u>\$ (1,740,209)</u>	<u>\$ (11,559)</u>

## CITY OF RHINELANDER

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019

	Stormwater Utility	Golf Course	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 420,037	\$ 603,974	\$ 1,024,011
Total Operating Revenues	<u>420,037</u>	<u>603,974</u>	<u>1,024,011</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	231,202	704,012	935,214
Depreciation	<u>164,594</u>	<u>82,245</u>	<u>246,839</u>
Total Operating Expenses	<u>395,796</u>	<u>786,257</u>	<u>1,182,053</u>
Operating Income (Loss)	<u>24,241</u>	<u>(182,283)</u>	<u>(158,042)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and fiscal charges	(475)	(7,530)	(8,005)
Gain (loss) on disposal of capital assets	<u>-</u>	<u>(29,395)</u>	<u>(29,395)</u>
Total Nonoperating Expenses	<u>(475)</u>	<u>(36,925)</u>	<u>(37,400)</u>
<b>Change in Net Position</b>	23,766	(219,208)	(195,442)
NET POSITION (DEFICIT) - Beginning of Year	<u>1,704,884</u>	<u>(1,521,001)</u>	<u>183,883</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u>\$ 1,728,650</u>	<u>\$ (1,740,209)</u>	<u>\$ (11,559)</u>

## CITY OF RHINELANDER

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019

	Stormwater Utility	Golf Course	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 420,789	\$ 609,851	\$ 1,030,640
Paid to suppliers for goods and services	(151,127)	(650,464)	(801,591)
Paid to employees for services	(77,356)	-	(77,356)
Net Cash Flows From Operating Activities	192,306	(40,613)	151,693
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Negative cash implicitly financed	(79,142)	182,574	103,432
Advances repaid to other funds	-	(1,000)	(1,000)
Interest on advance	-	(1,115)	(1,115)
Net Cash Flows From Noncapital Financing Activities	(79,142)	180,459	101,317
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(5,000)	(115,183)	(120,183)
Interest and fiscal charges paid	(475)	(6,415)	(6,890)
Acquisition and construction of capital assets	(818,488)	(22,500)	(840,988)
Capital advances from other funds	694,120	-	694,120
Net Cash Flows From Capital and Related Financing Activities	(129,843)	(144,098)	(273,941)
<b>Net Change in Cash and Cash Equivalents</b>	(16,679)	(4,252)	(20,931)
CASH AND CASH EQUIVALENTS - Beginning of Year	16,679	4,252	20,931
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ -	\$ -	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 24,241	\$ (182,283)	\$ (158,042)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	164,594	82,245	246,839
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Customer accounts receivable	752	4,485	5,237
Other accounts receivable	-	23,097	23,097
Inventories and prepaid items	-	(1,593)	(1,593)
Accounts payable	-	(50)	(50)
Accrued liabilities and deposits	(61)	(2,218)	(2,279)
Unearned revenue	-	1,392	1,392
Pension related deferrals and asset/liability	2,780	34,312	37,092
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ 192,306	\$ (40,613)	\$ 151,693
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets acquired via accounts payable	\$ 47,453	\$ -	\$ 47,453



**CITY OF RHINELANDER**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
As of December 31, 2019

	<u>Dental</u>	<u>HRA/FSA</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 10,143	\$ 10,487	\$ 20,630
Total Assets	<u>10,143</u>	<u>10,487</u>	<u>20,630</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	1,229	-	1,229
Accrued liabilities and deposits	-	10,487	10,487
Health insurance claims payable	<u>2,728</u>	<u>-</u>	<u>2,728</u>
Total Current Liabilities	<u>3,957</u>	<u>10,487</u>	<u>14,444</u>
Total Liabilities	<u>3,957</u>	<u>10,487</u>	<u>14,444</u>
<b>NET POSITION</b>			
Unrestricted	<u>6,186</u>	<u>-</u>	<u>6,186</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 6,186</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,186</u></u>

**CITY OF RHINELANDER**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2019

	Dental	HRA/FSA	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 79,715	\$ -	\$ 79,715
Total Operating Revenues	79,715	-	79,715
<b>OPERATING EXPENSES</b>			
Self insurance claims	86,260	-	86,260
Total Operating Expenses	86,260	-	86,260
Operating Income (Loss)	(6,545)	-	(6,545)
<b>NONOPERATING REVENUES</b>			
Investment Income	174	-	174
Total Nonoperating Revenues	174	-	174
<b>Change in net position</b>	(6,371)	-	(6,371)
NET POSITION - Beginning of Year	12,557	-	12,557
<b>NET POSITION - END OF YEAR</b>	\$ 6,186	\$ -	\$ 6,186

**CITY OF RHINELANDER**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2019

	<u>Dental</u>	<u>HRA/FSA</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 79,715	\$ 10,487	\$ 90,202
Paid to suppliers for goods and services	<u>(85,031)</u>	<u>-</u>	<u>(85,031)</u>
Net Cash Flows From Operating Activities	<u>(5,316)</u>	<u>10,487</u>	<u>5,171</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>174</u>	<u>-</u>	<u>174</u>
Net Cash Flows From Investing Activities	<u>174</u>	<u>-</u>	<u>174</u>
<b>Net Change in Cash and Cash Equivalents</b>	(5,142)	10,487	5,345
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>15,285</u>	<u>-</u>	<u>15,285</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,143</u>	<u>\$ 10,487</u>	<u>\$ 20,630</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (6,545)	\$ -	\$ (6,545)
Changes in assets and liabilities			
Accounts payable	1,229	-	1,229
Other current liabilities	<u>-</u>	<u>10,487</u>	<u>10,487</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (5,316)</u>	<u>\$ 10,487</u>	<u>\$ 5,171</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

## CITY OF RHINELANDER

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS For the Year Ended December 31, 2019

	Rhinelander- Oneida County Airport	Rhinelander District Library	Totals
<b>OPERATING REVENUES</b>			
City appropriation	\$ 197,081	\$ 275,660	\$ 472,741
Township appropriations	-	482,643	482,643
County appropriation	-	172,492	172,492
Charges for services	1,120,191	-	1,120,191
Fines, donations, and miscellaneous	-	176,582	176,582
Total Operating Revenues	<u>1,317,272</u>	<u>1,107,377</u>	<u>2,424,649</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	437,257	568,500	1,005,757
Fringe benefits	161,934	210,058	371,992
Depreciation	808,316	46,284	854,600
Other expenses	610,136	295,462	905,598
Total Operating Expenses	<u>2,017,643</u>	<u>1,120,304</u>	<u>3,137,947</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(700,371)</u>	<u>(12,927)</u>	<u>(713,298)</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Investment income	4,239	43,024	47,263
Interest and fiscal charges	(1,468)	(1,915)	(3,383)
Loss on disposal of capital assets	-	(2,503)	(2,503)
Total Nonoperating Income	<u>2,771</u>	<u>38,606</u>	<u>41,377</u>
Income (Loss) Before Contributions	(697,600)	25,679	(671,921)
<b>CONTRIBUTIONS</b>			
Capital contributions	<u>222,587</u>	<u>-</u>	<u>222,587</u>
<b>CHANGE IN NET POSITION</b>	(475,013)	25,679	(449,334)
NET POSITION - Beginning of Year	<u>10,713,051</u>	<u>1,116,575</u>	<u>11,829,626</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 10,238,038</u>	<u>\$ 1,142,254</u>	<u>\$ 11,380,292</u>

# CITY OF RHINELANDER

## STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2019

	Rhineland- Oneida County Airport	Rhineland- District Library	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,250,015	\$ 829,357	\$ 2,079,372
Received from municipality	197,081	275,660	472,741
Paid to suppliers for goods and services	(713,968)	(446,350)	(1,160,318)
Paid to employees for services	<u>(441,725)</u>	<u>(573,610)</u>	<u>(1,015,335)</u>
Net Cash Flows From Operating Activities	<u>291,403</u>	<u>85,057</u>	<u>376,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>4,239</u>	<u>43,024</u>	<u>47,263</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances repaid to primary government	(2,000)	(3,000)	(5,000)
Interest on advance from primary government	<u>(1,468)</u>	<u>(1,915)</u>	<u>(3,383)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(3,468)</u>	<u>(4,915)</u>	<u>(8,383)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	<u>(198,094)</u>	<u>(57,642)</u>	<u>(255,736)</u>
<b>Net Change in Cash and Cash Equivalents</b>	94,080	65,524	159,604
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>74,740</u>	<u>871,112</u>	<u>945,852</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 168,820</u>	<u>\$ 936,636</u>	<u>\$ 1,105,456</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (700,371)	\$ (12,927)	\$ (713,298)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	808,316	46,284	854,600
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Accounts receivable	(276)	-	(276)
Taxes receivable	-	(4,269)	(4,269)
Due from other governmental units	130,100	(4,926)	125,174
Prepaid items	750	(5,635)	(4,885)
Accounts payable	10,034	10,464	20,498
Accrued liabilities	4,468	5,110	9,578
Unearned revenue	-	6,835	6,835
Pension related deferrals and asset/liability	<u>38,382</u>	<u>44,121</u>	<u>82,503</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 291,403</u>	<u>\$ 85,057</u>	<u>\$ 376,460</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets acquired via capital contributions	<u>\$ 222,587</u>	<u>\$ -</u>	

**CITY OF RHINELANDER**

REQUIRED BOND DISCLOSURES  
For the Year Ended December 31, 2019

**INSURANCE COVERAGE**

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Liability	\$ 5,000,000	1/1/19 to 1/1/20	Cities & Villages Mutual Insurance Co.
Workers Compensation	WI Statutory Limit	1/1/19 to 1/1/20	Cities & Villages Mutual Insurance Co.
Auto Physical Damage:			
Per Vehicle	1,500,000	1/1/19 to 1/1/20	Cities & Villages Mutual Insurance Co.
Per Occurrence	20,000,000	1/1/19 to 1/1/20	Cities & Villages Mutual Insurance Co.
Employment Practices	1,000,000	1/1/19 to 1/1/20	Ironshore Specialty Insurance Co.
Boiler and Machinery	500,000,000	1/1/19 to 1/1/20	XL Insurance America, Inc.
Excess Liability	5,000,000	1/1/19 to 1/1/20	Old Republic Union Insurance Company
Cyber (paid by CVMIC)	3,000,000	1/1/19 to 1/1/20	Illinois Union Insurance Company
Crime	5,000,000	1/1/19 to 1/1/20	Hanover Insurance Co.

**OTHER INFORMATION**

<u>User Classification</u>	<u>Wastewater</u>
Residential	3,154
Commercial	504
Industrial	36
Public Authority	49
Multifamily Residential	46
Volume of Water Used By Wastewater Customers - Gallons (000's)	205,916

## CITY OF RHINELANDER

### DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WASTEWATER UTILITY For the Year Ended December 31, 2019

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**OPERATING REVENUES**

Sewer service charges	\$ 2,827,741
Forfeited discounts	41,964
Other	<u>212,743</u>
Total Operating Revenues	<u>3,082,448</u>

**OPERATING EXPENSES**

Supervision and labor	210,409
Power	130,321
Chemicals	36,008
Operating supplies	56,319
Transportation	23,804
Maintenance	272,056
Billing, collection and accounting	26,095
Meter reading	13,551
Administrative and general salaries	98,690
Office supplies	35,544
Outside services employed	56,206
Insurance	37,462
Employee benefits	122,145
Miscellaneous general	<u>43,631</u>
Total Operation and Maintenance Expenses	1,162,241
Depreciation	1,368,494
Taxes	<u>32,244</u>
Total Operating Expenses	<u>2,562,979</u>

**OPERATING INCOME**

\$ 519,469