

**CITY OF CHETEK, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2015**

**CITY OF CHETEK, WISCONSIN  
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CITY OF CHETEK, WISCONSIN  
LIST OF PRINCIPAL OFFICERS  
2015

ELECTED

Mayor  
Council President  
Alderspersons:  
    First District  
    Second District  
    Third District  
    Fourth District

(Vacant)  
Cliff Bronstad

Shirley Morley  
Cliff Bronstad  
Bill Waite  
Mark Edwards

APPOINTED

Director of Public Works  
Clerk/Treasurer  
City Assessor  
Wastewater Operator  
Fire Chief  
Librarian  
Police Chief

Dan Knapp  
Carmen Newman  
Associated Appraisal  
Mike McGinnis  
Al Zeltner  
Carol Burnham  
Mark Petersen



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## INDEPENDENT AUDITORS' REPORT

The City Council  
City of Chetek  
Chetek, Wisconsin

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chetek, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Knapp Haven Nursing Home and Pelican Place Apartments major enterprise funds, which also represent 44%, 15%, and 86%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Knapp Haven Nursing Home and Pelican Place Apartments enterprise funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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



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

***Basis for Qualified Opinion on the Governmental Activities***

The City has not adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The amount by which the departure would affect the asset, net position, and expenses of the governmental activities has not been determined.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of Chetek as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chetek as of December 31, 2015, and the respective changes in the financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

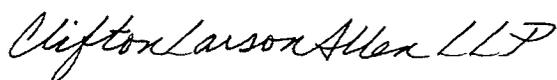
The City has omitted a management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund statements and debt repayment schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the Governmental Activities as explained in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2014 which are not presented with the accompanying financial statements. In our report dated May 27, 2015, based on our audit and the report of other auditors, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the 2014 financial statements that collectively comprise the City's 2014 basic financial statements. The 2014 individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 2014 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 2014 basic financial statements or to the 2014 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 2014 individual fund statements are fairly stated in all material respects in relation to the 2014 basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
April 5, 2016

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 1,828,495	\$ 2,206,764	\$ 4,035,259
Taxes Receivable	1,130,707	-	1,130,707
Accounts Receivable	48,563	509,988	558,551
Accrued Interest Receivable	567	505	1,072
Long-Term Receivables	1,178,799	-	1,178,799
Special Assessments Receivable	-	8,913	8,913
Inventories	-	24,587	24,587
Prepaid Expenses	40,748	8,383	49,131
Internal Balances	(415)	(16,184)	(16,599)
Restricted Assets:			
Cash and Investments	-	622,981	622,981
Accrued Interest Receivable	-	354	354
Capital Assets:			
Capital Assets Not Being Depreciated	423,618	84,023	507,641
Capital Assets Being Depreciated	5,548,497	12,467,586	18,016,083
Accumulated Depreciation	(2,086,398)	(6,473,221)	(8,559,619)
Total Assets	<u>8,113,181</u>	<u>9,444,679</u>	<u>17,557,860</u>
<b>LIABILITIES</b>			
Vouchers and Accounts Payable	30,987	99,961	130,948
Accrued Liabilities	-	368,477	368,477
Accrued Interest Payable	3,532	20,662	24,194
Unearned Revenue	-	1,000	1,000
Deposits	4,408	21,040	25,448
Trust Funds and Restricted Donations	-	23,362	23,362
Long-Term Obligations:			
Due Within One Year	326,500	303,981	630,481
Due in More than One Year	858,871	3,109,589	3,968,460
Total Liabilities	<u>1,224,298</u>	<u>3,948,072</u>	<u>5,172,370</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent Year's Property Taxes	<u>1,446,457</u>	<u>-</u>	<u>1,446,457</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,863,627	2,698,280	5,561,907
Restricted For:			
Capital Asset Replacement	-	196,496	196,496
Debt Retirement	17,863	360,836	378,699
Housing Loan Programs	1,226,977	-	1,226,977
Other Purposes	15,129	8,624	23,753
Unrestricted	<u>1,318,830</u>	<u>2,232,371</u>	<u>3,551,201</u>
Total Net Position	<u>\$ 5,442,426</u>	<u>\$ 5,496,607</u>	<u>\$ 10,939,033</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 561,395	\$ 109,642	\$ -	\$ -	\$ (451,753)	\$ -	\$ (451,753)
Public Safety	742,637	16,605	14,743	-	(711,289)	-	(711,289)
Transportation	723,016	167,480	139,229	56,973	(359,334)	-	(359,334)
Sanitation	367,263	330,274	-	-	(36,989)	-	(36,989)
Health and Human Services	4,326	1,105	-	-	(3,221)	-	(3,221)
Culture, Recreation, and Education	250,779	3,500	66,172	-	(181,107)	-	(181,107)
Conservation and Development	19,679	-	-	-	(19,679)	-	(19,679)
Interest and Fiscal Charges	26,045	-	-	-	(26,045)	-	(26,045)
Total Governmental Activities	2,695,140	628,606	220,144	56,973	(1,789,417)	-	(1,789,417)
Business-Type Activities:							
Water Utility	250,909	401,527	-	3,924	-	154,542	154,542
Sewer Utility	466,742	468,047	-	3,566	-	4,871	4,871
Knapp Haven Nursing Home	5,754,272	5,122,881	498,523	-	-	(132,868)	(132,868)
Pelican Place Apartments	184,467	180,521	-	-	-	(3,946)	(3,946)
Total Business-Type Activities	6,656,390	6,172,976	498,523	7,490	-	22,599	22,599
Total Primary Government	\$ 9,351,530	\$ 6,801,582	\$ 718,667	\$ 64,463	(1,789,417)	22,599	(1,766,818)
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes					1,238,582	-	1,238,582
Property Taxes, Levied for TIF Districts					217,012	-	217,012
Other Taxes					21,337	-	21,337
State and Federal Aids Not Restricted to Specific Functions					383,259	-	383,259
Interest and Investment Earnings					7,971	5,645	13,616
Rents					27,478	6,025	33,503
Donations					9,646	-	9,646
Miscellaneous					6,387	-	6,387
Transfers					53,105	(53,105)	-
Total General Revenues and Transfers					1,964,777	(41,435)	1,923,342
<b>CHANGE IN NET POSITION</b>					175,360	(18,836)	156,524
Net Position - Beginning of Year					5,267,066	5,515,443	10,782,509
<b>Net Position - End of Year</b>					\$ 5,442,426	\$ 5,496,607	\$ 10,939,033

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Treasurer's Cash and Investments	\$ 1,692,602	\$ 48,178	\$ 21,395	\$ -	\$ 66,320	\$ 1,828,495
Taxes Receivable	851,276	-	-	201,931	77,500	1,130,707
Accounts Receivable	43,798	-	-	-	4,765	48,563
Interest Receivable	567	-	-	-	-	567
Due from Other Funds	187,908	-	-	-	-	187,908
Advance to Other Funds	16,223	-	-	-	-	16,223
Prepaid Expenditures	40,748	-	-	-	-	40,748
Installment Loans Receivable	-	16,775	-	-	-	16,775
Mortgage Loans Receivables	-	1,162,024	-	-	-	1,162,024
<b>Total Assets</b>	<b>\$ 2,833,122</b>	<b>\$ 1,226,977</b>	<b>\$ 21,395</b>	<b>\$ 201,931</b>	<b>\$ 148,585</b>	<b>\$ 4,432,010</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers and Accounts Payable	\$ 30,957	\$ -	\$ -	\$ -	\$ 30	\$ 30,987
Due to Other Funds	17,128	-	-	124,310	61,491	202,929
Special Deposits	4,408	-	-	-	-	4,408
Advance from Other Funds	-	-	-	1,617	-	1,617
<b>Total Liabilities</b>	<b>52,493</b>	<b>-</b>	<b>-</b>	<b>125,927</b>	<b>61,521</b>	<b>239,941</b>
<b>Deferred Inflows of Resources:</b>						
Subsequent Year's Property Taxes	1,167,026	-	-	201,931	77,500	1,446,457
Unavailable Revenues:						
Long-Term Receivables	-	1,178,799	-	-	-	1,178,799
<b>Total Deferred Inflows of Resources</b>	<b>1,167,026</b>	<b>1,178,799</b>	<b>-</b>	<b>201,931</b>	<b>77,500</b>	<b>2,625,256</b>
<b>Fund Balances:</b>						
Nonspendable	57,705	-	-	-	-	57,705
Restricted	15,129	48,178	21,395	-	-	84,702
Committed	-	-	-	-	71,055	71,055
Assigned	661,876	-	-	-	-	661,876
Unassigned	878,893	-	-	(125,927)	(61,491)	691,475
<b>Total Fund Balances</b>	<b>1,613,603</b>	<b>48,178</b>	<b>21,395</b>	<b>(125,927)</b>	<b>9,564</b>	<b>1,566,813</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,833,122</b>	<b>\$ 1,226,977</b>	<b>\$ 21,395</b>	<b>\$ 201,931</b>	<b>\$ 148,585</b>	<b>\$ 4,432,010</b>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2015**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 1,566,813

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

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

Land	\$ 423,618	
Land Improvements	157,718	
Buildings	1,333,580	
Furniture and Equipment	771,375	
Vehicles	636,278	
Infrastructure	2,649,546	
Accumulated Depreciation	<u>(2,086,398)</u>	3,885,717

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

Housing Rehabilitation Loans		1,178,799
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Interest Payable on Notes and Bonds	(3,532)	
Other Postemployment Benefits Payable	(81,408)	
Estimated Employee Leave Liability	(81,873)	
General Obligation Debt Payable	<u>(1,003,685)</u>	(1,170,498)

Debt refinancing costs, discounts, and premiums are reported in the governmental funds as current period expenditures, but are capitalized in the statement of net position and amortized over the lives of the related debt:

Unamortized Debt Premiums		<u>(18,405)</u>
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**Net Position of Governmental Activities** \$ 5,442,426

**CITY OF CHETEK, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 1,259,877	\$ -	\$ -	\$ 217,012	\$ -	\$ 1,476,889
Intergovernmental	657,659	-	-	2,759	-	660,418
Licenses and Permits	70,534	-	-	-	-	70,534
Fines and Forfeits	50,196	-	-	-	-	50,196
Public Charges for Services	443,116	-	-	-	60,834	503,950
Intergovernmental Charges for Services	3,926	-	-	-	-	3,926
Miscellaneous						
Interest	8,851	19	198	-	-	9,068
Rent	13,273	-	-	13,600	605	27,478
Other	14,911	62,993	-	25	-	77,929
Total Revenues	<u>2,522,343</u>	<u>63,012</u>	<u>198</u>	<u>233,396</u>	<u>61,439</u>	<u>2,880,388</u>
<b>EXPENDITURES:</b>						
General Government	537,554	-	-	-	-	537,554
Public Safety	713,991	-	-	-	-	713,991
Transportation	503,326	-	-	-	23,584	526,910
Sanitation	339,640	-	-	-	-	339,640
Health and Human Services	4,026	-	-	-	-	4,026
Culture, Recreation, and Education	171,417	-	-	-	-	171,417
Conservation and Development	92	106,122	-	6,653	600	113,467
Capital Outlay	393,118	-	-	-	-	393,118
Debt Service:						
Principal Retirement	-	-	264,892	-	-	264,892
Interest and Fiscal Charges	-	-	36,623	126	-	36,749
Total Expenditures	<u>2,663,164</u>	<u>106,122</u>	<u>301,515</u>	<u>6,779</u>	<u>24,184</u>	<u>3,101,764</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(140,821)	(43,110)	(301,317)	226,617	37,255	(221,376)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	53,105	-	301,515	-	-	354,620
Transfers Out	(105,135)	-	-	(176,307)	(20,073)	(301,515)
Total Other Financing Sources (Uses)	<u>(52,030)</u>	<u>-</u>	<u>301,515</u>	<u>(176,307)</u>	<u>(20,073)</u>	<u>53,105</u>
<b>NET CHANGE IN FUND BALANCES</b>	(192,851)	(43,110)	198	50,310	17,182	(168,271)
Fund Balances, January 1	<u>1,806,454</u>	<u>91,288</u>	<u>21,197</u>	<u>(176,237)</u>	<u>(7,618)</u>	<u>1,735,084</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 1,613,603</u>	<u>\$ 48,178</u>	<u>\$ 21,395</u>	<u>\$ (125,927)</u>	<u>\$ 9,564</u>	<u>\$ 1,566,813</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (168,271)

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

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

Capital Outlays Reported in Governmental Fund Statements	\$ 292,635	
Depreciation Expense Reported in the Statement of Activities	<u>(247,862)</u>	44,773

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year. (2,609)

Some assets not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 36,610

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

General Obligation Bonds and Notes Principal Retirement		264,892
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Amortization of Debt Premium	8,133	
Net Change in Other Postemployment Benefits Payable	(2,731)	
Net Change in Accrued Employee Leave Liability	(8,008)	
Net Change in Accrued Interest Payable	<u>2,571</u>	<u>(35)</u>

**Change in Net Position of Governmental Activities** \$ 175,360

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

ASSETS	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
<b>Current Assets:</b>					
Cash and Investments	\$ 1,220,928	\$ 215,524	\$ 566,403	\$ 62	\$ 2,002,917
Customer Accounts Receivable	30,216	44,074	435,698	-	509,988
Due from Other Funds	-	-	88,107	-	88,107
Accrued Interest Receivable - TID Advance	491	14	-	-	505
Current Portion of Long-Term Advance to Tax Incremental District	-	1,617	-	-	1,617
Inventories	21,580	3,007	-	-	24,587
Prepayments	1,218	4,112	3,053	-	8,383
Total Current Assets	1,274,433	268,348	1,093,261	62	2,636,104
<b>Noncurrent Cash and Investments:</b>					
Resident Trust Funds	-	-	14,738	-	14,738
Flex Spending	-	-	13,177	-	13,177
Health Retirement	-	-	21,575	-	21,575
Rep Payee	-	-	100	-	100
Depreciation Fund Investments	-	-	154,257	-	154,257
Total Noncurrent Cash and Investments	-	-	203,847	-	203,847
<b>Restricted Assets:</b>					
Cash and Investments:					
Replacement Fund	-	196,496	57,032	66,760	320,288
Debt Retirement Fund	-	89,218	184,683	20,168	294,069
Activity Fund	-	-	8,399	-	8,399
Restricted Donations	-	-	225	-	225
Accrued Interest Receivable:					
Bond Reserve Funds	-	354	-	-	354
Total Restricted Assets	-	286,068	250,339	86,928	623,335
<b>Capital Assets:</b>					
Property Plant and Equipment	2,838,154	3,816,492	4,725,562	1,118,744	12,498,952
Less: Accumulated Depreciation	1,146,192	2,055,360	2,542,350	729,319	6,473,221
Net Property Plant and Equipment	1,691,962	1,761,132	2,183,212	389,425	6,025,731
Land Held for Future Use	1,837	50,820	-	-	52,657
Total Capital Assets	1,693,799	1,811,952	2,183,212	389,425	6,078,388
<b>Other Assets:</b>					
Special Assessments Receivable	8,913	-	-	-	8,913
Total Assets	\$ 2,977,145	\$ 2,366,368	\$ 3,730,659	\$ 476,415	\$ 9,550,587

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
<b>LIABILITIES</b>					
<b>Current Liabilities Payable from Current Assets:</b>					
Accounts Payable	\$ 1,084	\$ 7,795	\$ 89,347	\$ 1,735	\$ 99,961
Due to Other Funds	-	-	-	88,107	88,107
Accrued Salaries and Employee Benefits	-	-	368,477	-	368,477
Accrued Interest Payable	2,120	887	11,946	5,362	20,315
Accrued Employee Leave Liabilities - Current Portion	5,977	11,886	-	-	17,863
Deposits	7,000	-	-	14,040	21,040
Unearned Revenue	-	-	-	1,000	1,000
Current Portion of Advance from Other Funds	-	-	-	3,156	3,156
Current Portion of Long-Term Debt	98,543	62,692	63,557	41,326	266,118
<b>Total Current Liabilities Payable from Current Assets</b>	<b>114,724</b>	<b>83,260</b>	<b>533,327</b>	<b>154,726</b>	<b>886,037</b>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	-	347	-	-	347
Trust Funds and Restricted Donations	-	-	23,362	-	23,362
Current Portion of Revenue Bonds	-	20,000	-	-	20,000
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>-</b>	<b>20,347</b>	<b>23,362</b>	<b>-</b>	<b>43,709</b>
<b>Long-Term Liabilities (Less Current Portion):</b>					
Other Postemployment Benefits Payable	5,270	10,329	-	-	15,599
Advance from Other Funds	-	-	-	14,645	14,645
General Obligation Promissory Notes	240,714	114,570	164,420	15,793	535,497
Unamortized Debt Premium	-	1,832	-	-	1,832
Mortgage Revenue Bonds	-	84,208	1,908,853	563,600	2,556,661
<b>Total Long-Term Liabilities (Net of Current Portion)</b>	<b>245,984</b>	<b>210,939</b>	<b>2,073,273</b>	<b>594,038</b>	<b>3,124,234</b>
<b>Total Liabilities</b>	<b>360,708</b>	<b>314,546</b>	<b>2,629,962</b>	<b>748,764</b>	<b>4,053,980</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,354,542	1,528,650	46,382	(231,294)	2,698,280
Restricted for Plant Replacement	-	196,496	-	-	196,496
Restricted for Debt Retirement	-	89,225	184,683	86,928	360,836
Restricted by Donors	-	-	8,624	-	8,624
Unrestricted	1,261,895	237,451	861,008	(127,983)	2,232,371
<b>Total Net Position</b>	<b>2,616,437</b>	<b>2,051,822</b>	<b>1,100,697</b>	<b>(272,349)</b>	<b>5,496,607</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,977,145</b>	<b>\$ 2,366,368</b>	<b>\$ 3,730,659</b>	<b>\$ 476,415</b>	<b>\$ 9,550,587</b>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 365,825	\$ 465,951	\$ 4,991,527	\$ 163,212	\$ 5,986,515
Other Operating Revenues	35,702	2,096	131,354	17,309	186,461
Total Operating Revenues	<u>401,527</u>	<u>468,047</u>	<u>5,122,881</u>	<u>180,521</u>	<u>6,172,976</u>
<b>OPERATING EXPENSES:</b>					
Operation and Maintenance	169,192	347,833	5,494,912	116,920	6,128,857
Depreciation	68,865	105,947	173,563	35,464	383,839
Total Operating Expenses	<u>238,057</u>	<u>453,780</u>	<u>5,668,475</u>	<u>152,384</u>	<u>6,512,696</u>
<b>OPERATING INCOME (LOSS)</b>	163,470	14,267	(545,594)	28,137	(339,720)
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Intergovernmental Grants	-	-	498,523	-	498,523
Interest Income	2,766	1,783	953	143	5,645
Rental Income	-	6,025	-	-	6,025
Amortization of Debt Premium	-	1,259	-	-	1,259
Interest Expense	(12,852)	(10,186)	(82,356)	(32,083)	(137,477)
Rental Property Expense	-	(4,035)	-	-	(4,035)
Loss on Disposal of Assets	-	-	(3,441)	-	(3,441)
Total Nonoperating Revenues (Expenses)	<u>(10,086)</u>	<u>(5,154)</u>	<u>413,679</u>	<u>(31,940)</u>	<u>366,499</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	153,384	9,113	(131,915)	(3,803)	26,779
<b>CAPITAL CONTRIBUTIONS</b>	3,924	3,566	-	-	7,490
<b>TRANSFERS OUT</b>	<u>(53,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,105)</u>
<b>CHANGE IN NET POSITION</b>	104,203	12,679	(131,915)	(3,803)	(18,836)
Net Position - Beginning of Year	<u>2,512,234</u>	<u>2,039,143</u>	<u>1,232,612</u>	<u>(268,546)</u>	<u>5,515,443</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,616,437</u>	<u>\$ 2,051,822</u>	<u>\$ 1,100,697</u>	<u>\$ (272,349)</u>	<u>\$ 5,496,607</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers and Users	\$ 355,460	\$ 469,602	\$ 5,321,477	\$ 164,202	\$ 6,310,741
Cash Received from Municipality for Fire Protection	38,250	-	-	-	38,250
Other Cash Received	-	-	131,354	17,309	148,663
Cash Paid to Suppliers for Goods and Services	(86,115)	(171,047)	-	-	(257,162)
Cash Paid for Employee Services	(80,131)	(160,237)	-	-	(240,368)
Cash Paid to Employees and for Operating Expenses	-	-	(5,469,643)	(83,536)	(5,553,179)
Cash Received (Paid) for Sewer Share of Meter Expense	15,347	(15,347)	-	-	-
Net Cash Provided (Used) by Operating Activities	242,811	122,971	(16,812)	97,975	446,945
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash Received from Rental Properties	-	6,025	-	-	6,025
Cash Paid for Rental Property Expense	-	(4,035)	-	-	(4,035)
Cash Received from Intergovernmental Transfer Program	-	-	498,523	-	498,523
Cash Paid to General Fund for Tax Equivalents	(53,105)	-	-	-	(53,105)
Cash Received from Special Assessments					
Purchased from Sewer Utility Enterprise Fund	1,118	-	-	-	1,118
Net Cash Provided (Used) by Noncapital Financing Activities	(51,987)	1,990	498,523	-	448,526
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Cash Payments for Capital Assets	(46,726)	(10,807)	-	(7,705)	(65,238)
Cash Received from Salvage of Capital Assets	-	-	35,228	-	35,228
Cash Received from Payment of Special Assessments	1,538	-	-	-	1,538
Cash Received from Customer Contributions for Capital Assets	-	-	-	-	-
Cash Received from Repayment of Advance to Tax Incremental District	-	1,745	-	-	1,745
Principal Paid on Long-Term Debt	(95,275)	(80,203)	(36,043)	(42,581)	(254,102)
Interest and Fiscal Agent Fees Paid on Long-Term Debt	(13,448)	(10,468)	(83,114)	(32,449)	(139,479)
Net Cash Used by Capital and Related Financing Activities	(153,911)	(99,733)	(83,929)	(82,735)	(420,308)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Deposits into Debt Redemption Fund	-	-	-	(15,383)	(15,383)
Deposits into Depreciation Fund	-	-	(65,004)	-	(65,004)
Deposits into Debt Service Reserve	-	-	(25,473)	-	(25,473)
Reinvested Interest Income	(2,735)	(1,714)	(584)	-	(5,033)
Cash Received from Interest on Investments	2,735	1,714	953	143	5,545
Net Cash Provided (Used) by Investing Activities	-	-	(90,108)	(15,240)	(105,348)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	36,913	25,228	307,674	-	369,815
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	813,614	190,296	258,729	62	1,262,701
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 850,527</u>	<u>\$ 215,524</u>	<u>\$ 566,403</u>	<u>\$ 62</u>	<u>\$ 1,632,516</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 163,470	\$ 14,267	\$ (545,594)	\$ 28,137	\$ (339,720)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	68,865	105,947	173,563	35,464	383,839
(Increase) Decrease in Assets:					
Accounts Receivable	530	1,555	329,950	-	332,035
Other Accounts Receivable	-	-	116,555	-	116,555
Due from Other Funds	-	-	(31,526)	-	(31,526)
Inventories	2,816	(1,072)	-	-	1,744
Prepaid Expenses	113	(1,154)	-	-	(1,041)
Other Current Assets	-	-	2,620	-	2,620
Increase (Decrease) in Liabilities:					
Accounts Payable	(943)	619	690	528	894
Deposits	7,000	-	-	-	7,000
Accrued Employee Leave Liability	812	2,288	-	-	3,100
Other Current Liabilities	-	-	(63,070)	33,846	(29,224)
Other Postemployment Benefits Payable	148	521	-	-	669
Net Cash Provided (Used) by Operating Activities	<u>\$ 242,811</u>	<u>\$ 122,971</u>	<u>\$ (16,812)</u>	<u>\$ 97,975</u>	<u>\$ 446,945</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>					
Cash and Investments Per Statement of Net Position:					
Cash and Investments - Current	\$ 1,220,928	\$ 215,524	\$ 566,403	\$ 62	\$ 2,002,917
Cash and Investments - Noncurrent and Restricted	-	285,714	454,186	86,928	826,828
	<u>1,220,928</u>	<u>501,238</u>	<u>1,020,589</u>	<u>86,990</u>	<u>2,829,745</u>
Less: Certificates of Deposit with a Maturity Greater than Three Months	<u>370,401</u>	<u>285,714</u>	<u>454,186</u>	<u>86,928</u>	<u>1,197,229</u>
Total Cash and Cash Equivalents	<u>\$ 850,527</u>	<u>\$ 215,524</u>	<u>\$ 566,403</u>	<u>\$ 62</u>	<u>\$ 1,632,516</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Capital Assets Financed by Customers and Developers	\$ 3,924	\$ 3,566	\$ -	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2015**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 444,901
Taxes Receivable	1,547,434
Total Assets	<u>\$ 1,992,335</u>
<b>LIABILITIES</b>	
Due to Other Governmental Units	<u>\$ 1,992,335</u>

*See accompanying Notes to the Basic Financial Statements.*

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City of Chetek is governed by a mayor/council form of government. The council consists of four members elected from four wards within the City and the mayor.

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

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

Knapp Haven Nursing Home (hereinafter Nursing Home) and Pelican Place Apartments (hereinafter Apartments) are owned and operated by the City of Chetek as not-for-profit, tax exempt entities. It is the intent of the City of Chetek Council that the costs (expenses, including depreciation) of providing services to the residents on a continuing basis be financed or recovered primarily through user charges of the Nursing Home and Apartments. Operations of the Nursing Home and Apartments are under the direct supervision of a common board of directors consisting of seven members subject to appointment by the City Council. The Nursing Home and Apartments financial statements are reported on a June 30 fiscal year. Separately issued financial statements of the Nursing Home and Apartments may be obtained from the offices at 725 Knapp Street, Chetek, WI 54728-9106.

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

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

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

**Government-Wide Statements**

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

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

**Fund Financial Statements**

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

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

The City reports the following major governmental funds:

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

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

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

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

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

The City reports the following major enterprise funds:

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

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

**Knapp Haven Nursing Home** – The Knapp Haven Nursing Home fund is used to account for the operations of the City's 97-bed licensed nursing care facility. The information presented is for the fiscal year ended June 30, 2015.

**Pelican Place Apartments** – The Pelican Place Apartments enterprise fund is used to account for the operations of a 14 unit apartment complex for the elderly. The information presented is for the fiscal year ended June 30, 2015.

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

Additionally, the City reports the following fiduciary fund:

**Agency Fund** – This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The agency fund is primarily used to account for the collection of property taxes for other governmental entities.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**1. Deposits and Investments**

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

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

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

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

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

Investments of the City are stated at fair value.

**2. Receivables and Payables**

**Property Taxes.** Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax roll is recorded as receivable in the City's agency fund with amounts due other governmental units and other funds of the City recorded as liabilities therein. Since City property taxes are not considered revenue until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore.

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

**Special Assessments.** Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2015 tax roll are recognized as revenue in 2016.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

**Accounts Receivable.** Accounts receivable in the Knapp Haven Nursing Home enterprise fund are offset by an allowance for uncollectible accounts of \$90,000 at June 30, 2015. The allowance is based upon historical experience, coupled with management's review of the current status of the existing receivables. All other accounts receivable are considered to be collectible in full.

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

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Receivables and Payables (Continued)**

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**5. Capital Assets**

**Government-Wide Statements.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

**CITY OF CHETEK, WISCONSIN  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Capital Assets (Continued)**

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

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

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

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

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

**6. Deferred Outflows of Resources**

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Deferred Inflows of Resources**

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

**8. Compensated Absences**

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

**9. Other Postemployment Benefits Payable**

Under the provisions of various employee and union contracts the City provides a supplemental retirement program for certain employees which includes certain health insurance benefits if certain age and minimum years of service requirements are met. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 45. GASB 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition.

**10. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures at the time of issuance.

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Defining Operating Revenues and Expenses**

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

**12. Use of Restricted Resources**

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

**13. Equity Classifications**

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

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

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

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Equity Classifications (Continued)**

**Fund Financial Statements (Continued).** Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. It is the City's policy that at the end of each fiscal year, the City will maintain unassigned portion of fund balance for cash flow of at least 25% of annual general fund expenditures.

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

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

The Tax Incremental District #2 fund and Tax Incremental District #3 fund had deficit fund balances of \$125,927 and \$61,491, respectively, at December 31, 2015. These deficits will be funded through future tax increments. The Pelican Place Apartments had deficit net position of \$272,349 as of June 30, 2015. This deficit will be funded through future operational results.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's cash and investments balances at December 31, 2015 as shown in the financial statements are as follows:

Governmental Funds	\$ 1,828,495
Proprietary Funds	2,829,745
Fiduciary Funds	444,901
Total	<u>\$ 5,103,141</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

The above cash and investments consisted of the following:

	Balance 12/31/15
Treasurer's Cash and Investments:	
Deposits in Financial Institutions	\$ 4,479,120
Petty Cash Funds	1,040
	4,480,160
Restricted Cash and Investments:	
Deposits in Financial Institutions	622,981
	\$ 5,103,141

**Deposits at Financial Institutions**

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

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2015, the City's deposits were not exposed to custodial credit risk.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

**Housing Rehabilitation Loans Receivable.** Over the years, the City was been awarded Community Development Block Grants to finance housing rehabilitation as specified in the grant agreements. Various housing rehabilitation loans have been financed with the proceeds of the grants.

At December 31, 2015 the City had outstanding four installment loans totaling \$16,775. These loans are being repaid to the City under terms established through the program. Receivables have been recorded in the special revenue fund in the amount of the outstanding balances of these loans and are equally offset by deferred inflows or resources recorded therein. Revenue is recognized in the special revenue fund as collections are received on these loans.

The City also had 114 mortgage loans outstanding at December 31, 2015 totaling \$1,162,024. These notes become due and payable in the event that the maker:

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

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

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

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2015 is as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 423,618	\$ -	\$ -	\$ 423,618
Capital Assets Being Depreciated:				
Land Improvements	157,718	-	-	157,718
Buildings	1,225,611	118,069	10,100	1,333,580
Furniture and Equipment	771,375	-	-	771,375
Vehicles	611,019	25,259	-	636,278
Infrastructure	2,500,239	149,307	-	2,649,546
Total Capital Assets Being Depreciated	<u>5,265,962</u>	<u>292,635</u>	<u>10,100</u>	<u>5,548,497</u>
Total Capital Assets	5,689,580	292,635	10,100	5,972,115
Accumulated Depreciation:				
Land Improvements	83,756	2,747	-	86,503
Buildings	458,057	25,838	7,491	476,404
Furniture and Equipment	440,565	43,475	-	484,040
Vehicles	281,998	67,551	-	349,549
Infrastructure	581,651	108,251	-	689,902
Total Accumulated Depreciation	<u>1,846,027</u>	<u>247,862</u>	<u>7,491</u>	<u>2,086,398</u>
Net Capital Assets - Governmental Activities	<u>\$ 3,843,553</u>	<u>\$ 44,773</u>	<u>\$ 2,609</u>	<u>\$ 3,885,717</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 2,708
Public Safety	19,980
Transportation	188,618
Sanitation	27,218
Health and Human Services	300
Culture, Recreation and Education	9,038
Total Depreciation - Governmental Activities	<u>\$ 247,862</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 650	\$ -	\$ -	\$ 650
Utility Property	1,837	-	-	1,837
Total Capital Assets Not Being Depreciated	2,487	-	-	2,487
Capital Assets Being Depreciated:				
Source of Supply	7,096	-	-	7,096
Pumping Plant	49,204	40,807	12,500	77,511
Water Treatment	33,898	-	-	33,898
Transmission and Distribution	2,436,674	9,843	2,000	2,444,517
Administration and General Assets	274,482	-	-	274,482
Total Capital Assets Being Depreciated	2,801,354	50,650	14,500	2,837,504
Total Capital Assets	2,803,841	50,650	14,500	2,839,991
Less Accumulated Depreciation	1,091,827	68,865	14,500	1,146,192
Net Capital Assets - Water Utility	1,712,014	(18,215)	-	1,693,799
<b>Sewer Utility:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Rights	53,359	-	-	53,359
Capital Assets Being Depreciated:				
Collection System	1,331,830	3,567	-	1,335,397
Collection System Pumping Installations	419,471	-	-	419,471
Treatment and Disposal Plant	1,738,860	5,771	1,500	1,743,131
Administration and General Assets	310,919	5,035	-	315,954
Total Capital Assets Being Depreciated	3,801,080	14,373	1,500	3,813,953
Total Capital Assets	3,854,439	14,373	1,500	3,867,312
Less Accumulated Depreciation	1,950,913	105,947	1,500	2,055,360
Net Capital Assets - Sewer Utility	1,903,526	(91,574)	-	1,811,952

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Business-Type Activities (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Knapp Haven Nursing Home:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 19,328	\$ -	\$ -	\$ 19,328
Construction Work in Progress	24,228	-	24,228	-
Total Capital Assets Not Being Depreciated	43,556	-	24,228	19,328
Capital Assets Being Depreciated:				
Land Improvements	139,921	31,771	-	171,692
Buildings	3,355,285	5,951	7,425	3,353,811
Fixed Equipment	646,383	-	3,861	642,522
Major Movable Equipment	424,935	24,898	17,369	432,464
Vehicles	105,745	-	-	105,745
Total Capital Assets Being Depreciated	4,672,269	62,620	28,655	4,706,234
Total Capital Assets	4,715,825	62,620	52,883	4,725,562
Less Accumulated Depreciation	2,394,001	173,563	25,214	2,542,350
Net Capital Assets - Knapp Haven Nursing Home	2,321,824	(110,943)	27,669	2,183,212
<b>Pelican Place Apartments:</b>				
Capital Assets Not Being Depreciated				
Land	8,849	-	-	8,849
Capital Assets Being Depreciated:				
Land Improvements	54,575	-	-	54,575
Buildings	668,062	4,825	-	672,887
Fixed Equipment	342,251	2,880	-	345,131
Major Moveable Equipment	37,302	-	-	37,302
Total Capital Assets Being Depreciated	1,102,190	7,705	-	1,109,895
Total Capital Assets	1,111,039	7,705	-	1,118,744
Less Accumulated Depreciation	693,855	35,464	-	729,319
Net Capital Assets - Pelican Place Apartments	417,184	(27,759)	-	389,425
Net Capital Assets - Business-Type Activities	\$ 6,354,548	\$ (248,491)	\$ 27,669	\$ 6,078,388

Depreciation was charged to business-type activities as follows:

Water Utility	\$ 68,865
Sewer Utility	105,947
Knapp Haven Nursing Home	173,563
Pelican Place Apartments	35,464
Total Depreciation - Business-Type Activities	<u>\$ 383,839</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2015 was as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Incremental District #3 Fund	\$ 61,491
General Fund	Tax Incremental District #2 Fund	124,310
General Fund	Knapp Haven Nursing Home	2,107
Knapp Haven Nursing Home	General Fund	17,128
Knapp Haven Nursing Home	Pelican Place Apartments	88,107
		<u>\$ 293,143</u>

The amount due Knapp Haven enterprise fund from the general fund consists of insurance refunds, less temporary financing of current year expenses, to be settled in 2016. The amount reported in the Knapp Haven enterprise fund at June 30, 2015 is zero, a difference of \$15,021 due to the timing difference of the year ends. The purpose of the remaining above balances were to fund cash overdrafts in the respective funds at year end and are expected to be settled in 2016.

**Advances from/to Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pelican Place Apartments	\$ 16,223
Sewer Utility Enterprise Fund (Bonds)	Tax Incremental District #2 Fund	1,617
		<u>\$ 17,840</u>

At December 31, 2015 the sewer utility enterprise fund had an outstanding advance due from the Tax Incremental District #2 capital projects fund in the amount of \$1,617. These funds were advanced from proceeds of utility revenue bonds issued during 1998. The advance is to be repaid over the life of the revenue bond as tax incremental revenues are realized. Future scheduled principal and interest repayments on the advance are presented in supplementary Schedule E-6.

The City had an outstanding advance from its general fund to the Pelican Place Apartments enterprise fund at December 31, 2015 of \$16,223. On January 9, 2001 the City Council approved the advance of \$63,563 to the City's Pelican Place Apartments enterprise fund. This advance is interest free and is being repaid in monthly installments of \$263. As of December 31, 2015, \$47,340 has been collected on the advance leaving a balance of \$16,223. The amount of the advance reported in the Pelican Place enterprise fund at June 30, 2015 is \$17,801, a difference of \$1,578 due to the timing difference of the year ends.

Interfund balances that are owed within the governmental activities and business-type activities are eliminated in the statement of net position.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers (Continued)**

**Interfund Transfers**

The following is a schedule of interfund transfers made during 2015:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Water Utility Enterprise Fund	\$ 53,105
Debt Service Fund	General Fund	105,135
Debt Service Fund	Stormwater Fund	20,073
Debt Service Fund	Tax Incremental District #2 Fund	176,307
		<u>\$ 354,620</u>

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

**E. Long-Term Obligations**

**Changes in Long-Term Obligations**

Changes in the long-term obligations of the City for the year ended December 31, 2015 were as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
<b>Long-Term Debt:</b>					
<b>Governmental Activities:</b>					
General Obligation Debt	\$ 1,268,577	\$ -	\$ 264,892	\$ 1,003,685	\$ 238,064
Unamortized Debt Premium	26,538	-	8,133	18,405	6,563
	<u>1,295,115</u>	<u>-</u>	<u>273,025</u>	<u>1,022,090</u>	<u>244,627</u>
<b>Business-Type Activities:</b>					
General Obligation Notes:					
Water Utility	434,532	-	95,275	339,257	98,543
Sewer Utility	175,540	-	30,150	145,390	30,820
Knapp Haven Nursing Home	237,437	-	36,043	201,394	36,974
Pelican Place Apartments	23,744	-	3,925	19,819	4,026
Unamortized Debt Premium	4,107	-	1,259	2,848	1,016
Mortgage Revenue Bonds:					
Sewer Utility	185,117	-	50,053	135,064	50,856
Knapp Haven Nursing Home	1,961,240	-	25,804	1,935,436	26,583
Pelican Place Apartments	636,400	-	35,500	600,900	37,300
Total Business-Type Activities	<u>3,658,117</u>	<u>-</u>	<u>278,009</u>	<u>3,380,108</u>	<u>286,118</u>
Total Long-Term Debt	<u>\$ 4,953,232</u>	<u>\$ -</u>	<u>\$ 551,034</u>	<u>\$ 4,402,198</u>	<u>\$ 530,745</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Changes in Long-Term Obligations (Continued)**

	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
<b>Other Long-Term Obligations:</b>					
<b>Governmental Activities:</b>					
Other Postemployment					
Benefits Payable	\$ 78,677	\$ 13,096	\$ 10,365	\$ 81,408	\$ -
Employee Leave Liability	73,865	8,008	-	81,873	81,873
	<u>152,542</u>	<u>21,104</u>	<u>10,365</u>	<u>163,281</u>	<u>81,873</u>
<b>Business-Type Activities:</b>					
Other Postemployment					
Benefits Payable	14,930	2,509	1,840	15,599	-
Employee Leave Liability	14,763	3,100	-	17,863	17,863
	<u>29,693</u>	<u>5,609</u>	<u>1,840</u>	<u>33,462</u>	<u>17,863</u>
Total Other Long-Term Obligations	<u>\$ 182,235</u>	<u>\$ 26,713</u>	<u>\$ 12,205</u>	<u>\$ 196,743</u>	<u>\$ 99,736</u>

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

**General Obligation Debt**

**Annual Requirements for Retirement.** Individual general obligation long-term debt issued outstanding at December 31, 2015 and annual requirements for their retirement are shown below (Knapp Haven Nursing Home and Pelican Place Apartments debt balances are as of their June 30, 2015 fiscal year end):

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

**Annual Requirements for Retirement (Continued)**

	Year	Principal	Interest	Total
<b>General Obligation Notes:</b>				
General Obligation Refunding Bonds, \$1,940,000, dated 9/2/11,	2016	\$ 230,000	\$ 29,100	\$ 259,100
due 6/1/21, interest at 2.0% to 3.0%	2017	240,000	22,050	262,050
(general City \$780,850; TID #2 \$750,780;	2018	245,000	14,775	259,775
stormwater fund \$148,410;	2019	120,000	9,300	129,300
sewer utility \$259,960)	2020	125,000	5,625	130,625
	2021	125,000	1,875	126,875
		1,085,000	82,725	1,167,725
Promissory Bank Note, \$550,000, dated 10/20/14, due 10/20/19, interest at 3.0%	2016	108,854	11,241	120,095
(TID #2 \$52,097; water utility \$497,903)	2017	112,119	7,976	120,095
	2018	115,483	4,612	120,095
	2019	38,303	1,148	39,451
		374,759	24,977	399,736
General Obligation Promissory Notes, \$584,000 authorized, \$409,000 issued, dated 11/4/09, due 9/1/19, interest at 4.5%	2016	41,000	16,994	57,994
(Knapp Haven Nursing Home \$334,670; Pelican Place Apartments \$36,330)	2017	43,000	15,061	58,061
	2018	45,000	13,080	58,080
	2019	47,000	11,012	58,012
	2020	45,213	5,013	50,226
		221,213	61,160	282,373
State Trust Fund Loan, \$215,617, dated 10/27/06, due 3/15/16, interest at 4.25% (TID #2)	2016	28,573	1,218	29,791
Total General Obligation Long-Term Debt		\$ 1,709,545	\$ 170,080	\$ 1,879,625

**Mortgage Revenue Bonds**

At December 31, 2015 the City had several mortgage revenue bond issues outstanding as discussed below. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the enterprise funds and its component unit.

**Sewer System Revenue Bonds.** During 1998 the City authorized the issuance of two separate sewer revenue bond issues as discussed below:

**Sewer System Revenue Bonds Dated May 1, 1998.** The City issued sewer system revenue bonds dated May 1, 1998 in the amount of \$290,000 to provide funds necessary for plant expansion. This debt is recorded in the City's sewer utility enterprise fund. A portion of the debt was advanced to the City's tax incremental district. Scheduled annual principal and interest requirements on the debt outstanding at December 31, 2015 are shown below.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Mortgage Revenue Bonds (Continued)**

	Year	Repayment Requirements			Expecting Funding	
		Principal	Interest	Total	Sewer Utility	TID Fund
Sewer System Revenue Bonds						
\$290,000, dated 5/1/98,	2016	\$ 20,000	\$ 1,560	\$ 21,560	\$ 19,901	\$ 1,659
due 5/1/17, interest	2017	20,000	520	20,520	20,520	-
at 5.00% to 5.20%		<u>\$ 40,000</u>	<u>\$ 2,080</u>	<u>\$ 42,080</u>	<u>\$ 40,421</u>	<u>\$ 1,659</u>

Bonds maturing in the years 2010 and thereafter are subject to redemption prior to maturity at the option of the City on May 1, 2006 or on any day thereafter at the price of par plus accrued interest to the date of redemption.

According to the City of Chetek resolution authorizing the issuance of the above sewer system revenue bonds, the utility is to set aside gross revenues in separate and special funds as follows:

- (1) Operation and Maintenance Fund
- (2) Special Redemption Fund (Includes Debt Service and Reserve Accounts)
- (3) Depreciation Fund

Special requirements pertaining to the establishment, use and balances required in the above funds are detailed in the authorizing resolution. The special redemption fund and depreciation fund have been established by the utility. The balances in these accounts at December 31, 2015 were \$89,218 and \$196,496, respectively. These balances meet the combined requirements of these bonds and the State of Wisconsin Clean Water Fund Loan below.

**State of Wisconsin Clean Water Fund Loan.** The City authorized, by Resolution 98-26, the issuance of up to \$527,883 in sewerage system revenue bonds for the purpose of financing treatment plant modifications. The revenue bonds were issued to the State of Wisconsin Clean Water Fund in accordance with the terms and conditions of a Financial Assistance Agreement.

The terms of the agreement with the State provide for the disbursing of loan proceeds to the City based on approved disbursement requests. The City received \$469,411 in 1998 and an additional \$42,354 in 1999. The revenue bonds bear interest at a rate of 2.672 percent and are being amortized over twenty years.

Scheduled annual principal and interest requirements on the debt outstanding at December 31, 2015 are shown below.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Mortgage Revenue Bonds (Continued)**

**State of Wisconsin Clean Water Fund Loan (Continued).**

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Sewage System Revenue	2016	\$ 30,856	\$ 2,128	\$ 32,984
Bonds, \$511,765,	2017	31,681	1,293	32,974
dated 7/8/98, due 5/1/18,	2018	32,527	435	32,962
interest at 2.672%		<u>\$ 95,064</u>	<u>\$ 3,856</u>	<u>\$ 98,920</u>

The revenue bonds may not be prepaid without the consent of the State. Consent may be withheld by the State at the State's sole discretion.

According to the resolution authorizing the issuance of the sewer system revenue bonds, the sewer utility is to set aside gross revenues in separate and special funds as follows:

- (1) Operation and Maintenance Fund
- (2) Debt Service Fund
- (3) Depreciation Fund
- (4) Surplus Fund

Special requirements pertaining to the establishment, use and balances required in the special funds are detailed in the authorizing resolution. As noted for the previous issue, the debt service and depreciation funds have been established by the utility with balances as stated above.

**Elderly Apartment Revenue Bonds.** The City issued \$1,000,000 of mortgage revenue bonds in 1997 to the United States Department of Agriculture-Rural Development for the construction of a frail/elderly apartment complex. This debt is recorded in the City's Pelican Place Apartments enterprise fund. Scheduled annual principal and interest requirements on the debt outstanding at June 30, 2015 are shown below.

	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Mortgage Revenue Bonds, \$1,000,000, dated 5/8/97, due 5/1/27, interest at 5.0%	2016	\$ 37,300	\$ 29,585	\$ 66,885
	2017	39,300	27,695	66,995
	2018	41,300	25,705	67,005
	2019	43,500	23,613	67,113
	2020	45,700	21,409	67,109
	2021-2025	266,600	69,851	336,451
	2026-2027	127,200	8,050	135,250
			<u>\$ 600,900</u>	<u>\$ 205,908</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Mortgage Revenue Bonds (Continued)**

**Elderly Apartment Revenue Bonds (Continued).** The bond ordinance authorizing the issuance of the bonds calls for the creation of a special redemption fund into which revenue is pledged for the retirement of principal and interest payments. In addition to the special redemption fund, a depreciation fund is to be established with a minimum annual contribution of \$6,676, until a balance of \$66,760 is accumulated. The depreciation fund is to be used only for the payment of principal and interest if insufficient funds exist in the special redemption fund. Funds accumulated in excess of the reserve may be used to make replacements or repairs.

As of June 30, 2015, the special redemption fund had a balance of \$20,168 and the depreciation fund had a balance of \$66,760.

**Nursing Home Revenue Bonds.** The City issued \$2,044,480 of mortgage revenue bonds during fiscal year 2011 to the United States Department of Agriculture-Rural Development for Knapp Haven nursing home improvements. This debt is recorded in the City's Knapp Haven Nursing Home enterprise fund. Scheduled annual principal and interest requirements on the debt outstanding at June 30, 2015 are shown below.

	Fiscal Year	Principal	Interest	Total
Mortgage Revenue Bonds, \$2,044,480, dated 11/18/10, due 11/18/50, interest at 3.75%	2016	\$ 26,583	\$ 72,535	\$ 99,118
	2017	27,787	71,331	99,118
	2018	28,838	70,280	99,118
	2019	29,930	69,188	99,118
	2020	30,877	68,241	99,118
	2021-2025	173,650	321,940	495,590
	2026-2030	209,108	286,482	495,590
	2031-2035	251,810	243,780	495,590
	2036-2040	303,142	192,448	495,590
	2041-2045	365,186	130,404	495,590
	2046-2050	439,767	55,824	495,591
	2051	48,758	918	49,676
			<u>\$ 1,935,436</u>	<u>\$ 1,583,371</u>

The bond ordinance authorizing the issuance of the bonds calls for the creation of a special redemption fund into which revenue is pledged for the retirement of principal and interest payments. As of June 30, 2015, the special redemption fund had a balance of \$184,683.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at December 31, 2015 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
<b>Major Funds:</b>						
General Fund						
Delinquent Taxes	\$ 734	\$ 734	\$ -	\$ -	\$ -	\$ -
Advances to Other Funds	16,223	16,223	-	-	-	-
Prepaid Items	40,748	40,748	-	-	-	-
Library Improvements	15,129	-	15,129	-	-	-
Data Processing Costs	7,745	-	-	-	7,745	-
Squad Car	4,408	-	-	-	4,408	-
Law Enforcement Equipment	6,540	-	-	-	6,540	-
Law Enforcement Radio Equipment	4,234	-	-	-	4,234	-
Vest Matching Funds	2,641	-	-	-	2,641	-
Court Special Purchases	2,650	-	-	-	2,650	-
Street Machinery and Equipment	4,663	-	-	-	4,663	-
Snow and Ice Control	9,535	-	-	-	9,535	-
Garbage Truck	36,930	-	-	-	36,930	-
City Shop	3,634	-	-	-	3,634	-
Street Improvements	3,326	-	-	-	3,326	-
Airport	250	-	-	-	250	-
Airport Courtesy Van	854	-	-	-	854	-
Future Cemetery	28,000	-	-	-	28,000	-
Library Act 150	87,014	-	-	-	87,014	-
Parks	44,006	-	-	-	44,006	-
Docks and Boat Landing	338	-	-	-	338	-
Assessment of Property	30,732	-	-	-	30,732	-
Fixed Asset Replacement	19,485	-	-	-	19,485	-
Building Fund	220,339	-	-	-	220,339	-
Retirement Expense	136,449	-	-	-	136,449	-
Economic Development	8,103	-	-	-	8,103	-
Unassigned	878,893	-	-	-	-	878,893
Housing Rehabilitation Revolving Loan						
Program Fund	48,178	-	48,178	-	-	-
Debt Service Fund	21,395	-	21,395	-	-	-
Tax Incremental District #2 Projects Fund	(125,927)	-	-	-	-	(125,927)
<b>Nonmajor Funds:</b>						
Special Revenue Funds:						
Stormwater Fund	71,055	-	-	71,055	-	-
Capital Projects Fund:						
Tax Incremental District #3 Projects Fund	(61,491)	-	-	-	-	(61,491)
Total Governmental Fund Balances at December 31, 2015	<u>\$ 1,566,813</u>	<u>\$ 57,705</u>	<u>\$ 84,702</u>	<u>\$ 71,055</u>	<u>\$ 661,876</u>	<u>\$ 691,475</u>

**G. Tax Incremental Districts**

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

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Tax Incremental Districts (Continued)**

The City terminated TID #1 in 1996. TID #2 and TID #3 were in existence during the year ended December 31, 2015. The resolutions creating TID #2 and TID #3 were dated May 13, 1997 and April 26, 2007, respectively. Resolutions subsequently amending TID #2 were dated April 8, 2003 and September 10, 2013. At the creation of TID #2, the statutes provided that no project costs could be expended later than seven years after the creation date of the district. The statutes further allowed the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district had been recovered, whichever occurred first. The State enacted several changes relating to tax incremental districts in 2004 (with amending legislation in 2005). One of these changes extended the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that had reached the end of its project expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004 (subject to certain conditions). The unextended maximum life of TID #3 is twenty years.

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

The following is a summary of TID #2 and TID #3 project costs and revenues through December 31, 2015:

	<u>TID #2</u>	<u>TID #3</u>
Accumulated Project Costs:		
From Inception to December 31, 2015	\$ 4,189,270	\$ 274,851
Accumulated Project Revenues:		
Tax Increments	3,081,222	-
Intergovernmental Revenues	324,915	-
Special Assessments Levied	29,995	-
Sale of Property	15,144	-
Rent	34,530	6,766
Interest on Investments	65,948	-
Premium on Debt Issued	27,619	-
Transfers In	-	206,594
Total Project Revenues	<u>3,579,373</u>	<u>213,360</u>
Future Project Revenues Necessary to Recover Net Costs to Date	<u>\$ 609,897</u>	<u>\$ 61,491</u>

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Tax Incremental Districts (Continued)**

The above summary of transactions is reconcilable to the TID fund balances (deficits) at December 31, 2015 as follows:

	TID #2	TID #3
Long-Term Debt Payable from TID Fund:		
State Trust Fund Loan Dated 10/27/06	\$ 28,573	\$ -
G.O. Refunding Bonds Dated 9/2/11	419,895	-
General Obligation Note Dated 1/18/08	35,502	-
	483,970	-
Less Unrecovered Costs Above	609,897	61,491
Fund Balance (Deficit) December 31, 2015	\$ (125,927)	\$ (61,491)

In addition to the above long-term debt payable from TID funds, TID #2 was obligated for revenue bond proceeds and operating funds advanced to it from the sewer utility as previously discussed in Note 3.D. The balance of the advance to TID #2 from the sewer utility at December 31, 2015 was \$1,617.

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

*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.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

*Benefits Provided.* Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

For the year ended December 31, 2015, the WRS recognized \$28,901 in contributions from the employer. Contributions for the years ended December 31, 2014 and 2013 were \$30,454 and \$33,794, respectively.

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7.0%
2006	0.8	3.0
2007	3.0	10.0
2008	6.6	0.0
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

**B. Employee Leave Liabilities**

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

Liabilities for accumulated employee leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and propriety fund financial statements when earned. The estimated liabilities for unused vacation and compensatory time payable from governmental funds and proprietary funds at December 31, 2015 were \$81,873 and \$17,863, respectively.

Employees of Knapp Haven Nursing Home receive all purpose paid leave ("APPL") for paid time off which encompasses sick leave, personal holidays and vacation time. Employees are granted "APPL" time based on length of service. The estimated liability for accumulated "APPL" time was \$222,036 at June 30, 2015.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan**

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions.

**Single-Employer Plan Description**

The City offers a supplemental retirement program for certain employees which includes certain health insurance benefits. The City provides these benefits according to negotiated agreements. The amounts vary based on age, years of service, and classification of employees. As of the actuarial study date there were approximately 16 active participants and no retired participants receiving benefits from the City's health plans.

**Funding Policy**

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2015, the City contributed an estimated \$12,205 to the plan.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 15,581
Interest on Net OPEB Obligation	3,744
Adjustment to Annual Required Contribution	<u>(3,720)</u>
Annual OPEB Cost (Expense)	15,605
Contributions Made	<u>(12,205)</u>
Increase in Net OPEB Obligation	3,400
Net OPEB Obligation- Beginning of Year	<u>93,607</u>
Net OPEB Obligation- End of Year	<u><u>\$ 97,007</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 15,605	78.2%	\$ 97,007
12/31/2014	21,828	27.4%	93,607
12/31/2013	21,792	8.9%	77,762

CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

**Funded Status and Funding Progress**

As of January 1, 2015, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$148,274 which is 18.2% of covered payroll in the amount of \$814,000.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% interest discount rate of return. The initial healthcare trend rate was 9.0%, reduced by decrements to an ultimate rate of 5.0% by the year 2024. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2015 was 29 years.

D. Joint Ventures

**Chetek Fire District**

The City of Chetek and the Town of Chetek have jointly contracted to provide mutual fire protection for the City and Town through the Chetek Fire District (District). The operations of the District are governed by its bylaws and articles of agreement made between the two municipalities.

The articles of agreement establish a Joint Fire Board that manages and directs the fire protection within the District. The Board consists of two members representing the City and two members representing the Town. The Chief of the Chetek Volunteer Fire Department is an ex-officio member of the Board.

**CITY OF CHETEK, WISCONSIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Joint Ventures (Continued)**

**Chetek Fire District (Continued)**

The principal sources of funding are the two participating municipalities. Net costs are allocated between the municipalities in accordance with a mutual contract entered into for that purpose. In addition, the District also provides fire protection services to other towns on a contracted basis. The City's assessments for 2015 totaled \$57,657.

**Chetek Ambulance Service**

The City of Chetek participates in a joint municipal ambulance service with the Towns of Chetek, Dovre, Prairie Lake and Sioux Creek in order to provide ambulance and/or emergency medical services.

The ambulance service is managed by a Joint Ambulance Commission consisting of six members made up of the ambulance service director and one member from each of the five participating municipalities. The ambulance service director is a non-voting member of the Commission.

The costs of operating the ambulance service are allocated to member parties on the basis of relative population size or as the parties may otherwise agree. The City's assessments for 2015 totaled \$36,023. The process for determining a party's interest in property should an election be made to terminate are detailed in Articles of Agreement. Generally, interest in the property is to be based on the median amount per three independent appraisals.

**E. Risk Management**

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

**F. Subsequent Event**

The City has entered into an agreement for the sale of Knapp Haven Nursing Home and Pelican Place Apartments, enterprise funds of the City. The sale has not been completed as of the report date.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CHETEK, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes	\$ 1,258,582	\$ 1,258,582	\$ 1,259,877	\$ 1,295
Intergovernmental	517,000	641,265	657,659	16,394
Licenses and Permits	54,550	54,550	70,534	15,984
Fines and Forfeits	37,500	37,500	50,196	12,696
Public Charges for Services	361,168	391,022	443,116	52,094
Intergovernmental Charges for Services	2,000	2,000	3,926	1,926
Miscellaneous:				
Interest	8,500	8,500	8,851	351
Rent	7,700	8,300	13,273	4,973
Other	-	10,708	14,911	4,203
<b>Total Revenues</b>	<b>2,247,000</b>	<b>2,412,427</b>	<b>2,522,343</b>	<b>109,916</b>
<b>EXPENDITURES</b>				
General Government	376,807	537,507	537,554	(47)
Public Safety	698,958	714,078	713,991	87
Transportation	438,003	523,003	503,326	19,677
Sanitation	315,238	315,238	339,640	(24,402)
Health and Human Services	3,700	4,050	4,026	24
Culture, Recreation and Education	159,270	169,175	171,417	(2,242)
Conservation and Development	500	500	92	408
Capital Outlay	204,500	1,054,994	393,118	661,876
<b>Total Expenditures</b>	<b>2,196,976</b>	<b>3,318,545</b>	<b>2,663,164</b>	<b>655,381</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>50,024</b>	<b>(906,118)</b>	<b>(140,821)</b>	<b>765,297</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	55,000	55,000	53,105	(1,895)
Transfers Out	(105,024)	(105,024)	(105,135)	(111)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,024)</b>	<b>(50,024)</b>	<b>(52,030)</b>	<b>(2,006)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(956,142)</b>	<b>(192,851)</b>	<b>763,291</b>
Fund Balance, January 1	1,806,454	1,806,454	1,806,454	-
<b>FUND BALANCE, DECEMBER 31</b>	<b>\$ 1,806,454</b>	<b>\$ 850,312</b>	<b>\$ 1,613,603</b>	<b>\$ 763,291</b>

See Notes to Required Supplementary Information

**CITY OF CHETEK, WISCONSIN  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED DECEMBER 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2015	\$ -	\$ 148,274	\$ 148,274	0%	\$ 814,000	18.2%
1/1/2012	-	194,785	194,785	0%	766,100	25.4%
1/1/2009	-	282,770	282,770	0%	1,019,231	27.7%

**CITY OF CHETEK, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2015**

**BUDGETARY INFORMATION**

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

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

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

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**CITY OF CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015**

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Funds
	Stormwater Fund	Capital Projects Fund	Tax Incremental District #3 Projects Fund	
<b>ASSETS</b>				
Cash and Investments	\$ 66,320	\$ -	\$ -	\$ 66,320
Taxes Receivable:	-	77,500	-	77,500
Accounts Receivable	4,765	-	-	4,765
<b>Total Assets</b>	<b>\$ 71,085</b>	<b>\$ 77,500</b>	<b>\$ -</b>	<b>\$ 148,585</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Vouchers and Accounts Payable	\$ 30	\$ -	\$ -	\$ 30
Due to General Fund	-	-	61,491	61,491
<b>Total Liabilities</b>	<b>30</b>	<b>-</b>	<b>61,491</b>	<b>61,521</b>
<b>Deferred Inflows of Resources:</b>				
Subsequent Year's Property Taxes	-	77,500	-	77,500
<b>Fund Balances:</b>				
Committed	71,055	-	-	71,055
Unassigned	-	-	(61,491)	(61,491)
<b>Total Fund Balances</b>	<b>71,055</b>	<b>-</b>	<b>(61,491)</b>	<b>9,564</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 71,085</b>	<b>\$ 77,500</b>	<b>\$ -</b>	<b>\$ 148,585</b>

**CITY OF CHETEK, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Funds
	Stormwater Fund	Capital Projects Fund	Tax Incremental District #3 Projects Fund	
<b>REVENUES</b>				
Public Charges for Services:				
Stormwater Fees	\$ 60,834	\$ -	\$ -	\$ 60,834
Miscellaneous:				
Rent	-	-	605	605
Total Revenues	60,834	-	605	61,439
<b>EXPENDITURES</b>				
Transportation	23,584	-	-	23,584
Conservation and Development	-	-	600	600
Total Expenditures	23,584	-	600	24,184
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	37,250	-	5	37,255
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Debt Service Fund	(20,073)	-	-	(20,073)
<b>NET CHANGE IN FUND BALANCES</b>	17,177	-	5	17,182
Fund Balance (Deficit), January 1	53,878	-	(61,496)	(7,618)
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>	<b>\$ 71,055</b>	<b>\$ -</b>	<b>\$ (61,491)</b>	<b>\$ 9,564</b>

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)**

	2015	2014
<b>ASSETS</b>		
Treasurer's Cash and Investments	\$ 1,692,602	\$ 1,926,647
Taxes Receivable:		
Current Tax Roll Items	850,542	982,414
Delinquent Personal Property Taxes	505	319
Delinquent Taxes Held by County	229	3,807
Accounts Receivable	43,798	43,015
Interest Receivable	567	804
Due from Other Funds:		
TID #2 Fund	124,310	41,653
TID #3 Fund	61,491	61,496
Knapp Haven Enterprise Fund	2,107	2,599
Long-Term Advance to Pelican Place Enterprise Fund	16,223	19,379
Prepayments	40,748	15,451
	<u>\$ 2,833,122</u>	<u>\$ 3,097,584</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Vouchers and Accounts Payable	\$ 30,957	\$ 23,698
Due to Knapp Haven Enterprise Fund	17,128	-
Unearned Revenues	-	28,850
Special Deposits	4,408	-
Total Liabilities	<u>52,493</u>	<u>52,548</u>
<b>Deferred Inflows of Resources:</b>		
Subsequent Year's Property Taxes	1,167,026	1,238,582
<b>Fund Balance:</b>		
Nonspendable	57,705	38,956
Restricted	15,129	15,076
Assigned	661,876	817,443
Unassigned	878,893	934,979
Total Fund Balance	<u>1,613,603</u>	<u>1,806,454</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,833,122</u>	<u>\$ 3,097,584</u>

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>REVENUES:</b>				
<b>Taxes:</b>				
General Property Taxes	\$ 1,238,582	\$ 1,238,582	\$ -	\$ 1,233,500
Mobile Home Tax	6,500	6,333	(167)	6,065
Payments in Lieu of Taxes	13,000	14,037	1,037	16,363
Interest on Taxes	500	925	425	829
Total Taxes	1,258,582	1,259,877	1,295	1,256,757
<b>Intergovernmental:</b>				
State Shared Revenues	378,000	378,032	32	380,003
Fire Insurance Taxes	-	4,942	4,942	5,247
State Exempt Computer Aid	-	2,468	2,468	2,279
State Aid Police Training	1,120	1,120	-	1,120
State Aid Law Enforcement	-	3,521	3,521	-
State Transportation Aids	139,000	139,229	229	134,604
State Aid for Local Road Improvement	-	-	-	15,688
State Aid for State Owned Property	-	42	42	42
State Aid for Ambulance Service	-	5,160	5,160	4,627
Safe Routes to Schools Grant	56,973	56,973	-	48,952
County Library Aid	66,172	66,172	-	45,765
Total Intergovernmental	641,265	657,659	16,394	638,327
<b>Licenses and Permits:</b>				
Liquor and Malt Beverage	4,000	4,772	772	4,448
Operators' Licenses	3,000	2,914	(86)	3,502
Cigarette Licenses	300	597	297	340
Television Franchise	35,000	45,187	10,187	42,418
Direct Seller License	500	1,500	1,000	680
Dog Licenses	1,000	1,105	105	1,185
Building Permits	10,000	10,057	57	11,784
Other Permits Games/Dance	250	280	30	285
Zoning Permits	500	4,122	3,622	2,770
Total Licenses and Permits	54,550	70,534	15,984	67,412
<b>Fines and Forfeits:</b>				
Court Penalties and Costs	37,000	49,836	12,836	31,886
Parking Violations	500	360	(140)	510
Total Fines and Forfeits	37,500	50,196	12,696	32,396

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014)**

	2015			2014 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>REVENUES: (CONTINUED)</b>				
<b>Public Charges for Services:</b>				
Clerk/Treasurer's Fees	\$ 150	\$ 540	\$ 390	\$ 1,250
License Publication Fees	-	10	10	-
Police Paper Service Fees	200	275	75	350
Accident Reports	13,000	991	(12,009)	1,376
Canine Unit Revenues	704	880	176	6,094
Snow Removal/Street Services	32,768	47,120	14,352	44,265
Airport - Fuel Sales	40,000	59,526	19,526	52,965
Garbage Collections	300,000	327,146	27,146	307,304
Garbage Miscellaneous Revenues	1,000	3,128	2,128	1,539
Library	1,200	1,200	-	1,433
Parks	1,000	950	(50)	975
Cemetery	1,000	1,350	350	1,890
Total Public Charges for Services	391,022	443,116	52,094	419,441
<b>Intergovernmental Charges for Services:</b>				
Knapp Haven Clerical Service	2,000	3,926	1,926	4,121
<b>Miscellaneous:</b>				
Interest:				
Temporary Investments	8,000	7,754	(246)	5,931
Garbage Accounts	500	1,097	597	1,089
Pelican Place Advance	-	-	-	1
Rent:				
City Buildings	-	4,000	4,000	4,001
Community Senior Center	2,800	3,574	774	2,555
Airport	5,500	5,699	199	5,494
Other:				
Donations	6,300	9,646	3,346	2,421
Miscellaneous	4,408	5,265	857	6,639
Total Miscellaneous	27,508	37,035	9,527	28,131
Total Revenues	2,412,427	2,522,343	109,916	2,446,585

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Council	\$ 20,602	\$ 20,224	\$ 378	\$ 21,588
Municipal Court	35,030	33,536	1,494	33,947
Municipal Court Attorney	3,000	2,885	115	4,730
Mayor	9,150	7,294	1,856	9,081
Elections	4,000	2,493	1,507	5,707
Assessment of Property	8,000	8,341	(341)	5,380
Clerks Office	174,725	166,606	8,119	177,688
Record Checks	1,000	694	306	749
Independent Auditing	18,500	17,300	1,200	17,250
Legal Fees	196,000	216,998	(20,998)	46,403
Illegal Taxes	-	1,831	(1,831)	-
City Hall	-	638	(638)	-
Property and Liability Insurance	33,000	29,791	3,209	32,105
Workers' Compensation Insurance	32,000	28,430	3,570	30,241
Unemployment Compensation	2,500	493	2,007	-
Total General Government	<u>537,507</u>	<u>537,554</u>	<u>(47)</u>	<u>384,869</u>
<b>Public Safety:</b>				
Law Enforcement:				
Wages and Fringe Benefits	503,788	498,740	5,048	481,356
Training	3,120	1,601	1,519	2,326
Operation Costs	36,700	30,989	5,711	33,616
Police Station	8,500	7,274	1,226	7,719
Fire Department	57,657	57,657	-	53,408
Suppression (Hydrant Rental)	38,250	38,250	-	38,250
Ambulance Service Charge	30,863	36,023	(5,160)	34,202
Tornado Warning System	500	265	235	283
Inspector	34,700	43,192	(8,492)	37,227
Total Public Safety	<u>714,078</u>	<u>713,991</u>	<u>87</u>	<u>688,387</u>
<b>Transportation:</b>				
Department of Public Works	347,000	324,728	22,272	282,506
Snow and Ice Control	59,203	54,275	4,928	62,568
Traffic Control	100	105	(5)	46,539
Street Lighting	54,000	54,093	(93)	57,589
Safety Program	3,800	3,027	773	3,613
Airport	18,900	14,253	4,647	14,288
Airport Fuel Purchases	40,000	52,845	(12,845)	41,948
Total Transportation	<u>523,003</u>	<u>503,326</u>	<u>19,677</u>	<u>509,051</u>

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Sanitation:</b>				
Garbage Collection	\$ 203,238	\$ 208,697	\$ (5,459)	\$ 189,910
Incinerator	112,000	130,943	(18,943)	127,101
Total Sanitation	315,238	339,640	(24,402)	317,011
<b>Health and Human Services:</b>				
Animal Pound	1,050	1,026	24	1,045
Cemetery	3,000	3,000	-	3,000
Total Health and Human Services	4,050	4,026	24	4,045
<b>Culture, Recreation and Education:</b>				
Library	104,550	108,377	(3,827)	104,084
Community Center	34,820	34,111	709	38,262
Recreation Programs and Events	-	-	-	1,130
Celebrations and Entertainment	10,550	10,030	520	3,344
Parks	19,255	18,899	356	10,308
Total Culture, Recreation and Education	169,175	171,417	(2,242)	157,128
<b>Conservation and Development:</b>				
Other Conservation and Development	500	92	408	20
<b>Capital Outlay:</b>				
Data Processing Costs	7,745	-	7,745	-
Law Enforcement:				
Squad Car	29,667	25,259	4,408	-
Equipment	9,312	2,772	6,540	1,500
Radio Equipment	4,234	-	4,234	-
Vest Matching Funds	2,641	-	2,641	7,806
Canine Unit	2,918	2,918	-	1,032
Court Special Purchases	2,650	-	2,650	-
Machinery and Equipment	4,663	-	4,663	-
Snow and Ice Control	9,535	-	9,535	-
Garbage Truck	36,930	-	36,930	-
City Shop	3,723	89	3,634	730
Streets	152,633	149,307	3,326	151,965

**CITY OF CHETEK, WISCONSIN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015		Variance Positive (Negative)	2014 Actual
	Final Budget	Actual		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Capital Outlay: (Continued)</b>				
Airport	\$ 250	\$ -	\$ 250	\$ 3,384
Airport Courtesy Van	1,066	212	854	-
Cemetery	30,000	2,000	28,000	-
Library	-	-	-	425
Library Act 150 Fund	129,719	42,705	87,014	40,532
Parks	69,130	25,124	44,006	11,111
Docks and Boat Landing	115,407	115,069	338	3,600
Assessment of Property	30,732	-	30,732	1,723
Fixed Asset Reserve Fund	22,411	2,926	19,485	-
Building Fund	239,261	18,922	220,339	254
Retirement Expense	136,449	-	136,449	-
Economic Development	13,918	5,815	8,103	5,407
Total Capital Outlay	<u>1,054,994</u>	<u>393,118</u>	<u>661,876</u>	<u>229,469</u>
Total Expenditures	<u>3,318,545</u>	<u>2,663,164</u>	<u>655,381</u>	<u>2,289,980</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(906,118)	(140,821)	765,297	156,605
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Property	-	-	-	9,231
Transfers In:				
From Water Utility Fund	55,000	53,105	(1,895)	56,356
Transfers Out:				
To Debt Service Fund	(105,024)	(105,135)	(111)	(105,254)
Total Other Financing Sources (Uses)	<u>(50,024)</u>	<u>(52,030)</u>	<u>(2,006)</u>	<u>(39,667)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(956,142)	(192,851)	763,291	116,938
Fund Balance, January 1	<u>1,806,454</u>	<u>1,806,454</u>	-	<u>1,689,516</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 850,312</u>	<u>\$ 1,613,603</u>	<u>\$ 763,291</u>	<u>\$ 1,806,454</u>

**CITY OF CHETEK, WISCONSIN  
DEBT SERVICE FUND  
DETAILED BALANCE SHEET  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

	State Trust Fund Loan Dated 12/22/05	State Trust Fund Loan Dated 10/27/06	Refunding Bonds Dated 9/2/11	Promissory Bank Note Dated 10/20/14	<u>Totals</u>	
					2015	2014
<b>ASSETS</b>						
Cash and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ 21,197</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances:</b>						
Restricted	<u>-</u>	<u>-</u>	<u>21,395</u>	<u>-</u>	<u>21,395</u>	<u>21,197</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ 21,197</u>

**CITY OF CHETEK, WISCONSIN  
DEBT SERVICE FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	State	State	Refunding Bonds	Promissory Bank Note	Totals	
	Trust Fund Loan Dated 12/22/05	Trust Fund Loan Dated 10/27/06			Dated 9/2/11	Dated 10/20/14
<b>REVENUES</b>						
Interest on Investments	\$ -	\$ -	\$ 198	\$ -	\$ 198	\$ 195
<b>EXPENDITURES</b>						
Principal Retirement	32,665	27,411	194,850	9,966	264,892	309,205
Interest and Fees	1,388	2,379	31,449	1,407	36,623	45,102
Total Expenditures	<u>34,053</u>	<u>29,790</u>	<u>226,299</u>	<u>11,373</u>	<u>301,515</u>	<u>354,307</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(34,053)	(29,790)	(226,101)	(11,373)	(301,317)	(354,112)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In:						
From General Fund	-	-	105,135	-	105,135	105,254
From Stormwater Fund	-	-	20,073	-	20,073	20,117
From TID #2 Capital Projects Fund	34,053	29,790	101,091	11,373	176,307	228,824
Total Other Financing Sources (Uses)	<u>34,053</u>	<u>29,790</u>	<u>226,299</u>	<u>11,373</u>	<u>301,515</u>	<u>354,195</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	198	-	198	83
Fund Balances, January 1	-	-	21,197	-	21,197	21,114
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ -</u>	<u>\$ 21,395</u>	<u>\$ 21,197</u>

**CITY OF CHETEK, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)**

	2015	2014
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments	\$ 1,220,928	\$ 1,181,280
Customer Accounts Receivable	30,216	30,746
Accrued Interest Receivable	491	636
Inventories	21,580	24,396
Prepayments	1,218	1,331
Total Current Assets	1,274,433	1,238,389
<b>Capital Assets:</b>		
Property and Plant in Service	2,838,154	2,802,004
Less Accumulated Depreciation	1,146,192	1,091,827
Net Property and Plant in Service	1,691,962	1,710,177
Land Held for Future Use	1,837	1,837
Total Capital Assets	1,693,799	1,712,014
<b>Other Assets:</b>		
Special Assessments Receivable	8,913	11,393
Total Assets	\$ 2,977,145	\$ 2,961,796

**CITY OF CHETEK, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)**

	2015	2014
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 1,084	\$ 2,027
Accrued Interest Payable	2,120	2,716
Accrued Employee Leave Liabilities - Current Portion	5,977	5,165
Current Portion of General Obligation Debt	98,543	95,319
Special Deposits	7,000	-
Total Current Liabilities Payable from Current Assets	114,724	105,227
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Other Postemployment Benefits Payable	5,270	5,122
General Obligation Debt	240,714	339,213
Total Long-Term Liabilities (Net of Current Portion)	245,984	344,335
Total Liabilities	360,708	449,562
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,354,542	1,277,482
Unrestricted	1,261,895	1,234,752
Total Net Position	2,616,437	2,512,234
Total Liabilities and Net Position	\$ 2,977,145	\$ 2,961,796

**CITY OF CHETEK, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**WATER UTILITY ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>		
Sales of Water:		
Residential	\$ 136,353	\$ 133,991
Commercial	60,100	61,737
Industrial	11,142	11,526
Public Authorities	21,280	19,524
Private Fire Protection	5,616	5,616
Public Fire Protection	131,334	131,252
Total Sales of Water Revenues	<u>365,825</u>	<u>363,646</u>
Other Operating Revenues:		
Forfeited Discounts	673	818
Meter Charge to Sewer	15,347	14,820
Miscellaneous Operating Revenues	19,682	19,585
Total Other Operating Revenues	<u>35,702</u>	<u>35,223</u>
Total Operating Revenues	401,527	398,869
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Operation	81,100	87,952
Maintenance	14,710	13,284
Administrative and General	73,382	72,733
Total Operation and Maintenance	<u>169,192</u>	<u>173,969</u>
Depreciation	68,865	67,942
Total Operating Expenses	<u>238,057</u>	<u>241,911</u>
<b>OPERATING INCOME</b>	163,470	156,958
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	2,766	5,039
Interest Expense	<u>(12,852)</u>	<u>(24,624)</u>
Total Nonoperating Revenues (Expenses)	<u>(10,086)</u>	<u>(19,585)</u>
<b>INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	153,384	137,373
<b>TRANSFERS AND CONTRIBUTIONS</b>		
Transfer to Other Funds	(53,105)	(56,356)
Capital Assets Funded by TID	-	10,398
Capital Asset Contributions from Customers and Developers	3,924	-
Total Transfers and Contributions	<u>(49,181)</u>	<u>(45,958)</u>
<b>CHANGE IN NET POSITION</b>	104,203	91,415
Net Position, January 1	<u>2,512,234</u>	<u>2,420,819</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 2,616,437</u>	<u>\$ 2,512,234</u>

**CITY OF CHETEK, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 355,460	\$ 344,063
Cash Received from Municipality for Fire Protection	38,250	38,250
Water Meter Related Charges to Sewer Department	15,347	14,820
Cash Payments to Suppliers for Goods and Services	(86,115)	(91,825)
Cash Payments for Employee Services	(80,131)	(80,996)
Net Cash Provided by Operating Activities	242,811	224,312
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received from Payment of Special Assessments		
Purchased from Sewer Utility	1,118	1,273
Cash Payment for Tax Equivalents	(53,105)	(56,356)
Net Cash Used by Noncapital Financing Activities	(51,987)	(55,083)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Paid for Capital Assets	(46,726)	(6,268)
Cash Received from Salvage of Capital Assets	-	3,235
Cash Received from Payment of Special Assessments	1,538	1,755
Cash Received from Repayment of Advance to Tax Incremental District	-	54,483
Cash Received from Long-Term Debt	-	497,903
Principal Paid on Long-Term Debt	(95,275)	(613,371)
Interest Paid on Long-Term Debt	(13,448)	(24,182)
Net Cash Used by Capital and Related Financing Activities	(153,911)	(86,445)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Paid for Purchase of Investments	(2,735)	(2,588)
Cash Received from Interest on Investments	2,735	2,588
Net Cash Provided (Used) by Investing Activities	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	36,913	82,784
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	813,614	730,830
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 850,527	\$ 813,614

**CITY OF CHETEK, WISCONSIN  
WATER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015	2014
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 163,470	\$ 156,958
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	68,865	67,942
(Increase) Decrease in Assets:		
Customer Accounts Receivable	530	(1,736)
Inventories	2,816	(2,227)
Prepayments	113	33
Increase (Decrease) in Liabilities:		
Accounts Payable	(943)	1,398
Deposits	7,000	-
Accrued Employee Benefits Payable	812	986
Other Postemployment Benefits Payable	148	958
Net Cash Provided by Operating Activities	\$ 242,811	\$ 224,312
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statements of Net Position:		
Cash and Investments	\$ 1,220,928	\$ 1,181,280
Less: Investments with a Maturity Greater than Three Months	370,401	367,666
Cash and Cash Equivalents	\$ 850,527	\$ 813,614
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Tax Incremental District	\$ -	\$ 10,398
Capital Assets Financed by Customers and Developers	\$ 3,924	\$ -

**CITY OF CHETEK, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)

	2015	2014
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments	\$ 215,524	\$ 190,296
Customer Accounts Receivable	44,074	45,629
Accrued Interest Receivable - TID Advance	14	28
Current Portion of Long-Term Advance to Tax Incremental District	1,617	1,617
Inventories	3,007	1,935
Prepaid Expenses	4,112	2,958
Total Current Assets	268,348	242,463
<b>Restricted Assets:</b>		
Cash and Investments:		
Replacement Fund	196,496	193,959
Special Redemption Fund:		
Debt Reserve Fund	54,544	55,595
Debt Service Fund	34,674	34,446
Accrued Interest Receivable:		
Bond Reserve Fund	354	399
Total Restricted Assets	286,068	284,399
<b>Capital Assets:</b>		
Property and Plant in Service	3,816,492	3,803,619
Less Accumulated Depreciation	2,055,360	1,950,913
Net Property and Plant in Service	1,761,132	1,852,706
Land Held for Future Use	50,820	50,820
Net Capital Assets	1,811,952	1,903,526
<b>Other Assets:</b>		
Advances to Other Funds:		
Long-Term Advance to Tax Incremental District #2 from Revenue Bond Proceeds (Less Current Portion)	-	1,617
Total Assets	\$ 2,366,368	\$ 2,432,005

**CITY OF CHETEK, WISCONSIN**  
**SEWER UTILITY ENTERPRISE FUND**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2015**  
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES</b>		
<b>Current Liabilities Payable from Current Assets:</b>		
Accounts Payable	\$ 7,795	\$ 7,176
Accrued Interest Payable	887	996
Accrued Employee Leave Liabilities - Current Portion	11,886	9,598
Current Portion of General Obligation Debt	30,820	30,150
Current Portion of Unamortized Debt Premium	1,016	1,259
Current Portion of Revenue Bonds - Clean Water Fund	<u>30,856</u>	<u>30,053</u>
Total Current Liabilities Payable from Current Assets	83,260	79,232
<b>Current Liabilities Payable from Restricted Assets:</b>		
Interest Accrued Payable	347	520
Current Portion of Revenue Bonds - 1998 Issue	<u>20,000</u>	<u>20,000</u>
Total Current Liabilities Payable from Restricted Assets	20,347	20,520
<b>Long-Term Liabilities (Net of Current Portion):</b>		
Other Postemployment Benefits Payable	10,329	9,808
General Obligation Debt	114,570	145,390
Unamortized Debt Premium	1,832	2,848
Mortgage Revenue Bonds - 1998 Issue	20,000	40,000
Mortgage Revenue Bonds Series - Clean Water Fund	<u>64,208</u>	<u>95,064</u>
Total Long-Term Liabilities (Net of Current Portion)	<u>210,939</u>	<u>293,110</u>
Total Liabilities	314,546	392,862
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,528,650	1,540,021
Restricted for Capital Asset Replacement	196,496	193,959
Restricted for Debt Retirement	89,225	89,920
Unrestricted	<u>237,451</u>	<u>215,243</u>
Total Net Position	<u>2,051,822</u>	<u>2,039,143</u>
Total Liabilities and Net Position	<u>\$ 2,366,368</u>	<u>\$ 2,432,005</u>

**CITY OF CHETEK, WISCONSIN**  
**SEWER UTILITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2015**  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)

	2015	2014
<b>OPERATING REVENUES:</b>		
Sewerage Revenues:		
Residential	\$ 282,011	\$ 277,593
Commercial	112,709	109,376
Industrial	27,454	30,194
Public Authorities	43,777	48,632
Total Sewerage Revenues	465,951	465,795
Other Operating Revenues:		
Forfeited Discounts	1,571	1,725
Miscellaneous Revenues	525	749
Total Other Operating Revenues	2,096	2,474
Total Operating Revenues	468,047	468,269
<b>OPERATING EXPENSES:</b>		
Operation and Maintenance:		
Operation	184,882	170,453
Maintenance	38,521	35,983
Administrative and General	124,430	114,628
Total Operation and Maintenance	347,833	321,064
Depreciation	105,947	105,122
Total Operating Expenses	453,780	426,186
<b>OPERATING INCOME</b>	14,267	42,083
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest Income	1,783	1,862
Rental Income	6,025	6,026
Amortization of Debt Premium	1,259	1,464
Interest Expense	(10,186)	(12,695)
Rental Property Expense	(4,035)	(781)
Total Nonoperating Revenues (Expenses)	(5,154)	(4,124)
<b>INCOME BEFORE CONTRIBUTIONS</b>	9,113	37,959
<b>CAPITAL CONTRIBUTIONS:</b>		
Capital Assets Funded by TID	-	62,407
Capital Asset Contributions from Customers and Developers	3,566	424
Total Capital Contributions	3,566	62,831
<b>CHANGE IN NET POSITION</b>	12,679	100,790
Net Position, January 1	2,039,143	1,938,353
<b>NET POSITION, DECEMBER 31</b>	\$ 2,051,822	\$ 2,039,143

**CITY OF CHETEK, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 469,602	\$ 466,825
Water Meter Related Charges to Sewer Department	(15,347)	(14,820)
Cash Payments to Suppliers for Goods and Services	(171,047)	(149,966)
Cash Payments for Employee Services	(160,237)	(151,931)
Net Cash Provided by Operating Activities	122,971	150,108
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash Received for Rents from Rental Properties	6,025	6,026
Cash Paid for Rental Property Expense	(4,035)	(781)
Net Cash Provided (Used) by Noncapital Financing Activities	1,990	5,245
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash Paid for Capital Assets	(10,807)	(27,312)
Cash Received for Customer Contributions	-	424
Cash Received for Repayment of Advances to Tax Incremental Districts	1,745	1,827
Principal Paid on Long-Term Debt	(80,203)	(78,751)
Interest Paid on Long-Term Debt	(10,468)	(13,048)
Net Cash Used by Capital and Related Financing Activities	(99,733)	(116,860)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Paid for Purchase of Investments	(1,714)	(1,701)
Cash Received from Interest on Investments	1,714	1,701
Net Cash Provided (Used) by Investing Activities	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	25,228	38,493
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	190,296	151,803
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 215,524	\$ 190,296

**CITY OF CHETEK, WISCONSIN  
SEWER UTILITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	<u>2015</u>	<u>2014</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 14,267	\$ 42,083
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	105,947	105,122
(Increase) Decrease in Assets:		
Customer Accounts Receivable	1,555	(1,444)
Inventories	(1,072)	590
Prepayments	(1,154)	160
Increase (Decrease) in Liabilities:		
Accounts Payable	619	6,139
Accrued Employee Benefits Payable	2,288	(4,160)
Other Postemployment Benefits Payable	521	1,618
Net Cash Provided by Operating Activities	<u>\$ 122,971</u>	<u>\$ 150,108</u>
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Cash and Investments per Statements of Net Position:		
Cash and Investments	\$ 215,524	\$ 190,296
Cash and Investments - Restricted	285,714	284,000
	<u>501,238</u>	<u>474,296</u>
Less: Investments with a Maturity Greater than Three Months	<u>285,714</u>	<u>284,000</u>
Cash and Cash Equivalents	<u>\$ 215,524</u>	<u>\$ 190,296</u>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Capital Assets Financed by Tax Incremental District	\$ -	\$ 62,407
Capital Assets Financed by Customers and Developers	\$ 3,566	\$ -

## **DEBT REPAYMENT SCHEDULES**

CITY OF CHETEK, WISCONSIN  
STATE TRUST FUND LOAN DATED OCTOBER 27, 2006  
OUTSTANDING DECEMBER 31, 2015

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
3/15/16	\$ 29,791	\$ 28,573	\$ 1,218

Funding Source: Tax Incremental District #2

Interest Rate: 4.25%

**CITY OF CHETEK, WISCONSIN  
GENERAL OBLIGATION REFUNDING BONDS DATED SEPTEMBER 2, 2011  
OUTSTANDING DECEMBER 31, 2015**

Date	Rate	Total			General City			Tax Incremental District #2			Stormwater Fund			Sewer Utility		
		Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
6/1/16	3.00%	\$ 246,275	\$ 230,000	\$ 16,275	\$ 99,126	\$ 92,575	\$ 6,551	\$ 95,308	\$ 89,010	\$ 6,298	\$ 18,840	\$ 17,595	\$ 1,245	\$ 33,001	\$ 30,820	\$ 2,181
12/1/16		12,825	-	12,825	5,162	-	5,162	4,963	-	4,963	981	-	981	1,719	-	1,719
6/1/17	3.00%	252,825	240,000	12,825	101,762	96,600	5,162	97,843	92,880	4,963	19,341	18,360	981	33,879	32,160	1,719
12/1/17		9,225	-	9,225	3,713	-	3,713	3,570	-	3,570	706	-	706	1,236	-	1,236
6/1/18	3.00%	254,225	245,000	9,225	102,325	98,612	3,713	98,385	94,815	3,570	19,449	18,743	706	34,066	32,830	1,236
12/1/18		5,550	-	5,550	2,234	-	2,234	2,148	-	2,148	424	-	424	744	-	744
6/1/19	3.00%	125,550	120,000	5,550	50,534	48,300	2,234	48,588	46,440	2,148	9,604	9,180	424	16,824	16,080	744
12/1/19		3,750	-	3,750	1,509	-	1,509	1,451	-	1,451	288	-	288	502	-	502
6/1/20	3.00%	128,750	125,000	3,750	51,822	50,313	1,509	49,826	48,375	1,451	9,850	9,562	288	17,252	16,750	502
12/1/20		1,875	-	1,875	755	-	755	726	-	726	143	-	143	251	-	251
6/1/21	3.00%	126,875	125,000	1,875	51,067	50,312	755	49,101	48,375	726	9,706	9,563	143	17,001	16,750	251
		<u>\$ 1,167,725</u>	<u>\$ 1,085,000</u>	<u>\$ 82,725</u>	<u>\$ 470,009</u>	<u>\$ 436,712</u>	<u>\$ 33,297</u>	<u>\$ 451,909</u>	<u>\$ 419,895</u>	<u>\$ 32,014</u>	<u>\$ 89,332</u>	<u>\$ 83,003</u>	<u>\$ 6,329</u>	<u>\$ 156,475</u>	<u>\$ 145,390</u>	<u>\$ 11,085</u>

**CITY OF CHETEK, WISCONSIN  
 PROMISSORY NOTE DATED OCTOBER 20, 2014  
 OUTSTANDING DECEMBER 31, 2015**

Date	Total			Water Utility			Tax Incremental District #2		
	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
10/20/16	\$ 120,095	\$ 108,854	\$ 11,241	\$ 108,719	\$ 98,543	\$ 10,176	\$ 11,376	\$ 10,311	\$ 1,065
10/20/17	120,095	112,119	7,976	108,719	101,499	7,220	11,376	10,620	756
10/20/18	120,095	115,483	4,612	108,719	104,544	4,175	11,376	10,939	437
10/20/19	39,451	38,303	1,148	35,710	34,671	1,039	3,741	3,632	109
	<u>\$ 399,736</u>	<u>\$ 374,759</u>	<u>\$ 24,977</u>	<u>\$ 361,867</u>	<u>\$ 339,257</u>	<u>\$ 22,610</u>	<u>\$ 37,869</u>	<u>\$ 35,502</u>	<u>\$ 2,367</u>

Interest Rate: 3.0%

**CITY OF CHETEK, WISCONSIN  
 PROMISSORY NOTE DATED NOVEMBER 4, 2009  
 OUTSTANDING DECEMBER 31, 2015**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
9/1/15	\$ 50,006	\$ 41,000	\$ 9,006
3/1/16	7,988	-	7,988
9/1/16	51,076	43,000	8,076
3/1/17	6,985	-	6,985
9/1/17	52,100	45,000	7,100
3/1/18	5,980	-	5,980
9/1/18	53,080	47,000	6,080
3/1/19	4,932	-	4,932
9/1/19	<u>50,226</u>	<u>45,213</u>	<u>5,013</u>
	<u>\$ 282,373</u>	<u>\$ 221,213</u>	<u>\$ 61,160</u>

\$584,000 authorized, \$409,000 issued

Funding Source: Knapp Haven Nursing Home (90.18%); Pelican Place Apartments (9.82%)  
 (Facility Improvements)

Interest Rate: 4.50%

**CITY OF CHETEK, WISCONSIN  
SEWER SYSTEM REVENUE BONDS DATED MAY 1, 1998  
OUTSTANDING DECEMBER 31, 2015**

Payment Date	Rate	Total			Sewer Utility			Tax Incremental District #2		
		Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
5/1/16	5.20%	\$ 21,040	\$ 20,000	\$ 1,040	\$ 19,381	\$ 18,383	\$ 998	\$ 1,659	\$ 1,617	\$ 42
11/1/16		520	-	520	520	-	520	-	-	-
5/1/17	5.20%	20,520	20,000	520	20,520	20,000	520	-	-	-
		<u>\$ 42,080</u>	<u>\$ 40,000</u>	<u>\$ 2,080</u>	<u>\$ 40,421</u>	<u>\$ 38,383</u>	<u>\$ 2,038</u>	<u>\$ 1,659</u>	<u>\$ 1,617</u>	<u>\$ 42</u>

Bonds maturing in the years 2010 and thereafter are subject to redemption prior to maturity at the option of the City on May 1, 2006 or on any day thereafter at the price of par plus accrued interest to the date of redemption.

**CITY OF CHETEK, WISCONSIN  
SEWAGE SYSTEM REVENUE BONDS – CLEAN WATER FUND  
DATED JULY 8, 1998  
OUTSTANDING DECEMBER 31, 2015**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
5/1/16	\$ 32,126	\$ 30,856	\$ 1,270
11/1/16	858	-	858
5/1/17	32,539	31,681	858
11/1/17	435	-	435
5/1/18	<u>32,962</u>	<u>32,527</u>	<u>435</u>
	<u>\$ 98,920</u>	<u>\$ 95,064</u>	<u>\$ 3,856</u>

Interest Rate: 2.672%

**CITY OF CHETEK, WISCONSIN  
NURSING HOME AND APARTMENTS MORTGAGE REVENUE BONDS  
DATED MAY 8, 1997  
OUTSTANDING DECEMBER 31, 2015**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
11/1/15	\$ 33,423	\$ 18,400	\$ 15,023
5/1/16	33,462	18,900	14,562
11/1/16	33,490	19,400	14,090
5/1/17	33,505	19,900	13,605
11/1/17	33,507	20,400	13,107
5/1/18	33,498	20,900	12,598
11/1/18	33,575	21,500	12,075
5/1/19	33,538	22,000	11,538
11/1/19	33,587	22,600	10,987
5/1/20	33,522	23,100	10,422
11/1/20	33,545	23,700	9,845
5/1/21	33,552	24,300	9,252
11/1/21	33,645	25,000	8,645
5/1/22	33,620	25,600	8,020
11/1/22	33,680	26,300	7,380
5/1/23	33,622	26,900	6,722
11/1/23	33,650	27,600	6,050
5/1/24	33,660	28,300	5,360
11/1/24	33,752	29,100	4,652
5/1/25	33,725	29,800	3,925
11/1/25	33,780	30,600	3,180
5/1/26	33,815	31,400	2,415
11/1/26	33,830	32,200	1,630
5/1/27	33,825	33,000	825
	<u>\$ 806,808</u>	<u>\$ 600,900</u>	<u>\$ 205,908</u>

Interest Rate: 5.00%

**CITY OF CHETEK, WISCONSIN  
NURSING HOME MORTGAGE REVENUE BONDS  
DATED NOVEMBER 18, 2010  
OUTSTANDING DECEMBER 31, 2015**

Interest Rate: 3.75%

Payment Date	Total	Principal	Interest
11/18/15	\$ 49,559	\$ 12,971	\$ 36,588
5/18/16	49,559	13,612	35,947
11/18/16	49,559	13,474	36,085
5/18/17	49,559	14,313	35,246
11/18/17	49,559	13,999	35,560
5/18/18	49,559	14,839	34,720
11/18/18	49,559	14,544	35,015
5/18/19	49,559	15,386	34,173
11/18/19	49,559	15,110	34,449
5/18/20	49,559	15,767	33,792
11/18/20	49,559	15,694	33,865
5/18/21	49,559	16,538	33,021
11/18/21	49,559	16,303	33,256
5/18/22	49,559	17,148	32,411
11/18/22	49,559	16,935	32,624
5/18/23	49,559	17,782	31,777
11/18/23	49,559	17,592	31,967
5/18/24	49,559	18,268	31,291
11/18/24	49,559	18,270	31,289
5/18/25	49,559	19,120	30,439
11/18/25	49,559	18,976	30,583
5/18/26	49,559	19,828	29,731
11/18/26	49,559	19,710	29,849
5/18/27	49,559	20,563	28,996
11/18/27	49,559	20,471	29,088
5/18/28	49,559	21,170	28,389
11/18/28	49,559	21,259	28,300
5/18/29	49,559	22,115	27,444
11/18/29	49,559	22,079	27,480
5/18/30	49,559	22,937	26,622
11/18/30	49,559	22,929	26,630
5/18/31	49,559	23,790	25,769
11/18/31	49,559	23,813	25,746
5/18/32	49,559	24,538	25,021
11/18/32	49,559	24,727	24,832
5/18/33	49,559	25,591	23,968

**CITY OF CHETEK, WISCONSIN  
NURSING HOME MORTGAGE REVENUE BONDS  
DATED NOVEMBER 18, 2010 (CONTINUED)  
OUTSTANDING DECEMBER 31, 2015**

Payment Date	Total	Principal	Interest
11/18/33	\$ 49,559	\$ 25,678	\$ 23,881
5/18/34	49,559	26,545	23,014
11/18/34	49,559	26,665	22,894
5/18/35	49,559	27,534	22,025
11/18/35	49,559	27,690	21,869
5/18/36	49,559	28,445	21,114
11/18/36	49,559	28,751	20,808
5/18/37	49,559	29,625	19,934
11/18/37	49,559	29,854	19,705
5/18/38	49,559	30,731	18,828
11/18/38	49,559	31,000	18,559
5/18/39	49,559	31,879	17,680
11/18/39	49,559	32,188	17,371
5/18/40	49,559	32,979	16,580
11/18/40	49,559	33,420	16,139
5/18/41	49,559	34,305	15,254
11/18/41	49,559	34,701	14,858
5/18/42	49,559	35,588	13,971
11/18/42	49,559	36,029	13,530
5/18/43	49,559	36,920	12,639
11/18/43	49,559	37,408	12,151
5/18/44	49,559	38,240	11,319
11/18/44	49,559	38,839	10,720
5/18/45	49,559	39,736	9,823
11/18/45	49,559	40,324	9,235
5/18/46	49,559	41,224	8,335
11/18/46	49,560	41,866	7,694
5/18/47	49,559	42,769	6,790
11/18/47	49,559	43,465	6,094
5/18/48	49,559	44,344	5,215
11/18/48	49,559	45,125	4,434
5/18/49	49,559	46,037	3,522
11/18/49	49,559	46,849	2,710
5/18/50	49,559	47,764	1,795
11/18/50	49,676	48,758	918
	<u>\$ 3,518,807</u>	<u>\$ 1,935,436</u>	<u>\$ 1,583,371</u>

## **OTHER REPORTS**



CliftonLarsonAllen LLP  
CLAcconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The City Council  
City of Chetek  
Chetek, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chetek (City), as of and for the year ended December 31, 2015, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 5, 2016. The City has not adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We have modified our auditors' report to qualify our opinion on the governmental activities due to this departure. Our report includes a reference to other auditors who audited the financial statements of the Knapp Haven Nursing Home and Pelican Place Apartments enterprise funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider items 2015-001 through 2015-003 in the accompanying schedule of findings to be material weaknesses.

### **Compliance and Other Matters**

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

### **The City of Chetek's Response to Findings**

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

### **Purpose of this Report**

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



### **CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
April 5, 2016

**CITY OF CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

**FINDING: 2015-001 Limited Segregation of Duties**

**Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

**Condition:** The size of office staff precludes a proper separation of duties to assure adequate internal control.

**Context:** The limited size of the City's staff responsible for accounting and financial duties precludes a complete segregation of incompatible duties. The City has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

**Cause:** The condition is due to limited staff available.

**Effect:** The potential exists that the design of the internal controls over financial reporting could affect the ability of the City to record, process, summarize and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the City's inability to prevent or detect misappropriation of City assets.

**Recommendation:** The City should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City continues to work to achieve segregation of duties whenever cost effective.

**Official Responsible for Ensuring CAP:**

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

**Planned Completion Date for CAP:**

The CAP is ongoing.

**Plan to Monitor Completion of CAP:**

The City Council will be monitoring this corrective action plan.

**CITY OF CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED):**

**FINDING: 2015-002 Material Audit Adjustments**

- Criteria:** The City should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the City posted to its general ledger accounts journal entries for correcting certain misstatements.
- Context:** The City has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The City has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.
- Effect:** The potential exists that financial statements of the City may include inaccurate information not detected or prevented by City staff.
- Recommendation:** The City should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them.

**Official Responsible for Ensuring CAP:**

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

**Planned Completion Date for CAP:**

The CAP is ongoing.

**Plan to Monitor Completion of CAP:**

The City Council will be monitoring this corrective action plan.

**CITY OF CHETEK, WISCONSIN  
SCHEDULE OF FINDINGS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED):**

**FINDING: 2015-003 Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)**

**Criteria:** The City is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including related disclosures, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

**Condition:** The City does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

**Context:** The City has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

**Cause:** The City relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the City's internal controls.

**Recommendation:** The City should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The City will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

**Official Responsible for Ensuring CAP:**

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

**Planned Completion Date for CAP:**

The CAP is ongoing.

**Plan to Monitor Completion of CAP:**

The City Council will be monitoring this corrective action plan.