

City of Ripon, Wisconsin  
ANNUAL FINANCIAL REPORT

December 31, 2019



[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

# City of Ripon, Wisconsin

DECEMBER 31, 2019

---

## Table of Contents

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position - Fiduciary Fund	27
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	28
Combining Statement of Net Position - Component Units	29
Combining Statement of Activities - Component Units	30
Notes to Basic Financial Statements	32
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	68
Schedule of Contributions - Wisconsin Retirement System	68
Schedule of Proportionate Share of Net OPEB Liability (Asset) - Local Retiree Life Insurance Fund	69
Schedule of Contributions - Local Retiree Life Insurance Fund	69
Notes to Required Supplementary Information	70
<b>SUPPLEMENTARY INFORMATION</b>	
General Fund	
Detailed Comparison of Budgeted and Actual Revenues	71
Detailed Comparison of Budgeted and Actual Expenditures	73
Combining Balance Sheet - Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	78

# City of Ripon, Wisconsin

DECEMBER 31, 2019

---

## **ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82
Schedule of Findings and Responses	84



## Independent auditors' report

To the Mayor and City Council  
City of Ripon, Wisconsin

### **REPORT ON THE FINANCIAL STATEMENTS**

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

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

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

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

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

## **OPINIONS**

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

## **EMPHASIS OF MATTER**

As described in Note 1.B., during 2019, the City adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the City established a custodial fund for taxes and special charges collected for other governments. In prior years, these amounts were reported in the general fund. In addition, City also presents a custodial fund for the FF/NN Landfill, which prior to the implementation of Statement No. 84 was presented as an agency fund. Our opinions are not modified with respect to this matter.

## **OTHER MATTERS**

### **Prior Year Summarized Financial Information**

We have previously audited the City's 2018 financial statements, and our report dated July 30, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining information from which the prior year summarized financial information was derived. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the schedules relating to pensions and other postemployment benefits on pages 68 through 69 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended December 31, 2018, and have issued our report thereon dated July 30, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The detailed budgetary comparison information and the nonmajor combining statements for the year ended December 31, 2018 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 2018 financial statements. The detailed budgetary comparison information and the nonmajor combining statements have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed budgetary comparison information and nonmajor combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin

August 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

---

# City of Ripon, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

---

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

### Financial Highlights

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$20.2 million (*net position*).
- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$5,872,134, a decrease of \$451,958 in comparison with the prior year.
- As of December 31, 2019, unassigned fund balance for the general fund was \$1,090,064 or approximately 20% of total general fund expenditures.
- The City's total general-obligation debt decreased by \$897,135 (7%) during 2019. The revenue bonds in the City's business-type activities debt decreased by \$673,621.

### Overview of the Basic Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 12 - 14 of this report.

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



# City of Ripon, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

---

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

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

The City maintains twenty three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, TID No.11 downtown business fund, and the general capital projects fund, which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining* statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater utility funds, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 20 - 26 of this report.

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

The basic fiduciary fund financial statements can be found on pages 27 - 28 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 67 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 74 - 81 of this report. General Fund detailed comparison of budgeted and actual revenues and expenditures can be found on pages 71 - 73 of this report.

# City of Ripon, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019

## Government-wide Financial Analysis

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20.2 million at the close of 2019, an increase of \$85,531 over the prior year.

City of Ripon's Net Position (in thousands of dollars)						
	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$14,405,706	\$21,437,838	\$ 1,518,780	\$ 1,913,022	\$15,924,486	\$23,350,860
Restricted cash	-	-	1,631,590	1,626,077	1,631,590	1,626,077
Capital assets	15,855,421	15,912,902	10,114,632	10,459,624	25,970,053	26,372,526
Total Assets	30,261,127	37,350,740	13,265,002	13,998,723	43,526,129	51,349,463
Deferred outflows of resources	2,019,123	1,070,499	436,897	234,386	2,456,020	1,304,885
Current liabilities	568,038	7,138,818	109,176	114,115	677,214	7,252,933
Long-term liabilities outstanding	13,348,405	13,569,314	4,999,866	5,581,906	18,348,271	19,151,220
Total Liabilities	13,916,443	20,708,132	5,109,042	5,696,021	19,025,485	26,404,153
Deferred inflows of resources	6,487,759	5,912,407	236,646	191,060	6,724,405	6,103,467
Net Position						
Net investment in capital assets	10,337,911	9,468,620	5,751,290	5,374,046	16,089,201	14,842,666
Restricted	2,143,695	2,514,104	1,631,590	1,722,589	3,775,285	4,236,693
Unrestricted (Deficit)	(605,558)	(182,024)	973,331	1,249,393	367,773	1,067,369
Total Net Position	\$11,876,048	\$11,800,700	\$ 8,356,211	\$ 8,346,028	\$20,232,259	\$20,146,728

By far the largest portion of the City's net position (\$16.1 million) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$4.0 million) represents resources that are subject to external restrictions on how they may be used. The remaining amount of \$.4 million is the net amount of the governmental activities deficit balance of \$.6 million and \$1 million *unrestricted net position* that may be used to meet the City's obligations for its business-type activities.

# City of Ripon, Wisconsin

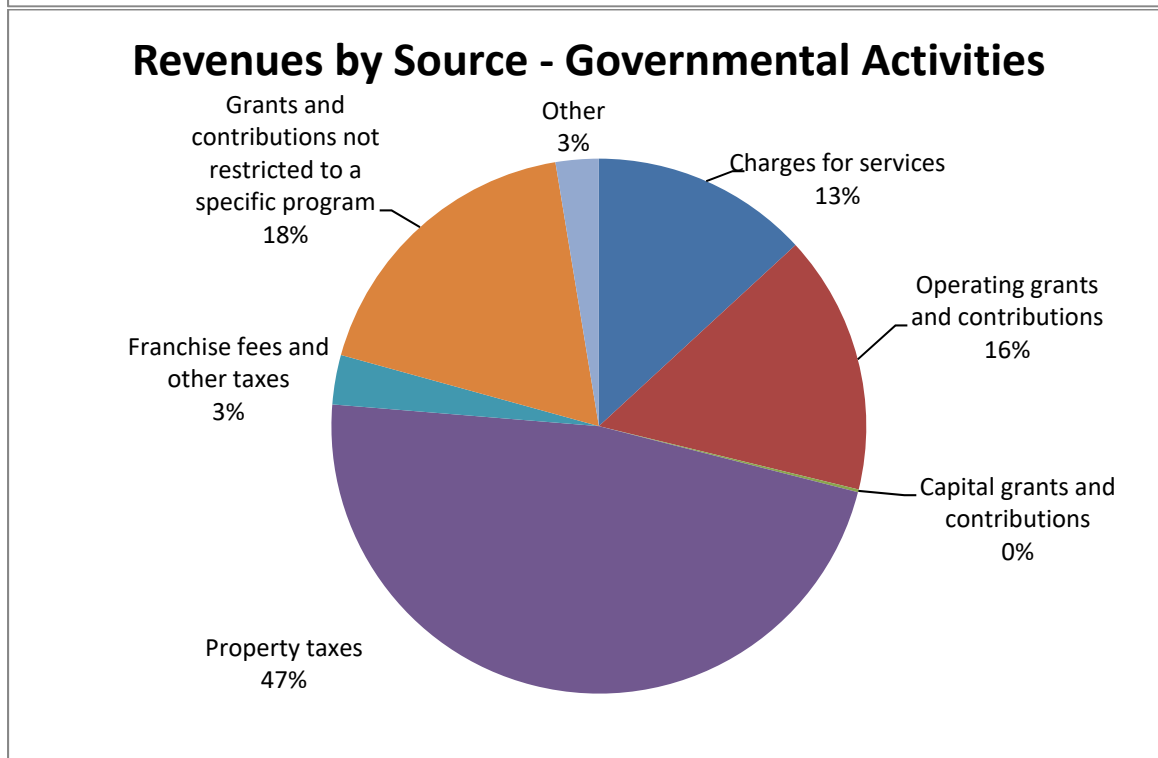
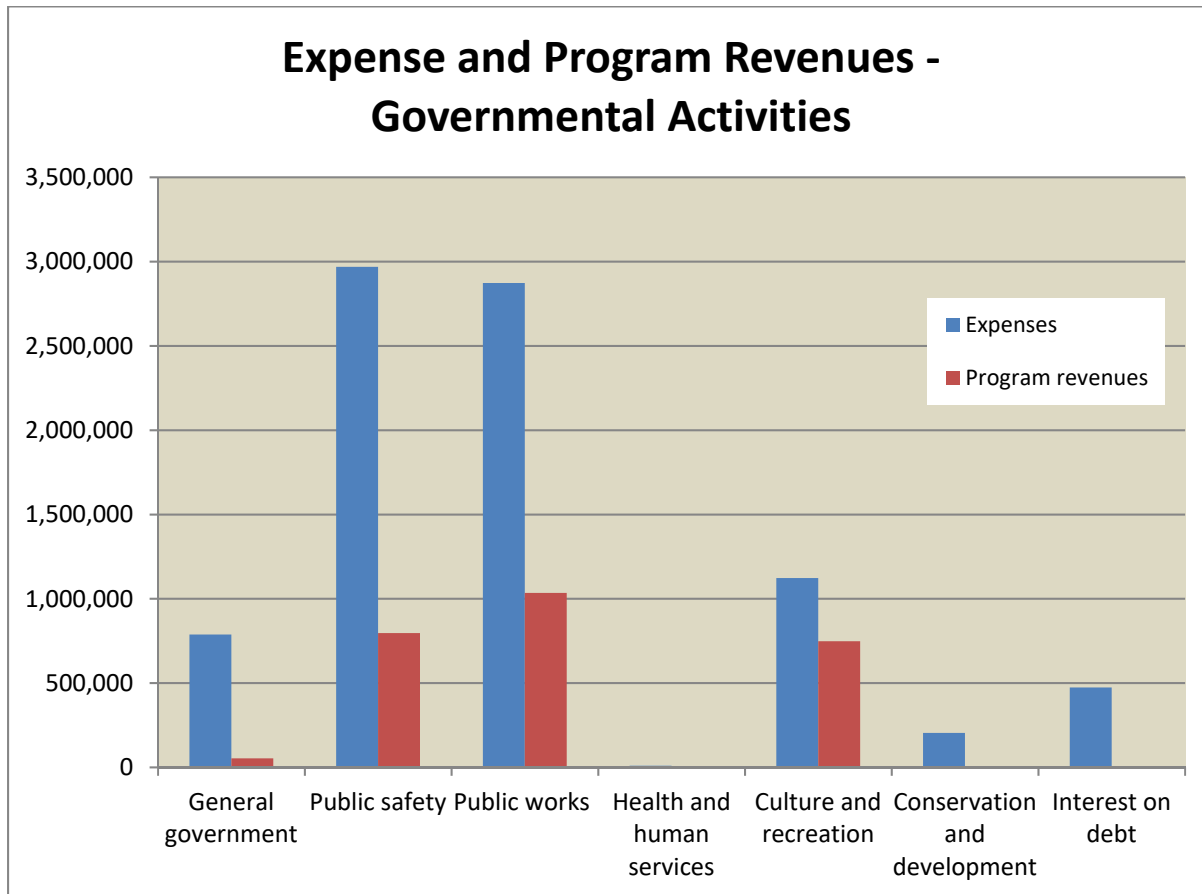
## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

**Change in net position.** Governmental activities increased the City's net position by \$75,348, and business-type activities increased the City's net position by \$10,183.

City of Ripon's Change in Net Position (In thousands of dollars)						
	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,526,776	\$ 1,195,278	\$ 2,565,480	\$ 2,641,761	\$ 4,092,256	\$ 3,837,039
Operating grants and contributions	945,681	1,421,916	-	-	945,681	1,421,916
Capital grants and contributions	31,630	15,714	-	-	31,630	15,714
<b>General Revenues</b>						
Property taxes	4,338,754	4,298,448	-	-	4,338,754	4,298,448
Other taxes	257,050	272,190	-	-	257,050	272,190
Grants and contributions not restricted to specific programs	1,708,900	1,646,126	-	-	1,708,900	1,646,126
Other	433,700	110,817	71,214	44,662	504,914	155,479
<b>Total Revenues</b>	<b>9,242,491</b>	<b>8,960,489</b>	<b>2,636,694</b>	<b>2,686,423</b>	<b>11,879,185</b>	<b>11,646,912</b>
<b>Expenses</b>						
General government	1,178,980	788,118	-	-	1,178,980	788,118
Public safety	2,935,941	2,968,330	-	-	2,935,941	2,968,330
Public works	3,062,322	2,872,468	-	-	3,062,322	2,872,468
Health and human services	9,878	9,665	-	-	9,878	9,665
Culture and recreation	1,080,026	1,122,682	-	-	1,080,026	1,122,682
Conservation and development	430,215	203,999	-	-	430,215	203,999
Interest on long-term debt	602,463	473,754	-	-	602,463	473,754
Wastewater utility	-	-	1,270,836	1,411,598	1,270,836	1,411,598
Water utility	-	-	1,222,993	1,042,671	1,222,993	1,042,671
<b>Total Expenses</b>	<b>9,299,825</b>	<b>8,439,016</b>	<b>2,493,829</b>	<b>2,454,269</b>	<b>11,793,654</b>	<b>10,893,285</b>
<b>Change in Net Position Before</b>						
Transfers	(57,334)	521,473	142,865	232,154	85,531	753,627
Transfers	132,682	125,000	(132,682)	(125,000)	-	-
<b>Change in Net Position</b>	<b>75,348</b>	<b>646,473</b>	<b>10,183</b>	<b>107,154</b>	<b>85,531</b>	<b>753,627</b>
Net Position - January 1	11,800,700	11,154,227	8,346,028	8,238,874	20,146,728	19,393,101
<b>Net Position - December 31</b>	<b>\$11,876,048</b>	<b>\$11,800,700</b>	<b>\$ 8,356,211</b>	<b>\$ 8,346,028</b>	<b>\$20,232,259</b>	<b>\$20,146,728</b>

# City of Ripon, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2019



# City of Ripon, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

---

### Financial Analysis of the City's Funds

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

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

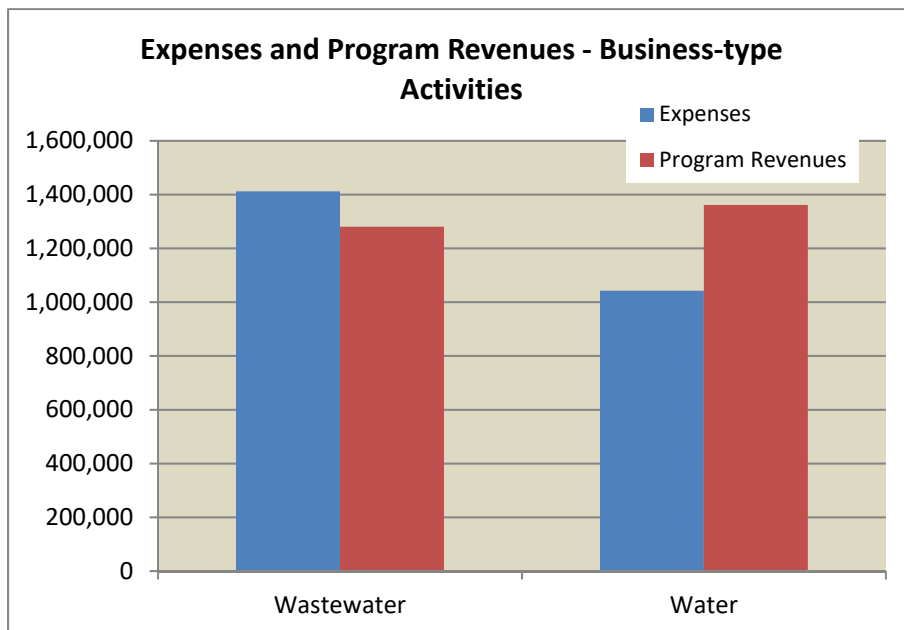
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,872,134, a decrease of \$451,958 in comparison with the prior year. A balance of (\$1,347,295) exists in *unassigned fund balance*. The remaining components of fund balance are not available for new spending because they are either 1) nonspendable (\$726,763), 2) restricted (\$4,321,393), 3) committed (\$1,857,970), or 4) assigned (\$313,303).

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,090,064, while total fund balance reached \$2,096,191. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20% of total general fund expenditures, while total fund balance represents 38% of that same amount.

The fund balance of the City's general fund decreased by \$7,349 during the current fiscal year.

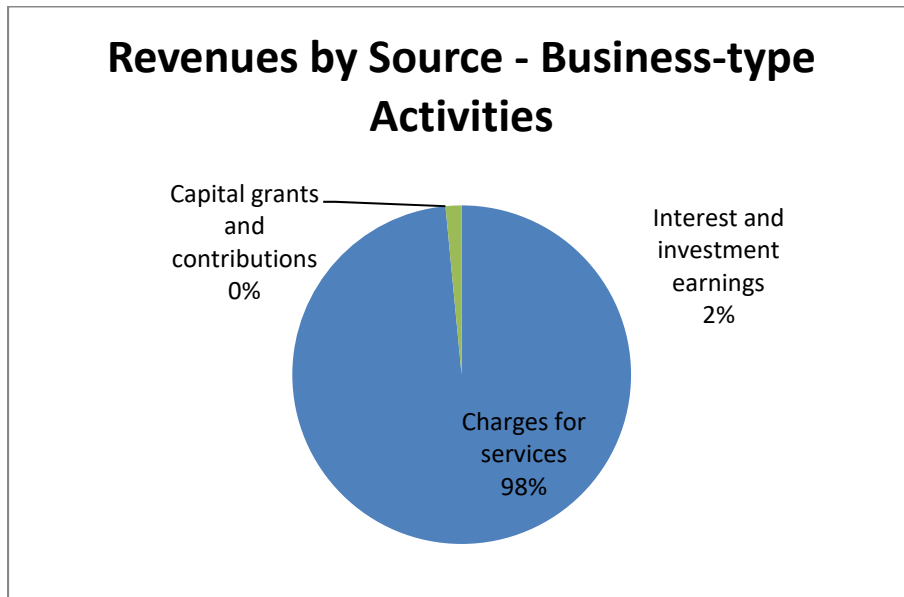
**Proprietary funds.** The City's proprietary funds provide the same type of information found in the City's government-wide financial statements, but in more detail.

Unrestricted net position of the water utility at the end of the year amounted to \$783,333, and the wastewater utility amounted to \$189,998. The total increase in net position for the water utility was \$57,541. The total decrease in net position for the wastewater utility was \$47,358. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.



# City of Ripon, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019



### General Fund Budgetary Highlights

Actual revenues for the year were higher than budgeted revenues by \$252,295. Actual expenditures were higher than budgeted expenditures by \$278,415.

Detailed comparisons of budgeted and actual revenues and expenditures can be found on pages 71 - 73 of this report.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$26 million (net of accumulated depreciation). This investment in capital assets includes land and improvements, intangible plant, buildings and improvements, machinery and equipment, and infrastructure (roads, highways, and bridges). The total decrease in the City's investment in capital assets for the current fiscal year was \$402,473 or 1.5% from last year (a .4% decrease for governmental activities and a 3.3% decrease for business-type activities).

City of Ripon's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 1,706,031	\$ 1,706,031	\$ 110,863	\$ 110,863	\$ 1,816,894	\$ 1,816,894
Construction in progress	10,000	-	62,449	62,449	72,449	62,449
Buildings and improvements	4,971,028	4,742,589	8,093,442	8,093,442	13,064,470	12,836,031
Machinery and Equipment	5,130,455	4,814,940	5,336,033	5,290,409	10,466,488	10,105,349
Infrastructure	24,624,023	24,461,291	15,615,825	15,615,825	40,239,848	40,077,116
Accumulated depreciation	(20,586,116)	(19,811,949)	(19,103,980)	(18,713,364)	(39,690,096)	(38,525,313)
<b>Total</b>	<b>\$ 15,855,421</b>	<b>\$ 15,912,902</b>	<b>\$ 10,114,632</b>	<b>\$ 10,459,624</b>	<b>\$ 25,970,053</b>	<b>\$ 26,372,526</b>

Additional information of the City's capital assets can be found in note 3.C. on pages 42 - 43 of this report.

# City of Ripon, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$16,752,642. Of this amount, \$12,042,353 comprises debt backed by the full faith and credit of the government and \$4,710,289 is revenue bonds secured by the revenues of the water and wastewater utilities.

City of Ripon's Outstanding Debt						
General Obligation Debt and Revenue Bonds						
	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Debt						
Bonds	\$ 10,330,000	\$ 11,015,000	\$ -	\$ 45,000	\$ 10,330,000	\$ 11,060,000
Notes	946,777	1,036,495	-	-	946,777	1,036,495
State trust fund loan	765,576	842,993	-	-	765,576	842,993
Total General Obligation	12,042,353	12,894,488	-	45,000	12,042,353	12,939,488
Revenue bonds	-	-	4,710,289	5,383,910	4,710,289	5,383,910
Total	\$ 12,042,353	\$ 12,894,488	\$ 4,710,289	\$ 5,428,910	\$ 16,752,642	\$ 18,323,398

The City's total debt decreased by \$1,570,756, or 9%, during the current fiscal year.

The City maintains an "A1" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$24,117,900, which is significantly in excess of the City's \$12,042,353 outstanding general obligation debt.

Additional information on the City's long-term debt can be found in note 3.E. on pages 45 - 47 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, and retail activities which support our tax base.
- The impact to the City as a result of COVID-19 is unknown at this time.
- The City maintains ten active TIDs. All districts are expecting to close under the allotted time under State law.

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

### **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator of the City of Ripon located at 100 Jackson Street, Ripon, WI 54971.

BASIC FINANCIAL STATEMENTS

---



# City of Ripon, Wisconsin

## STATEMENT OF NET POSITION DECEMBER 31, 2019

### WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals		Component Units
			2019	2018	
<b>ASSETS</b>					
Cash and investments	\$ 7,904,480	\$ 806,358	\$ 8,710,838	\$ 8,373,769	\$ 230,625
Receivables					
Taxes and special charges	3,517,867	-	3,517,867	3,677,409	62,283
Delinquent taxes, net	178	-	178	144	-
Accounts, net	601,037	601,993	1,203,030	1,539,786	45,501
Special assessments	196,520	-	196,520	198,099	2,129
Loans	2,031,489	-	2,031,489	2,142,436	-
Inventories and prepaid items	154,135	110,429	264,564	136,999	-
Restricted assets					
Cash and investments	-	1,631,590	1,631,590	1,626,077	12,578
Net pension asset	-	-	-	666,598	-
Capital assets, nondepreciable	1,057,877	173,312	1,231,189	1,221,189	191,254
Capital assets, depreciable, net	14,797,544	9,941,320	24,738,864	25,151,337	2,450,854
Total assets	<u>30,261,127</u>	<u>13,265,002</u>	<u>43,526,129</u>	<u>44,733,843</u>	<u>2,995,224</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Loss on advance refunding	218,782	-	218,782	-	-
Pension related amounts	1,776,280	430,901	2,207,181	1,269,853	69,176
Other postemployment related amounts	24,061	5,996	30,057	35,032	-
Total deferred outflows of resources	<u>2,019,123</u>	<u>436,897</u>	<u>2,456,020</u>	<u>1,304,885</u>	<u>69,176</u>
<b>LIABILITIES</b>					
Accounts payable	198,461	66,735	265,196	256,707	19,608
Accrued and other current liabilities	235,415	23,676	259,091	214,320	29,099
Due to other governments	7,682	-	7,682	-	-
Accrued interest payable	112,407	18,765	131,172	126,503	-
Special deposits	12,865	-	12,865	23,575	-
Unearned revenues	1,208	-	1,208	16,208	-
Long-term obligations					
Due within one year	1,394,066	698,297	2,092,363	1,939,009	-
Due in more than one year	11,154,908	4,102,389	15,257,297	16,974,773	-
Net pension liability	650,910	162,175	813,085	-	25,518
Other postemployment benefits	148,521	37,005	185,526	237,438	-
Total liabilities	<u>13,916,443</u>	<u>5,109,042</u>	<u>19,025,485</u>	<u>19,788,533</u>	<u>74,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent year	5,537,955	-	5,537,955	4,787,186	62,283
Special assessments	-	-	-	-	1,712
Pension related amounts	896,902	223,465	1,120,367	1,312,938	35,758
Other postemployment related amounts	52,902	13,181	66,083	3,343	-
Total deferred inflows of resources	<u>6,487,759</u>	<u>236,646</u>	<u>6,724,405</u>	<u>6,103,467</u>	<u>99,753</u>
<b>NET POSITION</b>					
Net investment in capital assets	10,337,911	5,751,290	16,089,201	14,842,666	2,642,108
Restricted	2,143,695	1,631,590	3,775,285	4,236,693	-
Unrestricted	(605,558)	973,331	367,773	1,067,369	248,314
Total net position	<u>\$ 11,876,048</u>	<u>\$ 8,356,211</u>	<u>\$ 20,232,259</u>	<u>\$ 20,146,728</u>	<u>\$ 2,890,422</u>

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

# City of Ripon, Wisconsin

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,178,980	\$ 78,097	\$ 18,351	\$ -
Public safety	2,935,941	953,378	54,280	-
Public works	3,062,322	475,592	649,948	31,630
Health and human services	9,878	247	-	-
Culture and recreation	1,080,026	19,462	223,102	-
Conservation and development	430,215	-	-	-
Interest and fiscal charges	602,463	-	-	-
Total governmental activities	9,299,825	1,526,776	945,681	31,630
<b>BUSINESS-TYPE ACTIVITIES</b>				
Wastewater utility	1,270,836	1,233,121	-	-
Water utility	1,222,993	1,332,359	-	-
Total business-type activities	2,493,829	2,565,480	-	-
Total primary government	\$ 11,793,654	\$ 4,092,256	\$ 945,681	\$ 31,630
Component units	\$ 722,331	\$ 461,077	\$ -	\$ 89,653

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

**Change in net position**

**Net position - January 1**

**Net position - December 31**

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

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

Governmental Activities	Business-type Activities	Totals		Component Units
		2019	2018	
\$ (1,082,532)	\$ -	\$ (1,082,532)	\$ (735,167)	\$ -
(1,928,283)	-	(1,928,283)	(2,172,003)	-
(1,905,152)	-	(1,905,152)	(1,837,696)	-
(9,631)	-	(9,631)	(9,190)	-
(837,462)	-	(837,462)	(374,299)	-
(430,215)	-	(430,215)	(203,999)	-
(602,463)	-	(602,463)	(473,754)	-
<u>(6,795,738)</u>	<u>-</u>	<u>(6,795,738)</u>	<u>(5,806,108)</u>	<u>-</u>
-	(37,715)	(37,715)	(131,336)	-
-	109,366	109,366	318,828	-
-	71,651	71,651	187,492	-
<u>(6,795,738)</u>	<u>71,651</u>	<u>(6,724,087)</u>	<u>(5,618,616)</u>	<u>-</u>
-	-	-	-	(171,601)
3,419,889	-	3,419,889	3,268,803	-
918,865	-	918,865	1,029,179	-
257,050	-	257,050	272,656	-
1,708,900	-	1,708,900	1,646,126	-
316,164	66,374	382,538	142,216	5,908
116,216	4,840	121,056	13,263	22,331
1,320	-	1,320	-	-
132,682	(132,682)	-	-	-
<u>6,871,086</u>	<u>(61,468)</u>	<u>6,809,618</u>	<u>6,372,243</u>	<u>28,239</u>
75,348	10,183	85,531	753,627	(143,362)
<u>11,800,700</u>	<u>8,346,028</u>	<u>20,146,728</u>	<u>19,393,101</u>	<u>3,033,784</u>
<u>\$ 11,876,048</u>	<u>\$ 8,356,211</u>	<u>\$ 20,232,259</u>	<u>\$ 20,146,728</u>	<u>\$ 2,890,422</u>

# City of Ripon, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	General	TID No. 11 Downtown Business	General Capital Projects	Other Governmental Funds	Totals	
					2019	2018
<b>ASSETS</b>						
Cash and investments	\$ 765,188	\$ 3,025,855	\$ -	\$ 3,917,398	\$ 7,708,441	\$ 6,996,641
Receivables						
Taxes and special charges	1,519,681	28,971	-	1,969,215	3,517,867	3,677,409
Delinquent taxes, net	178	-	-	-	178	144
Accounts, net	99,330	-	-	501,707	601,037	930,248
Special assessments	2,522	-	-	193,998	196,520	198,099
Loans	1,147,336	-	-	884,153	2,031,489	2,142,436
Due from other funds	1,764,017	-	-	-	1,764,017	1,337,475
Advance to other funds	689,292	-	-	-	689,292	442,466
Inventories and prepaid items	120,196	880	-	33,059	154,135	4,533
Total assets	<u>\$ 6,107,740</u>	<u>\$ 3,055,706</u>	<u>\$ -</u>	<u>\$ 7,499,530</u>	<u>\$ 16,662,976</u>	<u>\$ 15,729,451</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 140,812	\$ -	\$ 450	\$ 57,199	\$ 198,461	\$ 186,878
Accrued and other current liabilities	205,300	-	-	30,115	235,415	191,739
Due to other funds	-	-	1,582,048	181,969	1,764,017	1,337,475
Advance from other funds	-	-	-	689,292	689,292	442,466
Due to other governments	7,682	-	-	-	7,682	-
Special deposits	12,865	-	-	-	12,865	23,575
Unearned revenues	1,208	-	-	-	1,208	16,208
Total liabilities	<u>367,867</u>	<u>-</u>	<u>1,582,498</u>	<u>958,575</u>	<u>2,908,940</u>	<u>2,198,341</u>
Deferred inflows of resources						
Property taxes levied for subsequent year	2,377,886	45,841	-	3,114,228	5,537,955	4,787,186
Interest on advances	116,664	-	-	-	116,664	79,342
Loans receivable	1,147,336	-	-	884,153	2,031,489	2,142,436
Special assessments	1,796	-	-	193,998	195,794	198,054
Total deferred inflows of resources	<u>3,643,682</u>	<u>45,841</u>	<u>-</u>	<u>4,192,379</u>	<u>7,881,902</u>	<u>7,207,018</u>
Fund balances						
Nonspendable	692,824	880	-	33,059	726,763	367,657
Restricted	-	3,008,985	-	1,312,408	4,321,393	3,984,515
Committed	-	-	-	1,857,970	1,857,970	1,586,541
Assigned	313,303	-	-	-	313,303	376,680
Unassigned	1,090,064	-	(1,582,498)	(854,861)	(1,347,295)	8,699
Total fund balances	<u>2,096,191</u>	<u>3,009,865</u>	<u>(1,582,498)</u>	<u>2,348,576</u>	<u>5,872,134</u>	<u>6,324,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,107,740</u>	<u>\$ 3,055,706</u>	<u>\$ -</u>	<u>\$ 7,499,530</u>	<u>\$ 16,662,976</u>	<u>\$ 15,729,451</u>

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

# City of Ripon, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	<b>2019</b>	<b>2018</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 5,872,134	\$ 6,324,092
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	15,855,421	15,912,902
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	2,343,947	2,419,832
Long-term assets are not considered available; therefore, are not reported in the funds		
Net pension asset	-	570,086
Net position of the internal service fund is reported in the statement of net position as governmental activities	196,039	302,622
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	218,782	-
Deferred outflows related to pensions	1,776,280	1,045,626
Deferred inflows related to pensions	(896,902)	(1,122,848)
Deferred outflows related to other postemployment benefits	24,061	24,873
Deferred inflows related to other postemployment benefits	(52,902)	(2,373)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(12,042,353)	(12,894,488)
Premium on debt	(170,157)	(183,246)
Compensated absences	(336,464)	(291,451)
Net pension liability	(650,910)	-
Other postemployment benefit	(148,521)	(168,581)
Capital leases	-	(31,548)
Accrued interest on long-term obligations	(112,407)	(104,798)
Net position of governmental activities as reported on the statement of net position (see page 12)	<b>\$ 11,876,048</b>	<b>\$ 11,800,700</b>

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

# City of Ripon, Wisconsin

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

	General	TID No. 11 Downtown Business	General Capital Projects	Other Governmental Funds	Totals	
					2019	2018
<b>REVENUES</b>						
Taxes	\$ 2,254,985	\$ 40,042	\$ -	\$ 2,193,463	\$ 4,488,490	\$ 4,444,363
Special assessments	-	-	-	2,387	2,387	5,579
Intergovernmental	2,202,571	2,450	17,000	373,612	2,595,633	2,518,500
Licenses and permits	216,456	-	-	-	216,456	181,254
Fines and forfeits	82,086	-	-	-	82,086	70,442
Public charges for services	140,105	-	-	837,108	977,213	834,659
Intergovernmental charges for services	248,285	-	-	44,776	293,061	177,538
Miscellaneous	193,472	59,977	-	458,078	711,527	903,783
Total revenues	<u>5,337,960</u>	<u>102,469</u>	<u>17,000</u>	<u>3,909,424</u>	<u>9,366,853</u>	<u>9,136,118</u>
<b>EXPENDITURES</b>						
Current						
General government	782,409	-	-	-	782,409	815,813
Public safety	2,369,712	-	-	472,286	2,841,998	2,741,610
Public works	2,000,355	-	-	360,094	2,360,449	2,033,315
Health and human services	9,000	-	-	-	9,000	9,087
Culture and recreation	311,869	-	-	708,507	1,020,376	1,010,415
Conservation and development	-	3,516	-	377,522	381,038	193,409
Debt service						
Principal	31,548	290,000	-	882,135	1,203,683	1,525,706
Interest and fiscal charges	2,336	375,917	-	230,463	608,716	525,946
Capital outlay	-	-	800,172	65,890	866,062	601,653
Total expenditures	<u>5,507,229</u>	<u>669,433</u>	<u>800,172</u>	<u>3,096,897</u>	<u>10,073,731</u>	<u>9,456,954</u>
Excess of revenues over (under) expenditures	<u>(169,269)</u>	<u>(566,964)</u>	<u>(783,172)</u>	<u>812,527</u>	<u>(706,878)</u>	<u>(320,836)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	3,075,000	-	-	3,075,000	-
Payment to advance refunding escrow agent	-	(2,975,939)	-	-	(2,975,939)	-
Transfers in	161,920	509,950	-	-	671,870	808,663
Transfers out	-	-	-	(516,011)	(516,011)	(683,663)
Total other financing sources (uses)	<u>161,920</u>	<u>609,011</u>	<u>-</u>	<u>(516,011)</u>	<u>254,920</u>	<u>125,000</u>
<b>Net change in fund balances</b>	<b>(7,349)</b>	<b>42,047</b>	<b>(783,172)</b>	<b>296,516</b>	<b>(451,958)</b>	<b>(195,836)</b>
<b>Fund balances - January 1</b>	<u>2,103,540</u>	<u>2,967,818</u>	<u>(799,326)</u>	<u>2,052,060</u>	<u>6,324,092</u>	<u>6,519,928</u>
<b>Fund balances - December 31</b>	<u>\$ 2,096,191</u>	<u>\$ 3,009,865</u>	<u>\$ (1,582,498)</u>	<u>\$ 2,348,576</u>	<u>\$ 5,872,134</u>	<u>\$ 6,324,092</u>

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

# City of Ripon, Wisconsin

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

	<b>2019</b>	<b>2018</b>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ (451,958)	\$ (195,836)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	856,536	474,421
Depreciation expense reported in the statement of activities	(914,017)	(872,494)
Net book value of disposals	-	(28)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	35,062	25,541
Loans issued to City businesses are recorded as an expenditure in the governmental funds when paid while the repayment of these loans is recorded as revenue when received. The issuance and repayment of such loans does not have an effect on net position. Loan activity during the current year is shown below:		
Loans payments received	(110,947)	(154,201)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(3,075,000)	-
Premium on debt	-	13,089
Capital lease repaid	31,548	71,444
Contract payable repaid	-	422,637
Principal repaid	3,927,135	1,062,083
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(7,609)	8,645
Amortization of premiums, discounts and loss on advance refunding	231,871	-
Compensated absences	(45,013)	29,109
Net pension asset	(570,086)	570,086
Net pension liability	(650,910)	158,149
Deferred outflows of resources related to pensions	730,654	(172,874)
Deferred inflows of resources related to pensions	225,946	(624,835)
Other postemployment benefits	20,060	(40,199)
Deferred outflows of resources related to other postemployment benefits	(812)	24,873
Deferred inflows of resources related to other postemployment benefits	(50,529)	(2,373)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(106,583)	(150,764)
Change in net position of governmental activities as reported in the statement of activities (see pages 13 - 14)	\$ 75,348	\$ 646,473

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

# City of Ripon, Wisconsin

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

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 2,251,821	\$ 2,251,821	\$ 2,254,985	\$ 3,164	\$ 2,148,982
Intergovernmental	2,160,381	2,160,381	2,202,571	42,190	2,180,261
Licenses and permits	206,301	206,301	216,456	10,155	181,254
Fines and forfeits	75,166	75,166	82,086	6,920	70,442
Public charges for services	85,147	85,147	140,105	54,958	107,656
Intergovernmental charges for services	193,400	193,400	248,285	54,885	134,066
Miscellaneous	113,449	113,449	193,472	80,023	72,492
<b>Total revenues</b>	<b>5,085,665</b>	<b>5,085,665</b>	<b>5,337,960</b>	<b>252,295</b>	<b>4,895,153</b>
<b>EXPENDITURES</b>					
Current					
General government	754,395	754,395	782,409	(28,014)	815,813
Public safety	2,352,026	2,352,026	2,369,712	(17,686)	2,292,511
Public works	1,777,820	1,777,820	2,000,355	(222,535)	1,682,621
Health and human services	9,411	9,411	9,000	411	9,087
Culture and recreation	303,435	303,435	311,869	(8,434)	315,310
Debt service					
Principal	31,547	31,547	31,548	(1)	30,691
Interest and fiscal charges	180	180	2,336	(2,156)	927
<b>Total expenditures</b>	<b>5,228,814</b>	<b>5,228,814</b>	<b>5,507,229</b>	<b>(278,415)</b>	<b>5,146,960</b>
Deficiency of revenues under expenditures	(143,149)	(143,149)	(169,269)	(26,120)	(251,807)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	143,149	143,149	161,920	18,771	128,134
Transfers out	-	-	-	-	(79,041)
<b>Total other financing sources (uses)</b>	<b>143,149</b>	<b>143,149</b>	<b>161,920</b>	<b>18,771</b>	<b>49,093</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(7,349)</b>	<b>(7,349)</b>	<b>(202,714)</b>
<b>Fund balance - January 1</b>	<b>2,103,540</b>	<b>2,103,540</b>	<b>2,103,540</b>	<b>-</b>	<b>2,306,254</b>
<b>Fund balance - December 31</b>	<b>\$ 2,103,540</b>	<b>\$ 2,103,540</b>	<b>\$ 2,096,191</b>	<b>\$ (7,349)</b>	<b>\$ 2,103,540</b>

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



# City of Ripon, Wisconsin

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Enterprise Funds		Totals		Governmental Activities - Internal Service Fund	
	Wastewater Utility	Water Utility	2019	2018	2019	2018
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ -	\$ 806,358	\$ 806,358	\$ 1,154,674	\$ 196,039	\$ 222,454
Receivables						
Customer accounts	263,231	338,762	601,993	609,538	-	-
Due from other funds	-	31,982	31,982	-	-	-
Inventories and Prepaid items	41,695	68,734	110,429	52,298	-	80,168
Total current assets	304,926	1,245,836	1,550,762	1,816,510	196,039	302,622
Noncurrent assets						
Restricted assets						
Cash and investments	1,219,590	412,000	1,631,590	1,626,077	-	-
Other assets						
Net pension asset	-	-	-	96,512	-	-
Capital assets						
Nondepreciable	-	173,312	173,312	173,312	-	-
Depreciable, net	3,492,652	6,448,668	9,941,320	10,286,312	-	-
Total capital assets	3,492,652	6,621,980	10,114,632	10,459,624	-	-
Total assets	5,017,168	8,279,816	13,296,984	13,998,723	196,039	302,622
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related amounts	230,393	200,508	430,901	224,227	-	-
Other postemployment related amounts	3,217	2,779	5,996	10,159	-	-
Total deferred outflows of resources	233,610	203,287	436,897	234,386	-	-

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

# City of Ripon, Wisconsin

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

	Enterprise Funds		Totals		Governmental Activities - Internal Service Fund	
	Wastewater Utility	Water Utility	2019	2018	2019	2018
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	\$ 53,781	\$ 12,954	\$ 66,735	\$ 69,829	\$ -	\$ -
Accrued and other current liabilities	12,324	11,352	23,676	22,581	-	-
Due to other funds	31,982	-	31,982	-	-	-
Accrued interest payable	5,135	13,630	18,765	21,705	-	-
Current portion of long-term debt	366,217	332,080	698,297	722,236	-	-
Total current liabilities	469,439	370,016	839,455	836,351	-	-
Long-term obligations, less current portion						
Revenue bonds	756,943	3,265,000	4,021,943	4,710,289	-	-
Debt premium	-	61,438	61,438	65,053	-	-
Compensated absences	8,613	10,395	19,008	15,471	-	-
Net pension liability	87,011	75,164	162,175	-	-	-
Other postemployment benefits	19,854	17,151	37,005	68,857	-	-
Total long-term liabilities	872,421	3,429,148	4,301,569	4,859,670	-	-
Total liabilities	1,341,860	3,799,164	5,141,024	5,696,021	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related amounts	119,895	103,570	223,465	190,090	-	-
Other postemployment related amounts	7,072	6,109	13,181	970	-	-
Total deferred inflows of resources	126,967	109,679	236,646	191,060	-	-
<b>NET POSITION</b>						
Net investment in capital assets	2,372,363	3,378,927	5,751,290	5,374,046	-	-
Restricted	1,219,590	412,000	1,631,590	1,722,589	-	-
Unrestricted	189,998	783,333	973,331	1,249,393	196,039	302,622
Total net position	\$ 3,781,951	\$ 4,574,260	\$ 8,356,211	\$ 8,346,028	\$ 196,039	\$ 302,622

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

# City of Ripon, Wisconsin

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

	Enterprise Funds		Totals		Governmental Activities - Internal Service Fund	
	Wastewater Utility	Water Utility	2019	2018	2019	2018
<b>OPERATING REVENUES</b>						
Charges for services	\$ 1,226,665	\$ 1,324,155	\$ 2,550,820	\$ 2,630,878	\$ 977,919	\$ 907,656
Other	6,456	8,204	14,660	10,883	-	-
Total operating revenues	<u>1,233,121</u>	<u>1,332,359</u>	<u>2,565,480</u>	<u>2,641,761</u>	<u>977,919</u>	<u>907,656</u>
<b>OPERATING EXPENSES</b>						
Operation and maintenance	1,107,520	858,962	1,966,482	1,684,910	1,061,325	1,058,420
Depreciation	129,266	261,350	390,616	618,514	-	-
Taxes	-	18,489	18,489	15,618	-	-
Total operating expenses	<u>1,236,786</u>	<u>1,138,801</u>	<u>2,375,587</u>	<u>2,319,042</u>	<u>1,061,325</u>	<u>1,058,420</u>
Operating income (loss)	<u>(3,665)</u>	<u>193,558</u>	<u>189,893</u>	<u>322,719</u>	<u>(83,406)</u>	<u>(150,764)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	29,198	37,176	66,374	41,047	-	-
Interest and fiscal charges	(34,050)	(84,192)	(118,242)	(135,227)	-	-
Amortization of debt discount/premium	-	3,615	3,615	3,615	-	-
Other nonoperating revenues (expenses)	-	1,225	1,225	-	-	-
Total nonoperating expenses	<u>(4,852)</u>	<u>(42,176)</u>	<u>(47,028)</u>	<u>(90,565)</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(8,517)</u>	<u>151,382</u>	<u>142,865</u>	<u>232,154</u>	<u>(83,406)</u>	<u>(150,764)</u>
Transfers in	1,159	1,159	2,318	-	-	-
Transfers out	<u>(40,000)</u>	<u>(95,000)</u>	<u>(135,000)</u>	<u>(125,000)</u>	<u>(23,177)</u>	<u>-</u>
<b>Change in net position</b>	<u>(47,358)</u>	<u>57,541</u>	<u>10,183</u>	<u>107,154</u>	<u>(106,583)</u>	<u>(150,764)</u>
<b>Net position - January 1</b>	<u>3,829,309</u>	<u>4,516,719</u>	<u>8,346,028</u>	<u>8,238,874</u>	<u>302,622</u>	<u>453,386</u>
<b>Net position - December 31</b>	<u>\$ 3,781,951</u>	<u>\$ 4,574,260</u>	<u>\$ 8,356,211</u>	<u>\$ 8,346,028</u>	<u>\$ 196,039</u>	<u>\$ 302,622</u>

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

# City of Ripon, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Enterprise Funds		Totals	
	Wastewater Utility	Water Utility	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,237,822	\$ 1,335,203	\$ 2,573,025	\$ 2,738,007
Cash paid for employee wages and benefits	(419,563)	(445,209)	(864,772)	(781,290)
Cash paid to suppliers	(696,876)	(403,670)	(1,100,546)	(971,487)
Net cash provided (used) by operating activities	121,383	486,324	607,707	985,230
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Miscellaneous nonoperating revenues	-	1,225	1,225	-
Due to/from other funds	31,982	(31,982)	-	-
Transfer out	(38,841)	(93,841)	(132,682)	(125,000)
Net cash used by noncapital financing activities	(6,859)	(124,598)	(131,457)	(125,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(22,812)	(22,812)	(45,624)	(5,090)
Principal paid on long-term debt	(353,621)	(365,000)	(718,621)	(704,157)
Interest paid on long-term debt	(35,670)	(85,512)	(121,182)	(138,080)
Net cash used by capital and related financing activities	(412,103)	(473,324)	(885,427)	(847,327)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	29,198	37,176	66,374	41,047
<b>Change in cash and cash equivalents</b>	(268,381)	(74,422)	(342,803)	53,950
<b>Cash and cash equivalents - January 1</b>	1,487,971	1,292,780	2,780,751	2,726,801
<b>Cash and cash equivalents - December 31</b>	<u>\$ 1,219,590</u>	<u>\$ 1,218,358</u>	<u>\$ 2,437,948</u>	<u>\$ 2,780,751</u>

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

---

<b>Governmental Activities - Internal Service Fund</b>	
<b>2019</b>	<b>2018</b>
\$ 977,919	\$ 907,656
-	-
(981,157)	(1,075,054)
<u>(3,238)</u>	<u>(167,398)</u>
-	-
-	-
<u>(23,177)</u>	<u>-</u>
<u>(23,177)</u>	<u>-</u>
-	-
-	-
<u>-</u>	<u>-</u>
-	-
-	-
<u>-</u>	<u>-</u>
(26,415)	(167,398)
<u>222,454</u>	<u>389,852</u>
<u>\$ 196,039</u>	<u>\$ 222,454</u>

# City of Ripon, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Enterprise Funds		Totals	
	Wastewater Utility	Water Utility	2019	2018
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (3,665)	\$ 193,558	\$ 189,893	\$ 322,719
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	129,266	261,350	390,616	618,514
Depreciation charged to water utility	(9,415)	9,415	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Net pension asset	51,984	44,528	96,512	(96,512)
Deferred outflows - Pension related	(109,688)	(96,986)	(206,674)	(25,152)
Deferred outflows - OPEB related	2,388	1,775	4,163	(10,159)
Net pension liability	87,011	75,164	162,175	(25,279)
Other postemployment benefits	(18,136)	(13,716)	(31,852)	16,419
Deferred inflows - Pension related	17,507	15,868	33,375	110,487
Deferred inflows - OPEB related	6,537	5,674	12,211	970
Change in operating assets and liabilities				
Accounts receivables	4,701	2,844	7,545	96,246
Inventories and prepaid items	(41,695)	(16,436)	(58,131)	(3,179)
Accounts payable	1,389	(4,483)	(3,094)	(246)
Accrued and other current liabilities	1,127	(32)	1,095	(764)
Compensated absences	2,072	7,801	9,873	(18,834)
Net cash provided (used) by operating activities	<u>\$ 121,383</u>	<u>\$ 486,324</u>	<u>\$ 607,707</u>	<u>\$ 985,230</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ -	\$ 806,358	\$ 806,358	\$ 1,154,674
Cash and cash equivalents in restricted assets	<u>1,219,590</u>	<u>412,000</u>	<u>1,631,590</u>	<u>1,626,077</u>
Total cash and cash equivalents	<u>\$ 1,219,590</u>	<u>\$ 1,218,358</u>	<u>\$ 2,437,948</u>	<u>\$ 2,780,751</u>
Noncash capital and related financing activities				
None				

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

---

**Governmental Activities -  
Internal Service Fund**

<u>2019</u>	<u>2018</u>
\$ (83,406)	\$ (150,764)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
80,168	(12,501)
-	(4,133)
-	-
-	-
<u>\$ (3,238)</u>	<u>\$ (167,398)</u>
\$ 196,039	\$ 222,454
-	-
<u>\$ 196,039</u>	<u>\$ 222,454</u>

# City of Ripon, Wisconsin

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2019

---

	<u>Tax Collection Custodial Fund</u>	<u>FF/NN Landfill Custodial Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	<u>\$ 2,460,170</u>	<u>\$ 46,839</u>	<u>\$ 2,507,009</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 14,499	\$ 14,499
Due to other governments	<u>2,460,170</u>	<u>-</u>	<u>2,460,170</u>
Total liabilities	<u>2,460,170</u>	<u>14,499</u>	<u>2,474,669</u>
<b>NET POSITION</b>			
Restricted	<u>\$ -</u>	<u>\$ 32,340</u>	<u>\$ 32,340</u>

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



# City of Ripon, Wisconsin

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Tax Collection Custodial Fund</u>	<u>FF/NN Landfill Custodial Fund</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Taxes and special charges collected	\$ 2,460,170	\$ 122,704	\$ 2,582,874
Interest	-	1,189	1,189
Total additions	<u>2,460,170</u>	<u>123,893</u>	<u>2,584,063</u>
<b>DEDUCTIONS</b>			
Payments to others	<u>2,460,170</u>	<u>127,369</u>	<u>2,587,539</u>
<b>Change in net position</b>	-	(3,476)	(3,476)
<b>Net position - January 1, as restated</b>	<u>-</u>	<u>35,816</u>	<u>35,816</u>
<b>Net position - December 31</b>	<u>\$ -</u>	<u>\$ 32,340</u>	<u>\$ 32,340</u>

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

# City of Ripon, Wisconsin

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS DECEMBER 31, 2019

	<b>Business Improvement District</b>	<b>Ripon Area Fire District</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 230,625	\$ 230,625
Receivables			
Taxes and special charges	62,283	-	62,283
Accounts	-	45,501	45,501
Special assessments	2,129	-	2,129
Restricted assets			
Cash and investments	-	12,578	12,578
Capital assets, nondepreciable	-	191,254	191,254
Capital assets, depreciable, net	-	2,450,854	2,450,854
Total assets	<u>64,412</u>	<u>2,930,812</u>	<u>2,995,224</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	-	69,176	69,176
<b>LIABILITIES</b>			
Accounts payable	-	19,608	19,608
Accrued and other current liabilities	-	29,099	29,099
Long-term obligations			
Net pension liability	-	25,518	25,518
Total liabilities	<u>-</u>	<u>74,225</u>	<u>74,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent year	62,283	-	62,283
Special assessments	1,712	-	1,712
Pension related amounts	-	35,758	35,758
Total deferred inflows of resources	<u>63,995</u>	<u>35,758</u>	<u>99,753</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	2,642,108	2,642,108
Unrestricted	417	247,897	248,314
Total net position	<u>\$ 417</u>	<u>\$ 2,890,005</u>	<u>\$ 2,890,422</u>

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

# City of Ripon, Wisconsin

**COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

---

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>
Business Improvement District	\$ 94,780	\$ -	\$ 89,653
Ripon Area Fire District	627,551	461,077	-
Total component units	<u>\$ 722,331</u>	<u>\$ 461,077</u>	<u>\$ 89,653</u>
General revenues			
Interest and investment earnings			
Miscellaneous			
Total general revenues			
<b>Change in net position</b>			
<b>Net position - January 1</b>			
<b>Net position - December 31</b>			

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

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

<b>Business Improvement District</b>	<b>Ripon Area Fire District</b>	<b>Totals</b>
\$ (5,127)	\$ -	\$ (5,127)
-	(166,474)	(166,474)
<u>(5,127)</u>	<u>(166,474)</u>	<u>(171,601)</u>
5,544	364	5,908
-	22,331	22,331
<u>5,544</u>	<u>22,695</u>	<u>28,239</u>
417	(143,779)	(143,362)
-	3,033,784	3,033,784
<u>\$ 417</u>	<u>\$ 2,890,005</u>	<u>\$ 2,890,422</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

The City is a municipal corporation governed by an elected nine member board. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component units that are required to be included in the basic financial statements.

##### **Business Improvement District (BID)**

The BID, created under the provisions of Wisconsin Statute Section 66.1109, is a discretely presented component unit with a separate board appointed by the City Council. The purpose of the BID is to allow businesses within the district boundaries to develop, manage, and promote the district and to establish an assessment method to finance these activities. The BID has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the BID. The BID financial information is presented for the fiscal year ended December 31, 2019. The BID does not issue a separate complete set of financial statements.

##### **Ripon Area Fire District**

The City is a participant with the Town of Ripon and the Town of Nepeuskun in a joint venture known as the Ripon Area Fire District. The District provides fire protection services to the entire City and Town of Ripon and to a portion of the Town of Nepeuskun. The municipalities are obligated, by agreement, to finance operating and capital costs of the District. The City's operating appropriation to the District for the year ended December 31, 2019 was \$304,873

The District is governed by a seven-member board, four from the City, two from the Town of Ripon and one from the Town of Nepeuskun. The members must be elected officials of each municipality and are selected by the respective governing bodies. The District is presented as a component unit of the City because the controlling membership of the Board is appointed by the City Council. Complete financial statements for the Ripon Area Fire District can be obtained from their office at 515 Aspen Street, Ripon, WI 54971.

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The City reports the following major governmental and enterprise funds:

### **General Fund**

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

### **TID No. 11 Downtown Business Fund**

This fund is used to account for the project plan costs of the City's Tax Incremental District No. 11.

### **General Capital Projects Fund**

This fund is used to account for capital projects of the City.

### **Wastewater Utility Fund**

This fund is used to account for the operations of the City's wastewater utility.

### **Water Utility Fund**

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

### **Custodial Funds**

The City accounts for assets held for individuals or other governmental agencies in custodial funds.

The tax collection custodial fund accounts for property taxes and special charges collected on behalf of other governments. These amounts were recorded in the general fund in prior years. The FF/NN Landfill fund amounts were recorded in an agency fund in prior years. Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, they are now recorded in custodial funds.

Additionally, the City reports the following fund type:

*Internal Service Fund* accounts for health insurance services provided to other departments or agencies of the City, or to other governments on a cost reimbursement basis.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

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

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

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

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

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

#### **1. Cash and Investments**

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

#### **2. Property Taxes and Special Charges/Receivable**

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

In addition to its levy, the City also levies and collects taxes for the Ripon School District, Fond du Lac County and Moraine Park Technical College.

#### **3. Accounts Receivable**

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end. The Emergency Medical Services receivable has been shown net of \$297,073 which represents uncollectible accounts. The general fund delinquent personal property tax receivable of \$192 has been offset with an allowance of \$14. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the wastewater and water utilities have the right by law to place delinquent bills on the tax roll.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### 4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments are subject to collection procedures.

### 5. Loans Receivable

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

### 6. Interfund Receivables and Payables

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

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

### 7. Inventories

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

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

### 8. Prepaid Items

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

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

### 9. Capital Assets

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

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

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



# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	7 - 39	-
Buildings and improvements	39	25 - 50
Machinery and equipment	3 - 7	3 - 10
Infrastructure	15 - 50	25 - 100

### 10. Compensated Absences

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

### 11. Deferred Outflows/Inflows of Resources

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

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

### 12. Long-term Obligations

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

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

### 13. Pensions

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### 14. Other Postemployment Benefits Other Than Pensions (OPEB)

#### *Local Retiree Life Insurance Fund*

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

### 15. Fund Equity

#### *Governmental Fund Financial Statements*

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

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

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

#### *Government-Wide and Proprietary Fund Statements*

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

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### **E. USE OF ESTIMATES**

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

### **F. PRIOR YEAR INFORMATION**

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

### **G. RECLASSIFICATIONS**

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

## **NOTE 2: STEWARDSHIP AND COMPLIANCE**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

---

### B. DEFICIT FUND EQUITY

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

Funds	Deficit Fund Balance
Special Revenue Fund	
Taxi Fund	\$ 165,569
Capital Projects Funds	
General Capital Projects	1,582,498
TID No. 7	476,563
TID No. 14	90,073
TID No. 15	122,656

The capital projects fund deficit will be funded with tax levy, debt proceeds, or transfers from the general fund. The taxi fund deficit will be funded with future charges for services or transfers from the general fund. The TID deficits are anticipated to be funded with future incremental taxes levied over the life of the districts.

### C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2019 budget was 2.00%. The actual limit for the City for the 2020 budget was 1.79%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

## NOTE 3: DETAILED NOTES ON ALL FUNDS

### A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the City's cash and investments totaled \$12,849,347 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 1,010
Deposits with financial institutions	7,359,330
Investments	
Beneficial interest in investments held by Oshkosh Area Community Foundation	312,905
Money market	30,671
Negotiable certificates of deposit	5,143,988
Wisconsin local government investment pool	1,533
	<u>\$ 12,849,437</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 8,710,838
Restricted cash and investments	1,631,590
Fiduciary Fund Statement of Net Position	
Cash and investments	2,507,009
	<u>\$ 12,849,437</u>

### Fair Value Measurements

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

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Negotiable certificates of deposit	\$ -	\$ 5,143,988	\$ -
Beneficial interest in the community foundation	-	-	312,905
	<u>\$ -</u>	<u>\$ 5,143,988</u>	<u>\$ 312,905</u>

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

### Custodial Credit Risk

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

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

As of December 31, 2019, \$6,675,289 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Negotiable certificates of deposit Wisconsin local government	\$5,143,988	\$ -	\$ -	\$ -	\$5,143,988
investment pool	1,533	-	-	-	1,533
Totals	\$5,145,521	\$ -	\$ -	\$ -	\$5,145,521

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Negotiable certificates of deposit Wisconsin local government	\$5,143,988	\$1,632,665	\$1,493,018	\$2,018,305	\$ -
investment pool	1,533	1,533	-	-	-
Totals	\$5,145,521	\$1,634,198	\$1,493,018	\$2,018,305	\$ -

### Investment in Wisconsin's Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$1,533 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### Beneficial Interest in Investments Held by Community Foundation

Beneficial interest in investments held by Community Foundation represents amounts held at the Oshkosh Area Community Foundation, Inc. for the Ripon Public Library. These investments are the legal assets of the Foundation with the restriction that the Foundation make distributions to Ripon Public Library, in accordance with its spending policy.

### B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$1,631,590 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise funds		
Wastewater utility		
Equipment replacement	\$ 1,219,590	To be used for the replacement of capital assets of the wastewater utility
Water utility		
Debt reserve	412,000	To reserve additional funds for debt retirement
Total	<u>\$ 1,631,590</u>	

### C. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 1,047,877	\$ -	\$ -	\$ 1,047,877
Construction in progress	-	10,000	-	10,000
Total capital assets, not being depreciated	<u>1,047,877</u>	<u>10,000</u>	<u>-</u>	<u>1,057,877</u>
Capital assets, depreciable:				
Land improvements	658,154	-	-	658,154
Buildings and improvements	4,742,589	228,439	-	4,971,028
Machinery and equipment	4,814,940	350,952	35,437	5,130,455
Infrastructure	24,461,291	267,145	104,413	24,624,023
Subtotals	<u>34,676,974</u>	<u>846,536</u>	<u>139,850</u>	<u>35,383,660</u>
Less accumulated depreciation for:				
Land improvements	637,318	783	-	638,101
Buildings and improvements	2,802,947	97,587	-	2,900,534
Machinery and equipment	4,102,827	260,150	35,437	4,327,540
Infrastructure	12,268,857	555,497	104,413	12,719,941
Subtotals	<u>19,811,949</u>	<u>914,017</u>	<u>139,850</u>	<u>20,586,116</u>
Total capital assets, depreciable, net	<u>14,865,025</u>	<u>(67,481)</u>	<u>-</u>	<u>14,797,544</u>
Governmental activities capital assets, net	<u>\$ 15,912,902</u>	<u>\$ (57,481)</u>	<u>\$ -</u>	<u>15,855,421</u>
Less: Capital related debt				<u>5,517,510</u>
Net investment in capital assets				<u>\$ 10,337,911</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 110,863	\$ -	\$ -	\$ 110,863
Construction in progress	62,449	-	-	62,449
Total capital assets, nondepreciable	<u>173,312</u>	<u>-</u>	<u>-</u>	<u>173,312</u>
Capital assets, depreciable				
Buildings and improvements	8,093,442	-	-	8,093,442
Machinery and equipment	5,290,409	45,624	-	5,336,033
Infrastructure	15,615,825	-	-	15,615,825
Subtotals	<u>28,999,676</u>	<u>45,624</u>	<u>-</u>	<u>29,045,300</u>
Less accumulated depreciation for:				
Buildings and improvements	7,717,800	18,388	-	7,736,188
Machinery and equipment	4,907,714	94,927	-	5,002,641
Infrastructure	6,087,850	277,301	-	6,365,151
Subtotals	<u>18,713,364</u>	<u>390,616</u>	<u>-</u>	<u>19,103,980</u>
Total capital assets, depreciable, net	<u>10,286,312</u>	<u>(344,992)</u>	<u>-</u>	<u>9,941,320</u>
Business-type activities capital assets, net	<u>\$ 10,459,624</u>	<u>\$ (344,992)</u>	<u>\$ -</u>	<u>10,114,632</u>
Less: Capital related debt				<u>4,363,342</u>
Net investment in capital assets				<u>\$ 5,751,290</u>

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

Governmental activities	
General government	\$ 103,408
Public safety	674,164
Public works	45,889
Health and human services	481
Culture and recreation	90,075
Total depreciation expense - governmental activities	<u>\$ 914,017</u>
Business-type activities	
Wastewater utility	\$ 119,852
Water utility	270,764
Total depreciation expense - business-type activities	<u>\$ 390,616</u>



# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
General fund	\$ 1,764,017	\$ -
Capital Project Funds		
General capital projects	-	1,582,048
Special Revenue Funds		
Taxi	-	181,969
Wastewater Utility	-	31,982
Water Utility	31,982	-
Subtotal	<u>1,795,999</u>	<u>1,795,999</u>
Cash Advances to Finance TIF		
Project Expenditures		
General Fund	689,292	-
Capital Project Funds		
TID No. 7	-	476,564
TID No. 14	-	90,072
TID No. 15	-	122,656
Subtotal	<u>689,292</u>	<u>689,292</u>
Totals	<u>\$ 2,485,291</u>	<u>\$ 2,485,291</u>

The advances between the General Fund and the Tax Incremental Districts No. 7, 14, and 15 do not have repayment schedules established. These will be repaid based on cash availability in the tax incremental districts from future tax increment collections.

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 161,920	\$ -
Special revenue		
Donations	-	6,061
Capital projects		
TID No. 4	-	289,309
TID No. 5	-	122,217
TID No. 6	-	98,424
TID No. 11	509,950	-
Enterprise		
Wastewater Utility	1,159	40,000
Water Utility	1,159	95,000
Internal Service	-	23,177
	<u>\$ 674,188</u>	<u>\$ 674,188</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Interfund transfers were made for the following purposes:

Transfer from wastewater utility to general for transfer of revenues	\$ 40,000
Tax equivalent payment made by water utility to general fund	95,000
Donations for DARE expenditures	6,061
Transfer of expenditures	23,177
TID No. 4 to TID No. 11 for increment sharing	289,309
TID No. 5 to TID No. 11 for increment sharing	122,217
TID No. 6 to TID No. 11 for increment sharing	98,424
	<u>\$ 674,188</u>

### E. LONG-TERM OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 11,015,000	\$ 3,075,000	\$ 3,760,000	\$ 10,330,000	\$ 1,140,000
Notes	1,036,495	-	89,718	946,777	89,669
Direct borrowings					
State trust fund loans	842,993	-	77,417	765,576	80,281
Total general obligation debt	<u>12,894,488</u>	<u>3,075,000</u>	<u>3,927,135</u>	<u>12,042,353</u>	<u>1,309,950</u>
Debt premium	183,246	-	13,089	170,157	-
Capital leases	31,548	-	31,548	-	-
Compensated absences	291,451	45,013	-	336,464	84,116
Governmental activities Long-term obligations	<u>\$ 13,400,733</u>	<u>\$ 3,120,013</u>	<u>\$ 3,971,772</u>	<u>\$ 12,548,974</u>	<u>\$ 1,394,066</u>
<b>Business-type activities:</b>					
General obligation debt					
Bonds	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -
Revenue bonds	3,910,000	-	320,000	3,590,000	325,000
Direct borrowings					
Revenue bonds	1,473,910	-	353,621	1,120,289	363,346
Debt premium	68,668	-	3,615	65,053	3,615
Compensated absences	15,471	9,873	-	25,344	6,336
Business-type activities Long-term obligations	<u>\$ 5,513,049</u>	<u>\$ 9,873</u>	<u>\$ 722,236</u>	<u>\$ 4,800,686</u>	<u>\$ 698,297</u>

Total interest paid during the year on long-term debt totaled \$729,898.

#### State Trust Fund Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$765,576 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### Clean Water Fund Loan Program

The City's outstanding revenue bonds from direct borrowings related to business type activities of \$1,120,289 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
General obligation bond	3/25/10	9/1/20	3.50%	\$ 1,405,000	\$ 330,000
General obligation bond	2/10/11	8/1/30	4.13 - 5.88%	3,500,000	280,000
State trust fund loan (direct borrowing)	12/3/12	3/15/30	3.75%	1,183,000	765,576
General obligation bond	4/19/12	4/1/32	2.00 - 3.75%	4,425,000	3,340,000
General obligation bond	7/1/15	10/1/32	3.00 - 3.25%	4,860,000	3,305,000
General obligation note	4/22/15	3/15/20	2.75%	340,680	10,950
General obligation note	1/26/17	1/26/24	2.25%	481,287	433,158
General obligation note	1/26/17	1/26/22	2.00%	80,475	48,285
General obligation note	12/21/17	1/15/23	2.30%	92,943	74,384
General obligation note	12/21/17	1/15/25	2.25%	400,000	380,000
General obligation refunding bond	9/19/19	8/1/30	2.10 - 2.50%	3,075,000	3,075,000
Total outstanding general obligation debt					<u>\$12,042,353</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$12,042,353 on December 31, 2019 are detailed below:

Year Ended	Governmental Activities				Totals	
	Bonded		Direct Borrowing		Principal	Interest
	Principal	Interest	Principal	Interest		
December 31,						
2020	\$ 1,229,669	\$ 308,089	\$ 80,281	\$ 29,536	\$ 1,309,950	\$ 337,625
2021	943,718	279,785	83,331	27,222	1,027,049	307,007
2022	993,719	254,575	86,455	24,903	1,080,174	279,478
2023	937,773	228,426	89,698	22,496	1,027,471	250,922
2024	1,281,897	196,513	93,035	20,054	1,374,932	216,567
2025-2029	4,420,000	545,414	295,153	59,177	4,715,153	604,591
2030-2032	1,470,001	72,968	37,623	2,928	1,507,624	75,896
	<u>\$ 11,276,777</u>	<u>\$ 1,885,770</u>	<u>\$ 765,576</u>	<u>\$ 186,316</u>	<u>\$ 12,042,353</u>	<u>\$ 2,072,086</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

### Advance Refunding

During the current year, the City advance refunded a portion of a general obligation bonds issued during 2011. The City issued \$3,075,000 of general obligation refunding bonds to provide resources that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$44,777. At December 31, 2019, \$2,755,000 of outstanding general obligation bonds are considered defeased.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2019 was \$12,128,413 as follows:

Equalized valuation of the City		\$ 482,358,000
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>24,117,900</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 12,042,353	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>52,866</u>	
Net outstanding general obligation debt applicable to debt limitation		11,989,487
Legal margin for new debt		<u><u>\$ 12,128,413</u></u>

### Revenue Bonds

Revenue bonds outstanding on December 31, 2019 totaled \$4,710,289 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
State of Wisconsin Clean Water Fund Loan (direct borrowing)	6/12/02	5/1/22	2.75%	\$ 5,772,779	\$ 1,120,289
Water System Revenue Bonds	5/9/13	5/1/29	2.00 - 2.75%	4,685,000	<u>3,590,000</u>
Total outstanding revenue bonds					<u><u>\$ 4,710,289</u></u>

Annual principal and interest maturities of the outstanding revenue bonds of \$4,710,289 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-type Activities				Totals	
	Bonded		Direct Borrowing		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 325,000	\$ 78,530	\$ 363,346	\$ 25,812	\$ 688,346	\$ 104,342
2021	330,000	71,980	373,338	15,683	703,338	87,663
2022	340,000	65,280	383,605	5,275	723,605	70,555
2023	350,000	58,380	-	-	350,000	58,380
2024	350,000	51,292	-	-	350,000	51,292
2025-2029	1,895,000	126,997	-	-	1,895,000	126,997
	<u>\$ 3,590,000</u>	<u>\$ 452,459</u>	<u>\$ 1,120,289</u>	<u>\$ 46,770</u>	<u>\$ 4,710,289</u>	<u>\$ 499,229</u>

### Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the water and wastewater system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and wastewater customer net revenues and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$5,209,518. Principal and interest paid for the current year and total customer net revenues were \$794,271 and \$646,883, respectively.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### F. PENSION PLAN

#### 1. Plan Description

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17

### 3. Contributions

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

During the year ending December 31, 2019, the WRS recognized \$245,930 in contributions from the City.

Contribution rates for the reporting period are:

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

At December 31, 2019, the City reported a liability of \$813,085 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.02285433%, which was an increase of 0.00040331% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$552,940.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 633,269	\$ 1,119,394
Net differences between projected and actual earnings on pension plan investments	1,187,455	-
Changes in assumptions	137,055	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,472	973
Employer contributions subsequent to the measurement date	245,930	-
Total	<u>\$ 2,207,181</u>	<u>\$ 1,120,367</u>

\$245,930 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ 305,807
2021	76,634
2022	133,213
2023	325,230
Total	<u>\$ 840,884</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

---

### 5. Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

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



# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

**Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
City's proportionate share of the net pension liability (asset)	\$ 3,231,286	\$ 813,085	\$ (985,034)

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

### 6. Payables to the Pension Plan

At December 31, 2019, the City reported a payable of \$58,259 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

## G. OTHER POSTEMPLOYMENT BENEFITS

### Local Retiree Life Insurance Fund

#### *Plan Description*

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

#### *OPEB Plan Fiduciary Net Position*

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

#### *Benefits Provided*

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

#### *Contributions*

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

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

Contribution rates as of December 31, 2019 are:

<b>Coverage Type</b>	<b>Employer Contribution</b>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

<b>Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018</b>	
<b>Attained Age</b>	<b>Basic</b>
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$1,527 in contributions from the employer.

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

At December 31, 2019, the City reported a liability of \$185,526 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.07190000%, which was an increase of 0.0070200% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$17,118.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 9,411
Net differences between projected and actual earnings on OPEB plan investments	4,434	-
Changes in assumptions	17,702	40,215
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,921	16,457
<b>Total</b>	<b>\$ 30,057</b>	<b>\$ 66,083</b>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Year Ended December 31,	Expense
2020	\$ (4,894)
2021	(4,894)
2022	(4,894)
2023	(5,516)
2024	(6,158)
Thereafter	(9,670)
	<u>\$ (36,026)</u>

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

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

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

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	65%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.01%
U.S. Mortgages	Barclays MBS	31%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

**Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate.** The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.22%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22%) or 1-percentage-point higher (4.22%) than the current rate:

	<b>1% Decrease to Discount Rate (3.22%)</b>	<b>Current Discount Rate (4.22%)</b>	<b>1% Increase to Discount Rate (5.22%)</b>
City's proportionate share of the net OPEB liability (asset)	\$ 263,923	\$ 185,526	\$ 125,061

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

### ***Payable to the OPEB Plan***

At December 31, 2019, the City did not report a payable for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

## **H. FUND EQUITY**

### **Nonspendable Fund Balance**

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

General Fund	
Nonspendable	
Advance to other funds	\$ 572,628
Inventories and prepaid items	<u>120,196</u>
TID No. 11	
Nonspendable	
Inventories and prepaid items	<u>880</u>
Special Revenue Funds	
Nonspendable	
Emergency Medical Services	24,264
Library	<u>8,795</u>
Total nonspendable fund balance	<u><u>\$ 726,763</u></u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### Restricted Fund Balance

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

TID No. 11	
Restricted for	
Tax increment district	\$ 3,008,985
Special revenue funds	
Restricted for	
CDBG revolving loans	446,229
CDBG housing	10,816
Capital projects funds	
Restricted for	
TID No. 9	459,208
TID No. 10	164,872
TID No. 12	178,417
Debt service fund	
Restricted for	
Debt service	<u>52,866</u>
Total restricted fund balance	<u>\$ 4,321,393</u>

### Committed Fund Balance

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

Special revenue funds	
Committed for	
Emergency medical services	\$ 635,723
Library	306,442
Community promotion	112,248
Donations	577,483
City revolving loans	181,713
Equipment replacement	<u>44,361</u>
Total committed fund balance	<u>\$ 1,857,970</u>

### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund	
Assigned for elections technology upgrades to voting equipment	\$ 8,986
Assigned for cable TV equipment	8,858
Assigned for capital projects	155,459
Assigned for industrial park development	<u>140,000</u>
Total	<u>\$ 313,303</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

---

### Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 20% of the general funds operating revenues. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2019 General Fund operating revenues	\$ 5,337,960
Minimum fund balance %	(x) 20%
Minimum fund balance amount	<u>\$ 1,067,592</u>

The City's unassigned general fund balance of \$1,090,064 is above the minimum fund balance amount.

### Net Position

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

Governmental activities	
Restricted for	
Community development block grants	\$ 1,341,198
Tax incremental districts	802,497
Total governmental activities restricted net position	<u>2,143,695</u>
Business-type activities	
Restricted for	
Debt service	412,000
Equipment replacement	1,219,590
Total business-type activities restricted net position	<u>1,631,590</u>
Total restricted net position	<u>\$ 3,775,285</u>

# City of Ripon, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

---

## **NOTE 4: OTHER INFORMATION**

### **A. COMPONENT UNITS**

This report contains financial information for the City of Ripon Business Improvement District (BID) and the Ripon Area Fire District (District), which are included as component units. Financial information is presented in separate columns in the statement of net position and the statement of activities.

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

#### **City of Ripon Business Improvement District**

##### **1. Basis of Accounting/ Measurement Focus**

The BID follows the modified accrual basis of accounting and the flow of current financial resources measurement focus.

##### **2. Cash and Investments**

The BID's cash is commingled with the City's cash and consisted entirely of deposits with financial institutions.

#### **Ripon Area Fire District**

##### **1. Cash and Investments**

At year end, the carrying amount of the fire district's deposits was \$243,203 and the bank balance was \$244,562 and fully insured by federal depository insurance limits. In addition, the District maintained \$100 in petty cash funds. These amounts are not included in the totals presented in Note 3.A.

##### **2. Pension**

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



# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 3. Capital Assets

A summary of changes in capital assets of the District follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, nondepreciable:				
Land	\$ 191,254	\$ -	\$ -	\$ 191,254
Capital assets, depreciable:				
Buildings	1,648,327	-	-	1,648,327
Machinery and equipment	3,164,642	13,000	-	3,177,642
Subtotals	<u>4,812,969</u>	<u>13,000</u>	<u>-</u>	<u>4,825,969</u>
Less accumulated depreciation for:				
Buildings	446,764	40,408	-	487,172
Machinery and equipment	1,796,562	91,381	-	1,887,943
Subtotals	<u>2,243,326</u>	<u>131,789</u>	<u>-</u>	<u>2,375,115</u>
Total capital assets, depreciable, net	<u>2,569,643</u>	<u>(118,789)</u>	<u>-</u>	<u>2,450,854</u>
Capital assets, net	<u>\$ 2,760,897</u>	<u>\$ (118,789)</u>	<u>\$ -</u>	2,642,108
Less: net related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 2,642,108</u>

### 4. Pension Plan - Ripon Area Fire District (Component Unit)

#### *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 WRS.

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

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

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

The WRS also provides death and disability benefits for employees.

### *Post-Retirement Adjustments*

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17

### *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, 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 existing collective bargaining agreement.

During the year ending December 31, 2019, the WRS recognized \$7,434 in contributions from the District.

Contribution rate for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

At December 31, 2019, the District reported a liability of \$25,518 for its proportionate share of the net pension liability. The net pension liability was measured as of December 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.00071727%, which was an increase of 0.00001795% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized pension expense of \$17,065.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19,873	\$ 35,130
Net differences between projected and actual earnings on pension plan investments	37,268	-
Changes in assumptions	4,301	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	300	628
Employer contributions subsequent to the measurement date	7,434	-
Total	<u>\$ 69,176</u>	<u>\$ 35,758</u>

\$7,434 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Expense</b>
2020	\$ 9,458
2021	2,212
2022	4,141
2023	10,173
Total	<u>\$ 25,984</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

---

### *Actuarial Assumption*

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

Actuarial valuation date:	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

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

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
District's proportionate share of the net pension liability (asset)	\$ 101,412	\$ 25,518	\$ (30,941)

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

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

***Payable to the WRS***

At December 31, 2019 the District reported a payable of \$1,459 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

### **B. TAX INCREMENTAL FINANCING DISTRICTS**

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

Since creation of the above TIDs, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2019, the amounts the City can recover from future excess tax increment revenues are as follows:

	<b>Recoverable Costs</b>
TID No. 4	\$ -
TID No. 5	-
TID No. 6	445,680
TID No. 7	1,479,593
TID No. 9	(459,208)
TID No. 10	(164,872)
TID No. 11	3,464,196
TID No. 12	(178,417)
TID No. 14	90,073
TID No. 15	122,656
Total	<u>\$ 4,799,701</u>

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	<b>Termination Year</b>
TID No. 4	2021
TID No. 5	2023
TID No. 6	2025
TID No. 7	2027
TID No. 9	2029
TID No. 10	2029
TID No. 11	2036
TID No. 12	2034
TID No. 14	2036
TID No. 15	2044

To pay for a portion of the debt for each TID District, the City has incremental guarantees with the developers of the TID districts. The guarantees provide future arrangements that will allow for property value increases to help make the debt payments. All TID's have an increment guarantee with the developers with the exception of a portion of TID #11. The agreement for TID #6 was amended to include an annual guarantee payment in the amount of \$30,000.

The following is a list of TID guarantees shortfalls for 2019:

<b>Tax Incremental District</b>	<b>Assessed Value- Improvements</b>	<b>Actual Increment</b>	<b>Guaranteed Assessed Value</b>	<b>Guaranteed Increment</b>	<b>Shortfall</b>
TID No. 6	N/A	\$ 194,400	N/A	\$ 30,000	N/A
TID No. 7	3,779,300	90,696	7,600,000	198,244	106,875

### C. TAX ABATEMENTS

The City has created tax incremental financing districts (the "TIDs") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the TIDs, the City entered into agreements with developers for a creation of tax base within the TIDs. The agreements require the City to make annual repayments of property taxes collected within the TIDs to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2019, the City abated property taxes totaling \$457,161 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$140,635 to a developer for a hospital within the District.
- ▶ A property tax abatement of \$108,890 to a developer for a press building and warehouse within the District.
- ▶ A property tax abatement of \$12,000 to a developer for senior apartments.
- ▶ A property tax abatement of \$195,636 to a developer for a press building and warehouse within the District.

### D. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage.

# City of Ripon, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### **E. CONTINGENCIES**

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

The City of Ripon operated the FF/NN Landfill in prior years in the Town of Ripon. The City has been notified that the landfill has been placed on the National Priorities Cleanup List by the Environmental Protection Agency. Other potential responsible parties have been identified and the City's share of any liability has been estimated to be approximately 30% of the total. This matter is being handled under a contract with the Department of Natural Resources. The City's share of amounts paid to date total \$440,096. Future costs beyond 2019 cannot be determined, but remain a potential liability to the City.

The City, along with other potential responsible parties, were directed by the state to investigate the Highway PP Landfill operated in prior years. The City has continued to work with other major industries to limit their exposure. They hired a consultant to do a limited investigation and study in an attempt to have this matter removed from the Department of Natural Resources (DNR) priority listing. The completed investigation was forwarded to the DNR in 2002, and to date, the City of Ripon has heard nothing further regarding this potential environmental issue. Total costs for this site and the City's respective share are not known.

### **F. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

### **G. SUBSEQUENT EVENTS**

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

Subsequent to December 31, 2019, the City issued \$561,000 and \$1,150,000 of general obligation notes. The proceeds are to be used for various capital items including equipment, vehicles and infrastructure improvements.



REQUIRED SUPPLEMENTARY INFORMATION

---

# City of Ripon, Wisconsin

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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
<b>Primary Government</b>					
12/31/14	0.02252273%	\$ (553,221)	\$ 2,755,563	20.08%	102.74%
12/31/15	0.02224933%	361,548	2,809,604	12.87%	98.20%
12/31/16	0.02225420%	183,428	2,846,351	6.44%	99.12%
12/31/17	0.02245102%	(666,598)	2,900,124	22.99%	102.93%
12/31/18	0.02285433%	813,085	3,034,875	26.79%	96.45%
<b>Component Unit - Ripon Area Fire District</b>					
12/31/14	0.00066781%	\$ (16,403)	\$ 66,410	24.70%	102.74%
12/31/15	0.00064374%	10,461	67,812	15.43%	98.20%
12/31/16	0.00067534%	5,566	68,455	8.13%	99.12%
12/31/17	0.00069932%	(20,763)	71,821	28.91%	102.93%
12/31/18	0.00071727%	25,518	69,411	36.76%	96.45%

## SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
<b>Primary Government</b>					
12/31/15	\$ 213,832	\$ 213,832	\$ -	\$ 2,809,604	7.61%
12/31/16	211,549	211,549	-	2,846,351	7.43%
12/31/17	231,865	231,865	-	2,900,124	8.00%
12/31/18	283,555	283,555	-	3,034,875	9.34%
12/31/19	245,930	245,930	-	3,195,506	7.70%
<b>Component Unit - Ripon Area Fire District</b>					
12/31/15	\$ 6,442	\$ 6,442	\$ -	\$ 67,812	9.50%
12/31/16	6,435	6,435	-	68,455	9.40%
12/31/17	7,757	7,757	-	71,821	10.80%
12/31/18	7,613	7,613	-	69,411	10.97%
12/31/19	7,434	7,434	-	69,350	10.72%

# City of Ripon, Wisconsin

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

<b>Plan Year Ending</b>	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Covered-Employee Payroll</b>	<b>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</b>
12/31/17	0.07892000%	\$ 237,438	\$ 3,318,812	7.15%	44.81%
12/31/18	0.07190000%	185,526	2,839,000	6.53%	48.69%

**SCHEDULE OF CONTRIBUTIONS  
LOCAL RETIREE LIFE INSURANCE FUND**

<b>Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
12/31/18	\$ 1,515	\$ 1,515	\$ -	\$ 2,839,000	0.05336386%
12/31/19	1,527	1,527	-	3,195,505	0.04778587%

*See notes to required supplementary information.*

# City of Ripon, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2019

---

## **A. LOCAL RETIREE LIFE INSURANCE FUND**

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

There were no changes in assumptions.

## **B. WISCONSIN RETIREMENT SYSTEM**

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

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

SUPPLEMENTARY INFORMATION

---

# City of Ripon, Wisconsin

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

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>Taxes</b>					
General property	\$ 2,235,833	\$ 2,235,833	\$ 2,235,833	\$ -	\$ 2,131,244
Mobile home	15,888	15,888	19,064	3,176	17,272
Interest and taxes	100	100	88	(12)	466
Total taxes	<u>2,251,821</u>	<u>2,251,821</u>	<u>2,254,985</u>	<u>3,164</u>	<u>2,148,982</u>
<b>Intergovernmental</b>					
State					
State shared taxes	1,616,397	1,616,397	1,642,002	25,605	1,600,254
Fire insurance dues	16,000	16,000	21,060	5,060	19,318
Law enforcement	4,800	4,800	15,188	10,388	1,920
Transportation	368,000	368,000	384,499	16,499	402,559
Connecting highway aid	78,986	78,986	79,366	380	79,420
Sanitation grant	27,000	27,000	26,793	(207)	26,747
State aid - exempt computer	25,217	25,217	26,207	990	25,588
Payment for municipal services	23,981	23,981	7,456	(16,525)	24,455
Total intergovernmental	<u>2,160,381</u>	<u>2,160,381</u>	<u>2,202,571</u>	<u>42,190</u>	<u>2,180,261</u>
<b>Licenses and permits</b>					
Licenses					
Liquor and malt beverage	10,330	10,330	12,065	1,735	10,589
Operators, cigarette and other licenses	13,540	13,540	12,626	(914)	12,984
Cable television fees	103,745	103,745	102,108	(1,637)	103,931
Dog	16,036	16,036	16,802	766	17,494
Permits					
Building	35,000	35,000	44,503	9,503	18,002
Electrical permits	10,000	10,000	5,944	(4,056)	3,015
Plumbing permits	3,500	3,500	3,369	(131)	2,118
Heating and air conditioning permits	5,000	5,000	6,533	1,533	2,762
Other permits	4,150	4,150	7,311	3,161	6,656
Zoning fees	3,000	3,000	1,125	(1,875)	910
Parking permits	2,000	2,000	4,070	2,070	2,793
Total licenses and permits	<u>206,301</u>	<u>206,301</u>	<u>216,456</u>	<u>10,155</u>	<u>181,254</u>
<b>Fines and forfeits</b>					
Court fines and penalties	45,166	45,166	57,751	12,585	43,632
Parking violations	30,000	30,000	24,335	(5,665)	26,810
Total fines and forfeits	<u>75,166</u>	<u>75,166</u>	<u>82,086</u>	<u>6,920</u>	<u>70,442</u>

# City of Ripon, Wisconsin

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

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public charges for services					
Garbage and refuse collection	7,600	7,600	15,480	7,880	9,840
Sale of street materials and services	18,150	18,150	28,984	10,834	21,388
Sale of recyclables	-	-	300	300	630
Other	9,185	9,185	17,986	8,801	9,615
Weed control	4,250	4,250	6,481	2,231	2,116
Cemetery	25,400	25,400	24,238	(1,162)	16,395
Recreation charges	2,750	2,750	5,063	2,313	2,363
Industrial park sales	-	-	-	-	20,000
License publication fees	2,962	2,962	3,726	764	2,720
Police department fees	2,850	2,850	3,017	167	2,944
Fire department fees	12,000	12,000	34,830	22,830	19,645
Total public charges for services	<u>85,147</u>	<u>85,147</u>	<u>140,105</u>	<u>54,958</u>	<u>107,656</u>
Intergovernmental charges for services					
Police liaison	<u>193,400</u>	<u>193,400</u>	<u>248,285</u>	<u>54,885</u>	<u>134,066</u>
Miscellaneous					
Investment income	27,500	27,500	94,164	66,664	5,537
Interest from TID advance	150	150	-	(150)	-
Property sales	7,150	7,150	-	(7,150)	6
Insurance recoveries	3,000	3,000	1,206	(1,794)	3,025
Miscellaneous	75,649	75,649	98,102	22,453	63,924
Total miscellaneous	<u>113,449</u>	<u>113,449</u>	<u>193,472</u>	<u>80,023</u>	<u>72,492</u>
<b>Total revenues</b>	<u><b>\$ 5,085,665</b></u>	<u><b>\$ 5,085,665</b></u>	<u><b>\$ 5,337,960</b></u>	<u><b>\$ 252,295</b></u>	<u><b>\$ 4,895,153</b></u>

# City of Ripon, Wisconsin

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

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
General government					
Common council	\$ 46,828	\$ 46,828	\$ 51,402	\$ (4,574)	\$ 49,261
City attorney	124,250	124,250	124,376	(126)	120,743
City administration	439,163	439,163	483,086	(43,923)	478,705
Elections	14,800	14,800	5,815	8,985	22,341
Insurance	122,238	122,238	117,730	4,508	126,270
Contingency	7,116	7,116	-	7,116	18,493
Total general government	<u>754,395</u>	<u>754,395</u>	<u>782,409</u>	<u>(28,014)</u>	<u>815,813</u>
Public safety					
Law enforcement	1,967,375	1,967,375	1,951,817	15,558	1,916,695
Fire department	332,873	332,873	361,354	(28,481)	310,947
Inspection	49,378	49,378	53,270	(3,892)	63,274
Emergency government	2,400	2,400	3,271	(871)	1,595
Total public safety	<u>2,352,026</u>	<u>2,352,026</u>	<u>2,369,712</u>	<u>(17,686)</u>	<u>2,292,511</u>
Public works					
Public works administration and engineering	68,585	68,585	25,765	42,820	65,988
Garage	358,656	358,656	361,766	(3,110)	313,155
Street maintenance	765,193	765,193	914,491	(149,298)	672,547
Cemetery	189,386	189,386	228,710	(39,324)	254,525
Solid waste	396,000	396,000	469,623	(73,623)	376,406
Total public works	<u>1,777,820</u>	<u>1,777,820</u>	<u>2,000,355</u>	<u>(222,535)</u>	<u>1,682,621</u>
Health and human services					
Animal control	9,411	9,411	9,000	411	9,087
Culture and recreation					
Parks	213,418	213,418	221,095	(7,677)	245,560
Senior center	16,595	16,595	16,721	(126)	16,438
Cable TV	73,422	73,422	74,053	(631)	53,312
Total culture and recreation	<u>303,435</u>	<u>303,435</u>	<u>311,869</u>	<u>(8,434)</u>	<u>315,310</u>
Debt service					
Principal	31,547	31,547	31,548	(1)	30,691
Interest and fiscal charges	180	180	2,336	(2,156)	927
Total debt service	<u>31,727</u>	<u>31,727</u>	<u>33,884</u>	<u>(2,157)</u>	<u>31,618</u>
<b>Total expenditures</b>	<u>\$ 5,228,814</u>	<u>\$ 5,228,814</u>	<u>\$ 5,507,229</u>	<u>\$ (278,415)</u>	<u>\$ 5,146,960</u>



# City of Ripon, Wisconsin

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

**WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Special Revenue			
	CDBG Revolving Loans	CDBG Housing	Emergency Medical Services	Library
<b>ASSETS</b>				
Cash and investments	\$ 446,229	\$ 10,816	\$ 217,855	\$ 490,389
Receivables				
Taxes and special charges	-	-	-	274,665
Accounts, net	-	-	441,546	-
Special assessments	-	-	-	-
Loans	109,811	774,342	-	-
Inventories and prepaid items	-	-	24,264	8,795
<b>Total assets</b>	<b><u>\$ 556,040</u></b>	<b><u>\$ 785,158</u></b>	<b><u>\$ 683,665</u></b>	<b><u>\$ 773,849</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,522	\$ 12,045
Accrued and other current liabilities	-	-	18,156	11,959
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>23,678</u></b>	<b><u>24,004</u></b>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	-	434,608
Loans receivable	109,811	774,342	-	-
Special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>109,811</u></b>	<b><u>774,342</u></b>	<b><u>-</u></b>	<b><u>434,608</u></b>
Fund balances				
Nonspendable	-	-	24,264	8,795
Restricted	446,229	10,816	-	-
Committed	-	-	635,723	306,442
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b><u>446,229</u></b>	<b><u>10,816</u></b>	<b><u>659,987</u></b>	<b><u>315,237</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 556,040</u></b>	<b><u>\$ 785,158</u></b>	<b><u>\$ 683,665</u></b>	<b><u>\$ 773,849</u></b>

Special Revenue					Debt Service
Community Promotion	Donations	Taxi	City Revolving Loans	Equipment Replacement	General Debt Service
\$ 108,119	\$ 577,483	\$ -	\$ 181,713	\$ 44,361	\$ 323,194
-	-	-	-	-	467,145
33,737	-	26,424	-	-	-
-	-	-	-	-	193,998
-	-	-	-	-	-
<u>\$ 141,856</u>	<u>\$ 577,483</u>	<u>\$ 26,424</u>	<u>\$ 181,713</u>	<u>\$ 44,361</u>	<u>\$ 984,337</u>
\$ 29,608	\$ -	\$ 10,024	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	181,969	-	-	-
-	-	-	-	-	-
<u>29,608</u>	<u>-</u>	<u>191,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	737,473
-	-	-	-	-	-
-	-	-	-	-	193,998
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>931,471</u>
-	-	-	-	-	-
-	-	-	-	-	52,866
112,248	577,483	-	181,713	44,361	-
-	-	(165,569)	-	-	-
<u>112,248</u>	<u>577,483</u>	<u>(165,569)</u>	<u>181,713</u>	<u>44,361</u>	<u>52,866</u>
<u>\$ 141,856</u>	<u>\$ 577,483</u>	<u>\$ 26,424</u>	<u>\$ 181,713</u>	<u>\$ 44,361</u>	<u>\$ 984,337</u>

# City of Ripon, Wisconsin

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

**WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	<b>Capital Projects</b>			
	<b>TID No. 4 Industrial Park</b>	<b>TID No. 5 Industrial Development</b>	<b>TID No. 6 Hwy 23W</b>	<b>TID No. 7 Hwy 44/49S</b>
<b>ASSETS</b>				
Cash and investments	\$ 109,801	\$ 71,837	\$ 127,068	\$ 60,016
Receivables				
Taxes and special charges	188,558	123,363	218,209	103,063
Accounts, net	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Inventories and prepaid items	-	-	-	-
<b>Total assets</b>	<b><u>\$ 298,359</u></b>	<b><u>\$ 195,200</u></b>	<b><u>\$ 345,277</u></b>	<b><u>\$ 163,079</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued and other current liabilities	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	476,564
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>476,564</u></b>
Deferred inflows of resources				
Property taxes levied for subsequent year	298,359	195,200	345,277	163,078
Loans receivable	-	-	-	-
Special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>298,359</u></b>	<b><u>195,200</u></b>	<b><u>345,277</u></b>	<b><u>163,078</u></b>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	(476,563)
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(476,563)</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 298,359</u></b>	<b><u>\$ 195,200</u></b>	<b><u>\$ 345,277</u></b>	<b><u>\$ 163,079</u></b>

Capital Projects					Totals	
TID No. 9 Hwy 44/Olden Road	TID No. 10 Hwy 23/Douglas	TID No. 12 Industrial Development Vermont/Hall	TID No. 14 Industrial Development	TID No. 15 Industrial Development	2019	2018
\$ 505,712	\$ 246,101	\$ 217,625	\$ 173,021	\$ 6,058	\$ 3,917,398	\$ 2,239,938
79,861	139,493	67,332	297,123	10,403	1,969,215	2,457,960
-	-	-	-	-	501,707	864,218
-	-	-	-	-	193,998	196,386
-	-	-	-	-	884,153	975,084
-	-	-	-	-	33,059	-
<u>\$ 585,573</u>	<u>\$ 385,594</u>	<u>\$ 284,957</u>	<u>\$ 470,144</u>	<u>\$ 16,461</u>	<u>\$ 7,499,530</u>	<u>\$ 6,733,586</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,199	\$ 43,601
-	-	-	-	-	30,115	27,880
-	-	-	-	-	181,969	1,337,475
-	-	-	90,072	122,656	689,292	442,466
-	-	-	90,072	122,656	958,575	1,851,422
126,365	220,722	106,540	470,145	16,461	3,114,228	2,457,960
-	-	-	-	-	884,153	975,084
-	-	-	-	-	193,998	196,386
<u>126,365</u>	<u>220,722</u>	<u>106,540</u>	<u>470,145</u>	<u>16,461</u>	<u>4,192,379</u>	<u>3,629,430</u>
-	-	-	-	-	33,059	-
459,208	164,872	178,417	-	-	1,312,408	1,016,697
-	-	-	-	-	1,857,970	1,586,541
-	-	-	(90,073)	(122,656)	(854,861)	(1,350,504)
<u>459,208</u>	<u>164,872</u>	<u>178,417</u>	<u>(90,073)</u>	<u>(122,656)</u>	<u>2,348,576</u>	<u>1,252,734</u>
<u>\$ 585,573</u>	<u>\$ 385,594</u>	<u>\$ 284,957</u>	<u>\$ 470,144</u>	<u>\$ 16,461</u>	<u>\$ 7,499,530</u>	<u>\$ 6,733,586</u>

# City of Ripon, Wisconsin

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

	Special Revenue			
	CDBG Revolving Loans	CDBG Housing	Emergency Medical Services	Library
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 434,620
Special assessments	-	-	-	-
Intergovernmental	-	-	6,817	171,514
Public charges for services	-	-	679,946	14,585
Intergovernmental charges for services	-	-	44,776	-
Miscellaneous	164,092	17,467	8,321	96,590
Total revenues	<u>164,092</u>	<u>17,467</u>	<u>739,860</u>	<u>717,309</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	471,591	-
Public works	-	-	-	-
Culture and recreation	-	-	-	708,507
Conservation and development	32,819	98,452	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	15,670	-
Total expenditures	<u>32,819</u>	<u>98,452</u>	<u>487,261</u>	<u>708,507</u>
Excess of revenues over (under) expenditures	<u>131,273</u>	<u>(80,985)</u>	<u>252,599</u>	<u>8,802</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	131,273	(80,985)	252,599	8,802
<b>Fund balances - January 1</b>	<u>314,956</u>	<u>91,801</u>	<u>407,388</u>	<u>306,435</u>
<b>Fund balances - December 31</b>	<u>\$ 446,229</u>	<u>\$ 10,816</u>	<u>\$ 659,987</u>	<u>\$ 315,237</u>

Special Revenue					Debt Service
Community Promotion	Donations	Taxi	City Revolving Loans	Equipment Replacement	General Debt Service
\$ 130,584	\$ -	\$ -	\$ -	\$ -	\$ 748,443
-	-	-	-	-	2,387
-	-	159,290	-	-	-
-	-	142,577	-	-	-
-	-	-	-	-	-
3,351	29,471	1,320	4,170	1,002	12,278
133,935	29,471	303,187	4,170	1,002	763,108
-	-	-	695	-	-
-	-	360,094	-	-	-
-	-	-	-	-	-
112,733	-	-	6,002	-	-
-	-	-	-	-	632,383
-	-	-	-	-	124,579
-	-	-	-	-	1,043
112,733	-	360,094	6,697	-	758,005
21,202	29,471	(56,907)	(2,527)	1,002	5,103
-	-	-	-	-	-
-	-	-	-	-	-
-	(6,061)	-	-	-	-
-	(6,061)	-	-	-	-
21,202	23,410	(56,907)	(2,527)	1,002	5,103
91,046	554,073	(108,662)	184,240	43,359	47,763
<u>\$ 112,248</u>	<u>\$ 577,483</u>	<u>\$ (165,569)</u>	<u>\$ 181,713</u>	<u>\$ 44,361</u>	<u>\$ 52,866</u>

# City of Ripon, Wisconsin

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

	<b>TID No. 4 Industrial Park</b>	<b>TID No. 5 Industrial Development</b>	<b>TID No. 6 Hwy 23W</b>	<b>TID No. 7 Hwy 44/49S</b>
<b>REVENUES</b>				
Taxes	\$ 273,490	\$ 118,902	\$ 197,968	\$ 79,320
Special assessments	-	-	-	-
Intergovernmental	9,643	919	9,403	560
Public charges for services	-	-	-	-
Intergovernmental charges for services	-	-	-	-
Miscellaneous	7,028	3,378	33,956	56,285
Total revenues	<u>290,161</u>	<u>123,199</u>	<u>241,327</u>	<u>136,165</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	852	-	4,147	-
Debt service				
Principal	-	-	81,765	167,987
Interest and fiscal charges	-	-	17,024	79,041
Capital outlay	-	982	39,967	8,228
Total expenditures	<u>852</u>	<u>982</u>	<u>142,903</u>	<u>255,256</u>
Excess of revenues over (under) expenditures	<u>289,309</u>	<u>122,217</u>	<u>98,424</u>	<u>(119,091)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(289,309)	(122,217)	(98,424)	-
Total other financing sources (uses)	<u>(289,309)</u>	<u>(122,217)</u>	<u>(98,424)</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	(119,091)
<b>Fund balances - January 1</b>	-	-	-	(357,472)
<b>Fund balances - December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (476,563)</u>

Capital Projects					Totals	
TID No. 9 Hwy 44/Olden Road	TID No. 10 Hwy 23/Douglas	TID No. 12 Industrial Development Vermont/Hall	TID No. 14 Industrial Development	TID No. 15 Industrial Development	2019	2018
\$ 116,857	\$ 66,917	\$ 25,369	\$ -	\$ 993	\$ 2,193,463	\$ 2,243,833
-	-	-	-	-	2,387	5,579
938	11,672	2,073	783	-	373,612	336,871
-	-	-	-	-	837,108	727,003
-	-	-	-	-	44,776	43,472
10,238	4,179	4,952	-	-	458,078	787,519
128,033	82,768	32,394	783	993	3,909,424	4,144,277
-	-	-	-	-	472,286	449,099
-	-	-	-	-	360,094	350,694
-	-	-	-	-	708,507	695,105
880	1,108	887	66,034	53,608	377,522	188,426
-	-	-	-	-	882,135	1,225,015
-	-	-	3,668	6,151	230,463	240,416
-	-	-	-	-	65,890	601,653
880	1,108	887	69,702	59,759	3,096,897	3,750,408
127,153	81,660	31,507	(68,919)	(58,766)	812,527	393,869
-	-	-	-	-	-	-
-	-	-	-	-	-	79,041
-	-	-	-	-	(516,011)	(604,622)
-	-	-	-	-	(516,011)	(525,581)
127,153	81,660	31,507	(68,919)	(58,766)	296,516	(131,712)
332,055	83,212	146,910	(21,154)	(63,890)	2,052,060	1,384,446
<u>\$ 459,208</u>	<u>\$ 164,872</u>	<u>\$ 178,417</u>	<u>\$ (90,073)</u>	<u>\$ (122,656)</u>	<u>\$ 2,348,576</u>	<u>\$ 1,252,734</u>



ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

---



## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Mayor and City Council  
City of Ripon, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ripon, Wisconsin (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 6, 2020.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

*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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

**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.

**CITY OF RIPON, WISCONSIN'S RESPONSE TO FINDING**

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

**PURPOSE OF THIS REPORT**

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



**CliftonLarsonAllen LLP**

Sheboygan, Wisconsin  
August 6, 2020

# City of Ripon, Wisconsin

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

---

### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2019-001	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2018-001
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Report Form C.
Context:	The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.
Criteria:	The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and Municipal Financial Report.
Management Response:	Management believes that the cost of employing staff with the necessary expertise outweighs the benefits to be received. Management will continue to review and approve the financial statements and other information prior to issuance.

### SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.