



CITY OF MARKESAN COMMON COUNCIL
Markesan City Hall

AMENDED AGENDA

June 9, 2020
7:00 p.m.

1. Preliminaries
 - 1.1. Call to Order
 - 1.2. Roll Call by the Clerk-Treasurer
 - 1.3. Citizen's Comments
2. Approval & Review of Minutes, Reports, & Correspondence
 - 2.1. Approve Common Council Minutes – May 12, 2020
 - 2.2. May Police Report & Schedule
 - 2.3. Public Property & Health Minutes – June 2, 2020
 - 2.4. Finance Personnel & Safety Minutes – June 2, 2020
 - 2.5. Streets, Buildings & Utilities Minutes – June 2, 2020
 - 2.6. CDBG Citizen Public Hearing Minutes – June 2, 2020
 - 2.7. Board of Review Minutes – May 12, 2020
 - 2.8. Board of Review Minutes – June 4, 2020
 - 2.9. May Library Director's Report and Markesan Library Board Minutes – May 21, 2020
3. Approval of Claims:
 - 3.1. City Checks #35979-36017, Electronic Payments #EFT 1005-1012, Direct Deposits # 3638-3679, and Utility Checks #12566-12579
 - 3.2. File Treasurer's Report for Audit
4. Old Business
 - 4.1. Discussion and Action on Chicken Ordinance
5. New Business
 - 5.1. Discussion and Approval of 2019 Financial Audit Presented by Brent Nelson from Johnson Block via telephone
 - 5.2. Discussion and Action on Advanced Disposal Garbage and Recycling Complaints- Advanced Disposal Representative
 - 5.3. Discussion and Action on Bids for Pressure Washing Soldier's & Sailor's Park Big Building Walls and Roof
 - 5.4. Discussion and Action on Resolution 06-2020 CMAR Report for 2019
 - 5.5. Approval of 2020 WI DNR Environmental Fee Invoice in Amount of \$3,565.02
 - 5.6. Discussion and Approval of donation for June Dairy Days in the amount of \$1,500 to be taken from account #5531000, Events Committee- Special Events
 - 5.7. Discussion and Approval for a \$7,000 budget for June Dairy Days to be paid for by donations
 - 5.8. Discussion and Approval of Markesan Nursing Home to be Recognized as a Non-profit organization
 - 5.9. Discussion and Action to lower the Class B Beer and Class B Liquor License fees to 50%, which is \$250 total
 - 5.10. Discussion and Approval of Waste Water Technician hourly wage to \$23.00
 - 5.11. Discussion and Action on Intergovernmental Agreement for North Fond du Lac Municipal Court

The Common Council welcomes all visitors to listen & observe, but only Council members & those invited to speak will be permitted to do so, except during any posted Public Hearing. Citizen's Comments is where any citizen may comment on an issue, but the Council may only listen and may not reply to or address the issue unless it is an item on the agenda.

Any person requiring special assistance to participate in this meeting should contact the Clerk-Treasurer at 398-3031 at least 24 hours prior to the meeting so appropriate accommodations can be made.

- 5.12. Discussion and Approval of Ordinance 259 Establishing a Municipal Court
- 5.13. Discussion and Action on Chip Seal Bids: Accept Green Lake County for South Margaret Street for \$6,480 and East Manchester Street for \$8,080 and Scott Construction for West Summit Street with Black Granite for \$2,073.60
- 5.14. Discussion and Action on Extension for Hornet's Nest Cement Work and Temporary Occupancy until August 31, 2020
- 5.15. Discussion and Approval of Facility Rental Recommendations for COVID-19 to be added to City of Markesan Rental Agreement
- 5.16. Discussion and Action on 2019 TID Annual Report
- 5.17. Discussion and Action on Resolution 07-2020 Authorizing Resolution to Commit Match Funds
- 5.18. Discussion and Action on Resolution 08-2020 Declaring Official Intent to Reimburse Expenditures from Proceeds of Borrowing
- 5.19. Discussion and Action on Signed Contract with General Engineering for the 2021 Streets Project
- 5.20. Approval of Class B Beer & Liquor Retailers License for the period ending 6/30/20: Last Chance Bar & Grill, LLC
- 5.21. Approval of Temporary Class B Picnic License for Markesan Fire Department on June 13-14, 2020
- 5.22. Approval of Soda Water Licenses for the period ending 6/30/21: Condon Oil Company, Del Monte Foods, Family Dollar Stores of WI, Firehaus BBQ & Saloon, Hornet's Nest, Landmark Services Cooperative, Last Chance Bar & Grill, Markesan Auto Home & Farm, Markesan Econo-Wash, Markesan Fire Dept., Markesan Elementary School, Markesan High School, Markesan Resident Home, Rennert's Fire Equipment, Robin II, Sandy's Diner, Ted's Piggly Wiggly
- 5.23. Approval of Cigarette Licenses for the period ending 6/30/21: Condon Oil Company, Family Dollar Stores of WI, LLC, Landmark Services Cooperative, T.R. Robl Inc.
- 5.24. Approval of Class A Beer Retailers License for the period ending 6/30/21: Landmark Services Cooperative
- 5.25. Approval of Class A Beer & Liquor Retailers License for the period ending 6/30/21: Condon Oil Company, T.R. Robl Inc.
- 5.26. Approval of Class B Beer & Liquor Retailers License for the period ending 6/30/21: ChezHead FireHaus, LLC, Last Chance Bar & Grill, LLC, Tall Pall's, LLC.
- 5.27. Approval of Operator's License for the period ending 6/30/21: Amy Boening, Issac Dallman, Lori Damerow, Jennifer Dirks, Maria Eckert, Dolores Feuerhammer, Sean Fitzpatrick, Ryan Frei, Taylor Gelhar, Lucas Gonzalez, Jody Grams, David Gruber, Joan Haight, Debra Harke, Bayley Heidt, Coty Hiemstra, Anne Horne, Ashley Kanneman, Crystal Kaplon, Ronald Kelm, Joshua Laper, Erica M Lien, Andrea Metke, Ashley Metke, Jennifer Meyers, Rhonda Prill, Sandralee Quade, Shannon Rantzow, Samuel Reese, Tampla Ritchay, Jessica Schultz, Cynthia Schulz, Patricia Scopp, Gene Scott, Diane Strahota, Joseph Strelow, Steven R Strelow, Kegan Tierney, Michael C Wagner, Trisha Westhuis, Valentina Zelenko

6. Schedule Future Meetings and Agenda Items

7. Brenda Henke Recognition

8. Adjournment

The Common Council welcomes all visitors to listen & observe, but only Council members & those invited to speak will be permitted to do so, except during any posted Public Hearing. Citizen's Comments is where any citizen may comment on an issue, but the Council may only listen and may not reply to or address the issue unless it is an item on the agenda.

Any person requiring special assistance to participate in this meeting should contact the Clerk-Treasurer at 398-3031 at least 24 hours prior to the meeting so appropriate accommodations can be made.

CITY OF MARKESAN COMMON COUNCIL
Markesan City Hall

May 12, 2020

MINUTES

1. Preliminaries

1.1 Meeting was called to order by Mayor Slate at 7:02 pm.

1.2 Present were Mayor Slate, Clerk-Treasurer Amend, Ald. Abendroth, Ald. Bieszki, Ald. Henke, Ald. Thiem, Ald. Triemstra, and Ald. Kazda. Also present was Roger Matthews from the Berlin Journal and Adam Trotz.

1.3 Citizens Comments: None

2. Approval & Review of Minutes, Reports & Correspondence

2.1 After review, motion Bieszki/Triemstra to approve the April 7, 2020 Common Council minutes; motion carried 6-0.

2.2 After review, motion Abendroth/Kazda to approve the April 21, 2020 Organizational Common Council minutes; motion carried 6-0.

2.3-2.7 After review of all items, motion Bieszki/Thiem to approve the April Police Report & May Schedule, Committee of the Whole Finance, Personnel & Safety minutes and Closed Session minutes of May 5, 2020, Public Property & Health minutes of May 5, 2020, Streets, Buildings & Utilities minutes of May 5, 2020 and April Library's Director's Report and Markesan Library Board minutes of April 16, 2020; motion carried 6-0.

3. Approval of Claims:

3.1 The Finance, Personnel & Safety Committee reviewed City and Utility checks and recommended approval to the Council. Motion Abendroth/Bieszki to approve the following vouchers as presented: City Checks #35920-35978, Electronic Payments #EFT 0995-1004, and Direct Deposits #3585-3637 in the amount of \$116,455.04, and Utility Checks #12546-12565 in the amount of \$175,893.85; motion carried 6-0 on a roll call vote.

3.2 After review, by consensus the April 2020 Treasurer's Report was filed for audit

4. New Business

4.1 Following discussion, motion Bieszki/Triemstra to not allow the use of the City Garage for the June Dairy Days this year; motion carried 6-0.

4.2 Motion Abendroth/Kazda to accept Alderperson Brenda Henke's Resignation effective June 10, 2020; motion carried 5-0, 1- Henke abstain

4.3 Mayor Slate presented and proclaimed an Employee Recognition Proclamation

4.4 After review, motion Bieszki/Triemstra to approve the Violation Notice Timing and Fines Policy pending the Building Inspector's review and the addition of the Ordinance 273 wording; motion carried 6-0.

4.5 Motion Abendroth/Triemstra to approve the blacktop patch bid for water main breaks from General Asphalt in Beaver Dam for \$2,700.00; motion carried 6-0 on a roll call vote.

4.6 Mayor Slate made the appointment of Joe Strelow as the Public Works Director and City Forester, motion Bieszki/Thiem to approve the appointments; motion carried 6-0.

4.7 Following Mayor Slate's statement and after discussion, motion Bieszki/Thiem to approve the Chicken Ordinance presented; motion failed 3-3, with ayes from Thiem, Abendroth, and Kazda and nays from Henke, Triemstra and Bieszki. Motion Bieszki/Thiem to send the Chicken Ordinance back to Public Property Committee in June; motion carried 6-0.

4.8 Following discussion, motion Bieszki/Henke to schedule drop-off site bulky trash days and to have Public Works Director Joe Strelow organize and set parameters for the event as long as it is within the budget; motion carried 6-0.

4.9 After discussion, motion Henke/Triemstra to amend the Employee Handbook to include policy for voluntary fire fighters and medical personnel employees. Policy to reference Wisconsin State Statute 103.88, which permits employees to leave work to respond to emergencies. Also to allow employee to make up time within the pay period without overtime; motion carried 6-0.

4.10 Motion Henke/Abendroth to reconsider COW Finance committee closed session minutes from May 5, 2020; motion carried 6-0. Motion Henke/Abendroth to amend the May 5th Closed session minutes for Finance to read no action taken for public works assistant hourly wage; motion carried 6-0.

5. Old Business

5.1 Motion Bieszki/Triemstra to approve the purchase of the new 2021 Chevrolet Truck with Rugby Box for \$42,242 from Ewald Automotive for the Public Works department; motion carried 6-0 on a roll call vote.

6. Schedule Future Meetings and Agenda Items. The following meetings were scheduled: Community Development Block Grant Public Hearing on Tuesday, June 2, 2020 at 6:00 PM at City Hall; Public Property & Health on Tuesday, June 2, 2020 at 6:30 PM at City Hall; Finance, Personnel & Safety on Tuesday, June 2, 2020 immediately following Public Property & Health at City Hall; Streets, Buildings & Utilities on Tuesday, June 2, 2020 immediately following Finance, Personnel & Safety at City Hall; and Common Council on Tuesday, June 9, 2020 at 7:00 pm at City Hall; and Board of Review on Thursday, June 4, 2020 from 5:00 -7:00 PM at City Hall

7. Adjournment. Motion Triemstra/Kazda to adjourn; motion carried 6-0. The meeting adjourned at 7:59 pm.

Respectfully submitted,

Elizabeth A. Amend, Clerk-Treasurer



P.O. Box 352 • 150 S. Bridge St. • Markesan, WI 53946 • P: (920) 398-2121 • F: (920) 398-8127

Markesan Police Department
William A. Pflum, Chief of Police

Finance, Personnel and Public Safety Committee
Presented on June 2, 2020

May 2020

Agenda:

Continued Covid-19 Response

Appendix:

Departments Continued Response to COVID-19

Our department continues to assist the community with its overall response to COVID-19 we have kept busy helping those with concerns, answering questions and providing assistance whenever needed.

We have continued to assist in providing much needed supplies to our most at-risk and vulnerable populations. We check in weekly with both the Markesan Resident Home and the Barrett House to assist if possible in getting them needed supplies.

This department continues to work closely with Del Monte in regards to the upcoming canning season. Del Monte continues to work hard to develop and implement a plan to mitigate any possible issues.

Special thanks to all the community members and organizations that have donated hard to find supplies to area first responders during this time of need. Our area is so fortunate to have such supportive community members. As this department has received donations we have been sure to reach out and distribute the donated items to other organizations in need.

Public Property and Health Committee
Markesan City Hall
June 2, 2020

Call to order at 6:30 p.m.
Roll call by sign-in
Citizen Comments: None

Public Works Report:

Safety Guidelines for Pay Loader: Joe Strelow reported to the committee that the pay loader may not be used to lift personnel due to OSHA regulations. The City will have to rent a bucket truck if there is a need to lift personnel for jobs like installing holiday banners.

Pressure Wash Walls and Roof of Big Building at Soldiers and Sailors Park: The walls and roof will need to be pressure washed this summer. The City can rent a straight boom lift for one week at \$670 and do the job. Or, the City can hire out for the job. If the City rents a lift, it could also be used to trim trees at the park. Joe will update the council at the June 9 council meeting.

New Business:

Discussion and Action on Use of City Industrial Park for June Dairy Days: The Mayor has requested permission that the Industrial Park be used as the sight for shooting off fireworks for the June Dairy Days celebration. The Mayor has discussed this with all the industrial park businesses. A fire truck will be on the scene during the fireworks show. Motion by Ald. Triemstra/Ald. Thiem to allow the industrial park to be used for the fireworks show. Motion carried.

Discussion and Action of Recommendations for City Rental Properties During COVID-19: Motion by Mayor Slate/Ald. Triemstra to accept the recommendations for best practices for city rental properties during COVID-19 based off the Green Lake County Health Department's recommendations. Copies of the recommendations are posted at Soldiers and Sailors Park. Motion carried.

Discussion and Approval of TID Annual Report: Motion by Mayor Slate/Ald. Kazda to approve the TID Annual Report as presented. Motion carried.

Discussion and Action on Complaints about 1775 N. Margaret Street Property: Ald. Thiem recused himself from the discussion and spoke as a citizen on the state of his property. Motion by Mayor Slate/Ald. Henke to request that Adam Thiem bring back a written plan of action for the property to the next committee meeting in July. Motion carried. Ald. Thiem abstained.

Old Business:

Discussion and Action on Chicken Ordinance: Adam Trotz and two of his children attended the meeting and asked questions regarding the latest version of the ordinance. They were hoping to have the ordinance adjusted to allow six chickens instead of the proposed four. Motion by Ald. Kazda/Ald. Henke to move the chicken ordinance to council for a vote. Motion carried 4-1, Opposed-Mayor Slate.

Adjournment: Motion by Ald. Kazda/Ald. Triemstra to adjourn. Motion carried. Meeting adjourned at 7:01pm

FINANCE, PERSONNEL & SAFETY
Markesan City Hall

June 2, 2020

Immediately Following Public Property & Health Meeting

MINUTES

Call to Order- at 7:02 pm

Roll Call – Was by sign-in.

Citizen's Comments – Joe Strelow reported a curb issue at 36 E Caroline St. and will address next meeting.

Emergency Management Report – Chief Pflum reported that he and Mike Ross are working together on June events.

Review and Approval of Vouchers Payable – Motion by Ald. Bieszki & 2nd by Mayor Slate to approve Vouchers Payable. Motion passed.

Police Report & Schedule- The department is assisting the community with response to COVID-19, providing needed supplies to our most at-risk and vulnerable populations. Chief Pflum would like to thank all that donated time and supplies during this time of need. Motion by Mayor Slate & 2nd by Ald. Bieszki to approve. Motion passed.

Old Business – None.

New Business

- Discussion and Action on Use of Community Room at No Charge for Markesan Resident Home-City recognized them as non-profit. Motion by Mayor Slate & 2nd by Ald. Bieszki to approve. Motion passed.
- Discussion and Action on Donation of \$1,500 for June Dairy Days and a \$7,000 budget for June Dairy Days to be paid for by donations. Motion by Ald. Bieszki & 2nd by Ald. Abendroth to approve. Motion passed.
- Discussion and Action on Liquor License Fees- Discussion to reduce Class B Beer and Liquor License fee by 50% or prorate due to COVID-19 for year 2020-21. Motion by Ald. Bieszki & 2nd by Mayor Slate to reduce by 50%. 3 ayes 2 nays. Ald. Henke & Ald. Abendroth nays. Motion passed.
- Discussion and Action on Draft 2019 Audit Report- Motion to move to Council by Ald. Bieszki & 2nd by Ald. Kazda. Motion passed.

Motion by Ald. Bieszki & 2nd by Ald. Henke to go to Closed Session. Bieszki, Henke, Kazda, Abendroth, Slate all ayes.

Closed Session: Waste Water Technician Hourly Wage

The Common Council may, by roll call vote, convene in Closed Session, pursuant to Wis. Stats. 19.85(1)(c) to consider employment of any public employee over which the governmental body has jurisdiction or exercises responsibility, after which they may reconvene in Open Session pursuant Wis. Stats. 19.85(2).

Reconvene in Open Session to Take Possible Action on Items Discussed in Closed Session. Motion by Slate & 2nd by Kazda to go to open session. Motion passed.
Motion by Bieszki & 2nd by Slate to raise the Waste Water Technician Hourly Wage to \$23.00. Motion passed.

Adjournment- Motion by Slate & 2nd by Abendroth to adjourn at 7:29pm.

STREETS, BUILDINGS & UTILITIES COMMITTEE
Markesan City Hall

June 2, 2020

Immediately Following Finance, Personnel & Safety Committee Meeting

Minutes

Call to Order at 7:29 pm

Roll Call is by sign sheet.

Citizen's Comments None

Public Works Report

- Police Department Garage Roof Repair On hold until budget cycle.
- Bids for Chip Sealing Project Motion by Mayor Slate 2nd ALD Abendroth to award South Margaret St. and East Manchester St. to Green Lake County Highway Department, and see if Scott would be willing to do West Summit St using the Black Granite Material; Motion Carried.
- Removal of Fence in Yard at City Hall (Old Daycare) Motion by Mayor Slate 2nd ALD Abendroth to remove the fence; Motion Carried.

Water & Sewer Department Report

- CMAR Report and Resolution 06-2020; Motion by Mayor Slate 2nd Triemstra to move the report to City Council and Thank Tony and Jeff for all that they do; Motion Carried.
- DNR WWTP Invoice; Motion by ALD. Triemstra 2nd Mayor Slate to pay the invoice; motion carried.

New Business

- Discussion and Action on Using Streets for June Dairy Day Events; Motion by ALD Abendroth 2nd ALD. Triemstra to approve street use for June Dairy Days; Motion Carried.
- Discussion and Action on Extension for Replacement of Sidewalks, Curb and Gutter for 4 South Bridge Street; Motion by Mayor Slate 2nd ALD Triemstra to extend until the end of August; Motion Carried.

Review Land Use Permits; Book is on the table.

Adjournment: Motion by ALD. Triemstra 2nd Mayor Slate for Adjournment; Motion Carried.

PUBLIC HEARING NOTICE

CITY OF MARKESAN
City Hall
Tuesday, June 2, 2020
6:00 PM
MINUTES

The Meeting was called to Order at 6:04 PM

Roll Call is by Sign In Sheet.

The Streets, Buildings, and Utilities Committee of the City of Markesan will conduct a public hearing regarding its proposed application for Community Development Block Grant Public Facilities (CDBGPF) Program funds. The public is invited to attend to learn about the CDBG program, to help identify additional community development needs, and to comment on the activities proposed to be included in the CDBG application.

Items Discussed are listed below:

1. Identification of total potential funds
2. Eligible CDBG activities
3. Presentation of identified community development needs
4. Identification of any community development needs by public
5. Presentation of activities proposed for CDBG application, including potential residential displacement.
6. Citizen input regarding proposed and other CDBG activities

No action was required informational meeting only:

Motion for Adjournment at 6:22 pm; Mayor Slate, 2nd ALD. Triemstra; Motion Carried.

Stephen Bieszki

BOARD OF REVIEW
Markesan City Hall
May 12, 2020
4:30 pm

MINUTES

Meeting called to order by Mayor Slate at 4:35 pm.

Roll call was by sign-in.

Mayor Slate asked for any objections to him chairing the meeting. There were no objections, so Mayor Slate was the Chair.

Clerk Amend verified that meeting was properly noticed, and verified that the assessment roll was not completed. Meeting was also postponed due to COVID-19 restrictions.

Motion by Ald. Kazda & 2nd by Ald. Abendroth to adjourn to June 4, 2020 at 5 pm.

Motion passed.

Respectfully submitted;

Elizabeth Amend, Clerk-Treasurer

2020 BOARD OF REVIEW
Markesan City Hall
June 4, 2020

MINUTES

The 2020 Board of Review for the City of Markesan was called to order by Mayor Slate on June 4, 2020, at 5:00 pm at City Hall. Present were Ald. Elizabeth Kazda, Mayor Slate, and City Clerk-Treasurer Elizabeth Amend. Also present was Assessor Zach Zacharias from Action Appraisers & Consultants.

Clerk-Treasurer Amend verified that the Board of Review was properly noticed. Motion Kazda/Amend; with unanimous consent, Mayor Slate was selected as Chair for the Board of Review; motion carried 3-0.

Clerk-Treasurer Amend also noted for the record, that she had completed a Wisconsin Department of Revenue Board of Review Training session within the last two years, as required by Wis. Stats. 70.46(4).

For the record, the City's assessor is Zach Zacharias, Action Appraisers & Consultants, PO Box 557, Kaukauna, WI.

The Assessment Roll was reviewed as needed.

As no objections had been filed, and no property owners were present, motion Kazda/Amend to turn off the recorder and adjourn at 5:06 pm until such time that a property owner may appear before the Board; motion carried 3-0.

No property owners appeared before the 2020 Board of Review during the required two-hour session. Went back into session at 6:59 pm.

Motion Amend/Kazda to adjourn the 2020 Board of Review; carried 3-0. Meeting adjourned at 7:00 pm.

Respectfully submitted,

Elizabeth Amend
Clerk-Treasurer

Director's Report – May 2020

Activities: Parenting during COVID-19: We had 4 from the public attend through Zoom. 4 participants during Facebook live (one family). We had 10 clicks to play. 24 at least 1 minute views. 18 reactions(likes, comments, shares) and 317 people reached. I did 2 "For the Fun of It" programs to practice using Zoom & Facebook live so I'd feel confident for the parenting class. For learning to Juggle, we had 3 live views, 39 at least 1 minute views. 11 clicks to play. 33 reactions, 350 people reached. No sew bean bags had 5 live views, 31 at least 1 minute views, 34 reactions, 15 clicks to play, 277 people reached.

We set up a Youtube page and a virtual library page on the website. Brittany & Jessica has the following schedule for Facebook:

Brittany led

Mon - Poetry
Tues - Timeless Tales
Wed - Storytime
Thurs - Read out Loud
Fri - Beatrix Potter

Jessica led

Mon at 9am - Lego Club Challenge
Sat at 8am - STEM Saturday

A couple stats from those: Storytime on May 6th had 12 clicks to play, 9 at least 1 minute views, 6 reactions, 283 people reached; For her Poetry Reading on May 11th she had 639 people reached, 28 reactions, 7 clicks to play, and 33 at least 1 minute views. I can show other stats at the meeting.

Meetings: The Chamber did decide to postpone the June Dairy Days parade. I did attend some webinars on Wisconsin Library's curbside service and Wisconsin Libraries Bounce Back plan (DPI). I also attended the GLC LAC and ag/fair/extension meeting. The fair is also canceled.

Other news & Later Agenda Items:

Hoopla:

Hoopla is up and running!

Summer Reading: The state has paid for libraries to use an app called Beanstack to do their summer reading program. It works well if we have to go all or partial virtual due to COVID-19 restrictions. Patrons can create an account, log their reading online, unlock badges, earn prizes and enter into drawings. It should be ready for launch when we are ready for Summer Reading.

It will have the capacity for staff to enter info in for patrons who won't have access to computers. I'm going for less prizes this year but maybe a little more expensive ones because of the continuing changing circumstances. I'm also going to cancel paid performances so we can give better prizes and not risk spreading COVID.

Cleaning Procedures & Equipment: I did order a sneeze guard through Winnefox. I'm working on rearranging the library to foster social distancing and creating a cleaning schedule for staff. I'm working on getting a new cleaning person.

~Thank you for all the help and support
Nicole Overbeck

Markesan Public Library - Board of Trustees
Draft Minutes May 21, 2020

- I. Call to order: The meeting was called to order at 4:15 p.m by Jill Worden. Trustees present: Jill Worden, Beth Kazda, Mike Hansen, Nancy Kirst, Joan Slate; Director Nicole Overbeck. Absent was Vicki Bernhagen, and Cindy Boelter, Rachel Nitz.
- II. Approval of Minutes: **Kazda/Hansen moved to approve the April 16 minutes. Motion carried.**
- III. Input from Public: None.
- IV. Financial Reports: Kazda noted that the donation funds account went down as expected due to stock market volatility. Overbeck presented bills and added a WE engeries bill for 271.12 and a J&H controls bill for \$17.45. **Bills were filed for audit**
- V. President's Report: Worden reported that children would be visiting the school to pick up belongings and that it would be an opportunity for the library to get summer reading materials to the kids possibly. Overbeck said she would follow-up.
- VI. Director's Report: Overbeck talked about online programming and stats. She also talked about using Beanstack for summer reading and canceling in person performances. She plans to spend more money on prizes due to the in-person performances being canceled. She also may do some library led activities/ small programs for families depending on the changing recommendations of the county health department and CDC.
- VII. Old Business:
 - A: Disaster Policy was discussed. Kirst asked about the AED machine and Narcan. Overbeck will follow up on getting training for AED. She will also follow up on if free Narcan is still available for libraries and how staff can get trained. **Kirst/Worden moved to approve the Disaster Policy. Motion carried.**
 - B. COVID-19 & Staff Hours: Overbeck asked the board if they would like to give staff sick leave in cases where staff contracts COVID-19 to encourage safe practices of staff staying home when ill. After much discussion it was agreed to leave current procedure/policy alone and revisit leave/pay on a case by case basis.
- VIII. New Business:
 - A: Library & the Badger Bounce Back Plan: Overbeck reported on how other libraries are tackling reopening. She gave the board paperwork on the DPI guidelines under the Badger Bounce Back plan and the current guidelines under the Green Lake County Health Department. Overbeck stated that she is using the Green Lake County Health Department guidelines over the Badger Bounce Back plan. To stay in line with the GLC Health Department guidelines, Overbeck presented the Markesan Public Library Post Safer at Home Operating Procedures and asked the board for feedback/decisions. The board did decide that no meetings would take place (other than the board meeting) for now. Children could come into the library under the current board policies. Limiting Socializing was also discussed as well as how to handle a sick patron or employee. Cleaning procedures were also discussed. These guidelines and procedures will be revisited at each board meeting until the pandemic is over.

B: Cleaning Person Opening: Overbeck reported on the current opening and asked if she could waive the GED/High School Diploma requirement. The board agreed it would be ok as long as an individual was 16 and older and responsible.

IX. Adjournment and next meeting –June 18, 2020 4:15pm

Respectfully Submitted, Nicole Overbeck, Library Director

June 2, 2020

TO: CLERK-TREASURER
FROM: FINANCE, PERSONNEL & SAFETY COMMITTEE

Please be advised we have reviewed the following vouchers, found them to be in order, and recommend to the Common Council that authorization for payment be approved:

CITY CHECKS: 35979 - 36017	\$	37,199.20
DD #3638 - 3679	\$	30,429.46
EFT #1005 - 1012	\$	39,282.57
TOTAL	\$	106,911.23
UTILITY CHECKS: #12566 - 12579	\$	34,875.99
TOTAL	\$	34,875.99

With the exception of:

Signed:

City of Markesan
Voucher List
May 5 through June 1, 2020

Num	Date	Name	Memo	Original Amount
EFT-1005	05/12/2020	EMPOWER RETIREMENT (WDC)	5/8/2020 PR	-445.00
EFT-1006	05/12/2020	WISCONSIN DEPT. OF REVENUE	5/8/2020 PR	-1,086.89
EFT-1007	05/12/2020	INTERNAL REVENUE SERVICE	5/8/2020 PR	-5,187.82
EFT-1008	05/18/2020	STATE OF WI HEALTH INS	JUNE 2020 HEALTH INS	-19,529.72
EFT-1009	05/26/2020	EMPOWER RETIREMENT (WDC)	5/22/2020 PR	-445.00
EFT-1010	05/26/2020	INTERNAL REVENUE SERVICE	5/22/2020 PR	-5,053.44
EFT-1011	05/26/2020	WISCONSIN DEPT. OF REVENUE	5/22/2020 PR	-1,079.71
EFT-1012	05/26/2020	WRS (Wisconsin Retirement System)	May 2020 Retirement	-6,454.99
			TOTAL EFT PAYMENTS	-39,282.57
DD3638	05/08/2020	Dykstra, Dennis P	Direct Deposit	-116.35
DD3639	05/08/2020	Slate, Rich	Direct Deposit	-461.75
DD3640	05/08/2020	Amend, Elizabeth A	Direct Deposit	-1,031.97
DD3641	05/08/2020	Behlke, Ryan R	Direct Deposit	-1,159.94
DD3642	05/08/2020	Chisnell, Gerald	Direct Deposit	-138.52
DD3643	05/08/2020	Doro, Anthony	Direct Deposit	-1,473.35
DD3644	05/08/2020	French, Jessica M	Direct Deposit	-162.49
DD3645	05/08/2020	Glover, Valerie	Direct Deposit	-97.98
DD3646	05/08/2020	Hansen, Martin H	Direct Deposit	-1,344.54
DD3647	05/08/2020	Heberer, Jeffrey	Direct Deposit	-1,222.82
DD3648	05/08/2020	Heiling, Rachel	Direct Deposit	-481.46
DD3649	05/08/2020	Huhndorf, John E	Direct Deposit	-498.95
DD3650	05/08/2020	Krentz, Dorothea M	Direct Deposit	-1,043.35
DD3651	05/08/2020	McLean, Cody	Direct Deposit	-1,360.49
DD3652	05/08/2020	Meyer, Vanessa K	Direct Deposit	-115.40
DD3653	05/08/2020	Overbeck, Nicole M	Direct Deposit	-918.51
DD3654	05/08/2020	Pflum, William	Direct Deposit	-1,618.91
DD3655	05/08/2020	Stellmacher, Nancy	Direct Deposit	-10.66
DD3656	05/08/2020	Stoll, Brittany M	Direct Deposit	-85.03
DD3657	05/08/2020	Strelow, Joseph W	Direct Deposit	-782.66
DD3658	05/08/2020	Watry, Philip	Direct Deposit	-1,251.08
DD3659	05/08/2020	Zelenko, Valentina	Direct Deposit	-136.75
DD3660	05/22/2020	Amend, Elizabeth A	Direct Deposit	-1,031.98
DD3661	05/22/2020	Behlke, Ryan R	Direct Deposit	-1,104.23
DD3662	05/22/2020	Chisnell, Gerald	Direct Deposit	-138.53
DD3663	05/22/2020	Doro, Anthony	Direct Deposit	-1,473.34
DD3664	05/22/2020	French, Jessica M	Direct Deposit	-164.84
DD3665	05/22/2020	Glover, Valerie	Direct Deposit	-114.69
DD3666	05/22/2020	Hansen, Martin H	Direct Deposit	-823.65
DD3667	05/22/2020	Heberer, Jeffrey	Direct Deposit	-1,222.80
DD3668	05/22/2020	Heiling, Rachel	Direct Deposit	-481.48
DD3669	05/22/2020	Huhndorf, John E	Direct Deposit	-359.53
DD3670	05/22/2020	Krentz, Dorothea M	Direct Deposit	-1,043.33
DD3671	05/22/2020	McLean, Cody	Direct Deposit	-1,284.98

City of Markesan Voucher List

May 5 through June 1, 2020

DD3672	05/22/2020	Meyer, Vanessa K	Direct Deposit	-138.94
DD3673	05/22/2020	Overbeck, Nicole M	Direct Deposit	-989.27
DD3674	05/22/2020	Pflum, William	Direct Deposit	-1,618.90
DD3675	05/22/2020	Stellmacher, Nancy	Direct Deposit	0.00
DD3676	05/22/2020	Stoll, Brittany M	Direct Deposit	-98.43
DD3677	05/22/2020	Strelow, Joseph W	Direct Deposit	-1,437.24
DD3678	05/22/2020	Watry, Philip	Direct Deposit	-1,253.59
DD3679	05/22/2020	Zelenko, Valentina	Direct Deposit	-136.75
			TOTAL DIRECT DEPOSIT	-30,429.46
35979	05/05/2020	BAIR, AMI	REFUND PARK RENTAL	-85.00
35980	05/11/2020	SCHROEDER, DIANE	Schroeder Refund / S&S Rental 6/20/20 - COVID1	-85.00
35981	05/12/2020	MARKESAN PUBLIC LIBRARY	Wire Fee for City DNR loan	-15.00
35982	05/14/2020	ADVANCED DISPOSAL	May 2020 Trash & Recycling	-7,076.11
35983	05/14/2020	AIRGAS USA, LLC	Cylinder Rental	-31.27
35984	05/14/2020	BALLWEG IMPLEMENT	Belt for lawn mower	-101.60
35985	05/14/2020	BEHLKE, RYAN	May 2020 Cell Phone Reimb	-15.00
35986	05/14/2020	CENTURYLINK	6 Months catch-up due to dispute	-2,687.33
35987	05/14/2020	CHRIS' FLORAL & GIFTS	Sympathy Arrangement / Neuman & Dallman	-63.00
35988	05/14/2020	GRAND RIVER FIRE DISTRICT	2020 Operating Budget	-11,050.00
35989	05/14/2020	GRAPHIC SIGN & LETTER CO., INC	Emerg. Responder Decals	-273.60
35990	05/14/2020	INTEGRITY LAWN SERVICE & SUPPLY, INC	Fix Chainsaw	-68.61
35991	05/14/2020	KRENTZ, DOROTHEA	May 2020 Cell Phone Reimb	-15.00
35992	05/14/2020	MCLEAN CODY	May 2020 Cell Phone Reimb	-15.00
35993	05/14/2020	PFLUM, WILLIAM A.	May 2020 Cell Phone Reimb	-15.00
35994	05/14/2020	SECURIAN FINANCIAL GROUP, INC.	June 2020 Life Ins Premium	-139.42
35995	05/14/2020	SHELL FLEET	Apr 2020 Fuel	-349.05
35996	05/14/2020	SUPERHEAT	Install new boiler control	-1,345.00
35997	05/14/2020	SUPERIOR CHEMICAL CORPORATION	Cleaner	-108.60
35998	05/14/2020	THE UNIFORM SHOPPE	Pflum / Armor Skin	-101.95
35999	05/14/2020	WATRY PHILIP	May 2020 Cell Phone Reimb	-15.00
36000	05/14/2020	US POSTMASTER	2 Rolls of Stamps	-110.00
36001	05/15/2020	LANDMARK SERVICES COOPERATIVE	Apr 2020 Fuel	-196.65
36002	05/15/2020	MID-STATE SUPPLY	Bathroom Heater / Toilet	-349.09
36003	05/18/2020	ALLIANT ENERGY/WP&L	Apr - May 2020 Electric Bills	-3,038.08
36004	05/18/2020	ERGO BANK OF MARKESAN	WRS Loan - Payment #25	-320.64
36005	05/18/2020	WE ENERGIES	Apr - May 2020 Gas Bills	-455.73
36006	05/26/2020	COMPLETE OFFICE OF WISCONSIN	TP / Paper Towel	-214.54
36007	05/26/2020	EMC INSURANCE	Property & Liability / Workers Comp	-3,682.93
36008	05/26/2020	GENERAL ENGINEERING CO., INC.	Building Inspection	-638.65
36009	05/26/2020	PRE-EMPLOYMENT FUND	May 2020 Pre Employment / Behlke	-76.92
36010	05/26/2020	SHRED-IT USA	Shredding Service	-69.34
36011	05/26/2020	VERIZON WIRELESS	May - June 2020 Cell Phone	-164.75
36012	05/26/2020	WAUPUN EQUIPMENT CO., INC.	Bobcat / Equipment for Bobcat	-2,200.00
36013	05/26/2020	WELLS FARGO REMITTANCE CENTER	Amazon/ Fleet / Google	-353.75
36014	06/01/2020	ARAMARK	5/28/20 Rug Cleaning	-56.75
36015	06/01/2020	BALLWEG IMPLEMENT	Oil / Filter for Payloader	-198.16

City of Markesan
Voucher List

May 5 through June 1, 2020

36016	06/01/2020	CENTURYLINK BUSINESS SERVICES	Apr - May 2020 Phone & Internet	-1,395.78
36017	06/01/2020	INTEGRITY LAWN SERVICE & SUPPLY, INC	Harness Kit for Weed Eaters	-21.90
			TOTAL CHECK PAYMENTS	-37,199.20
			TOTAL PAYMENTS	-106,911.23

Markesan Utilities
Voucher List
May 5 through June 1, 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Original Amount</u>
12566	05/12/2020	BADGER LABORATORIES & ENG.	Testing	-343.00
12567	05/12/2020	HEBERER, JEFFREY	May 2020 Cell Phone Reimb	-15.00
12568	05/12/2020	SPEEDY CLEAN	Clean & Televise	-5,774.85
12569	05/12/2020	USA BLUEBOOK	Wipes & Sanitizer	-103.82
12570	05/18/2020	ALLIANT ENERGY/WP&L	Apr - May 2020 Electric Bill	-2,450.61
12571	05/18/2020	BALLWEG IMPLEMENT	Oil-Gard	-153.86
12572	05/18/2020	LANDMARK SERVICES COOPERATIVE	Apr 2020 Fuel	-108.31
12573	05/18/2020	WE ENERGIES	Apr - May 2020 Gas Bills	-36.84
12574	05/28/2020	MARKESAN, CITY OF	May 2020 PR / Expense Reimb	-24,771.67
12575	06/01/2020	CAREW CONCRETE & SUPPLY	E Vista Blvd	-530.75
12576	06/01/2020	GENERAL ENGINEERING CO., INC.	Phosphorus Upgrade	-340.00
12577	06/01/2020	U.S. CELLULAR	May - June 2020 Cell Phone	-48.24
12578	06/01/2020	USA BLUEBOOK	COVID / Lysol Wipes	-74.04
12579	06/01/2020	WI-DNR	2020 Water Use Fees	-125.00
			TOTAL CHECK PAYMENTS	-34,875.99
			TOTAL PAYMENTS	-34,875.99

City of Markesan
Treasurer's Report Budget vs. Actual
 January through May 2020

	Jan - May 20	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100000 · Taxes				
4133000 · PILOT's Water Dept	0.00	69,000.00	-69,000.00	0.0%
4111000 · City Taxes & Overrun	612,421.00	0.00	612,421.00	100.0%
4112000 · TIF Increment	0.00	90,000.00	-90,000.00	0.0%
4114000 · Mobile Home Fees	256.26	2,800.00	-2,543.74	9.2%
4132000 · PILOT's MRH	13,011.69	14,500.00	-1,488.31	89.7%
4180000 · Interest on Taxes				
4180100 · Interest on Delq PP Taxes/Util	29.90			
4180150 · INTEREST ON SPECIAL CHARGES	172.06			
4180000 · Interest on Taxes - Other	569.11	1,000.00	-430.89	56.9%
Total 4180000 · Interest on Taxes	771.07	1,000.00	-228.93	77.1%
4190000 · State Personal Prop Aid	4,635.18			
4195000 · State TID Personal Prop Aid	4,110.31			
4100000 · Taxes - Other	0.00	612,421.00	-612,421.00	0.0%
Total 4100000 · Taxes	635,205.51	789,721.00	-154,515.49	80.4%
4200000 · Special Assessments	3,525.58			
4300000 · Intergovernmental Revenues				
4341000 · Shared Revenue	0.00	444,543.48	-444,543.48	0.0%
4342000 · Fire Dues	0.00	3,300.00	-3,300.00	0.0%
4343000 · Exempt Comp Aid	0.00	3,515.80	-3,515.80	0.0%
4344000 · Lottery Credit- Mobil Home	104.28			
4345000 · Lottery Credit	24,465.04			
4352100 · Police Training	-59.34			
4353100 · Transportation Aids	40,784.02	81,568.06	-40,784.04	50.0%
4354500 · Recycling Grant	0.00	6,000.00	-6,000.00	0.0%
4379100 · EMS (Ambulance) Reimb	0.00	5,000.00	-5,000.00	0.0%
Total 4300000 · Intergovernmental Revenues	65,294.00	543,927.34	-478,633.34	12.0%
4400000 · Licenses & Permits				
4410100 · Alcohol Licenses	1,620.00	2,300.00	-680.00	70.4%
4410200 · Operator's Licenses	680.00	1,200.00	-520.00	56.7%
4410300 · Soda Water Licenses	80.00	100.00	-20.00	80.0%
4410400 · Cigarette Licenses	300.00	300.00	0.00	100.0%
4410500 · Other Business Lic.	0.00	150.00	-150.00	0.0%
4410900 · Cable Franchise Fees	600.00	1,200.00	-600.00	50.0%
4420000 · Dog Licenses (City)	799.33	750.00	49.33	106.6%
4430000 · Building Permits	2,300.00	1,000.00	1,300.00	230.0%
4440000 · Land Use Permits	0.00	250.00	-250.00	0.0%
Total 4400000 · Licenses & Permits	6,379.33	7,250.00	-870.67	88.0%
4500000 · Fines, Forfeits & Penalties				
4510000 · Ordinance Violations	3,570.14	8,250.00	-4,679.86	43.3%
4510100 · Parking Violations	200.00	500.00	-300.00	40.0%
4500000 · Fines, Forfeits & Penalties - Other	-124.00			
Total 4500000 · Fines, Forfeits & Penalties	3,646.14	8,750.00	-5,103.86	41.7%
4600000 · Public Charges for Services				
4610000 · Clerk-Treas Fees	490.84	1,500.00	-1,009.16	32.7%
4610100 · Publication Fees	232.00	400.00	-168.00	58.0%
4610200 · Garbage/Recycle Cart	103.25			
4621000 · Police Dept Fees	214.00	200.00	14.00	107.0%
4632200 · Snow Removal Fees	110.00	200.00	-90.00	55.0%
4643500 · Recycle Fees	1,105.22	2,000.00	-894.78	55.3%
4644000 · Weed Control Charges	1,027.82	1,000.00	27.82	102.8%
4654000 · Cemetery Sales	0.00	500.00	-500.00	0.0%
4672000 · Park Shelter Use	60.00	1,300.00	-1,240.00	4.6%
4674300 · Comm Ctr Use	100.00	600.00	-500.00	16.7%
Total 4600000 · Public Charges for Services	3,443.13	7,700.00	-4,256.87	44.7%
4700000 · Intergov't Charges for Services				
4732100 · School Liason	25,870.26	56,192.00	-30,321.74	46.0%
4734100 · Recycle Ctr-Towns	0.00	9,000.00	-9,000.00	0.0%
4739100 · Crossing Guard Reimb	0.00	6,300.00	-6,300.00	0.0%
Total 4700000 · Intergov't Charges for Services	25,870.26	71,492.00	-45,621.74	36.2%
4800000 · Miscellaneous Revenue				
4811000 · Interest-City Investments	15.49	1,000.00	-984.51	1.5%
4813000 · Spcl Assmt / Spcl Chrg Interest	3,353.02			

City of Markesan
Treasurer's Report Budget vs. Actual
 January through May 2020

	Jan - May 20	Budget	\$ Over Budget	% of Budget
4820000 · Rent-Muni Bldg	1,250.00	3,000.00	-1,750.00	41.7%
4820100 · Rent-Land	0.00	2,362.00	-2,362.00	0.0%
4820200 · Rent-Cell Tower	4,504.70	10,300.00	-5,795.30	43.7%
4840900 · Ins Dividends	0.00	2,500.00	-2,500.00	0.0%
4850000 · Donations	600.00	4,600.00	-4,000.00	13.0%
4850100 · Police Donations	3,826.79			
4890000 · Exp Reimb-All Types	2,205.70	2,500.00	-294.30	88.2%
Total 4800000 · Miscellaneous Revenue	15,755.70	26,262.00	-10,506.30	60.0%
4900000 · Other Financing Sources				
4910010 · 2018A Bond Income	0.00	75,000.00	-75,000.00	0.0%
Total 4900000 · Other Financing Sources	0.00	75,000.00	-75,000.00	0.0%
Total Income	759,119.65	1,530,102.34	-770,982.69	49.6%
Gross Profit	759,119.65	1,530,102.34	-770,982.69	49.6%
Expense				
5100000 · General Government				
5100213 · Accts Rec - Library Health Ins	-4,150.38			
5100100 · W&S Expense Reimb	1,377.28			
5100111 · Accts Rec - W&S Wages	8,125.97			
5100112 · Accts Rec - W&S WRS	365.31			
5100114 · Accts Rec - W&S Insurance	4,118.12			
5100200 · Library Expense Reimb	78.00			
5100211 · Accts Rec - Library Wages	-8,125.97			
5100212 · Accts Rec - Library WRS	-548.51			
5110000 · Legislative				
5110111 · Council	52.74	11,000.00	-10,947.26	0.5%
5110211 · Mayor	2,500.00	7,700.00	-5,200.00	32.5%
5111011 · Committees	0.00	500.00	-500.00	0.0%
Total 5110000 · Legislative	2,552.74	19,200.00	-16,647.26	13.3%
5130000 · Legal				
5130021 · City Atty-General	877.25	4,000.00	-3,122.75	21.9%
5130121 · City Atty-Prosecution	48.75	3,000.00	-2,951.25	1.6%
5131021 · Muni Code Updates	890.00	1,500.00	-610.00	59.3%
Total 5130000 · Legal	1,816.00	8,500.00	-6,684.00	21.4%
5140000 · General Administration				
5141011 · Legislative Support-Wages	2,271.11	15,000.00	-12,728.89	15.1%
5141025 · Legislat. Support-Training/Dues	32.50			
5141032 · Legislative Support-Publication	2,989.26			
5142011 · General Admin-Wages	7,744.96	27,000.00	-19,255.04	28.7%
5142021 · General Admin-Outside Services	476.33			
5142025 · General Admin-Training/Dues	207.50			
5142031 · General Admin-Office Supplies	1,682.81			
5143011 · Elections-Wages	3,118.98	6,000.00	-2,881.02	52.0%
5143032 · Elections-Publication	32.30			
5143034 · Elections-Supplies	467.08			
5144011 · Licensing & Permits-Wages	959.46	2,200.00	-1,240.54	43.6%
5144032 · Licensing & Permits-Publication	58.00			
Total 5140000 · General Administration	20,040.29	50,200.00	-30,159.71	39.9%
5150000 · Financial Administration				
5150011 · General Accounting-Wages	6,479.88	20,000.00	-13,520.12	32.4%
5150521 · Independent Audit	6,535.77	7,300.00	-764.23	89.5%
5151113 · Medicare (default)	2,904.15	5,957.00	-3,052.85	48.8%
5151213 · Social Security	10,115.62	24,000.00	-13,884.38	42.1%
5151314 · Health Insurance	63,682.59	140,000.00	-76,317.41	45.5%
5151315 · HRA-Health Reimbursement	1,079.23			
5151414 · Life Insurance	256.75	650.00	-393.25	39.5%
5151611 · Paid Time Off (PTO)-Wages	26,614.09			
5152012 · Wisconsin Retirement System	15,310.16	37,000.00	-21,689.84	41.4%
5155011 · Property Assessment-Wages	0.00	6,000.00	-6,000.00	0.0%
5155021 · Prop. Assmnt.-Outside Services	1,750.53			
5155111 · Prop Tax Collection-Wages	1,136.72	2,700.00	-1,563.28	42.1%
5155121 · Prop Tax Collection-Outside Ser	445.01			
5156005 · Prop & Liability Ins	8,202.68	19,150.00	-10,947.32	42.8%
5156100 · Workers Comp - Calculated	68.10			
5156105 · Workers Comp	5,037.11	11,500.00	-6,462.89	43.8%
5156205 · Employee Bonds	0.00	850.00	-850.00	0.0%
5150000 · Financial Administration - Other	10.00			

City of Markesan
Treasurer's Report Budget vs. Actual
 January through May 2020

	Jan - May 20	Budget	\$ Over Budget	% of Budget
Total 5150000 · Financial Administration	149,628.39	275,107.00	-125,478.61	54.4%
5160000 · Municipal Building				
5160011 · Municipal Building-Wages	3,558.51			
5160021 · Municipal Building-Outside Serv	1,255.88			
5160022 · Municipal Building-Utilities	8,800.04			
5160023 · Municipal Building-Repairs&Supp	4,198.52			
5160000 · Municipal Building - Other	0.00	44,100.00	-44,100.00	0.0%
Total 5160000 · Municipal Building	17,812.95	44,100.00	-26,287.05	40.4%
Total 5100000 · General Government	193,090.19	397,107.00	-204,016.81	48.6%
5150520 · Bank Service Charges	50.00			
5200000 · Public Safety				
5210000 · Law Enforcement				
5210001 · Police Administration				
5210011 · Police Admin-Wages	27,755.24	63,700.00	-35,944.76	43.6%
5210019 · Police Admin-Uniforms	374.70	1,300.00	-925.30	28.8%
5210021 · Police Admin-Outside Services	834.22			
5210022 · Police Admin-Utilities	3,310.82	270.00	3,040.82	1,226.2%
5210034 · Police Admin-Supplies	1,139.26	6,000.00	-4,860.74	19.0%
5210035 · Police Admin - Donations	3,918.60			
Total 5210001 · Police Administration	37,332.84	71,270.00	-33,937.16	52.4%
5212000 · Police Patrol				
5212011 · Police Patrol-Wages				
5213011 · Police Criminal Invest-Wages	43.96			
5212011 · Police Patrol-Wages - Other	58,498.36	164,000.00	-105,501.64	35.7%
Total 5212011 · Police Patrol-Wages	58,542.32	164,000.00	-105,457.68	35.7%
5212021 · Police Patrol-Outside Services	560.00	5,000.00	-4,440.00	11.2%
5212022 · Police Patrol-Utilities	274.46	600.00	-325.54	45.7%
5212023 · Police Patrol-Repairs/Supplies	915.80	12,000.00	-11,084.20	7.6%
5212033 · Police Patrol-Fuel/Miles	1,445.45			
Total 5212000 · Police Patrol	61,738.03	181,600.00	-119,861.97	34.0%
5213021 · Police Criminal Inv-Suppl/Serv	0.00	1,400.00	-1,400.00	0.0%
5214025 · Police Training	167.24	1,500.00	-1,332.76	11.1%
Total 5210000 · Law Enforcement	99,238.11	255,770.00	-156,531.89	38.8%
5219000 · School Crossing Guard	3,778.79	11,000.00	-7,221.21	34.4%
5220000 · Fire Protection				
5220021 · Fire Dept-Annual Budget	22,100.00	38,850.00	-16,750.00	56.9%
5220022 · Water Hydrant Rental	0.00	113,000.00	-113,000.00	0.0%
5220034 · Fire Dept-Incident Charges	1,477.63			
Total 5220000 · Fire Protection	23,577.63	151,850.00	-128,272.37	15.5%
5230021 · Ambulance Service	0.00	26,000.00	-26,000.00	0.0%
5240021 · Building Inspection	3,734.10	7,000.00	-3,265.90	53.3%
5290000 · Other Public Safety				
5290022 · Emergency Govt-Utilities	428.28			
5290023 · Emer Govt-Supp., Equip & Repair	852.63			
5290000 · Other Public Safety - Other	0.00	8,000.00	-8,000.00	0.0%
Total 5290000 · Other Public Safety	1,280.91	8,000.00	-6,719.09	16.0%
Total 5200000 · Public Safety	131,609.54	459,620.00	-328,010.46	28.6%
5300000 · Public Works				
5310000 · Streets Administration				
5310005 · Streets Admin-CDL Testing	115.00			
5310011 · Streets Admin-Wages	1,873.13			
5310021 · Streets Admin-Outside Services	676.93			
5310000 · Streets Administration - Other	0.00	6,750.00	-6,750.00	0.0%
Total 5310000 · Streets Administration	2,665.06	6,750.00	-4,084.94	39.5%
5311000 · Public Works Shop				
5311011 · PW Shop-Wages	1,420.88			
5311022 · PW Shop-Utilities	1,802.56			
5311033 · PW Shop-Fuel	61.29			
5311034 · PW Shop-Supplies/Tools	1,734.20			
5311000 · Public Works Shop - Other	0.00	12,900.00	-12,900.00	0.0%

City of Markesan
Treasurer's Report Budget vs. Actual
 January through May 2020

	Jan - May 20	Budget	\$ Over Budget	% of Budget
Total 5311000 · Public Works Shop	5,018.93	12,900.00	-7,881.07	38.9%
5312000 · Public Works Mach & Equip				
5312011 · PW Mach & Equip-Wages	8,709.28			
5312023 · PW Mach & Equip-Repair/Supplies	4,993.53			
5312033 · PW Mach & Equip-Fuel	413.66			
5312000 · Public Works Mach & Equip - Other	0.00	36,000.00	-36,000.00	0.0%
Total 5312000 · Public Works Mach & Equip	14,116.47	36,000.00	-21,883.53	39.2%
5331000 · Road Maintenance				
5331011 · Road Maintenance-Wages	599.95			
5331033 · Road Maintenance-Fuel	17.35			
5331000 · Road Maintenance - Other	0.00	12,100.00	-12,100.00	0.0%
Total 5331000 · Road Maintenance	617.30	12,100.00	-11,482.70	5.1%
5331100 · Curbs & Gutters				
5331111 · Curbs & Gutters-Wages	128.25			
5331100 · Curbs & Gutters - Other	0.00	525.00	-525.00	0.0%
Total 5331100 · Curbs & Gutters	128.25	525.00	-396.75	24.4%
5331200 · Traffic Signs & Markings				
5331211 · Traffic Signs, Markings-Wages	171.00			
5331200 · Traffic Signs & Markings - Other	0.00	2,010.00	-2,010.00	0.0%
Total 5331200 · Traffic Signs & Markings	171.00	2,010.00	-1,839.00	8.5%
5331300 · Bridges & Culverts	0.00	500.00	-500.00	0.0%
5331900 · Snow & Ice Control				
5331911 · Snow & Ice Control-Wages	6,259.73			
5331933 · Snow & Ice Control-Fuel	2,270.33			
5331900 · Snow & Ice Control - Other	0.00	25,000.00	-25,000.00	0.0%
Total 5331900 · Snow & Ice Control	8,530.06	25,000.00	-16,469.94	34.1%
5342022 · Street Lighting	10,235.44	24,000.00	-13,764.56	42.6%
5343100 · Sidewalks	0.00	500.00	-500.00	0.0%
5344000 · Storm Sewers	0.00	1,750.00	-1,750.00	0.0%
5344100 · Street Cleaning	1,432.70	1,800.00	-367.30	79.6%
5345000 · Parking Lots				
5345011 · Parking Lots-Wages	48.75			
5345000 · Parking Lots - Other	0.00	525.00	-525.00	0.0%
Total 5345000 · Parking Lots	48.75	525.00	-476.25	9.3%
5362000 · Sanitation/Trash				
5362011 · Sanitation/Trash-Wages	2,423.03			
5362021 · Sanitation/Trash-Outside Serv.	26,102.42			
5362000 · Sanitation/Trash - Other	0.00	63,000.00	-63,000.00	0.0%
Total 5362000 · Sanitation/Trash	28,525.45	63,000.00	-34,474.55	45.3%
5363100 · Landfill Monitoring	0.00	3,000.00	-3,000.00	0.0%
5363500 · Recycling Center				
5363511 · Recycling Center-Wages	1,762.73			
5363523 · Recycling Center-Markesan	18.44			
5363533 · Recycling Center-Fuel	30.65			
5363500 · Recycling Center - Other	32.07	5,500.00	-5,467.93	0.6%
Total 5363500 · Recycling Center	1,843.89	5,500.00	-3,656.11	33.5%
5363521 · Recycling-Curbside	8,493.00	26,000.00	-17,507.00	32.7%
5363600 · Recycling Center-Mackford	321.91	2,100.00	-1,778.09	15.3%
5363700 · Recycling Center-Manchester	321.94	1,200.00	-878.06	26.8%
5363800 · Recycling Center-Green Lake	621.94	2,100.00	-1,478.06	29.6%
5364000 · Weed Control				
5364011 · Weed Control-Wages	48.00			
5364034 · Weed Control-Supplies	115.00			
5364000 · Weed Control - Other	0.00	1,500.00	-1,500.00	0.0%
Total 5364000 · Weed Control	163.00	1,500.00	-1,337.00	10.9%
Total 5300000 · Public Works	83,255.09	228,760.00	-145,504.91	36.4%
5400000 · Health & Human Services				
5490000 · Cemetery				
5491011 · Cemetery-Wages	1,728.61			

City of Markesan
Treasurer's Report Budget vs. Actual
 January through May 2020

	Jan - May 20	Budget	\$ Over Budget	% of Budget
5491022 · Cemetery-Utilities	92.30			
5491033 · Cemetery-Fuel	9.92			
5491034 · Cemetery-Supplies	194.20			
5490000 · Cemetery - Other	0.00	8,500.00	-8,500.00	0.0%
Total 5490000 · Cemetery	2,025.03	8,500.00	-6,474.97	23.8%
Total 5400000 · Health & Human Services	2,025.03	8,500.00	-6,474.97	23.8%
5500000 · Culture, Rec & Educ				
5510000 · Library				
5511011 · Library-Wages	789.24			
5511021 · Library-Annual Budget	32,600.00			
5510000 · Library - Other	0.00	65,200.00	-65,200.00	0.0%
Total 5510000 · Library	33,389.24	65,200.00	-31,810.76	51.2%
5520000 · Parks				
5520011 · Parks-Wages	2,603.75			
5520022 · Parks-Utilities	604.09			
5520023 · Parks-Repairs/Supplies	1,148.63			
5520033 · Parks-Fuel	53.40			
5520000 · Parks - Other	0.00	16,000.00	-16,000.00	0.0%
Total 5520000 · Parks	4,409.87	16,000.00	-11,590.13	27.6%
5530000 · City Events/Banners				
5530011 · City Events/Banners-Wages	854.77			
5530021 · City Events/Banner-Outside Srvc	323.50			
Total 5530000 · City Events/Banners	1,178.27			
5530100 · Summer Rec Program	2,000.00	2,000.00	0.00	100.0%
5531000 · Events Comm. (Special Events)	4,656.33	5,000.00	-343.67	93.1%
Total 5500000 · Culture, Rec & Educ	45,633.71	88,200.00	-42,566.29	51.7%
5600000 · Conservation & Development				
5670000 · Advertising & Promotion	115.00	500.00	-385.00	23.0%
5671000 · Industrial Park Development	92.99			
5671021 · TIF Fees	650.77	300.00	350.77	216.9%
5690000 · Zoning & Development	0.00	250.00	-250.00	0.0%
5691000 · Mapping	0.00	250.00	-250.00	0.0%
Total 5600000 · Conservation & Development	858.76	1,300.00	-441.24	66.1%
5900000 · Debt Service				
5912000 · 2018 Bond Issue Princ.				
5912100 · 2018 Bond Issue Fees	0.00	750.00	-750.00	0.0%
5912000 · 2018 Bond Issue Princ. - Other	100,000.00	100,000.00	0.00	100.0%
Total 5912000 · 2018 Bond Issue Princ.	100,000.00	100,750.00	-750.00	99.3%
5916000 · Principal Long-Term Debt	1,308.52			
5926000 · Interest Long Term Debt	294.68	640.15	-345.47	46.0%
5926100 · Principle Long Term Debt	0.00	3,207.53	-3,207.53	0.0%
5926250 · 2018A Bond Issue Interest	19,687.50	38,425.00	-18,737.50	51.2%
5927000 · Patrol Car Principal Loan	2,417.83	4,879.98	-2,462.15	49.5%
5927500 · Patrol Car Interest Loan	469.63	894.94	-425.31	52.5%
Total 5900000 · Debt Service	124,178.16	148,797.60	-24,619.44	83.5%
6000000 · Capital Outlay				
6571400 · Outlay - City Hall	0.00	5,000.00	-5,000.00	0.0%
6571900 · Outlay - General Acctg Admin	0.00	2,500.00	-2,500.00	0.0%
6572200 · Outlay - Fire Department	0.00	8,500.00	-8,500.00	0.0%
6572900 · Outlay - Emergency Govt	0.00	5,000.00	-5,000.00	0.0%
6573240 · Outlay - Machines & Equipment	0.00	20,000.00	-20,000.00	0.0%
6573270 · Outlay - Garages & Sheds	0.00	1,500.00	-1,500.00	0.0%
6573310 · Outlay - Streets	0.00	95,000.00	-95,000.00	0.0%
6573460 · Outlay - Parking Lots	0.00	1,500.00	-1,500.00	0.0%
6574200 · Outlay - Recycling Center	0.00	1,500.00	-1,500.00	0.0%
6575100 · Outlay - Cemetery	0.00	2,000.00	-2,000.00	0.0%
6576100 · Outlay - Library	0.00	800.00	-800.00	0.0%
6576200 · Outlay - Parks	0.00	3,000.00	-3,000.00	0.0%
Total 6000000 · Capital Outlay	0.00	146,300.00	-146,300.00	0.0%
Total Expense	580,700.48	1,478,584.60	-897,884.12	39.3%

8:32 AM

06/02/20

Accrual Basis

City of Markesan
Treasurer's Report Budget vs. Actual
January through May 2020

	<u>Jan - May 20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Net Ordinary Income	178,419.17	51,517.74	126,901.43	346.3%
Net Income	<u>178,419.17</u>	<u>51,517.74</u>	<u>126,901.43</u>	<u>346.3%</u>

ORDINANCE NO. [REDACTED]

**AN ORDINANCE OF THE CITY OF MARKESAN
REGARDING KEEPING OF CHICKENS**

The City Council of the City of Markesan do ordain as follows:

§ [REDACTED]. Keeping of Chickens.

- A. Definitions. As used in this section, the following terms shall have the meanings indicated:

CHICKEN – Shall mean a female hen or pullet.

CHICKEN TRACTOR – A movable chicken coop lacking a floor.

HENHOUSE/COOP – A structure where chickens are kept.

ROOSTER – Shall mean a male domestic fowl older than 3 months.

- B. No person shall keep chickens or establish or maintain any henhouse upon any premises within the City limits without a valid permit approved by the City Clerk or her/his designee.

- C. Permit.

- (1) A permit shall be issued only to the primary owner(s) of record of a single family residence located in a residential district. The property owner/permittee shall reside on the premises regulated by the permit. No chicken may be kept at mobile homes, condominiums, apartment complexes, duplexes, or any other multiple family properties. The propagation of chickens for commercial purposes or for any activity or purpose not related to the personal purpose of the permit holder, including fertilizer production and/or the sale of eggs, shall be prohibited.
- (2) The permit application shall include proof of registration with the Wisconsin Department of Agriculture, Trade and Consumer Protection pursuant to Section 95.51, Wis. Stats.
- (3) The permit application shall include a diagram describing the location of the henhouse in relationship to lot boundaries. The City Clerk or her/his designee shall review the plan with staff before issuing the permit.

- (4) The applicant for a permit must notify all abutting property owners of their intention to keep chickens prior to applying for a permit, and the permit application must certify that all such property owners have been notified. A list of all abutting property owners and their addresses must be included with the permit application.
- (5) All permits shall be issued for a term of one year, commencing with the first day of January of each year and terminating as of 12:00 midnight on the last day of the permit period. Application for permits may be made from January 1 through March 31st of each year without a late fee. A permit that is not renewed shall be considered expired.
- (6) The permit information shall be attached to the henhouse, which shall include a name, permit number and an emergency contact telephone number.
- (7) Permit, late fee and renewal fees shall be paid in accordance with the fee schedule set by resolution of the City Council.
- (8) A permit shall expire at such time as the permittee no longer maintains chickens at the permitted address.
- (9) Inspection. The City shall have the power, whenever it may deem reasonably necessary, to enter a building, structure or property where chickens are kept to ascertain whether the keeper is in compliance with this ordinance.
- (10) Enforcement. Any City officer so designated by the Markesan Common Council may issue compliance orders and citations pursuant to the provisions of this ordinance and state law. A permit may be revoked by the Markesan Common Council for the following reasons:
 - (a) Failure to comply with any of the provisions of this ordinance.
 - (b) Where the keeping of chickens is determined to create a nuisance as defined by Chapter 252 of the Code.
 - (c) Where it is determined that the keeping of chickens is detrimental to the life or health of an adjacent property owner. A written physician's report of a medical condition is proof that it would be detrimental.
 - (d) Failing to notify all adjacent property owners regarding the keeping of chickens.

- (e) Once revoked, a permit shall not be reissued for a two-year period.
- (12) Any applicant whose permit application has been denied or revoked under the provisions of this Ordinance shall have the right to appeal said denial.
- (13) Any permit holder who has his/her permit revoked must properly remove the chickens and henhouse from such property in a timely manner.

D. Standards.

- (1) A total of four hens and/or pullets per lot shall be permitted; roosters and crowing hens shall be prohibited.
- (2) The minimum size requirements for a hen house (a hen house is required) is not less than three (3) cubic feet of space per bird and the hen house must connect to a secure and fully ventilated pen (also required) which contains not less than seven (7) cubic feet of space per bird. All henhouses and pens shall be enclosed with wire netting or equivalent material that will prevent chickens from escaping. An appropriately sized nesting box (also required) shall be provided at the rate of not less than one box per every two birds. Pens shall be properly sized as will permit full spread of the kept birds(s) wingspan and allow the bird(s) to walk/run.
- (3) Chickens shall be housed within a detached stationary structure used exclusively to keep hens. One henhouse shall be permitted per lot. Temporary and/or moveable devices and structures, including chicken tractors, shall be prohibited.
- (4) All enclosures for the keeping of chickens must provide adequate ventilation as well as sun protection, and be sanitary, insulated, weatherproof and impermeable to rodents, wild birds, and predators, including dogs and cats.
- (5) No chickens may be kept within a principal residence or garage.
- (6) Chicken feed shall be stored in containers which make the feed inaccessible to rodents, vermin, wild birds and other predators.
- (7) No person shall keep chickens in any location on the property other than in the backyard. Hen houses and chicken pens shall not be located closer than 75 feet from the ordinary high water mark of any lake, river, or stream.

- (8) Chickens may not roam free outside of a hen house or enclosed run, or roam off of the permitted property. No dog or cat or other domesticated animal that kills a chicken off of the permitted property will, for that reason alone, be considered a dangerous or aggressive animal.
- (9) The slaughter of chickens shall be prohibited.
- (10) If a chicken appears ill or on occasion of a sudden death, a veterinarian must be consulted. If a disease that would be contagious to humans is diagnosed, recommendations to ensure prevention of transmission of the disease must be followed as recommended by the veterinarian.
- (11) No henhouse or henhouse and outdoor run shall be located within 20 feet of any side and/or rear lot line, and/or be sited to obstruct an existing drainage course or create a drainage problem for the property on which it is situated or for any neighboring property.
- (12) Noise from chickens may not be loud enough at the property boundaries to disturb a person of ordinary sensitivity. The hen house and pen system shall be properly designed, laid out on/over a hard surface and maintained as will provide safe and healthy living conditions for the chickens.
- (13) Enclosures must be kept in a sanitary condition at all times, and exist in a manner that will not disturb the use or enjoyment of neighboring lots due to noise, odor, or other adverse impact.
- (14) The hen house shall be enclosed on all sides and have a roof and doors. Access doors must be able to be shut at night. Opening windows and vents must be covered with predator and bird-proof wire or fence of no more than one inch openings
- (15) Provisions must be made for the routine removal and lawful disposal of chicken manure in order to prevent any adverse effects related to odor or unsanitary conditions.

ADOPTED:

Attest:

Elizabeth A Amend, City Clerk

City Attorney: Dan Sondalle
Reviewed

Waupun Sample

in a plastic bag or container that is sealed from leaking. No chickens shall be slaughtered on the premises.

(f) A permit holder shall consult with a veterinarian with respect to chickens that appear ill or on the occasion of a sudden death. If a disease that would be contagious to humans is diagnosed, the permit holder shall comply with all recommendations of a licensed veterinarian so as to ensure prevention of transmission of a disease. A permit holder shall immediately report unusual illness or death of chickens to the County Health Department.

(g) The permit holder shall fully comply with all federal and state regulations in regard to the raising of urban chickens at all times.

(9) INSPECTION, PENALTIES AND ENFORCEMENT.

(a) Inspection. The City Zoning Administrator shall make an initial inspection of the coop and any attached enclosures prior to any time in which chickens are kept or maintained on the property. The City shall have the power, whenever it may deem reasonably necessary, to enter a building, structure, or property where chickens are kept to ascertain whether the keeper is in compliance with this Section 8.025.

(b) Enforcement. Any City officer so designated by the Waupun Common Council may issue compliance orders and citations pursuant to the provisions of this Section 8.025. The City shall revoke a permit to keep chickens in the event that the City has issued two or more violations of this Section 8.025 within any six-month period. All chickens, coops and attached enclosures shall be removed by

permit holder within seven (7) calendar days of any permit revocation or non-renewal.

(c) Penalties. Any person who violates this Section 8.025 shall be subject to a forfeiture of \$250.00 for the first violation and \$500.00 for each subsequent violation. Each day that a violation of this Section 8.025 continues shall be deemed a separate violation. Any chickens found to be the subject of a violation of this Section 8.025 shall be subject to immediate seizure and impoundment and may be removed from the City by City officials in the event that the owner or keeper fails to timely remove the chicken as required in subsection (b) above. In addition to the foregoing penalties, any person who violates this Section 8.025 shall pay all expenses, including shelter, food, handling and veterinary care, necessitated by enforcement of this provision.

CITY OF MARKESAN



Audit Presentation To the Common Council

For the Year Ended
December 31, 2019

June 9, 2020
Presented by Brent Nelson, CPA
Audit Partner

Prepared by:
Johnson Block & Company, Inc.
Certified Public Accountants



JOHNSON BLOCK
CPAs

CITY OF MARKESAN

AUDIT OVERVIEW

- We have completed our audit of the City of Markesan for the year ended December 31, 2019, and have issued our independent auditor's report on the financial statements of the City. Our report and the audited financial statements are presented in a bound document.
- We issued unmodified opinions on the financial statements of the General Fund, Debt Service Fund, Tax Incremental Financing District Fund, and Water and Wastewater Utility.
 - Library accounts were not included within the scope of the audit.
- Management has reviewed and accepted the financial statements and adjusting journal entries.
- A separate audit communications document designed for the Common Council has also been submitted and should be read in conjunction with the audited financial statements.
- We also prepared the following regulatory reports for 2019:
 - Water utility PSC annual report
 - Municipal financial report – Form C
 - TIF District #1 annual reports

CITY OF MARKESAN

2019 FINANCIAL HIGHLIGHTS

- Governmental funds of the City reported a decrease in overall fund balance of \$6,448.
 - General fund decreased \$85,555.
 - TID #1 increased \$79,107.

- The water and wastewater utility reported an increase in net position of \$518,237. This increase includes \$293,790 of principal forgiveness grant proceeds for Treatment Plant. Without the grant proceeds, Utility net position would have increased by \$224,447 broken down as follows:
 - Water operating income was \$92,115
 - Wastewater operating income was \$132,332

5 year trend in Utility revenues, expenses, and net income:

Utility (excluding grant revenues)			
			Net
YEAR	Revenues	Expenses	Income
2015	\$ 416,357	\$ 496,051	\$ (79,694)
2016	\$ 459,817	\$ 508,633	\$ (48,816)
2017	\$ 564,843	\$ 602,482	\$ (37,639)
2018	\$ 753,312	\$ 629,344	\$ 123,968
2019	\$ 883,340	\$ 658,893	\$ 224,447

CITY OF MARKESAN

CHANGES IN LONG-TERM OBLIGATIONS

➤ The following table is a summary of long-term obligations for the year ended December 31, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and notes-nondirect	\$ 1,700,000	\$	\$ (190,000)	\$ 1,510,000	\$ 100,000
Notes from direct borrowings and direct placements	35,129	25,932	(14,614)	46,447	8,088
Other liabilities:					
Compensated Absences	47,746		(18,777)	28,969	
Total Governmental Activities	<u>\$ 1,782,875</u>	<u>\$ 25,932</u>	<u>\$ (223,391)</u>	<u>\$ 1,585,416</u>	<u>\$ 108,088</u>
<u>Business-Type Activities</u>					
Mortgage Revenue Bonds-nondirect	\$ 671,000	\$	\$ (12,700)	\$ 658,300	\$ 13,100
Notes from direct borrowings and direct placements					
Clean water revenue bonds	848,139	797,389	(61,345)	1,584,183	75,694
Safe drinking water revenue bonds	795,314	174,385	(37,788)	931,911	47,010
Other liabilities:					
Compensated Absences	31,792	787		32,579	
Total Business-Type Activities	<u>\$ 2,346,245</u>	<u>\$ 972,561</u>	<u>\$ (111,833)</u>	<u>\$ 3,206,973</u>	<u>\$ 135,804</u>

OBSERVATIONS AND COMMENTS:

➤ General obligation debt limitation totaled \$3,565,095 and debt subject to limitation totaled \$1,556,447. The City had 56% of its debt capacity remaining at December 31, 2019.

CITY OF MARKESAN

OTHER MATTERS

- Recommendations and informational points (communication document separate from the bound financial statement report)

- We want to extend thanks to all those that helped during the audit.

- We received full and complete cooperation from City personnel.

- Thank you for letting us be of service. We are available throughout the year for any questions or assistance.



JOHNSON BLOCK
CPAs



CITY OF MARKESAN, WISCONSIN
FINANCIAL STATEMENTS
Including Independent Auditor's Report
As of and for the year ended December 31, 2019

Johnson Block and Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin
(608) 987-2206
Fax: (608) 987-3391

CITY OF MARKESAN, WISCONSIN
DECEMBER 31, 2019
TABLE OF CONTENTS

Independent Auditor’s Report 1

Basic Financial Statements

Government-Wide Financial Statements:

Exhibit A-1 Statement of Net Position 4

Exhibit A-2 Statement of Activities..... 6

Exhibit A-3 Balance Sheet – Governmental Funds..... 7

Exhibit A-4 Reconciliation of the Governmental Funds Balance Sheet with the
Statement of Net Position 8

Exhibit A-5 Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds..... 9

Exhibit A-6 Reconciliation of Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities..... 10

Exhibit A-7 Statement of Net Position – Proprietary Funds..... 11

Exhibit A-8 Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds..... 13

Exhibit A-9 Statement of Cash Flows – Proprietary Funds..... 14

Exhibit A-10 Statement of Net Position – Fiduciary Funds 16

Exhibit A-11 Statement of Changes in Net Position – Fiduciary Funds 17

Notes to the Basic Financial Statements..... 18

Required Supplementary Information:

Exhibit B-1 Budgetary Comparison Schedule for the General Fund 50

Exhibit B-2 Wisconsin Retirement System Schedules 51

Exhibit B-3 Local Retiree Life Insurance Fund Schedules..... 52

Notes to the Required Supplementary Information..... 53

Supplementary Information:

Schedule 1 Schedule of Operating Revenues and Expenses – Proprietary Funds 55

Schedule 2 Statement of Changes in Non-Lapsing Appropriations 56

Build America Bonds – Additional Information..... 57



JOHNSON BLOCK
CPAs

INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Markesan, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Markesan, Wisconsin (“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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Governmental Fund – General Fund	Unmodified
Governmental Fund – Debt Service	Unmodified
Governmental Fund – Tax Incremental Financing District #1	Unmodified
Governmental Fund – Library	Adverse
Enterprise Fund – Water and Wastewater Utility	Unmodified

Basis for Adverse Opinion on Library Fund and Qualified Opinion on Governmental Activities

The Library accounts and activity have not been included in the City's financial statements. Accounting principles generally accepted in the United States of America require the presentation of this financial activity as a governmental fund and as part of the governmental activities, thus increasing assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and changing net position. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the governmental activities and the omitted fund has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Library Fund and Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Library Fund of the City as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Library Fund and Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2019, the City of Markesan adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, and the Wisconsin Retirement System schedules on pages 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Other Supplementary Information

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

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
May 26, 2020

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Markesan, Wisconsin
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 826,495	\$ 632,309	\$ 1,458,804
Cash and investments - restricted		624,939	624,939
Receivables			
Accounts	23,240	200,641	223,881
Taxes	454,026		454,026
Internal Balances	(93,207)	93,207	
Prepaid expenses	18,828		18,828
Inventories		4,841	4,841
	<hr/>		
Total current assets	1,229,382	1,555,937	2,785,319
Noncurrent assets:			
Capital assets:			
Land	174,077	61,483	235,560
Other capital assets	8,975,246	11,042,390	20,017,636
Less: accumulated depreciation	(3,999,860)	(3,829,782)	(7,829,642)
	<hr/>		
Net capital assets	5,149,463	7,274,091	12,423,554
Restricted assets:			
Restricted cash - trust and perpetual accounts	67,012		67,012
Receivables:			
Non-utility property		1,644	1,644
Special assessments receivable		2,247	2,247
	<hr/>		
Total noncurrent assets	5,216,475	7,277,982	12,494,457
	<hr/>		
Total assets	6,445,857	8,833,919	15,279,776
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES			
Pension outflows	306,028	57,642	363,670
OPEB - group life insurance plan outflows	3,990	2,660	6,650
	<hr/>		
Total deferred outflows of resources	310,018	60,302	370,320
	<hr/>		
Total assets and deferred outflows of resources	\$ 6,755,875	\$ 8,894,221	\$ 15,650,096

Exhibit A-1 (Continued)
City of Markesan, Wisconsin
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 30,347	\$ 17,058	\$ 47,405
Accrued and other current liabilities	2,612		2,612
Accrued interest	13,439		13,439
Current portion of long-term obligations	108,088		108,088
Total current liabilities	154,486	17,058	171,544
Current liabilities (payable from restricted assets):			
Current portion of revenue bonds		135,804	135,804
Accrued interest		6,689	6,689
Total current liabilities (payable from restricted assets)		142,493	142,493
Noncurrent liabilities:			
Compensated absences	28,969	32,579	61,548
Net pension liability	111,663	21,032	132,695
OPEB - group life insurance plan	13,448	8,965	22,413
General obligation bonds and notes payable	1,556,447		1,556,447
Revenue bonds		3,174,394	3,174,394
Less: current portion	(108,088)	(135,804)	(243,892)
Total noncurrent liabilities	1,602,439	3,101,166	4,703,605
Total liabilities	1,756,925	3,260,717	5,017,642
DEFERRED INFLOWS OF RESOURCES			
Tax apportionment	723,496		723,496
Pension inflows	155,789	29,343	185,132
OPEB - group life insurance plan inflows	3,597	2,398	5,995
Total deferred inflows of resources	882,882	31,741	914,623
NET POSITION			
Net investment in capital assets	3,615,896	4,099,697	7,715,593
Restricted for:			
Debt service - revenue bond funds		123,388	123,388
Equipment replacement		494,862	494,862
Nonexpendable trust and perpetual care	67,012		67,012
Unrestricted	433,160	883,816	1,316,976
Total net position	4,116,068	5,601,763	9,717,831
Total liabilities, deferred inflow of resources, and net position	\$ 6,755,875	\$ 8,894,221	\$ 15,650,096

Exhibit A-2
City of Markesan, Wisconsin
Statement of Activities

For the Year Ended December 31, 2019

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business- Type Activities	Total
<u>Functions/Programs</u>						
<u>Primary government:</u>						
Governmental activities:						
General government	\$ 269,852	\$ 8,477	\$	\$	\$	\$ (261,375)
Public safety	632,746	19,170	74,202			(539,374)
Public works	477,690	17,300	76,801	3,150		(380,439)
Health and human services	13,006	290				(12,716)
Culture and recreation	126,611					(126,611)
Other expenditures	3,615					(3,615)
Interest and fiscal charges	43,123					(43,123)
Conservation and development	712					(712)
Total governmental activities	<u>1,567,355</u>	<u>45,237</u>	<u>151,003</u>	<u>3,150</u>		<u>(1,367,965)</u>
Business-type activities:						
Water and wastewater	597,917	879,776		293,790	575,649	575,649
Total business-type activities	<u>597,917</u>	<u>879,776</u>		<u>293,790</u>	<u>575,649</u>	<u>575,649</u>
Total primary government	<u>2,165,272</u>	<u>925,013</u>	<u>151,003</u>	<u>296,940</u>	<u>575,649</u>	<u>(792,316)</u>
General Revenues and Transfers:						
Property taxes						
General purposes					673,942	673,942
Tax increments					95,262	95,262
Other taxes					17,605	17,605
Intergovernmental revenues not restricted for specific purposes					425,530	425,530
Investment income					2,909	3,564
Miscellaneous					47,186	47,186
Transfers					60,976	(60,976)
Total general revenues and transfers					<u>1,323,410</u>	<u>(57,412)</u>
Changes in net position					(44,555)	473,682
Net position - beginning of year					4,160,623	5,083,526
Net position - ending					<u>\$ 4,116,068</u>	<u>\$ 5,601,763</u>
					<u>\$</u>	<u>\$ 9,717,831</u>

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

Exhibit A-3
City of Markesan, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2019

	General	Debt Service	Tax Incremental Financing District #1	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 737,051	\$	\$ 89,444	\$ 826,495
Restricted cash and investments	67,012			67,012
Receivables:				
Accounts	23,240			23,240
Taxes	382,143		57,379	439,522
Delinquent personal property taxes	14,504			14,504
Prepaid expenses	18,828			18,828
Advance due from other funds	520,062			520,062
Total assets	\$ 1,762,840	\$	\$ 146,823	\$ 1,909,663
LIABILITIES				
Accounts payable	\$ 30,347	\$	\$	\$ 30,347
Accrued payroll liabilities	2,612			2,612
Due to other funds	93,207			93,207
Advance due to other funds			520,062	520,062
Total liabilities	126,166		520,062	646,228
DEFERRED INFLOWS OF RESOURCES	631,306		92,190	723,496
FUND BALANCES				
Nonspendable	605,902			605,902
Assigned	354,397			354,397
Unassigned (deficit)	45,069		(465,429)	(420,360)
Total fund balances	1,005,368		(465,429)	539,939
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,762,840	\$	\$ 146,823	\$ 1,909,663

Exhibit A-4
City of Markesan, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2019

Total fund balances - governmental funds: \$ 539,939

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

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

Governmental capital assets	9,149,323	
Governmental accumulated depreciation	<u>(3,999,860)</u>	5,149,463

Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan.

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

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

Deferred outflows of resources		310,018
Deferred inflows of resources		<u>(159,386)</u>

Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported in the fund statements:

General obligation bonds and notes payable	(1,556,447)	
Accrued interest on debt	(13,439)	
Compensated absences	(28,969)	
Net pension liability	(111,663)	
OPEB - group life insurance plan	<u>(13,448)</u>	<u>(1,723,966)</u>

Total net position - governmental activities		<u>\$ 4,116,068</u>
--	--	---------------------

Exhibit A-5
City of Markesan, Wisconsin
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Debt Service	Tax Incremental Financing District #1	Total Governmental Funds
REVENUES				
Taxes	\$ 535,655	\$ 155,893	\$ 95,262	\$ 786,810
Intergovernmental	586,526		937	587,463
Licenses and permits	11,878			11,878
Fines, forfeits & penalties	13,941			13,941
Public charges for services	13,118			13,118
Miscellaneous	36,437		136	36,573
Total revenues	<u>1,197,555</u>	<u>155,893</u>	<u>96,335</u>	<u>1,449,783</u>
EXPENDITURES				
Current:				
General government	225,991			225,991
Public safety	582,311			582,311
Public works	282,663			282,663
Health and human services	13,007			13,007
Culture and recreation	99,122			99,122
Conservation and development	712			712
Other expenditures			3,615	3,615
Capital outlay:	86,323			86,323
Debt service:		250,246		250,246
Total expenditures	<u>1,290,129</u>	<u>250,246</u>	<u>3,615</u>	<u>1,543,990</u>
Excess of revenues over (under) expenditures	<u>(92,574)</u>	<u>(94,353)</u>	<u>92,720</u>	<u>(94,207)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	74,589	94,353		168,942
Transfers out	(94,353)		(13,613)	(107,966)
Loan proceeds	25,932			25,932
Sale of fixed assets	851			851
Total other financing sources (uses)	<u>7,019</u>	<u>94,353</u>	<u>(13,613)</u>	<u>87,759</u>
Net change in fund balances	(85,555)		79,107	(6,448)
Fund balance - beginning	1,090,923		(544,536)	546,387
Fund balance - ending	<u>\$ 1,005,368</u>	<u>\$</u>	<u>\$ (465,429)</u>	<u>\$ 539,939</u>

Exhibit A-6
City of Markesan, Wisconsin
Reconciliation of Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ (6,448)

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

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

Capital outlay reported in governmental fund statements	41,276	
Depreciation expenses reported in the statement of activities	(251,097)	
Amount by which capital outlays are greater (less) than depreciation in the current period:		(209,821)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position 11,192

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

Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources		(2,752)
Change in compensated absences		18,777

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

The amount of long-term debt principal payments in the current year is:		204,614
---	--	---------

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities. (25,932)

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	44,901	
The amount of interest accrued during the current period	(42,394)	
Interest paid is greater (less) than interest accrued by:		2,507

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.

Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.

Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.		(36,692)
---	--	----------

Change in net position - governmental activities		\$ (44,555)
--	--	-------------

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

Exhibit A-7
City of Markesan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019

	Water and Wastewater Utility
ASSETS	
Current assets:	
Cash and investments	\$ 632,309
Restricted cash:	
Revenue bond funds	130,077
Replacement fund	494,862
Receivables:	
Customer	200,641
Due from other funds	93,207
Inventories	4,841
Total current assets	1,555,937
Noncurrent assets:	
Capital assets:	
Plant in service	11,103,873
Less: accumulated depreciation:	(3,829,782)
Net capital assets	7,274,091
Non-utility property	1,644
Special assessments	2,247
Total noncurrent assets	7,277,982
Total assets	8,833,919
DEFERRED OUTFLOWS OF RESOURCES	
Pension outflows	57,642
OPEB - group life insurance plan outflows	2,660
Total deferred outflows of resources	60,302
Total assets and deferred outflows of resources	\$ 8,894,221

Exhibit A-7 (Continued)
City of Markesan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019

	Water and Wastewater Utility
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 17,058
Total current liabilities	17,058
Current liabilities (payable from restricted assets):	
Current portion of mortgage revenue bonds payable	135,804
Accrued interest	6,689
Total current liabilities (payable from restricted assets)	142,493
Long-term liabilities:	
Revenue bonds	3,174,394
Compensated absences	32,579
Net pension liability	21,032
OPEB - group life insurance plan	8,965
Less: current portion	(135,804)
Total long-term liabilities	3,101,166
Total liabilities	3,260,717
DEFERRED INFLOWS OF RESOURCES	
Pension inflows	29,343
OPEB - group life insurance plan inflows	2,398
Total deferred inflows of resources	31,741
NET POSITION	
Net investment in capital assets	4,099,697
Restricted for:	
Debt service - revenue bond funds	123,388
Equipment replacement	494,862
Unrestricted	883,816
Total net position	5,601,763
Total liabilities, deferred inflows of resources, and net position	\$ 8,894,221

Exhibit A-8
City of Markesan, Wisconsin
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Water and Wastewater Utility
OPERATING REVENUES	
Water and wastewater charges for services	879,776
Total operating revenues	879,776
OPERATING EXPENSES	
Operation and maintenance	284,105
Depreciation expense	258,411
Taxes	7,836
Total operating expenses	550,352
Total operating income	329,424
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(47,565)
Interest income	3,564
Total net nonoperating revenues (expenses)	(44,001)
Income (loss) before contributions and transfers	285,423
Capital grant	293,790
Transfer of tax equivalent	(60,976)
Change in net position	518,237
Net position - beginning of year	5,083,526
Net position - ending	\$ 5,601,763

Exhibit A-9
City of Markesan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Water and Wastewater Utility
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES	
Received from customers	\$ 886,723
Payments to employees	(117,297)
Payments for employee benefits and payroll taxes	(37,936)
Payments to suppliers	(114,427)
Net receipts from other funds for operating expenses	(67,156)
Net cash flows from operating activities	549,907
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES	
Paid to municipality for tax equivalent	(60,976)
Net cash flows (used by) noncapital financing activities	(60,976)
CASH FLOWS (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(892,603)
Sale of fixed assets	7,500
Long-term debt proceeds	971,774
Capital grant	293,790
Debt retired	(111,833)
Interest paid	(44,924)
Net cash flows (used by) capital and related financing activities	223,704
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of investment proceeds	10,655
Interest income	3,564
Net cash flows from (used by) investing activities	14,219
Net change in cash and cash equivalents	726,854
Cash and cash equivalents - beginning of the year	530,394
Cash and cash equivalents - end of the year	\$ 1,257,248
Reconciliation of cash and cash equivalents to statement of net position accounts	
Cash and investments	\$ 632,309
Restricted cash:	
Water revenue bond funds	130,077
Replacement fund	494,862
Total cash and cash equivalents	\$ 1,257,248

Exhibit A-9 (Continued)
City of Markesan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Water and Wastewater Utility
Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	\$ 329,424
Noncash items in operating income:	
Depreciation expense	261,189
Pension expense	8,556
Life insurance expense	(75)
Changes in assets and liabilities:	
Customer accounts receivable	6,947
Material and supplies	224
Due to / from other funds	(67,156)
Accounts payable	10,011
Compensated absences	787
	\$ 549,907

Exhibit A-10
City of Markesan, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2019

	Custodial Fund Tax Collection Fund
ASSETS	
Cash and investments	\$ 398,058
Taxes receivable	656,119
 Total assets	 \$ 1,054,177
 LIABILITIES	
Due to other taxing units	\$ 1,054,177
 NET POSITION	
Restricted	
 Total liabilities and net position	 \$ 1,054,177

Exhibit A-11
City of Markesan, Wisconsin
Statement of Changes in Net Position
Fiduciary Funds
December 31, 2019

	Custodial Fund Tax Collection Fund
ADDITIONS	
Property tax collections for other governments	\$ 876,852
DEDUCTIONS	
Property tax collections paid or owed to other governments	876,852
Net increase (decrease) in fiduciary net position	
Net position - beginning of year	_____
Net position - end of year	\$ _____

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Markesan, Wisconsin
December 31, 2019
Index to Notes to the Financial Statements

	<u>Page</u>
Note 1. <u>Summary of Significant Accounting Policies</u>	
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	18-19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20-21
D. Deposits and Investments	22
E. Receivables	22
F. Inventories	23
G. Restricted Assets	23
H. Capital Assets	23-24
I. Compensated Absences	24
J. Claims and Judgments	24
K. Long-Term Obligations	24
L. Equity Classifications	25-26
M. Transfers	26
N. Income Tax	26
O. Risk Management	26
P. Encumbrances	26
Q. Allowance for Uncollectible Accounts	26
R. Estimates	27
S. Pensions	27
T. Other Postemployment Benefits	27
U. Deferred Outflows and Inflows of Resources	27
V. Change in Accounting Principle	27
 Note 2. <u>Explanation of Certain Differences Between Governmental Fund Statements and Government-Wide Statements</u>	 28
Note 3. <u>Cash and Investments</u>	28-31
Note 4. <u>Restricted Assets</u>	31
Note 5. <u>Deferred Inflows of Resources</u>	32
Note 6. <u>Capital Assets</u>	32-33
Note 7. <u>Long-Term Obligations</u>	34-37
Note 8. <u>Interfund Receivables/Payables and Transfers</u>	38
Note 9. <u>Governmental Fund Balances</u>	38
Note 10. <u>Governmental Activities Net Position</u>	39
Note 11. <u>Proprietary Funds Net Position</u>	39
Note 12. <u>Tax Levy Limit</u>	39
Note 13. <u>Other Postemployment Benefits – Multiple-Employer Life Insurance Plan</u>	40-43
Note 14. <u>Defined Benefit Pension Plan</u>	44-48
Note 15. <u>Effect of New Accounting Standards on Current Period Financial Statements</u>	48
Note 16. <u>Joint Ventures</u>	48-49
Note 17. <u>Commitments/Subsequent Events</u>	49

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Markesan is located in Green Lake County, Wisconsin. The accounting policies of the City of Markesan conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Significant accounting policies and principles of the City of Markesan are summarized below:

A. Reporting Entity

The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

B. Government-Wide and Fund Financial Statements

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

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

Fund Financial Statements

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

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Major Governmental Funds:

The City reports the following major governmental funds:

- General Fund – Accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund – Accounts for the City’s resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- Tax Incremental Financing District #1 Fund – Accounts for the activity of tax incremental financing district #1.

Major Enterprise Fund:

The City reports the following major enterprise fund:

- Water and Wastewater Utility – Accounts for operations of the water and wastewater system.

The City does not have any nonmajor governmental or enterprise funds.

In addition, the City reports the following fund type:

Custodial Funds - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

- Tax Collection

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in Governmental Accounting Standards.

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments

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

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

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

E. Receivables

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

Property tax calendar – 2019 tax roll:

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

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

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

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories

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

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

G. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years or \$25,000 for infrastructure improvements. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at acquisition value.

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

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

	<u>Years</u>
Buildings	30 to 50
Equipment	5 to 15
Computer/Office Equipment	5 to 8
Vehicles	2 to 10
Infrastructure	20 to 50
Land Improvements	20 to 30
Building Improvements	20 to 30

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Fund Financial Statements

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

I. Compensated Absences

It is the City's policy to permit employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for unused vacation hours. The City allows twelve sick days per year, cumulative to ninety days. Upon retirement under WRS eligibility rules, any regular full-time employee may convert his/her accumulated sick leave at his/her current rate of compensation to be used to pay health insurance premiums. All vacation and sick leave is accrued when incurred in the government-wide 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. The compensated absences liability will be liquidated by the general fund and proprietary fund. Total compensated absences as of December 31, 2019, totaled \$61,548.

J. Claims and Judgments

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

K. Long-Term Obligations

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

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

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

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed, may be assigned. Assignments may take place after the end of the reporting period.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative fund balances for any governmental fund if expenditures exceed amounts restricts, committed, or assigned for those purposes.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

The City's fund balance policy establishes a minimum unassigned fund balance of not less than 20% of the actual current year general fund expenditures, excluding capital outlay. In the event that the balance drops below the established minimum level, the Contingency Fund balance will lapse to the General Fund, in entirety or in an amount as determined by the Council that is sufficient to bring the General Fund balance into compliance with the fund balance policy.

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

The Council of the City of Markesan, Wisconsin, the City's highest level of decision-making authority, may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the City Council. Commitments of fund balance, once made, can be modified only by the majority vote of the City Council.

M. Transfers

Transfers include the following:

- Payment from the general fund to the debt service fund to make principal and interest payments
- Payment in lieu of taxes charged to the water and wastewater utility by the general fund
- Interest payments by the tax incremental financing district on advances made by the general fund

N. Income Tax

Municipal utilities are exempt from income taxes; therefore, no income tax liability is recorded by the Markesan Utilities.

O. Risk Management

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

P. Encumbrances

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

Q. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been reflected in the government financial statements. Delinquent real estate taxes of the City are paid in full by the County, which assumes the responsibility for collection. In addition, delinquent user charges are placed on the tax roll if not collected.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Pensions

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

T. Other Postemployment Benefits

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from 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.

U. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. As of December 31, 2019, the City has items that qualify for reporting in this category. Deferred outflows of resources related to life insurance and the WRS pension system are discussed in Note 13 and Note 14, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The City has items that qualify for reporting in the category. Deferred inflows of resources related to life insurance are discussed in Note 13, deferred inflows of resources related to the WRS pension system are discussed in Note 14, and the remaining deferred inflows of resources are discussed in Note 5.

V. Change in Accounting Principle

Effective January 1, 2019, the City adopted provisions of GASB statement No. 84, Fiduciary Activities. GASB No. 84 establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. GASB No. 84 replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, custodial funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position report additions and deductions for taxes collected and distributed on behalf of or to other governments.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

At December 31, 2019, cash and investments included the following:

Petty cash/cash on hand	\$	85
Wisconsin Local Government Investment Pool		38
Deposits with financial institutions		2,548,690
Total cash	\$	2,548,813

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Exhibit A-1:		
Cash and investments	\$	1,458,804
Cash and investments - restricted		624,939
Restricted cash - trust and perpetual accounts		67,012
Exhibit A-10:		
Cash and investments		398,058
Total cash and investments	\$	2,548,813

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

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's policy does not limit 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	
		12 months or less	13 to 24 months
Certificates of deposit	\$ 67,012	\$ 44,450	\$ 22,562
Local Government Investment Pool	38	38	
	<u>\$ 67,050</u>	<u>\$ 44,489</u>	<u>\$ 22,562</u>

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2019, the City's investment in the Wisconsin Local Government Investment Pool was not rated. The City's policy does not further limit its investment choices.

Custodial Credit Risk

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

Federal Deposit Insurance Corporation (FDIC) Insurance

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

Collateralization of Public Unit Deposits

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

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

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing resulted in temporary balances exceeding insured amounts. As of December 31, 2019, \$764,019 of the City's deposits were insured by the FDIC, \$351,235 was insured by securities pledged by a bank, and \$1,270,963 of the City's deposits with financial institutions were in excess of federal depository insurance limits and pledged collateral. Of this amount, \$800,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. 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 amount reported above. Information on derivatives was not available to the City.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Bankers' Acceptances and 9.25% in Corporate Notes. The Wisconsin State Treasurer updates the investment allocations monthly.

Concentration of Credit Risk

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

NOTE 4

RESTRICTED ASSETS

Restricted assets on December 31, 2019, consisted of the following:

General Fund:	
Phelps memorial trust	\$ 22,562
Cemetery perpetual care	44,450
Total governmental funds	\$ 67,012
Water and Wastewater Utility:	
Replacement fund	\$ 494,862
Revenue bond funds	
Depreciation fund	6,057
Reserve fund	34,076
Redemption fund	89,944
Total proprietary funds	\$ 624,939

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 5

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2019, deferred inflows of resources were comprised of deferred property tax revenue of \$704,611, tax roll special charges of \$4,381, and unavailable delinquent personal property interest charges of \$14,504.

NOTE 6

CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 174,077	\$ _____	\$ _____	\$ 174,077
	<u>174,077</u>	<u>_____</u>	<u>_____</u>	<u>174,077</u>
Other capital assets:				
Buildings and improvements	2,409,713			2,409,713
Equipment and furnishings	753,230	54,976	(65,891)	742,315
Infrastructure	5,823,218			5,823,218
Total other capital assets at historical costs	<u>8,986,161</u>	<u>54,976</u>	<u>(65,891)</u>	<u>8,975,246</u>
Less accumulated depreciation:				
Buildings and improvements	1,129,972	60,280		1,190,252
Equipment and furnishings	624,250	38,550	(63,383)	599,417
Infrastructure	2,057,924	152,267		2,210,191
Total accumulated depreciation	<u>3,812,146</u>	<u>251,097</u>	<u>(63,383)</u>	<u>3,999,860</u>
Net other capital assets	<u>5,174,015</u>	<u>(196,121)</u>	<u>(2,508)</u>	<u>4,975,386</u>
Total net capital assets	<u>\$ 5,348,092</u>	<u>\$ (196,121)</u>	<u>\$ (2,508)</u>	<u>\$ 5,149,463</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 34,206
Public safety	11,837
Public works	177,565
Culture and recreation	27,489
Total depreciation for governmental activities	<u>\$ 251,097</u>

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 6

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 61,483	\$	\$	\$ 61,483
Construction work in progress	<u>2,099,961</u>	<u>289,237</u>	<u>(2,389,198)</u>	<u>61,483</u>
Total capital assets not being depreciated	<u>2,161,444</u>	<u>289,237</u>	<u>(2,389,198)</u>	<u>61,483</u>
Capital assets being depreciated:				
Property and equipment	<u>9,499,948</u>	<u>2,478,211</u>	<u>(935,769)</u>	<u>11,042,390</u>
Total capital assets being depreciated	<u>9,499,948</u>	<u>2,478,211</u>	<u>(935,769)</u>	<u>11,042,390</u>
Total accumulated depreciation	<u>4,496,862</u>	<u>261,189</u>	<u>(928,269)</u>	<u>3,829,782</u>
Net capital assets being depreciated	<u>5,003,086</u>	<u>2,217,022</u>	<u>(7,500)</u>	<u>7,212,608</u>
Total net capital assets	<u>\$ 7,164,530</u>	<u>\$ 2,506,259</u>	<u>\$ (2,396,698)</u>	<u>\$ 7,274,091</u>

Depreciation expense was charged to functions as follows:

<u>Business-Type Activities:</u>	
Water	\$ 76,401
Wastewater	<u>182,010</u>
Per Exhibit A-8	\$ 258,411
Allocated from water to wastewater	<u>2,778</u>
Total additions to accumulated depreciation	<u>\$ 261,189</u>

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 7

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds and notes-nondirect	\$ 1,700,000	\$	\$ (190,000)	\$ 1,510,000	\$ 100,000
Notes from direct borrowings and direct placements	35,129	25,932	(14,614)	46,447	8,088
Other liabilities:					
Compensated Absences	47,746		(18,777)	28,969	
Total Governmental Activities	\$ 1,782,875	\$ 25,932	\$ (223,391)	\$ 1,585,416	\$ 108,088
<u>Business-Type Activities</u>					
Mortgage Revenue Bonds-nondirect	\$ 671,000	\$	\$ (12,700)	\$ 658,300	\$ 13,100
Notes from direct borrowings and direct placements					
Clean water revenue bonds	848,139	797,389	(61,345)	1,584,183	75,694
Safe drinking water revenue bonds	795,314	174,385	(37,788)	931,911	47,010
Other liabilities:					
Compensated Absences	31,792	787		32,579	
Total Business-Type Activities	\$ 2,346,245	\$ 972,561	\$ (111,833)	\$ 3,206,973	\$ 135,804

Other liabilities attributed to governmental activities are typically being liquidated in the general fund.

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019, was \$3,565,095. There was \$1,556,447 of general obligation debt outstanding at year-end as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
G.O. Note Payable	3/1/2019	3/1/2024	4.00%	25,932	23,567
G.O. Note Payable - WRS	4/20/2018	5/15/2021	3.00%	33,000	22,880
G.O. Bonds	3/8/2018	3/1/2032	1.90-3.20%	1,510,000	1,510,000
Total Governmental General Obligation Debt					\$ 1,556,447

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	Governmental Activities					
	Bonds-Nondirect			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 100,000	\$ 38,425	\$ 138,425	\$ 8,088	\$ 1,534	\$ 9,622
2021	105,000	36,425	141,425	24,751	930	25,681
2022	105,000	34,273	139,273	5,283	492	5,775
2023	110,000	31,933	141,933	5,496	278	5,774
2024	110,000	29,375	139,375	2,829	57	2,886
2025-2029	590,000	102,483	692,483			
2030-2032	390,000	18,395	408,395			
Totals	\$ 1,510,000	\$ 291,309	\$ 1,801,309	\$ 46,447	\$ 3,291	\$ 49,738

Revenue Bonds

Revenue bonds are payable only from revenues derived from the operation of the utility.

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

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
Water Build America Bonds	12/28/2010	12/1/2050	3.00%	\$ 762,100	\$ 658,300
Sewerage System Bonds	6/14/2017	5/1/2037	2.38%	441,859	411,896
Water System Bonds	6/14/2017	5/1/2037	1.122%	1,007,069	931,911
Sewerage System Bonds	12/26/2018	5/1/2038	0.853%	1,218,474	1,172,287
Total Business-Type Revenue Debt					\$ 3,174,394

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Year	Business-Type Activities					
	Bonds-Nondirect			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 13,100	\$ 19,652	\$ 32,752	\$ 122,704	\$ 29,530	\$ 152,234
2021	13,500	19,256	32,756	124,161	28,063	152,224
2022	13,900	18,848	32,748	125,639	26,575	152,214
2023	14,300	18,428	32,728	127,137	25,065	152,202
2024	14,700	17,996	32,696	128,657	23,534	152,191
2025-2029	80,900	83,001	163,901	666,859	93,931	760,790
2030-2034	93,900	70,017	163,917	708,277	52,213	760,490
2035-2039	108,900	54,950	163,850	512,660	10,291	522,951
2040-2044	126,400	37,463	163,863			
2045-2049	146,700	17,175	163,875			
2050	32,000	722	32,722			
Totals	\$ 658,300	\$ 357,508	\$ 1,015,808	\$ 2,516,094	\$ 289,202	\$ 2,805,296

The revenue bonds are secured by a mortgage lien upon the system. The system shall remain subject to the lien until payment in full of the principal and interest on the bonds.

Water System Revenue Bonds – Build America Bonds - 2010

All loan covenants are being properly applied. As described below and in Note 4, various funds are required to be established for the Build America Bonds.

The mortgage revenue bonds require that the following funds be created:

Debt Service Fund/Bond Reserve: The 2010 Build America revenue bond issue has the following requirements: The Debt Service Fund shall be used for the payment of principal and interest on the bonds. Revenues sufficient to pay the principal and interest on the bonds shall be set aside into this fund. Monies standing in the Debt Service Fund are irrevocably pledged to pay principal and interest. An amount not less than one-sixth (1/6) of the next semi-annual payment coming due, shall be deposited into the Debt Service Fund monthly. For the year ended December 31, 2019, this requirement was \$2,279. In addition, a reserve fund is required to be established, this fund shall maintain a reserve amount to additionally secure the payment of principal and interest on the bonds. The reserve amount should equal the lesser of: (1) maximum annual debt service on the bonds in any bond year; (2) 125% of average annual debt service on the bond in any debt year; (3) \$32,848; (4) an amount of \$1,643 shall be deposited into the reserve fund until there is accumulated an amount equal to the reserve requirement. At December 31, 2019, the required amount was \$29,574.

As of December 31, 2019, the balance in the debt service account was \$63,944 and the balance in the bond reserve account was \$34,076. The utility met the requirements for these accounts.

The 2010 Build America bonds require that the net revenues be equal to at least 1.20 times the highest annual principal and interest requirements on all outstanding bonds. Net revenues for 2019 were \$198,400, and the requirement was \$39,283. The Utility met this requirement for 2019.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Sewerage System Revenue Bonds -2017 and 2018

As described below and in Note 4, the 2017 and 2018 bond indentures contains requirements for annual debt service and flow of funds through various accounts. Specifically, the bond indenture requires the use of an operation and maintenance account, a debt service account, and a depreciation account.

Debt service cash accounts held at December 31, 2019 were more than required by the bond indenture.

The debt service account is required to maintain an amount equal to one-sixth (1/6) of the next installment of interest coming due on the bonds outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the bonds coming due during such bond year.

The City is in compliance with the requirements of the bond covenants as of December 31, 2019. The debt service and depreciation accounts are shown as restricted assets on the balance sheet.

The 2017 and 2018 revenue bond issue was sold to the State of Wisconsin Clean Water Fund and, as part of such sale, the City is subject to a Financial Assistance Agreement dated June 14, 2017 and December 26, 2018 by and between the City and the State of Wisconsin by the Department of Natural Resources and the Department of Administration. At December 31, 2019, the City was in compliance with all significant terms of the Financial Assistance Agreement.

Water System Revenue Bonds - 2017

As described below and in Note 4, the 2017 bond indenture contains requirements for annual debt service and flow of funds through various accounts. Specifically, the bond indenture requires the use of an operation and maintenance account, a debt service account, and a depreciation account.

Debt service cash accounts held at December 31, 2019 were more than required by the bond indenture.

The debt service account is required to maintain an amount equal to one-sixth (1/6) of the next installment of interest coming due on the bonds outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the bonds coming due during such bond year.

The City is in compliance with the requirements of the bond covenants as of December 31, 2019. The debt service and depreciation accounts are shown as restricted assets on the balance sheet.

The 2017 revenue bond issue was sold to the State of Wisconsin Safe Drinking Water Fund and, as part of such sale, the City is subject to a Financial Assistance Agreement dated June 14, 2017 by and between the City and the State of Wisconsin by the Department of Natural Resources and the Department of Administration. At December 31, 2019, the City was in compliance with all significant terms of the Financial Assistance Agreement.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 8

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Proprietary Funds:			
Water and Wastewater Utility	General Fund	<u>\$ 93,207</u>	Hydrant rents, miscellaneous

Interfund advances were as follows at December 31, 2019:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Tax Incremental District #1	<u>\$ 520,062</u>	Cash flow

The general fund advanced funds to the tax incremental financing district several times since the district was created and has provided cash flow as necessary. Repayments on amounts due by the TIF district will be made from tax increments collected annually as sufficient revenues are generated.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transfer To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	94,353	Debt payments
General Fund	Water Utility	60,976	Tax equivalent
General Fund	Tax Incremental District #1	13,613	Interest on advances
Total		<u>\$ 168,942</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) move fund balances whose designated purpose has been removed.

NOTE 9

GOVERNMENTAL FUND BALANCES

Fund balance as of December 31, 2019, includes the following items:

Nonspendable:

General Fund:

Advance to TID #1	520,062
Phelps memorial trust	22,562
Cemetery perpetual care	44,450
Prepaid expenses	18,828
Total nonspendable	<u>\$ 605,902</u>

Assigned:

Machines	\$ 39,946
City Hall	35,114
Streets	279,337
Total assigned	<u>\$ 354,397</u>

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 10

GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets	
Land and construction work in progress	\$ 174,077
Other capital assets, net of accumulated depreciation	4,975,386
Less: related long-term debt outstanding	<u>(1,533,567)</u>
Total net investment in capital assets	<u>3,615,896</u>
Restricted for:	
Phelps memorial trust	22,562
Cemetery perpetual care	44,450
Unrestricted	<u>433,160</u>
Total governmental activities net position	<u>\$ 4,116,068</u>

NOTE 11

PROPRIETARY FUNDS NET POSITION

The following calculation supports the utility net position net investment in capital assets:

Net investment in capital assets:	
Plant in service	\$ 11,103,873
Accumulated depreciation	<u>(3,829,782)</u>
Sub-total	7,274,091
Less: capital related debt	<u>(3,174,394)</u>
Total net investment in capital assets	<u>\$ 4,099,697</u>

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

Restricted:	
Replacement fund	\$ 494,862
Revenue bond funds	<u>123,388</u>
Total restricted	<u>\$ 618,250</u>

NOTE 12

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. All of the exceptions and modifications to levy limits that existed under previous law continue to apply.

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN

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

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

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

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

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

Contribution rates as of December 31, 2019 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

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

During the reporting period, the LRLIF recognized \$167 in contributions from the employer.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

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

At December 31, 2019, the LRLIF Employer reported a liability (asset) of \$22,413 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) 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 OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was .00868600%, which was an increase of .000937% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$2,866.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,137
Changes of assumptions	2,139	4,858
Net differences between projected and actual earnings on OPEB plan investments	536	
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,759	
Employer contributions subsequent to the measurement date	216	
Totals	\$ 6,650	\$ 5,995

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

\$216 reported as deferred outflows related to OPEB resulting from the City employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources	
2020	\$	197
2021		197
2022		197
2023		122
2024		45
2025		(241)
2026		(78)
Total	<u>\$</u>	<u>439</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:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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 Securitan, 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.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City’s proportionate share of the net OPEB liability (asset)	\$31,884	\$22,413	\$15,108

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://ctf.wi.gov/publications/cafr.htm>.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 14

DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 14

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
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	(5.0)
2017	2.0	4.0
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, including teachers, and executives and elected officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$40,510 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

	2019	
	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.55%	6.55%
Protective with social security	6.55%	10.55%
Protective without social security	6.55%	14.95%

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 (asset) of \$132,695 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) 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 .00372983%, which was an increase of .00025406% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$88,253.

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

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 14

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 103,349	\$ 182,685
Change of assumptions	22,367	
Net differences between projected and actual earnings on pension plan investments	193,793	
Changes in proportion and differences between employer contributions and proportionate share of contributions	112	2,447
Employer contributions subsequent to the measurement date	44,049	
Total	\$ 363,670	\$ 185,132

\$44,049 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2020	\$ 48,451
2021	11,814
2022	21,429
2023	52,795
Total	\$ 134,489

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
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%

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 14

DEFINED BENEFIT PENSION PLAN (CONTINUED)

** 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.

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:

Asset Allocation Targets and Expected Returns As of December 31, 2018			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
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
Variable Fund Asset Class			
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			

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 14

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$527,346	\$132,695	(\$160,757)

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

NOTE 15 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this becomes effective, application of this standard may restate portions of these financial statements.

NOTE 16

JOINT VENTURES

Lakeside Municipal Court

The Cities of Fond du Lac and Ripon, Towns of Empire, Oakfield, Osceola, Ripon and Taycheedah, the Villages of Brandon, Campellsport, Fairwater, North Fond du Lac and Oakfield in Fond du Lac County and the City of Berlin Green Lake and Waushara counties, the Cities of Green Lake, Markesan, and Princeton in Green Lake County jointly operate a municipal court.

The transactions of the court are not reflected in these financial statements. Financial information of the municipal court is available at its offices.

City of Markesan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 16

JOINT VENTURES (CONTINUED)

Grand River Fire District

The City of Markesan and the Towns of Green Lake, Mackford, and Manchester operate the Grand River Fire District which provides fire protection to the municipalities.

The municipalities share in the operation of the district as follows:

City of Markesan	33%
Town of Green Lake	33%
Town of Mackford	17%
Town of Manchester	17%

The governing body is made up a representative from the Common Council of the City of Markesan and a representative from each of the Town Boards. The governing body has authority to adopt its own budget and control the financial affairs of the district. The City's contributions to the fire district in 2019 were \$29,910. The City believes that the district will continue to provide services in the future at similar rates.

Summary financial information of the district as of December 31, 2019 is made available by the Grand River Fire District upon request. Transactions of the district are not reflected in these financial statements.

Southern Green Lake County Ambulance Service

The City of Markesan, the Villages of Kingston and Marquette, and the Towns of Green Lake, Kingston, Mackford, Machester, and Marquette jointly operate the local Southern Green Lake County Ambulance Service. The ambulance service is made up of one member from each municipality. Local representatives are appointed by the City. The ambulance service has authority to prepare its own budget (which must be approved by the majority of the governing bodies) and control the financial affairs of the ambulance service. During 2019, the communities shared in the operation of the ambulance service as follows:

<u>Community</u>	<u>%</u>	<u>Assessment</u>
City of Markesan	32.00%	\$ 24,000
Town of Green Lake	20.00%	15,000
Village of Kingston	4.00%	3,000
Town of Kingston	13.00%	9,750
Town of Mackford	7.00%	5,250
Town of Manchester	12.00%	9,000
Town of Marquette	8.00%	6,000
Village of Marquette	4.00%	3,000

Total City contributions during the year were \$32,294, including shared revenue allocations. The transactions of the ambulance service are not reflected in these financial statements. Financial information of the ambulance service is available at their office.

NOTE 17

COMMITMENTS/SUBSEQUENT EVENTS

The recent spread of the COVID-19 coronavirus has created economic uncertainty domestically and internationally. The potential of COVID-19 having a financial and economic impact on the City is a possibility, although the impact is unknown at this time.

In May 2020, the City approved the purchase of a truck for approximately \$42,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
City of Markesan, Wisconsin
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	535,549	\$ 535,549	\$ 535,655	\$ 106	\$ 106
Intergovernmental	567,437	567,437	586,526	19,089	19,089
Licenses and permits	7,200	7,200	11,878	4,678	4,678
Fines, forfeits & penalties	8,750	8,750	13,941	5,191	5,191
Public charges for services	7,250	7,250	13,118	5,868	5,868
Miscellaneous	26,762	26,762	36,437	9,675	9,675
Total revenues	1,152,948	1,152,948	1,197,555	44,607	44,607
EXPENDITURES					
Current:					
General government	355,402	355,402	389,185	(33,783)	(33,783)
Public safety	452,760	452,760	470,548	(17,788)	(17,788)
Public works	235,029	235,029	233,593	1,436	1,436
Health and human services	7,300	7,300	12,202	(4,902)	(4,902)
Culture and recreation	81,200	81,200	97,566	(16,366)	(16,366)
Conservation and development	2,300	2,300	712	1,588	1,588
Capital outlay:	39,447	39,447	86,323	(46,876)	(46,876)
Total expenditures	1,173,438	1,173,438	1,290,129	(116,691)	(116,691)
Excess (deficiency) of revenues over expenditures	(20,490)	(20,490)	(92,574)	(72,084)	(72,084)
OTHER FINANCING SOURCES					
Loan proceeds			25,932	25,932	25,932
Sale of fixed assets			851	851	851
Transfers in	117,000	117,000	74,589	(42,411)	(42,411)
Transfers out	(96,510)	(96,510)	(94,353)	2,157	2,157
Net change in fund balance			(85,555)	(85,555)	(85,555)
Fund balance - beginning	1,090,923	1,090,923	1,090,923		
Fund balance - ending	\$ 1,090,923	\$ 1,090,923	\$ 1,005,368	\$ (85,555)	\$ (85,555)

Exhibit B-2
City of Markesan, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.00372983%	\$ 132,695	\$ 492,768	26.93%	96.45%
2017	(0.00347577%)	(103,199)	461,004	(22.39%)	(102.93%)
2016	0.00337106%	27,786	446,717	6.22%	99.12%
2015	0.00325812%	52,943	402,860	13.14%	98.20%
2014	(0.00325424%)	(79,911)	420,724	(18.99%)	(102.74%)

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 44,049	(44,049)		\$ 536,796	8.21%
2018	40,510	(40,510)		492,768	8.22%
2017	37,412	(37,412)		461,004	8.12%
2016	33,747	(33,747)		446,717	7.55%
2015	30,680	(30,680)		402,860	7.62%

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

Exhibit B-3
City of Markesan, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.00868600%	\$ 22,413	\$ 419,000	5.35%	48.69%
2017	0.00774900%	23,313	325,868	7.15%	44.81%

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 216	(216)		\$ 504,000	0.04%
2018	167	(167)		419,000	0.04%

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

City of Markesan, Wisconsin
Notes to the Required Supplementary Information
December 31, 2019

NOTE 1

BUDGET SCHEDULE

Budgetary Information

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

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Revisions require a two-thirds vote of the City Council. Appropriations for the general fund lapse at year end unless specifically carried forward by Board action. Carryovers are shown in Note 9 of the financial statements. Budget comparisons are not required for proprietary funds.

The City does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

The City’s adopted budget includes costs for payroll taxes, health insurance contributions, and pension contributions for all general fund employees within the general government functional category. For audit and regulatory purposes, payroll taxes and benefit expenditures are allocated to the various functions of the City (General Government, Public Safety, Public Works, Culture, Recreation, and Education, etc.) Actual expenditures in Exhibit B-1 are presented in alignment with the City’s adopted budget.

Excess Expenditures Over Appropriations

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2019:

Expenditure	Excess Expenditure
General government	\$ 33,783
Public safety	17,788
Health and human services	4,902
Culture and recreation	16,366
Capital outlay	46,876

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 5 preceding years.

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

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

City of Markesan, Wisconsin
Notes to the Required Supplementary Information
December 31, 2019

NOTE 3

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

SUPPLEMENTARY INFORMATION

Schedule 1
City of Markesan, Wisconsin
Schedule of Operating Revenues and Expenses
Proprietary Funds
Year Ended December 31, 2019

	Water Utility	Wastewater Utility	Total
OPERATING REVENUES			
Public charges for service	\$ 209,730	\$ 539,132	\$ 748,862
Public fire protection	113,586		113,586
Other receipts	13,810	3,518	17,328
Total operating revenues	<u>337,126</u>	<u>542,650</u>	<u>879,776</u>
OPERATING EXPENSES			
Salaries and wages	14,539	67,460	81,999
Operating supplies and expenses	1,801	9,448	11,249
Fuel and power	10,243	23,210	33,453
Repairs and maintenance	14,748	37,816	52,564
Transportation expenses	1,370	1,370	2,740
Office supplies and expenses	4,558	4,558	9,116
Outside services employed	8,706	12,583	21,289
Employee benefits	8,951	38,253	47,204
Insurance	4,190	4,190	8,380
Depreciation/amortization	76,401	182,010	258,411
Taxes (including tax equivalent)	61,674	7,138	68,812
Billing, collecting, and accounting	6,450	2,135	8,585
Miscellaneous general expenses	1,496	6,030	7,526
Total operating expenses	<u>215,127</u>	<u>396,201</u>	<u>611,328</u>
Operating income (loss) including tax equivalent	<u>121,999</u>	<u>146,449</u>	<u>268,448</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(30,270)	(17,295)	(47,565)
Interest income	386	3,178	3,564
Capital grant		293,790	293,790
Total nonoperating revenues (expenses)	<u>(29,884)</u>	<u>279,673</u>	<u>249,789</u>
Change in net position	<u>\$ 92,115</u>	<u>\$ 426,122</u>	<u>\$ 518,237</u>

Schedule 2
City of Markesan, Wisconsin
General Fund
Statement of Changes in Non-Lapsing Appropriations
For the Year Ended December 31, 2019

<u>Account</u>	Balance January 1	Appropriations	Transfers	Available	Expenditures	Balance December 31
Machines	\$ 46,521	\$ 6,000	\$	\$ 52,521	\$ (12,575)	\$ 39,946
City Hall	31,497	4,000		35,497	(383)	35,114
Streets	295,961	10,300		306,261	(26,924)	279,337
Total	\$ 373,979	\$ 20,300	\$	\$ 394,279	\$ (39,882)	\$ 354,397

City of Markesan, Wisconsin
 Build America Bonds – Additional Information
 December 31, 2019

The following additional disclosures are required per the Build America Bond resolution:

User Information	Number of Users	Gallonage
Residential	523	19,080,000
Commercial	72	3,751,000
Industrial	10	7,210,000
Public Authority	11	1,665,000
Multifamily	18	5,560,000
Total	634	37,266,000

Insurance Coverages

Insurance Company	Type	Coverages
EMC Insurance Company	Liability	\$ 2,000,000
	Workers Comp.	500,000
	Umbrella	1,000,000
	Public Official	2,000,000
	Law Enforcement	2,000,000
	Property	13,010,023
	Equipment	4,264,859

The insurance policy periods are from 1/1/19 to 1/1/20.

CITY OF MARKESAN, WISCONSIN
REQUIRED AUDIT COMMUNICATIONS
TO THE MAYOR AND MEMBERS
OF THE CITY COUNCIL

Year Ended December 31, 2019

Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206
Fax: (608) 987-3391

CITY OF MARKESAN, WISCONSIN

Year Ended December 31, 2019

Index

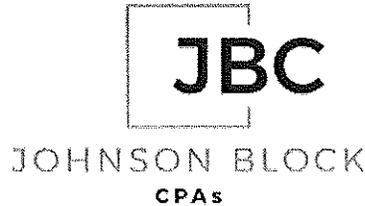
Page

Communication With Those Charged With Governance.....	1 - 3
Communication of Material Weaknesses.....	4 - 5
Management Letter.....	6
Explanation of Adjusting Journal Entries and Passed Journal Entries	7 - 8
Other Comments on Operations and Internal Control.....	9 - 12
Concluding Remarks	13

Appendices

Appendix 1 - Adjusting Journal Entries

Appendix 2 - Passed Journal Entries



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

The City Council
City of Markesan
Markesan, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Markesan, Wisconsin ("City"), for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated December 2, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies and financial statement presentation changes by adopting Statement of Government Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, effective January 1, 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of the net pension asset or liability and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator.
2. Management's estimate of depreciable lives of fixed assets was based on the estimated useful life of the related fixed assets.
3. Management's estimate of the vested compensated absences is based on the probability of employees meeting the requirements to be able to convert unused sick leave into health insurance benefits after retirement.
4. Management's estimate of the other postemployment benefits is based on various factors. The estimated liability was computed by an actuarial study.

We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix 1 summarizes misstatements detected as a result of audit procedures that were corrected by management. Appendix 2 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 26, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison schedules, the local retiree life insurance fund schedules, and the Wisconsin Retirement System schedules, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI

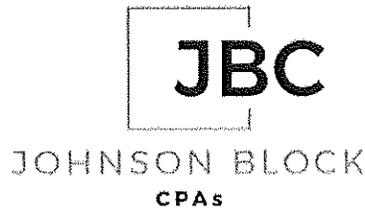
We were engaged to report the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America. The information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of management, the City Council, and others within the administration and is not intended to be, and should not be, used by anyone other than those specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
May 26, 2020



COMMUNICATION OF MATERIAL WEAKNESSES

To the City Council
City of Markesan
Markesan, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Markesan, Wisconsin ("City") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Segregation of Duties

The size of the office staff precludes a proper segregation of functions to assure adequate internal control. This is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the City's operations.

Preparation of Financial Statements

The City has elected to rely on the knowledge of its auditors to prepare its annual financial statements and related disclosures. Your City, like many others, has made the determination that because of the ever changing and numerous reporting requirements associated with preparing financial statements that are in conformity with accounting principles generally accepted in the United States of America, it is more cost advantageous to rely on the expertise of its outside auditors to assist in the preparation of its financial statements.

However, since the financial statements are the responsibility of the City, the control over the financial statements being prepared in conformity with accounting principles generally accepted in the United States of America, lies with management. Currently, the City has elected not to dedicate its resources to providing sufficient internal control over the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America, resulting in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

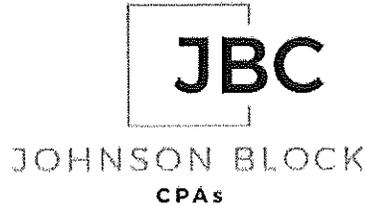
Material Adjustments

Material adjusting entries not prepared by the City prior to the audit or not otherwise provided by the City are considered an internal control weakness. We proposed adjusting journal entries and deem these adjustments to be material in relation to the financial statements. Since the City did not make these adjustments prior to the audit, a material weakness exists in the City's internal controls.

This communication is intended solely for the information and use of management, the City Council, and others within the administration, and is not intended to be, and should not be, used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
May 26, 2020



MANAGEMENT LETTER

To the Mayor and Members of the City Council
City of Markesan

In planning and performing our audit of the financial statements of the City of Markesan, Wisconsin for the year ended December 31, 2019, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following pages that accompany this letter summarize our comments and suggestions regarding those matters. This letter does not affect our report dated May 26, 2020, on the financial statements of the City.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the City's personnel during the course of our work.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
May 26, 2020

CITY OF MARKESAN, WISCONSIN

Year Ended December 31, 2019

ADJUSTING JOURNAL ENTRIES

We are frequently requested by our clients to discuss the overall condition of their accounting records and what our role is as your audit firm. We believe that these matters should be discussed at each audit. The following section describes your accounting process in general terms and the ways in which we work with your staff.

The City of Markesan processes accounting transactions based on the type of transaction involved. Money coming in is processed using a cash receipt system. The payment of bills is done through an accounts payable system. Employees' salaries are paid using a payroll system. Customer billing and accounts receivable are processed through a billing system. These systems are responsible for recording and summarizing the vast majority of your financial statements.

Beyond the systems described in the preceding paragraph, another system is used to make corrections and to record non-cash transactions. This system involves preparing general journal entries. Journal entries provide the ability to make changes to the financial data entered in the other systems. As your auditor, our role is to substantiate year end financial balances and information presented by your accounting personnel, and compare it to supporting information and outside confirmations. When information in your records does not agree with audit evidence, an adjusting entry is necessary to correct your records. Sometimes these entries are identified by your staff as they get ready for the audit. Other adjustments are prepared by us as we discover that your general ledger balances need to be changed to reflect the correct balances.

For the 2019 audit, we proposed adjustments and reclassifications to your records. The effect of these journal entries was considered to be material to the financial statements of the City of Markesan, Wisconsin. The proposed entries were accepted by the City of Markesan's management. All of these changes are reflected properly in your audited financial statements.

Because we are providing assistance to your staff by proposing changes to correct your financial information, you should be aware of these processes. Many of our clients rely on us to make year end adjustments as we have described. In many cases, we have the experience or expertise to compute, and identify, corrections to your records. We work with many clients on similar issues, so it may be more efficient for you to have us do some of the one-time adjustments, rather than your staff spending hours researching the proper adjustment.

Due to the technical nature of financial reporting and complying with financial reporting standards, most clients have their CPA firm prepare the year end financial statements and note disclosures. We have provided these services to the City of Markesan.

We are communicating this information to you to give you a better understanding of what we do and how the year end process works. Our job as auditors is to bring in an outside perspective and provide a level of comfort that your financial reporting system is materially correct and accurately reflects the financial activity for the year. However, in many cases, our services go beyond auditing. Our experience and training can provide a very cost-effective means of providing the year end accounting assistance that you need.

We hope that by providing this information on what we do, you will have a better understanding of our role, and the various ways that we work with your staff.

PASSED JOURNAL ENTRIES

Passed journal entries may occur due to transaction timing, industry practices or lack of overall significance. See Appendix 2 for passed journal entries.

OTHER COMMENTS ON OPERATIONS AND INTERNAL CONTROL

Fund Balance

The City's unassigned general fund balance was \$45,069 and \$43,542 as of December 31, 2019 and 2018, respectively. The December 31, 2019 unassigned fund balance represented 3.7% of the 2019 current expenditures. City policy is to maintain a minimum unassigned general fund reserve balance of not less than 20% of current expenditures. Accordingly, the City is not in compliance with its Fund Balance Policy as of December 31, 2019. We recommend the City continue to evaluate its general fund balance.

Total general fund balance as of December 31, 2019 is \$1,005,368 and represents 84% of current expenditures. \$354,397 of fund balance is assigned capital projects carryovers as detailed on Page 56 of the audited financial statements. Assigned amounts can be changed at the discretion of the City Council.

Another large component of general fund balance is \$605,902 that is considered nonspendable. \$520,062 of this balance is advanced funds owed from the Tax Incremental Financing District (TID). The TID will continue to repay the advance from 2020-2025, with interest. General fund balance will transition from nonspendable to unassigned fund balance as tax increments are received through 2025.

The City maintains a money market that is labeled as TID related. The cash account had a balance of \$54,633 and has been idle for many years except for interest income accruals. If there is no specific purpose for this account, we recommend it potentially be closed and transferred to a general fund cash account. At minimum, the account could be relabeled and considered a general fund asset. Both options would reduce the interfund balance owed and increase general fund unassigned balance.

Tax Incremental Financing District No. 1 Status and Affordable Housing Extension

Status

Since creation, the City's Tax Incremental District (TID) No. 1 has incurred project costs through December 31, 2019 of \$1,286,497 and has generated revenues of \$821,068. This leaves a balance of \$465,429 of project costs that the TID has not recovered as of December 31, 2019. The TID's deficit position is reflected as an amount owed to the General Fund and is a component of the City's general fund nonspendable fund balance.

The Project expenditure period for the TID has closed. Although the expenditure period is closed, the TID can remain open until 2025 as the TID continues to recoup the project costs incurred. The TID is strictly in a payoff phase until it terminates. The only costs that will continue during the TID's life are general administration and interest charges generating from the TID's cash shortage.

Using steady revenue estimates from 2020 through 2025, the TID is projecting to generate revenues totaling \$580,848 and incur administrative and interest costs totaling \$51,130. These projections calculate that the TID will end with a surplus of \$64,289 in 2025.

Affordable Housing

The mandatory termination date for TID No. 1 is January 16, 2025. An Affordable Housing Extension was added to TID law in 2009. After a TID has paid all its infrastructure and development costs, but before it is formally terminated, the Affordable Housing Extension allows the District to be repurposed for one additional year to benefit affordable housing and improve housing stock anywhere within the community.

To extend the life of the District for one year, the City would need to specify how the it intends to improve its housing stock. The City would need to use at least 75% of the additional year of tax increments to "benefit affordable housing" anywhere within the City. Affordable housing is defined as housing costing no more than 30% of the household's gross monthly income. A household consists of an individual and his or her spouse and all minor dependents. Any remaining portion of the increments must be used by the municipality to improve its housing stock.

The City should start considering whether it might be interested in taking advantage of this extension. We can provide examples of how other Wisconsin municipalities have used the affordable housing extension.

Utility Customer Accounts Receivable

The City's utility billings are performed in the software Casselle and the City's general ledger is maintained in QuickBooks. Utility billings are recorded in QuickBooks via a quarterly journal entry. It is not uncommon for municipalities to have two separate software programs.

Historically, the utility customer accounts receivable subsidiary records in Casselle have been reconciled to the customer accounts receivable general ledger account in QuickBooks once a year during preparation for the annual audit. This reconciliation is an important element of internal control and we recommend it be performed on a quarterly basis.

Cash and Deposits

Interest income

The City had deposits with financial institutions as of December 31, 2019 earning interest rates of 0-0.45%. We recommend exploring alternate investment options to obtain a higher interest rate on the cash deposits.

In the Utility, cash balances increased significantly as of December 31, 2019 compared to December 31, 2018. This was due in large part to loan and grant proceeds received in 2019 as reimbursement for related project capital costs.

The City has an account with the LGIP that had a balance of \$38 at December 31, 2019. As of December 31, 2019, the investments in the LGIP were earning interest at 1.63%.

Insured Balances

As of December 31, 2019, \$1,622,199 of the City's cash deposits at local banks are not fully insured by the FDIC. Of this amount, \$351,235 was insured by securities pledged by a bank and \$800,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss. The remaining \$470,963 was considered uninsured and uncollateralized.

Purchasing Policy and Budget Amendments

The City's purchasing policy indicates that payment on any purchase which causes expenditures to exceed the adopted budget amount will not be made without a budget amendment approved by the Council. We are unaware of any budget amendments being made to the 2019 adopted budget.

A required supplementary schedule comparing general fund budget to actual results is included on Page 50 of the audit report. The general government, public safety, health and human services, culture and recreation, and capital outlay functions are reflecting an overspent budget when comparing the adopted budget to actual results. We recommend budget amendments be approved throughout the year to prevent expenditures exceeding budget appropriations.

Budget amendments do not need to be at an individual account level. Amendments can be made at the functional level consistent with how the budget was published and adopted. For example, the City could approve a budget amendment between the public safety and general government functions with a net effect to the total expenditure budget of \$0.

Recording of Payroll Taxes and Benefits

For the Municipal Financial Report - Form C submitted to the Department of Revenue and for audit purposes, payroll taxes and benefit expenditures are required to be allocated to all of the different functions of the City (General Government, Public Safety, Public Works, Culture, Recreation, and Education, etc.) In the City's adopted budget and in QuickBooks, the City does not currently allocate costs for Wisconsin Retirement System employer contributions, FICA, and health insurance.

We recommend the City begin to budget and allocate payroll taxes and employee benefits to the different functions rather than using individual accounts with the General Government function.

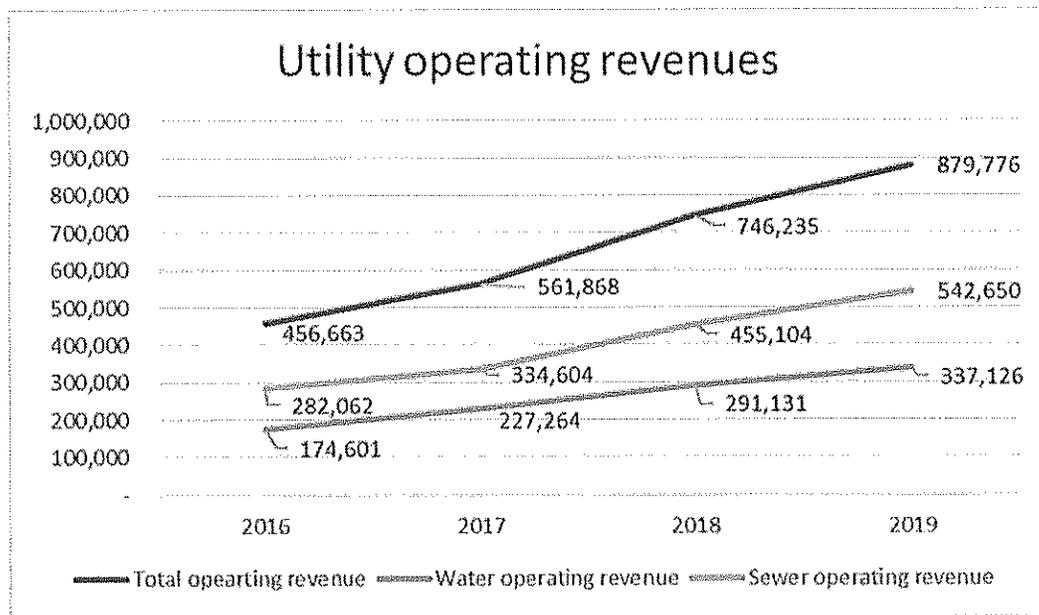
Utility Revenues

The Utility has increased rates in recent years in connection with large capital projects.

Step I of a water rate increase was made effective on March 1, 2017. The Step II increase became effective June 21, 2018 and was in effect for all of 2019. The overall increase in Step II annual revenues was 115 percent from rates prior to March 1, 2017, comprised of a 145 percent increase in general service charges and a 77 percent increase in fire protection charges.

Sewer rates have also been increased in recent years. Effective with the 2nd quarter bill of 2017, the Utility began charging for the first 5,000 gallons of usage which had previously been part of the fixed charge. The sewer utility also had a rate increase in effect for the last 2 quarters of 2018 and all of 2019.

The following graph presents the Utility's revenues from charges for services from 2016-2019:



For the years ended December 31, 2017, 2018, and 2019, utility operating revenues annually increased 23.0%, 32.8%, and 17.9%, respectively. 2020 revenues are expected to be comparable to 2019 levels.

Leases

The Governmental Accounting Standards Board issued Statement No. 87 (GASB 87), Leases. GASB 87 will significantly change the criteria and conditions for classifying leases. It includes guidance for both lessees and lessors and must be implemented for the year ended December 31, 2022.

GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time. Examples of nonfinancial assets most commonly include buildings, land, vehicles, and equipment. New lease accounting will include any contracts that meet the GASB 87 definition of a lease, even if the contracts do not identify the agreements as leases. Applicable leases may include water tower/cell phone tower leases, electric pole rental, etc.

GASB 87 requires similar reporting of all leases entered into by the governmental unit. A lessee is required to recognize an asset and lease liability on the statement of net position. With each year of the lease, amortization and interest expense will be allocated to the statement of activities until the lease term is complete.

Leases that meet a "short-term" criteria will continue to be reported as expenses/expenditures by lessees based on the required payments in the lease contract. Short-term leases are defined as contracts with a maximum possible term of 12 months or less.

A listing of all contracts for consideration of meeting the definition of a lease needs to be started and continuously updated. The listing should include key terms of the contracts, including:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any (portion of contract for services, not control of the assets, are expensed)
- Dollar amount of lease

We will continue requesting potential contracts that meet the definition of a lease and are available to assist with initial and annual journal entries related to implementation of this new standard.

CONCLUDING REMARKS

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the City of Markesan and our comments are intended to draw to your attention issues which need to be addressed by the City to meet its goals and responsibilities.

The comments and suggestions in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the City of Markesan. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The City of Markesan's staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of these comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.

Appendix 1 – Adjusting Journal Entries

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1001			
Apply DNR payment against 12/31/18 accounts receivable.			
4353001	Lead Serv Lines-DNR Grant	57,342.82	
1310100	Accounts Receivable (default)		57,342.82
Total		<u>57,342.82</u>	<u>57,342.82</u>
Adjusting Journal Entries JE # 1002			
Apply delinquent personal invoices from the 2018 personal property taxes against taxes receivable.			
1232000	Delinq PP Taxes	562.35	
1210000	Taxes Receivable Current Year		562.35
Total		<u>562.35</u>	<u>562.35</u>
Adjusting Journal Entries JE # 1003			
Apply 1/7/19 payment on lawn mowing that was placed on tax roll against taxes receivable.			
1310300	Past Due Utility-TAX ROLL	762.25	
1210000	Taxes Receivable Current Year		762.25
Total		<u>762.25</u>	<u>762.25</u>
Adjusting Journal Entries JE # 1004			
Net out \$266.75 amount.			
2560000	Due To W/S Utility	266.75	
1310300	Past Due Utility-TAX ROLL		266.75
Total		<u>266.75</u>	<u>266.75</u>
Adjusting Journal Entries JE # 1005			
Apply principal payment to an expense account.			
5916000	Principal Long-Term Debt	3,035.72	
2110025	WRS Unfunded Liab. Loan		3,035.72
Total		<u>3,035.72</u>	<u>3,035.72</u>

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1006			
Record hydrant rent for 2019			
5220022	Water Hydrant Rental	113,586.00	
2560000	Due To W/S Utility		113,586.00
Total		<u>113,586.00</u>	<u>113,586.00</u>
Adjusting Journal Entries JE # 1007			
Clear out rounding.			
1210000	Taxes Receivable Current Year	0.05	
4800000	Miscellaneous Revenue		0.05
Total		<u>0.05</u>	<u>0.05</u>
Adjusting Journal Entries JE # 1008			
Clear out 12/31/18 accounts receivable			
4610000	Clerk-Treas Fees	175.00	
4734100	Recycle Ctr-Towns	2,074.73	
4734100	Recycle Ctr-Towns	2,995.08	
4734100	Recycle Ctr-Towns	4,438.33	
4739100	Crossing Guard Reimb	6,289.33	
1310100	Accounts Receivable (default)		15,972.47
Total		<u>15,972.47</u>	<u>15,972.47</u>
Adjusting Journal Entries JE # 1009			
Reverse 2/28/19 je 2018-19.			
1310100	Accounts Receivable (default)	632.03	
4180000	Interest on Taxes		632.03
Total		<u>632.03</u>	<u>632.03</u>
Adjusting Journal Entries JE # 1010			
Remove charges that were recorded twice. Amount was invoiced and sales receipted.			
4610200	Garbage/Recycle Cart	111.54	
1310100	Accounts Receivable (default)		111.54
Total		<u>111.54</u>	<u>111.54</u>

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1011			
Adjust accounts receivable to actual.			
1310100	Accounts Receivable (default)	438.54	
4180000	Interest on Taxes		438.54
Total		<u>438.54</u>	<u>438.54</u>
Adjusting Journal Entries JE # 1012			
Writeoff personal property tax bills.			
4180000	Interest on Taxes	741.79	
5191000	Illegal taxes	5,852.75	
1310100	Accounts Receivable (default)		6,594.54
Total		<u>6,594.54</u>	<u>6,594.54</u>
Adjusting Journal Entries JE # 1013			
Adjust deferred revenue at 12/31/19 related to delinquent personal property taxes.			
4180000	Interest on Taxes	1,120.71	
2400100	Def Revenue-City Taxes		1,120.71
Total		<u>1,120.71</u>	<u>1,120.71</u>
Adjusting Journal Entries JE # 1014			
Remove Advanced Disposal January 2020 invoice from accounts payable. REVERSE 1/1/20			
2110001	Vouchers Payable Other	7,214.40	
5362021	Sanitation/Trash-Outside Serv.		7,214.40
Total		<u>7,214.40</u>	<u>7,214.40</u>

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1015			
Record additional accounts payable at 12/31/19. REVERSE 1/1/20.			
5130021	City Atty-General	250.00	
5130121	City Atty-Prosecution	251.25	
5150521	Independent Audit	1,832.87	
5160022	Municipal Building-Utilities	1,889.52	
5212033	Police Patrol-Fuel/Miles	189.91	
5220000	Fire Protection	954.00	
5220021	Fire Dept-Annual Budget	2,635.35	
5240021	Building Inspection	1,215.60	
5290022	Emergency Govt-Utilities	25.15	
5310021	Streets Admin-Outside Services	279.04	
5311022	PW Shop-Utilities	485.62	
5311033	PW Shop-Fuel	7.87	
5312033	PW Mach & Equip-Fuel	53.15	
5331933	Snow & Ice Control-Fuel	177.50	
5331934	Snow & Ice Control-Supplies	4,925.23	
5342022	Street Lighting	2,478.09	
5363500	Recycling Center	5.43	
5363533	Recycling Center-Fuel	3.94	
5363600	Recycling Center-Mackford	5.43	
5363700	Recycling Center-Manchester	5.43	
5363800	Recycling Center-Green Lake	5.43	
5491022	Cemetery-Utilities	22.89	
5520022	Parks-Utilities	112.28	
5520033	Parks-Fuel	5.90	
5671000	Industrial Park Development	23.73	
5671021	TIF Fees	700.00	
6573310	Outlay - Streets	1,194.09	
2110001	Vouchers Payable Other		19,734.70
Total		19,734.70	19,734.70

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1016			
Allocate paid time off.			
5141011	Legislative Support-Wages	1,371.44	
5142011	General Admin-Wages	162.23	
5142011	General Admin-Wages	168.86	
5142011	General Admin-Wages	315.30	
5142011	General Admin-Wages	344.14	
5142011	General Admin-Wages	494.71	
5142011	General Admin-Wages	538.14	
5142011	General Admin-Wages	922.34	
5142011	General Admin-Wages	2,550.60	
5142011	General Admin-Wages	3,158.40	
5143011	Elections-Wages	348.22	
5160011	Municipal Building-Wages	2,066.65	
5210011	Police Admin-Wages	9,580.36	
5212011	Police Patrol-Wages	99.59	
5212011	Police Patrol-Wages	1,466.34	
5212011	Police Patrol-Wages	22,518.59	
5312011	PW Mach & Equip-Wages	43.42	
5312011	PW Mach & Equip-Wages	55.81	
5312011	PW Mach & Equip-Wages	137.65	
5312011	PW Mach & Equip-Wages	137.65	
5312011	PW Mach & Equip-Wages	141.09	
5312011	PW Mach & Equip-Wages	161.25	
5312011	PW Mach & Equip-Wages	244.38	
5312011	PW Mach & Equip-Wages	388.32	
5312011	PW Mach & Equip-Wages	457.36	
5312011	PW Mach & Equip-Wages	638.59	
5312011	PW Mach & Equip-Wages	691.47	
5312011	PW Mach & Equip-Wages	1,065.11	
5312011	PW Mach & Equip-Wages	2,619.47	
5312011	PW Mach & Equip-Wages	3,539.50	
5362011	Sanitation/Trash-Wages	1,670.09	
5363511	Recycling Center-Wages	381.10	
5491011	Cemetery-Wages	1,968.80	
5511011	Library-Wages	140.94	
5511011	Library-Wages	348.40	
5520011	Parks-Wages	18.54	
5520011	Parks-Wages	760.09	
5520011	Parks-Wages	2,485.98	
5151611	Paid Time Off (PTO)-Wages		64,200.92
Total		64,200.92	64,200.92

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1017			
Remove emergency government liability account.			
2313000	Emergency Government Liability	4,094.16	
4800000	Miscellaneous Revenue		4,094.16
Total		<u>4,094.16</u>	<u>4,094.16</u>
Adjusting Journal Entries JE # 1018			
Record receivable for December 2019 invoices paid by Village for Utility that were not reimbursed until January 2020.			
2560000	Due To W/S Utility	227.56	
2560000	Due To W/S Utility	685.19	
5100100	W&S Expense Reimb		912.75
Total		<u>912.75</u>	<u>912.75</u>
Adjusting Journal Entries JE # 1019			
Move costs charged to the Utility related to the 2017 street project that had already been allocated to the utility in 2018.			
5100100	W&S Expense Reimb	4,342.25	
2560000	Due To W/S Utility		4,342.25
Total		<u>4,342.25</u>	<u>4,342.25</u>
Adjusting Journal Entries JE # 1020			
Record accounts receivable as of 12/31/19. REVERSE 1/1/20			
1300000	Other Receivables	15,290.59	
4610000	Clerk-Treas Fees		175.00
4734100	Recycle Ctr-Towns		2,023.78
4734100	Recycle Ctr-Towns		2,951.12
4734100	Recycle Ctr-Towns		3,930.36
4739100	Crossing Guard Reimb		6,210.33
Total		<u>15,290.59</u>	<u>15,290.59</u>
Adjusting Journal Entries JE # 1021			
Record receivable for December police liason services. REVERSE 1/1/20			
1300000	Other Receivables	4,799.46	
4732100	School Liason		4,799.46
Total		<u>4,799.46</u>	<u>4,799.46</u>

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1022			
Move interest portion of payment to interest expense and out of principle payment.			
5926000	Interest Long Term Debt	3,990.00	
5911000	2009 Bond Issue		3,990.00
Total		<u>3,990.00</u>	<u>3,990.00</u>
Adjusting Journal Entries JE # 1023			
Record property tax equivalent.			
2560000	Due To W/S Utility	60,976.00	
4131000	Taxes from regulated municipally-owned utilities		60,976.00
Total		<u>60,976.00</u>	<u>60,976.00</u>
Adjusting Journal Entries JE # 1024			
Record Prepaid Medical Transport Reimbursement for ambulance to separate revenue account for Department of Revenue reporting.			
4341000	Shared Revenue	6,043.68	
4379100	EMS (Ambulance) Reimb		6,043.68
Total		<u>6,043.68</u>	<u>6,043.68</u>
Adjusting Journal Entries JE # 1025			
Record 12/31/19 accounts payable amount for the TIF to the TIF fund.			
1540000	Due from TIF's	700.00	
5671021	TIF Fees		700.00
Total		<u>700.00</u>	<u>700.00</u>
Adjusting Journal Entries JE # 1026			
Record lead service line replacement costs to general fund consistent with guidance. Amount was originally paid for by Utility. DNR receivable			
6573310	Outlay - Streets	3,150.00	
2560000	Due To W/S Utility		3,150.00
Total		<u>3,150.00</u>	<u>3,150.00</u>

City of Markesan
For the Year Ended December 31, 2019

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1027			
Record receivable for lead service line replacement that occurred in 2019.			
1300000	Other Receivables	3,150.00	
4353001	Lead Serv Lines-DNR Grant		3,150.00
Total		<u><u>3,150.00</u></u>	<u><u>3,150.00</u></u>
Adjusting Journal Entries JE # 1401			
Record 12/31/19 accounts payable amount charged to the TIF to the TIF fund.			
5900000	Other TIF Expenditures	700.00	
2100000	Due to City		700.00
Total		<u><u>700.00</u></u>	<u><u>700.00</u></u>

City of Markesan
Water and Sewer Utility
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1001			
Record loan proceeds to appropriate liability accounts.			
23301	Due to City 2017 Street Project	242,578.81	
22200.1	Revenue Bond Sewer 5100-03		68,193.37
22200.2	Revenue Bond Water 5122-02		174,385.44
Total		<u>242,578.81</u>	<u>242,578.81</u>
Adjusting Journal Entries JE # 1002			
Reverse 12/31/18 sewer accounts payable.			
23200.1	Vouchers Payable - Sewer	521,822.79	
82100.1	Purchased Power-Sewer		1,567.92
82110.1	Purchased Power-Lifts		445.65
82800.1	Transportation-Sewer		61.24
83300.1	Maintenance-Treatment Plant Equ		1,298.85
83400.1	Maintenance-Building & Grounds		1,636.55
83500.1	Phosphorus Upgrade		461,335.57
83500.1	Phosphorus Upgrade		53,090.43
85100.1	Office Supplies-Sewer		31.05
85200.1	Outside Services-Sewer		627.18
85300.1	Insurance Expense-Sewer		406.62
85400.1	Employee Benefits-Sewer		57.98
85600.1	Misc General Expense-Sewer		57.50
89900.1	Outlay-Sewer(Accountant Review)		1,067.50
89911.1	Outlay - Sewer (2017 Project)		138.75
Total		<u>521,822.79</u>	<u>521,822.79</u>
Adjusting Journal Entries JE # 1003			
Reverse 12/31/18 water accounts payable.			
23200.2	Vouchers Payable - Water	5,640.10	
62300.2	Purchased Power-Pumping		984.78
68100.2	Office Supplies-Water		31.06
68200.2	Outside Services-Water		627.17
68400.2	Insurance Expense-Water		406.62
68600.2	Employee Benefits-Water		57.97
68900.2	Misc General Expense-Water		57.50
69900.2	Outlay-Water(Accountant Review)		1,067.50
69911.2	Outlay - Water (2017 Project)		2,346.25
93300.2	Transportation-Water		61.25
Total		<u>5,640.10</u>	<u>5,640.10</u>
Adjusting Journal Entries JE # 1004			
Record hydrant rent for 2019.			
14500	Due from City (Hydrant Rent)	113,586.00	
46300.2	Public Fire Protection		113,586.00
Total		<u>113,586.00</u>	<u>113,586.00</u>

City of Markesan
Water and Sewer Utility
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1006			
Adjust utility A/R to actual at 12/31/19.			
14210.1	Accounts Receivable-Sewer	1,371.82	
14210.2	Accounts Receivable-Water	694.13	
46110.2	Residential Water	694.13	
46110.2	Residential Water	251.40	
62210.1	Residential Sewer	1,371.82	
62210.1	Residential Sewer	251.39	
14320.1	Past Due Utility A/R		2,568.74
46110.2	Residential Water		694.13
62210.1	Residential Sewer		1,371.82
Total		<u><u>4,634.69</u></u>	<u><u>4,634.69</u></u>
Adjusting Journal Entries JE # 1007			
To zero out cashed CD.			
63500.1	Other Revenues Sewer	10,655.00	
13420.1	MMSCA CD - MSB 4460		10,655.00
Total		<u><u>10,655.00</u></u>	<u><u>10,655.00</u></u>
Adjusting Journal Entries JE # 1008			
Remove 12/31/19 accounts payable for Civic bill related to 2020 support.			
23200	Vouchers Payable	1,000.00	
68100.2	Office Supplies-Water		500.00
85100.1	Office Supplies-Sewer		500.00
Total		<u><u>1,000.00</u></u>	<u><u>1,000.00</u></u>
Adjusting Journal Entries JE # 1009			
Record additional water accounts payable. REVERSE 1/1/20.			
62300.2	Purchased Power-Pumping	783.26	
62300.2	Purchased Power-Pumping	48.41	
62300.2	Purchased Power-Pumping	44.88	
68100.2	Office Supplies-Water	46.80	
68200.2	Outside Services-Water	17.50	
68900.2	Misc General Expense-Water	40.87	
93300.2	Transportation-Water	77.51	
14500	Due from City (Hydrant Rent)		227.56
23200.2	Vouchers Payable - Water		831.67
Total		<u><u>1,059.23</u></u>	<u><u>1,059.23</u></u>
Adjusting Journal Entries JE # 1010			
Allocate paid time off.			
60000.2	Wages-Water	3,055.10	
60000.2	Wages-Water	23.91	
60000.2	Wages-Water	213.18	
68000.2	Meter Reading Wages-Water	840.71	
82000.1	Wages-Sewer	13,420.81	
83300.1	Maintenance-Treatment Plant Equ	547.90	
83300.1	Maintenance-Treatment Plant Equ	73.91	
83300.1	Maintenance-Treatment Plant Equ	2,042.76	
83300.1	Maintenance-Treatment Plant Equ	23.90	
83300.1	Maintenance-Treatment Plant Equ	213.19	
83400.1	Maintenance-Building & Grounds	2,198.78	
84200.1	Meter Reading Wages-Sewer	534.34	
89900	Paid Time Off Wages (Default)		23,188.49
Total		<u><u>23,188.49</u></u>	<u><u>23,188.49</u></u>

**City of Markesan
Water and Sewer Utility
For the Year Ended December 31, 2019**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1011			
Record additional sewer accounts payable. REVERSE 1/1/20			
82100.1	Purchased Power-Sewer	1,256.55	
82110.1	Purchased Power-Lifts	387.24	
82800.1	Transportation-Sewer	77.51	
83400.1	Maintenance-Building & Grounds	168.93	
83500.1	Phosphorus Upgrade	397.50	
85100.1	Office Supplies-Sewer	46.82	
85200.1	Outside Services-Sewer	17.50	
85600.1	Misc General Expense-Sewer	543.36	
14500	Due from City (Hydrant Rent)		685.19
23200.1	Vouchers Payable - Sewer		2,210.22
Total		<u><u>2,895.41</u></u>	<u><u>2,895.41</u></u>
Adjusting Journal Entries JE # 1012			
Record additional accounts payable for bills paid in January 2020 by City that related to December 2019. Utility did not reimburse Village until February 2020. Reverse 1/1/20.			
62300.2	Purchased Power-Pumping	47.00	
68200.2	Outside Services-Water	553.93	
68200.2	Outside Services-Water	553.93	
68200.2	Outside Services-Water	55.00	
85200.1	Outside Services-Sewer	55.00	
23200.1	Vouchers Payable - Sewer		608.93
23200.2	Vouchers Payable - Water		655.93
Total		<u><u>1,264.86</u></u>	<u><u>1,264.86</u></u>
Adjusting Journal Entries JE # 1013			
Move costs charged to the Utility related to the 2017 street project that had already been allocated to the utility in 2018.			
14500	Due from City (Hydrant Rent)	4,342.25	
69911.2	Outlay - Water (2017 Project)		4,342.25
Total		<u><u>4,342.25</u></u>	<u><u>4,342.25</u></u>
Adjusting Journal Entries JE # 1014			
Remove revenue for amounts that were set up as 12/31/18 accounts receivable.			
62230.1	Industrial Sewer	1,971.00	
62230.1	Industrial Sewer	3,536.00	
62500.1	Unmetered Sewer	3,225.50	
62500.1	Unmetered Sewer	639.70	
62500.1	Unmetered Sewer	592.10	
62500.1	Unmetered Sewer	1,163.40	
14310.1	Other Receivables-Sewer		11,127.70
Total		<u><u>11,127.70</u></u>	<u><u>11,127.70</u></u>
Adjusting Journal Entries JE # 1015			
Record accounts receivable from B&C and Kingston. REVERSE 1/1/20			
14310.1	Other Receivables-Sewer	3,646.00	
14310.1	Other Receivables-Sewer	784.00	
62500.1	Unmetered Sewer		3,646.00
62500.1	Unmetered Sewer		784.00
Total		<u><u>4,430.00</u></u>	<u><u>4,430.00</u></u>
Adjusting Journal Entries JE # 1016			
Record Marchs voices for work performed in 2019.			
85200.1	Outside Services-Sewer	175.00	
85200.1	Outside Services-Sewer	1,740.00	
23200.1	Vouchers Payable - Sewer		1,915.00
Total		<u><u>1,915.00</u></u>	<u><u>1,915.00</u></u>

City of Markesan
Water and Sewer Utility
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1017			
Move revenue bond capital contribution grant out of liability account and into revenue account.			
22220.1	Phosphorus Rev. Bond Loan	293,790.29	
42100.1	Capital contributions - sewer		293,790.29
Total		<u>293,790.29</u>	<u>293,790.29</u>
Adjusting Journal Entries JE # 1018			
Move 2019 utility interest payments out of accrued interest and into interest expense,			
42701.1	Interest Expense Sewer Bond	15,421.33	
42701.2	Interest Expense Water Bond	9,466.91	
23800.1	Interest Sewer Bond 5100-03		8,987.18
23800.2	Interest Water Bond 5122-02		9,466.91
23910.1	Phosph Bond Interest pymnt		6,434.15
Total		<u>24,888.24</u>	<u>24,888.24</u>
Adjusting Journal Entries JE # 1019			
Adjust inventory at year end.			
64300.2	Supplies & Expense-Treatment	224.00	
15400.2	Materials & Supplies-Water		224.00
Total		<u>224.00</u>	<u>224.00</u>
Adjusting Journal Entries JE # 1020			
Adjust accrued interest.			
42700.2	Interest Expense-Water	516.62	
42701.1	Interest Expense Sewer Bond	1,666.60	
42701.1	Interest Expense Sewer Bond	206.47	
42701.2	Interest Expense Water Bond	251.36	
23700.2	Interest Payable - Water		516.62
23800.1	Interest Sewer Bond 5100-03		206.47
23800.2	Interest Water Bond 5122-02		251.36
23910.1	Phosph Bond Interest pymnt		1,666.60
Total		<u>2,641.05</u>	<u>2,641.05</u>
Adjusting Journal Entries JE # 1021			
Record 2019 property tax equivalent.			
40800.2	Taxes-Water	60,976.00	
14500	Due from City (Hydrant Rent)		60,976.00
Total		<u>60,976.00</u>	<u>60,976.00</u>
Adjusting Journal Entries JE # 1022			
Capitalize tractor purchases.			
39300.1	Transportation Equipment-Sewer	13,800.00	
39300.1	Transportation Equipment-Sewer	67,459.50	
11100.1	Reserve for Depr-Plant		1,000.00
11100.1	Reserve for Depr-Plant		6,500.00
83500.1	Phosphorus Upgrade		12,800.00
83500.1	Phosphorus Upgrade		60,959.50
Total		<u>81,259.50</u>	<u>81,259.50</u>
Adjusting Journal Entries JE # 1023			
Capitalize pressure washer.			
39000.1	Structures-General Plant	4,860.00	
83500.1	Phosphorus Upgrade		4,860.00
Total		<u>4,860.00</u>	<u>4,860.00</u>

**City of Markesan
Water and Sewer Utility
For the Year Ended December 31, 2019**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1024			
Capitalize phosphorus upgrade costs as construction work in process.			
10700.1	Construction in Progress-Sewer	289,236.78	
83500.1	Phosphorus Upgrade		289,236.78
Total		<u>289,236.78</u>	<u>289,236.78</u>
Adjusting Journal Entries JE # 1025			
Record lead service line replacement costs to general fund consistent with guidance. Related DNR receivable was set up in the general fund.			
14500	Due from City (Hydrant Rent)	3,150.00	
69900.2	Outlay-Water(Accountant Review)		3,150.00
Total		<u>3,150.00</u>	<u>3,150.00</u>
Adjusting Journal Entries JE # 1026			
Record removal of meters that were replaced during 2019.			
11100.2	Accum Provision for Depr-Plant	1,920.00	
34800.2	Hydrants		1,920.00
Total		<u>1,920.00</u>	<u>1,920.00</u>
Adjusting Journal Entries JE # 1027			
Record removal of service that was replaced.			
11100.2	Accum Provision for Depr-Plant	40.00	
34500.2	Services-Transmission & Distr		40.00
Total		<u>40.00</u>	<u>40.00</u>
Adjusting Journal Entries JE # 1028			
Capitalize cost of supplies used for service replacement.			
34500.2	Services-Transmission & Distr	650.00	
66200.2	Repairs to Water Mains		650.00
Total		<u>650.00</u>	<u>650.00</u>
Adjusting Journal Entries JE # 1029			
Record depreciation expense.			
40300.2	Depreciation-Water	70,088.77	
11100.2	Accum Provision for Depr-Plant		70,088.77
Total		<u>70,088.77</u>	<u>70,088.77</u>
Adjusting Journal Entries JE # 1030			
Record meter allocation.			
82700.1	Operating Supplies	5,218.00	
40300.2	Depreciation-Water		2,778.00
40800.2	Taxes-Water		1,100.00
47400.2	Other Revenues Water		1,340.00
Total		<u>5,218.00</u>	<u>5,218.00</u>
Adjusting Journal Entries JE # 1031			
Record removal of sewer lawn mower and tractor that were traded in with new items purchased during 2019.			
11100.1	Reserve for Depr-Plant	43,000.00	
39500.1	Misc Equip (tools/etc)-Sewer		43,000.00
Total		<u>43,000.00</u>	<u>43,000.00</u>

City of Marquesan
Water and Sewer Utility
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1032			
Record WWTP improvements to the appropriate plant asset categories now that the project is complete.			
33100.1	Structures-Treatment Plant	264,261.02	
33200.1	Preliminary Treatment Equip	269,974.89	
33300.1	Primary Treatment Equip	409,469.42	
33400.1	Secondary Treatment Equip	258,594.48	
33500.1	Advanced Treatment Equip	405,075.01	
33700.1	Sludge Treatment/Disposal Equip	83,110.80	
33800.1	Plant Site Piping	592,232.05	
33900.1	Flow Metering Monitoring	106,480.08	
10700.1	Construction in Progress-Sewer		2,389,197.75
Total		<u><u>2,389,197.75</u></u>	<u><u>2,389,197.75</u></u>
Adjusting Journal Entries JE # 1033			
Record removal of plant assets that were replaced as part of the WWTP improvements.			
11100.1	Reserve for Depr-Plant	890,809.01	
33100.1	Structures-Treatment Plant		91,000.00
33200.1	Preliminary Treatment Equip		100,712.12
33300.1	Primary Treatment Equip		12,731.29
33400.1	Secondary Treatment Equip		300,620.29
33500.1	Advanced Treatment Equip		87,256.96
33700.1	Sludge Treatment/Disposal Equip		121,616.36
33800.1	Plant Site Piping		147,389.11
33900.1	Flow Metering Monitoring		29,482.88
Total		<u><u>890,809.01</u></u>	<u><u>890,809.01</u></u>
Adjusting Journal Entries JE # 1034			
Record sewer depreciation expense.			
40700.1	Depreciation-Sewer	182,009.90	
11100.1	Reserve for Depr-Plant		182,009.90
Total		<u><u>182,009.90</u></u>	<u><u>182,009.90</u></u>
Total Adjusting Journal Entries		<u><u>5,294,099.62</u></u>	<u><u>5,294,099.62</u></u>

Appendix 2 – Passed Journal Entries

City of Markesan
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Proposed JE # 6001			
Record accrued payroll at 12/31/19.			
5142011	General Admin-Wages	18,553.00	
2110000	Vouchers Payable (default)		18,553.00
Total		<u><u>18,553.00</u></u>	<u><u>18,553.00</u></u>

City of Markesan
Sewer and Water Utility
For the Year Ended December 31, 2019

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 6001			
Record unbilled revenue			
14210.1	Accounts Receivable-Sewer	22,801.00	
14210.2	Accounts Receivable-Water	9,033.00	
46110.2	Residential Water		9,033.00
62210.1	Residential Sewer		22,801.00
Total		31,834.00	31,834.00
Proposed Journal Entries JE # 6002			
Record accrued payroll at 12/31/19.			
82000.1	Wages-Sewer	4,588.00	
23200	Vouchers Payable		4,588.00
Total		4,588.00	4,588.00
	Total Proposed Journal Entries	36,422.00	36,422.00