

CITY OF TWO RIVERS, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



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INDEPENDENT AUDITORS' REPORT

City Manager and City Council
City of Two Rivers, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Two Rivers, Wisconsin (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Housing Revolving Loans Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

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 detailed comparison of budgeted and actual revenues and expenditures, combining nonmajor fund financial statements, and the combining fiduciary fund statements (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 16, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



**TWO
RIVERS**
WISCONSIN

City of Two Rivers

Wisconsin, USA

www.two-rivers.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Two Rivers (the City), Wisconsin, we offer readers of the City of Two Rivers' financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023. Please consider this Discussion and Analysis in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

The City has combined Net Position of Governmental Activities and Business-type Activities that total \$60,428,660 which is an increase of \$2,170,722 compared to year-end 2022. This follows an increase of \$5,915,113 during 2022. This reflects an improvement in the financial condition for our municipality and on-going reinvestment in infrastructure.

At the end of 2023, the unassigned fund balance for the General Fund was a negative \$164,279, a decrease of \$25,703 from 2022.

The assets and deferred outflows of resources of the governmental activities of the City of Two Rivers exceeds its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,128,953 (*total net position*). This is an increase of \$110,768 from 2022.

The Proprietary Funds improved their net position in 2023 by \$2,059,954, ending the year with a Net Position of \$36,299,707. The Water Utility highlighted those funds with an increase of \$712,674.

Thirteen funds of the City experienced cash deficits at year-end, a decrease from fifteen funds as of December 31, 2022, and a decrease from fifteen funds as of December 31, 2018. For these funds to remain solvent, the City has temporarily advanced cash to these funds. These funds owe the General Fund a total of \$1,649,335, primarily from advances made to these funds in prior years. By comparison, the General Fund showed inter-fund receivables at the end of prior years as follows:

--\$1,819,865 at the end of 2022
--\$1,597,266 at the end of 2021
--\$1,917,574 at the end of 2020
--\$2,617,361 at the end of 2019
--\$4,013,031 at the end of 2018
--\$3,275,519 at the end of 2017
--\$4,885,767 at the end of 2016

Funds owed to the General Fund by these other funds as of December 31, 2023 include:

--\$199,735 owed by six of the City's twelve active Tax Incremental where monies were advanced by the General Fund in past years to finance project costs. This interfund payable increased by \$20,562, from \$179,173 at 2022 year-end. Ten of the twelve City TID's are generating revenues sufficient to repay their debt obligations, including these interfund payables. Two TIDs (TIDs #6 & #10) are currently projected to have a deficit balances at their termination dates. Management conducts on-going reviews to improve the future finances of all TIDs. TID #6 has an additional \$137,006 payable to TID #7 for a loan that is payable over the next five years.

--\$1,153,982 owed by the Water Utility, due to advances for distribution system capital improvements (paid from cash, instead of borrowing) in past years, debt service on a \$4.2 million filtration plant project completed in 2003, and lower than projected revenues in recent years.

The City continues to review our billing rates and watch financial performance for the need to work with the Public Service Commission of Wisconsin on a rate case. The last rate case was completed in late 2017 and in 2018. We received approval for a 14% increase, effective 9/1/18.

Management is confident that this rate increase together with streamlining processes and cost savings measures will result in significant improvements in the cash position of this Utility. During 2020, we experienced a \$933,023 reduction in this payable. In 2021, the improvement was an additional \$206,936. There was an increase of \$50,925 in 2022. In 2023 there was an increase of \$156,276. While we can't guarantee continued improvement, we are confident that we will see improvement again in 2024.

The Water also has an additional \$500,000 payable to TID #7 for a loan that is payable over the next three years.

--\$117,747 owed by the Sewer Utility for project costs and delays in implementing a rate increase to cover debt service related to plant improvement and infrastructure construction costs. This amount is down from \$216,029 at 2022 year end. A rate increase was implemented in September 2022 to assist in improving this cash deficit. There have been substantial investments in infrastructure and treatment plant renovations in recent years for the Sewer Utility.

--\$177,871 short-term amounts owed by five special revenue and capital project funds, for monies advanced by the City in recent years for the various projects. This amount is up from \$114,405 at 2022 year end. City staff is in ongoing discussions to address these advances.

Total general obligation debt for the City of Two Rivers decreased \$1,453,871 in the current fiscal year. Significant refinancing of debt was done in 2020 in addition to normal Capital Improvement borrowing to take advantage of favorable interest rates. The City maintains an aggressive repayment schedule on its General Obligation debt with 98% of the GO debt to be repaid within 10 years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the City of Two Rivers. This annual financial report consists of three components: Government-wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. It also contains required supplementary information and other supplementary information.

Government-wide Statements

The *government-wide financial statements* that provide information about the overall financial status of the City of Two Rivers in a manner like those used by private-sector companies.

The *statement of net position* includes all the City of Two Rivers' assets, liabilities, deferred inflows/outflows of resources of resources, with the difference reported as net position. Over time, the increases or decreases in net position serve as an indicator of improving or deteriorating financial position.

All the current year's revenues and expenses are accounted for in the *statement of activities* regardless of the timing of related cash flows. This statement presents information showing how the City's net position changed during the most recent fiscal year.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities – The City's basic services are included here, such as police, fire, public works, parks and recreation, community development, assessing, finance, and administration. Property taxes and state aid finance most of these activities
- Business-type activities – The City Two Rivers Utilities charge user fees to cover the costs of services they provide, which include water, sewer, solid waste, electricity, stormwater, and telecommunications services.

Fund Financial Statements

The remaining statements are *fund financial statements* that focus on *individual parts* of City government and report the City's operations in *more detail* than the government-wide statements. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes and are used to ensure and demonstrate compliance with finance-related legal requirements.

The City has three kinds of funds:

--**Governmental funds** - Most of the City's basic services are included in governmental funds which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, governmental funds statements tell how general government services like public safety and public works were financed in the short term as well as what future spending remains. Because this information does not encompass the additional long-term focus of government-wide statements, additional information is provided at the bottom of the governmental funds statement explaining the differences between them.

--**Proprietary funds** - Services for which the City charges customers a fee are reported in proprietary funds, also referred to as enterprise funds. These include all the above-referenced utility funds listed in *business-type activities*. Proprietary fund statements offer short and long-term financial information about activities the City operates like a business.

--**Fiduciary funds** - The City is the trustee, or fiduciary, for collection of all property taxes within the City for all taxing districts, including the Two Rivers Public School District, Manitowoc Public School District, Manitowoc County and Lakeshore Technical College. All the City's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the City's government-wide financial statements because these assets cannot be used to finance operations.

Notes to the financial statements

The financial statements also include additional information that is essential to a full understanding of the information in the financial statements.

Required Supplemental Information

The *required supplementary information* further explains and supports the information in the financial statements related to the City's other postemployment benefit plans and the net pension liability (asset) of the Wisconsin Retirement System.

Other Supplemental Information

In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental and proprietary funds. The non-major funds are added together and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

Statement of Net Position

The City's combined Net Position total \$60,428,660, an increase of 9.6% from last year. Governmental Activities account for about 39.9% of the Net Position, Business-Type Activities for 60.1%.

Table A-1						
City Two Rivers Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$19,385,285	\$25,671,867	\$5,605,901	\$6,457,440	\$24,991,186	\$32,129,307
Capital assets, less depreciation	\$32,621,252	\$31,323,301	\$49,351,202	\$47,842,763	\$81,972,454	\$79,166,064
Total Assets	\$52,006,537	\$56,995,168	\$54,957,103	\$54,300,203	\$106,963,640	\$111,295,371
Deferred outflows	\$13,419,807	\$11,090,887	\$2,570,164	\$2,073,769	\$15,989,971	\$13,164,656
Long-term debt outstanding	\$21,238,029	\$23,135,581	\$18,026,410	\$18,411,900	\$39,264,439	\$41,547,481
Other Liabilities	\$5,255,789	\$2,021,269	\$1,641,548	\$1,440,302	\$6,897,337	\$3,461,571
Total Liabilities	\$26,493,818	\$25,156,850	\$19,667,958	\$19,852,202	\$46,161,776	\$45,009,052
Deferred Inflows	\$14,803,573	\$18,911,020	\$1,559,602	\$2,282,017	\$16,363,175	\$21,193,037
Net Position						
Net Investment in Capital Assets	\$18,505,975	\$17,671,413	\$32,623,229	\$30,349,996	\$51,129,204	\$48,021,409
Restricted	\$6,544,278	\$11,573,184	\$1,270,288	\$2,414,827	\$7,814,566	\$13,988,011
Unrestricted	-\$921,300	-\$5,226,412	\$2,406,190	\$1,474,930	\$1,484,890	-\$3,751,482
Total Net Position	\$24,128,953	\$24,018,185	\$36,299,707	\$34,239,753	\$60,428,660	\$58,257,938

The Net Pension Assets and Restricted Net Position are presented in accordance with GASB Statement No. 68, due to the City's participation in the Wisconsin Retirement System.

While we have seen major shifts from Unrestricted to Restricted Net Position in recent years, the Total Net Position on these financial statements reflect consistent growth:

Year	Governmental Activities	Business-type Activities	Total	Change %
2015	18,370,455	20,831,859	39,202,314	
2016	22,537,057	21,638,900	44,175,957	+12.7%
2017	25,625,074	22,438,576	48,063,650	+ 8.8%
2018	20,250,371	25,644,460	45,894,831	- 4.5%
2019	19,132,455	27,881,265	47,013,720	+ 2.4%
2020	19,036,264	29,295,275	48,331,539	+ 2.7%
2021	20,540,500	31,802,325	52,342,825	+ 8.3%
2022	24,018,185	34,239,753	58,257,938	+11.3%
2023	24,128,953	36,299,707	60,428,660	+3.7%

The City's Net Position for 2018 was greatly impacted on these statements by the cumulative effect of the change in accounting principle, due to the implementation of GASB Statement No. 75 related to other postemployment benefits.

In the past, the City's General Fund has contributed capital to the City's business activities. All business and government type activities are intended to be self-supporting entities. Net position of one entity is not permanently used by other entities. Contributions by the General Fund to the business type activities is intended to be repaid over time, as addressed in the "Financial Highlights" section above.

Table A-2
City of Two Rivers Statement of Activities
Changes in Net Position

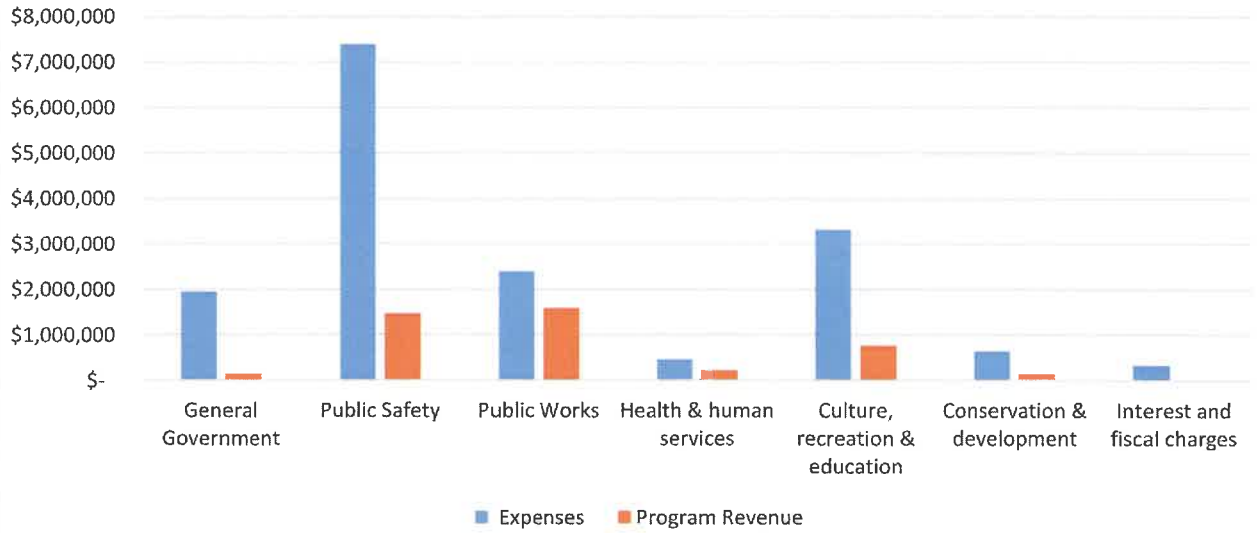
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 2,649,481	\$ 2,062,739	\$ 16,839,887	\$ 17,477,409	\$ 19,489,368	\$ 19,540,148
Operating Grant and Contributions	1,005,554	1,091,418	81,890	81,988	1,087,444	1,173,406
Capital Grants and Contributions	685,420	556,358	1,151,220	1,274,184	1,836,640	1,830,542
General Revenues						
Property Taxes	5,917,104	5,762,586	-	-	5,917,104	5,762,586
Other Taxes	324,551	300,612	-	-	324,551	300,612
Grants and Contributions not restricted to specific programs	4,287,640	4,310,127	-	-	4,287,640	4,310,127
Other	1,129,991	2,153,406	31,469	3,723	1,161,460	2,157,129
Total Revenues	\$ 15,999,741	\$ 16,237,246	\$ 18,104,466	\$ 18,837,304	\$ 34,104,207	\$ 35,074,550
Expenditures						
General Government	\$ 1,957,673	\$ 2,201,905	\$ -	\$ -	\$ 1,957,673	\$ 2,201,905
Public Safety	7,403,579	5,507,894	-	-	7,403,579	5,507,894
Public Works	2,402,409	1,567,136	-	-	2,402,409	1,567,136
Health & human services	469,014	459,493	-	-	469,014	459,493
Culture, recreation & education	3,320,144	2,646,382	-	-	3,320,144	2,646,382
Conservation & development	652,717	565,970	-	-	652,717	565,970
Interest and fiscal charges	343,749	515,879	-	-	343,749	515,879
Electric Utility	-	-	8,884,025	9,434,866	8,884,025	9,434,866
Water Utility	-	-	2,544,388	2,397,915	2,544,388	2,397,915
Sewer Utility	-	-	2,729,713	2,665,132	2,729,713	2,665,132
Telecommunications Utility	-	-	15,684	9,641	15,684	9,641
Solid Waste Utility	-	-	868,995	775,810	868,995	775,810
Stormwater Utility	-	-	341,395	411,414	341,395	411,414
Total Expenditures	\$ 16,549,285	\$ 13,464,659	\$ 15,384,200	\$ 15,694,778	\$ 31,933,485	\$ 29,159,437
Transfers	\$ 660,312	\$ 705,098	\$ (660,312)	\$ (705,098)	\$ -	\$ -
Change in Net Position	\$ 110,768	\$ 3,477,685	\$ 2,059,954	\$ 2,437,428	\$ 2,170,722	\$ 5,915,113
Net Position, Jan 1	\$ 24,018,185	\$ 20,540,500	\$ 34,239,753	\$ 31,802,325	\$ 58,257,938	\$ 52,342,825
Net position, December 31	\$ 24,128,953	\$ 24,018,185	\$ 36,299,707	\$ 34,239,753	\$ 60,428,660	\$ 58,257,938

Governmental Activities

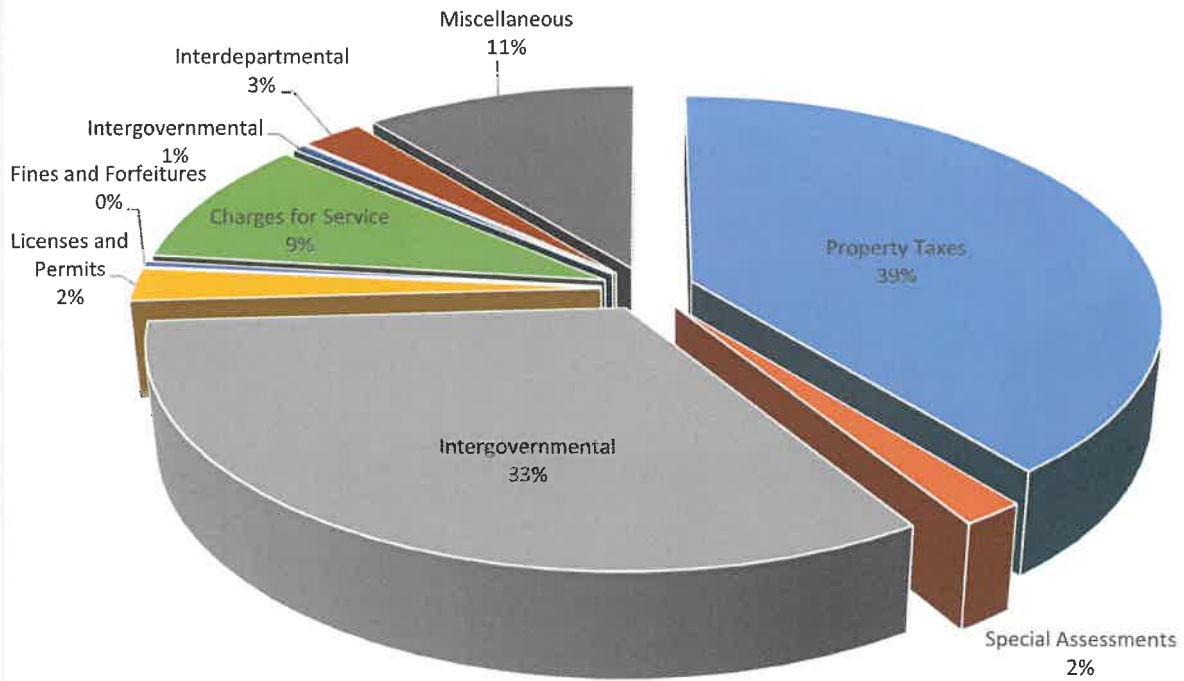
Property taxes increased 2.68% from 2022 to 2023 and have averaged an increase of .54% per year since 2018. City administration remains focused on keeping property taxes at a manageable level, working within the regulations of the State of Wisconsin Expenditure Restraint Program and Levy Limit Increase Program.

The net position of Governmental Activities increased by \$110,768 driven by leverage of grant programs, cost savings measures taken, depreciation of assets, and the recording of actuarial transactions of pension and postemployment benefits. The average change to the net position of Governmental Activities over the last five years has been +\$747,102 per year.

Governmental Funds-Expense & Revenues



Revenues by Source - Governmental Funds

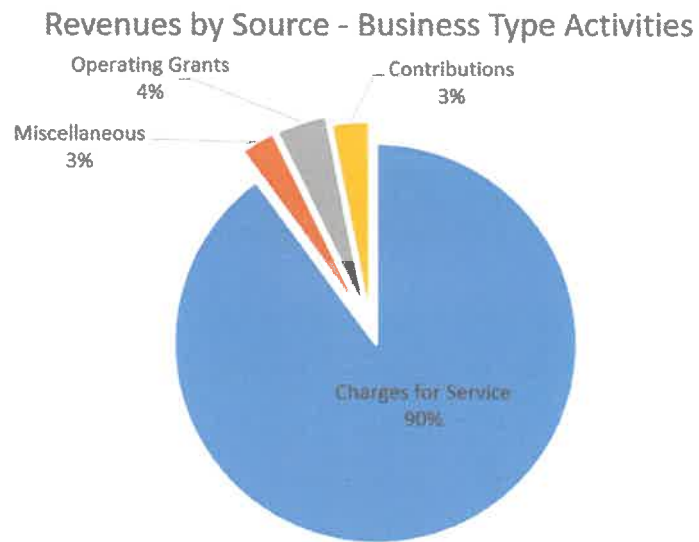
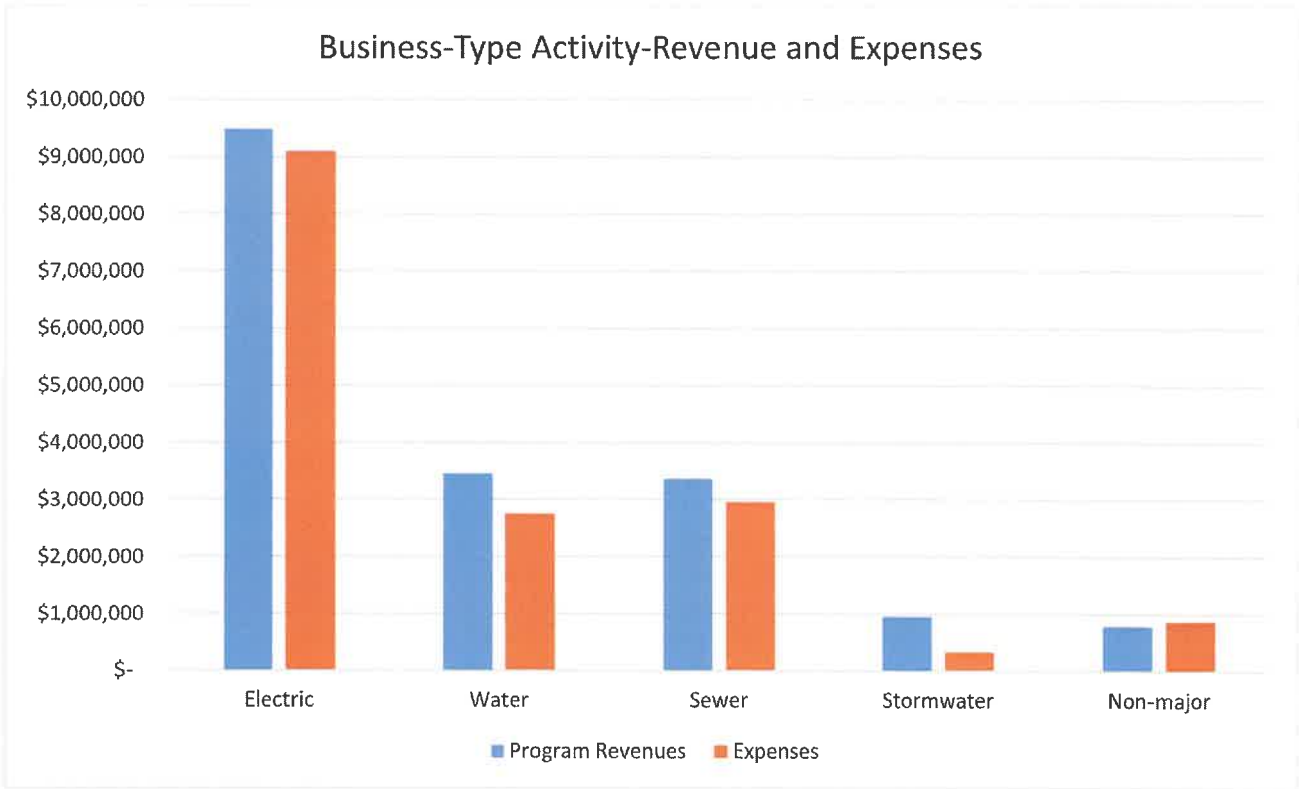


Business-type Activities

Operating Revenue for the City's business-type activities totaled \$16,831,180, down 3.7% from 2022, with user fees accounting for 91.0% of all operating revenues. Business-type operating expenses totaled \$14,911,526, down 2.2% from 2022. The electric utility is the largest business type fund, accounting for 59.4% of all business-type operating expense activity. The water and sewer utilities operating expenses were \$2.4 million and \$2.5 million, respectively.

Table A-3
Change in Business Type Activity Net Position

Operating Revenues	Electric Utility	Water Utility	Sewer Utility	Telecom Utility	Solid Waste	Stormwater Utility	Total 2023	Total 2022
Charges for services	\$ 9,361,382	\$2,984,251	\$ 2,941,591	\$ -	\$ 469,946	\$ 660,411	\$16,417,581	\$16,949,452
Other	115,574	32,180	12,314	-	237,646	-	397,714	527,957
Total Operating Revenues	9,476,956	3,016,431	2,953,905	-	707,592	660,411	16,815,295	17,477,409
Operating Expenses								
Operating and maintenance	8,400,291	1,837,877	1,665,702	1,743	868,684	162,101	12,936,398	13,155,715
Depreciation	369,241	484,068	827,100	13,941	-	114,061	1,808,411	1,917,592
Taxes	81,911	46,049	38,757	-	-	-	166,717	167,521
Total Operating Expenses	8,851,443	2,367,994	2,531,559	15,684	868,684	276,162	14,911,526	15,240,828
Operating Income (Loss)	625,513	648,437	422,346	(15,684)	(161,092)	384,249	1,903,769	2,236,581
Nonoperating Revenues (Expense)								
Grants	-	446,761	392,366	-	81,890	193,202	1,114,219	781,474
Interest Expense	(15,861)	(176,394)	(198,154)	-	(311)	(65,233)	(455,953)	(429,740)
Other	(16,721)	-	-	15,885	-	12,972	12,136	(20,487)
Total Nonoperating Revenues (Expenses)	(32,582)	270,367	194,212	15,885	81,579	140,941	670,402	331,247
Net Income (Loss)	592,931	918,804	616,558	201	(79,513)	525,190	2,574,171	2,567,828
Customer Contributions	15,491	-	27,204	-	-	103,400	146,095	574,698
Net Transfers In (Out)	(223,662)	(206,130)	(228,486)	-	(2,034)	-	(660,312)	(705,098)
Change in Net Position	384,760	712,674	415,276	201	(81,547)	628,590	2,059,954	2,437,428
Net Position - Jan 1	9,726,560	8,403,736	9,927,250	117,465	168,218	5,896,524	34,239,753	31,802,325
Net Position - Dec. 31	\$10,111,320	\$9,116,410	\$10,342,526	\$ 117,666	\$ 86,671	\$6,525,114	\$36,299,707	\$34,239,753



Historically, the Business-type Activities are making efforts to keep operating expenses in control. While we've seen decreases in demand from our customers, we've needed to constantly search for efficiencies and streamline our processes to keep expenses in control.

Year	Total Operating Expenses	Change %
2014	\$ 13,696,868	
2015	13,387,050	-2.3%
2016	13,462,619	+ .6%
2017	13,433,217	- .2%
2018	13,428,940	- .0%
2019	13,226,522	-1.5%
2020	13,911,780	+5.2%
2021	14,131,717	+1.6%
2022	15,240,828	+7.8%
2023	14,911,526	-2.2%

The average increase in Operating Expenses has been 1% per year since 2014.

The most recent **Electric Utility** rate increase took effect May 1, 2020. Operating Expenses decreased \$536,733 from 2022, mainly driven by a \$645,730 (-8.7%) decrease in purchased power costs due to lower demands from our customers and lower power costs from our supplier. Other than Purchased Power Costs, Operating Expenses increased \$108,997 (5.5%). The Electric Utility increased its Net Position \$384,760 in 2023.

In the **Water Utility**, our current rates became effective on September 1, 2018. This increased rates an average of 14%. This utility has continued to work at trimming operating expenses to reduce its cash deficit. In 2023, revenues were up 3.4%. Operating expenses were up 4.7%, due to increased depreciation, inflationary increases in supply costs, and pay increases for utility employees to remain competitive with other utilities. The Utility continues to invest in plant efficiencies, cost savings procedures and the elimination of lead services. The Water Utility increased its Net Position \$712,674 in 2023.

The **Sewer Utility** most recently raised rates effective August 1, 2022. The increase was needed to invest in plant improvements, system infrastructure, and overall financial health of the Utility. The Wastewater facility has gone through extensive remodeling and upgrading over the last six years to improve efficiency and ensure its ability to comply with environmental restrictions in the future. While the cash position of this utility has improved, staff continues to analyze revenues and expenses to solidify its financial position. Due to the increased amount of debt service related to the plant upgrades and remodeling and the ongoing infrastructure replacement, utility staff will do regular rate reviews to ensure the utility's financial stability in the future. In 2023, Operating Revenues increased 1.3% and Operating Expenses increased 4.7%. The Sewer Utility increased its Net Position \$415,276 in 2023.

In the last part of 2014, the City created a **Stormwater Utility**. This user fee has raised money to maintain the City's Stormwater infrastructure and to fund mandated runoff programs. The fund has performed well, creating equity reserves that are being invested in much-needed infrastructure. The Stormwater Utility increased its Net Position \$628,590 in 2023.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed 2023, its governmental funds reported a combined fund balance of \$6,749,212. The City is making every attempt not to draw on its fund balance and is continuing to concentrate on rebuilding the General Fund Balance. This continues to be a major challenge, as General Fund revenues from both property taxes and intergovernmental sources have been restricted, frozen or reduced. While the activity in 2023 does not reflect it, the City has seen significant improvement in the Unassigned category in recent years due to the reduction of cash deficit in other funds, most significantly in the Water Utility. The chart below shows a history of the Fund Balance for Governmental Funds:

Summary of Fund Balance for Government Funds

Year	Fund Balance	Nonspendable	Restricted	Committed	Unassigned
2011	\$ 7,102,083	\$ 3,208,736	\$ 5,502,734	\$ 424,424	\$ (2,033,811)
2012	6,221,759	2,938,240	4,410,213	368,072	(1,494,766)
2013	5,786,344	3,005,684	3,472,718	1,335,350	(2,027,408)
2014	5,910,200	2,682,999	3,020,131	1,289,687	(1,082,617)
2015	4,488,158	2,893,674	2,576,394	620,359	(1,602,269)
2016	4,855,232	3,173,913	2,856,578	923,268	(2,098,527)
2017	5,759,328	3,215,134	2,996,793	1,145,941	(1,598,540)
2018	4,663,934	4,116,560	3,089,522	707,006	(3,249,154)
2019	5,942,069	3,004,735	3,955,820	760,663	(1,779,149)
2020	6,322,303	2,466,515	3,963,047	702,364	(809,623)
2021	6,640,500	2,223,949	2,879,845	1,767,456	(230,750)
2022	8,221,143	2,484,460	4,203,414	2,264,873	(731,604)
2023	6,749,212	2,315,575	3,261,962	1,911,091	(739,416)

GENERAL FUND BUDGETARY HIGHLIGHTS

All budgets are adopted at the department level of expenditures. In 2023, General Fund revenues fell short of the budgeted amount by \$382,339 (3.8% of budget) per both summarized and detailed budget schedules in the statements. Total expenditures were \$122,146 under budget (1.1% of budget), resulting in a \$194,588 operating deficit and year-end Fund Balance in the General Fund of \$2,151,296.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Net Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year.

Table A-4
City of Two Rivers Capital Assets
(Net of Depreciation/Amortization and Related Debt)

	Governmental Activities	Business Type Activities	Total
Land	\$ 893,577	\$ 36,944	\$ 930,521
Construction in Progress	326,161	3,795,276	4,121,437
Buildings	15,149,355	8,469,001	23,618,356
Improvements	5,169,135	47,925,433	53,094,568
Equipment	12,686,066	20,461,616	33,147,682
Infrastructure	38,900,764	-	38,900,764
Lease Assets-Machinery & Equipment	627,362	205,343	832,705
Total Capital Assets	\$ 73,752,420	\$ 80,893,613	\$ 154,646,033
Less: Acc. Depreciation & Amortization	(41,131,168)	(31,542,411)	(72,673,579)
Less: Related long-term debt outstanding	(14,115,277)	(16,727,973)	(30,843,250)
Total Invested in Capital Assets	\$ 18,505,975	\$ 32,623,229	\$ 51,129,204

A comparison to this information in the 2015 financial statement shows the reinvestment in the community that the City is making. Total Capital Assets have increased \$40,425,909 in that period (average of \$5.05 million per year). At the same time, the related outstanding debt has increased \$4,997,576 (average of \$624,697 per year).

Long-term Debt

At year-end, the City had \$16,866,317 in outstanding general obligation (G.O.) debt that is subject to statutory debt limitations. That amount of debt is equivalent to 41.87% of the statutory debt limit (5% of equalized valuation, or \$40,280,180 as of December 31, 2023). This level of G.O. debt is in compliance with City's long-term policy of staying at or below 60% of the statutory limit. The City had fallen out of compliance with this self-imposed policy as the result of issuing debt for water and sewer projects in 2011 as G.O. debt, rather than revenue debt, due to the weak financial condition of the water and sewer utilities. Also, the City had need to replace a lift span bridge which the City was able to secure a large amount of Federal and State funding; however, the City share of the project was over \$3 million. This amount is included in our G.O. debt. The philosophy of current City leadership is that the need for on-going infrastructure improvements has outweighed the need to stay within that 60 percent guideline.

During this period, the City also saw significant decreases in Equalized Values caused both by national economic conditions (2007-09 "Great Recession") and a major local plant closure in 2011-13. (see Equalized Value History in the *Economic Development & Community Notes* section on the following page). Equalized values have increased in years 2019-23, including an increase of 16% in 2023, and due to the local housing market the City anticipates 2024 will maintain this trend. The City's legal margin for new G.O. debt as of December 31, 2023 is \$23,413,863, compared to December 31, 2022 of \$16,418,032

Outstanding revenue bonds to be repaid from the Water Utility totaled \$3,541,734 at the end of 2023, associated with a \$4.2 million upgrade of the water filtration plant, completed in 2005 (funded through a 20-year Safe Drinking Water Fund borrowing, at 2.365%) and various infrastructure projects. The final debt service payment on the plant upgrade debt was made in 2023, eliminating a \$278,000 annual debt payment.

Outstanding revenue bonds to be repaid from the Sewer Utility totaled \$9,462,250 at the end of 2023. This debt is associated with a \$6.2 million upgrade of the wastewater treatment plant completed in 2009 (funded through a 20-year Clean Water Fund borrowing at 2.39%), a major renovation of the wastewater treatment plant started in 2018 (funded through a 20-year Clean Water Fund borrowing at 1.87%), and Phase Two of the major renovation started in 2019 (funded through a 20-year Clean Water Fund borrowing at 1.65%).

Outstanding State Trust Fund loans to be repaid from the Electric Utility totaled \$146,268 at the end of 2023. It represents the remaining balance on a debt issue to cover the Electric Utility's portion of the Wisconsin Retirement Unfunded Pension Liability.

The Stormwater Utility is responsible for repayment of \$1,414,704 in revenue bond debt. This debt was issued for Stormwater infrastructure and shoreline erosion protection in 2020 and for a stormwater retention pond project in 2021.

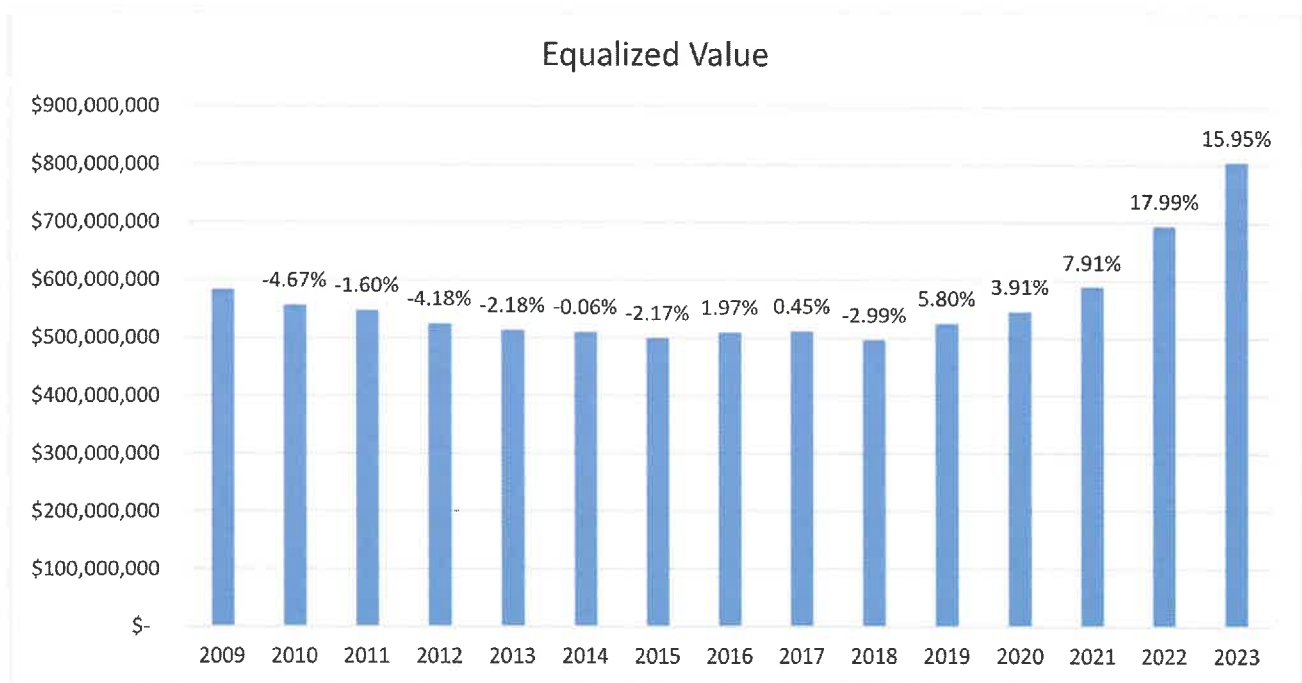
The Solid Waste Utility took out a small loan to eliminate its share of the Wisconsin Retirement Unfunded Pension Liability. The principal balance on this loan as of the end of 2021 is \$7,604.

The above-cited utility revenue bonds do not affect the City’s borrowing capacity for general obligation debt.

ECONOMIC DEVELOPMENT & COMMUNITY NOTES

The City’s location on the shore of Lake Michigan, with well-maintained infrastructure, sound housing, and available residential development land, makes it attractive for residential and small business development.

The City’s Equalized Value for 2023 is the highest it has ever been, recovering from when the area was feeling the impact of a recession and a local plant closing. Equalized value had increased an average of 3% annually from 2005 to 2009. The recession of 2008 had an adverse impact on the local tax base, reflective of the declines experienced in other areas of the state and nation. Total Equalized Value, dating back to its previous high point in 2009, is as follows:



The City’s development efforts in recent years have addressed both new, greenfield development, and the redevelopment of existing sites in the community. Its twelve active tax incremental financing (TIF) districts are performing well, with \$42.7 million in new tax base created. The total equalized value of the TIF districts is \$62.1 million. Three more districts were created in 2021 and another in one in 2022. These districts are projected to have a significant impact in coming years. Wisconsin’s TIF law has created new opportunities for existing TIF districts to spur additional development. Two Rivers has also used its \$2.5 million Economic Development Revolving Loan Fund to help finance various commercial and manufacturing projects.

As a mature community with a relatively modest tax base, the City continues to be heavily dependent on State Shared Revenue and Expenditure Restraint Programs, which account for about 39% of its General Fund Revenue Budget. This major revenue source has seen no growth in recent years. Aggressive cost-cutting strategies have helped hold down growth in operating budgets and the City’s tax rate; 28 full-time positions have been eliminated from a workforce of 140 over the past 15 years, largely through attrition. The City’s 2023 General Fund budget is

\$1,899,000 more than the 2000 General Fund Budget, resulting in a 19.9% increase over 23 years, or .87% annually. This reflects the aggressive cost containment that has been occurring over the last 23 years.

Use of a five-year capital improvement plan, updated annually, has allowed the City to re-invest aggressively in its infrastructure, while keeping debt levels manageable. Debt retirement schedules are aggressive, with approximately 98% of G.O. debt principal due in 10 years or less. Reinvestment in City facilities and infrastructure is viewed as essential for the long-term economic health of the City, and significant Federal and State funds (notably for street and bridge projects) have been leveraged by the City to aid such reinvestment. A debt policy was adopted in 2007, which formalized the City's longstanding practice of maintaining general obligation debt levels at or below 60% of statutory limits.

Economic Development Activity and Investments in City Infrastructure and Quality of Life Facilities

Industrial Development

Athens Development, LLC in December 2023 closed on the purchase a 9-acre parcel in the City's Woodland Industrial Park, and in July 2024 broke ground for new 28,000 SF facility that will house the truss manufacturing division of Braun Building Supply of nearby Manitowoc. The \$2.1 million project is being assisted with a pay-go grant from City Tax Incremental District No. 14.

Driver Solutions, Inc., a delivery/logistics company based in nearby Manitowoc, has been approved for the purchase of a 2.5 acre parcel at the Woodland Industrial Park. The company plans to relocate from its current leased quarters to a new, 6,000 SF facility to be constructed in 2025.

Downtown, Commercial and Tourism Development

Wine Not LLC completed a \$2.5 million redevelopment of a vacant downtown bank building in 2021. Opening late in 2022 as Cool City Brewing Company, the project converted the building into a coffee house, restaurant and micro brewery. In a separate purchase, Wine Not LLC also purchased a long-vacant, former gas station with plans to invest funds in developing the building into a mixed-use retail establishment.

Starbucks is in the process of constructing a new, 2,448 SF freestanding coffee shop with drive-through on a redevelopment parcel on Washington Street in the downtown area. Opening is planned for Fall 2024.

Cozy B's Family Diner opened in mid-July 2024 after remodeling a vacant restaurant building on Jefferson Street in downtown. The diner offers breakfast and lunch.

Wildflower Outdoors, a retail store featuring camping and beach gear and outdoor apparel, opened in June 2024 on East Street, midway between downtown and the City's popular Lake Michigan beach.

Pop-Start Restaurants, LLC has a contract to purchase a vacant small restaurant building on 22nd Street in the downtown, where it plans to open a wood-fire pizza restaurant and catering business. The \$420,000 project is being assisted with a \$60,000 City loan and \$10,000 grant from Tax Incremental District 8.

Tourism continues to grow in the city. Fueled by the opening of the new 55-room Cobblestone Hotel in downtown (completed 2020) and an increasing number of vacation rental properties (now nearly 50), room tax revenues in 2023 totaled \$323,984, an increase of more than 175 percent over 2019. Year to date, 2024 room tax revenues are running more than 10 percent ahead of 2023.

Area Economy

Located 10 miles north of the city limits, **Next Era Energy's Point Beach Nuclear Power Plant** is a major factor in the local economy. The plant's two reactors are currently licensed to operate through 2030 and 2033. A \$500 million upgrade project was completed in 2011, resulting in a 17% increase in the plant's power output. The project also enhanced the long-term viability of the facility, which has a permanent workforce of 700 people and provides employment for many contractors. Next Era Energy is pursuing re-licensing of the reactors, each for an additional 20 years of operation.

One large solar energy project was completed in 2020 in an area adjacent to the Point Beach Nuclear Plant and a second was completed in 2021. The 150 megawatt Two Creeks Solar project is a joint project of Wisconsin Public Service Corporation and Madison Gas and Electric, who invested an estimated \$195 million in the project, which began producing energy in November 2020. The 100-megawatt Point Beach Solar project was constructed by Next Era Energy to provide energy per a long-term purchase power contract with WPPI Energy, wholesale electricity provider to Two Rivers and 50 other municipal utilities.

Housing

Washington Highlands Senior Apartments & Condominiums. Construction of a new, eight-unit, market rate senior apartment building was completed in 2018. This \$1.2 million investment added to the valuation of this financially healthy redevelopment TID, consisting of residential condos and apartments on the former Two Rivers High School site. Construction was completed in 2021 on three additional 2-unit condominiums. An additional 2-unit structure is under construction in 2024

Sandy Bay Highlands Conservation Subdivision, Phase 3. There are currently 28 single family homes in this city-developed subdivision. Eight new homes were completed in 2023, and Phases 1 and 2 of the subdivision are nearly sold out. The City Council in August 2024 approved a contract for extending public utility and street infrastructure to serve an additional 26 home sites. Average market value of the homes in this development is just under \$400,000.

West River Lofts Affordable Housing. The City has a preliminary development agreement with Milwaukee Developer Scott Crawford, Inc., to provide assistance from Tax incremental District No. 17 for a 54-unit apartment development on a former industrial site on the West Twin River. The \$14 million project is proposed to start construction in the Fall of 2024.

Community Quality of Life

Central Park West 365, a City-led project to redevelop the west half of the downtown park, was completed in mid-2023. Grants and donations funded two-thirds of the cost of this \$1.8 million project that created a year-round venue for outdoor activities in the heart of downtown. Features include a splash pad, ice skating rink, concession building, restrooms and a performance stage. Construction was completed, and a ribbon cutting and dedication took place in July 2023.

Neshotah Park. A new Master Plan for this 50-acre park, which is also home to the City's very popular Lake Michigan beach, was developed and adopted in 2023. Also in 2023, the City completed the first major improvement project identified in that plan: installation of a new destination playground, at a cost of \$400,000.

An automated beach hazard warning system was installed in Summer 2024, funded with room tax funds awarded by the City's Room Tax Commission. Connected directly to the National Weather Service's Beach Hazard Warning System, the signs provide beachgoers with vital information about beach hazard advisories in real time. Lighting and access improvements have also been completed in 2024, at a cost of approximately \$130,000. The City is pursuing grant funding for further improvements in 2025.

Wayside on Memorial Drive. In 2020, the City finalized the transfer of a five-acre facility on the shores of Lake Michigan from the Wisconsin Department of Transportation. Adjacent additional acreage was acquired from Manitowoc County.. The City has assumed the responsibility of upkeep and maintenance on the facilities and the grounds, including the investment already made in tree plantings. In 2018, the “Spirit of the Rivers” sculpture, a large piece of community-funded public art, was installed on the site. Budget for the Spirit project, funded entirely from private sources, was \$1.6 million.

Working with Woodland Dune Nature Center, the City is pursuing project to further enhance the area, including planting of pollinator gardens and restoration of Forget-Me-Not Creek, which flows into Lake Michigan at the wayside.

Woodland Dunes Nature Center & Preserve recently completed construction on a 5,000 square-foot expansion to its Nature Center. The \$2.2 million project, funded through a capital campaign, will accommodate larger groups for school visits, classes, and workshop.

Van Der Brohe Arboretum. This private not-for-profit organization purchased a former 65-acre golf course in 2020 and is in the midst of long-term plans to develop the property into an ecological center focused on providing an environment for the cultivation and display of a variety of tree types and plant species. Construction of the walking trails, installation of art displays, and planting of a variety of vegetation occurred in 2021. Plans include the construction of a visitor’s center and an outdoor event venue.

City Utilities

Ongoing review of five-year utility business plans and more frequent rate filings by the City's utilities is intended to eliminate past utility fund deficits that have been covered by loans from the General Fund. With a revenue base made up largely of residential customers, demand for utility services is growing slowly; aggressive cost containment measures along with prudent rate adjustments are necessary to put the utility funds back “in the black.”

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional information, please contact:

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BASIC FINANCIAL STATEMENTS

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 8,296,939	\$ 2,285,694	\$ 10,582,633
Receivables:			
Taxes	4,088,898	65,141	4,154,039
Accounts	202,589	2,294,956	2,497,545
Special Assessments	642,237	275,248	917,485
Loans	3,574,911	-	3,574,911
Other	-	111,165	111,165
Leases	151,035	-	151,035
Internal Balances	1,717,084	(1,717,084)	-
Due from Other Governments	-	541,799	541,799
Prepaid Items	711,592	478,694	1,190,286
Restricted Assets:			
Cash and Investments	-	1,270,288	1,270,288
Capital Assets, Nondepreciable / Nonamortizable	1,219,738	3,832,220	5,051,958
Capital Assets, Depreciable / Amortizable, Net	31,401,514	45,518,982	76,920,496
Total Assets	<u>52,006,537</u>	<u>54,957,103</u>	<u>106,963,640</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	12,293,930	2,352,639	14,646,569
Other Postemployment Benefit Related Amounts	1,125,877	217,525	1,343,402
Total Deferred Outflows of Resources	<u>13,419,807</u>	<u>2,570,164</u>	<u>15,989,971</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 395,716	\$ 738,865	\$ 1,134,581
Accrued and Other Current Liabilities	430,698	54,775	485,473
Due to Other Governments	23,817	-	23,817
Accrued Interest Payable	201,946	115,982	317,928
Special Deposits	38,136	103,160	141,296
Unearned Revenues	876,546	-	876,546
Long-Term Obligations:			
Due within One Year	2,371,686	1,550,450	3,922,136
Due in More than One Year	13,652,918	15,466,260	29,119,178
Other Postemployment Benefits:			
Due within One Year	419,303	33,304	452,607
Due in More than One Year	4,794,122	976,396	5,770,518
Net Pension Liability	3,288,930	628,766	3,917,696
Total Liabilities	<u>26,493,818</u>	<u>19,667,958</u>	<u>46,161,776</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	6,504,876	-	6,504,876
Lease Related	151,035	-	151,035
Pension Related Amounts	6,891,629	1,317,515	8,209,144
Other Postemployment Benefit Related Amounts	1,256,033	242,087	1,498,120
Total Deferred Inflows of Resources	<u>14,803,573</u>	<u>1,559,602</u>	<u>16,363,175</u>
NET POSITION			
Net Investment in Capital Assets	18,505,975	32,623,229	51,129,204
Restricted:			
Housing and Business Loans	4,995,842	-	4,995,842
Library Operations and Donations	103,194	-	103,194
WDF Administrative	200	-	200
EMS Act 102 Grant	27,831	-	27,831
Affordable Housing	141,477	-	141,477
Medical/Hospital Equipment	24,598	-	24,598
Tax Incremental Districts	1,251,136	-	1,251,136
Debt Service	-	72,755	72,755
Capital Assets	-	1,197,533	1,197,533
Unrestricted	(921,300)	2,406,190	1,484,890
Total Net Position	<u>\$ 24,128,953</u>	<u>\$ 36,299,707</u>	<u>\$ 60,428,660</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ 1,957,673	\$ 72,711	\$ 50,319
Public Safety	7,403,579	1,316,210	111,488
Public Works	2,402,409	698,988	534,906
Health and Human Services	469,014	209,701	12,127
Culture and Recreation	3,320,144	210,288	296,714
Conservation and Development	652,717	141,583	-
Interest and Fiscal Charges	343,749	-	-
Total Governmental Activities	16,549,285	2,649,481	1,005,554
Business-Type Activities:			
Electric Utility	8,884,025	9,476,956	-
Water Utility	2,544,388	3,016,431	-
Sewer Utility	2,729,713	2,953,905	-
Telecommunications Utility	15,684	15,885	-
Solid Waste	868,995	707,592	81,890
Stormwater Utility	341,395	669,118	-
Total Business-Type Activities	15,384,200	16,839,887	81,890
 Total Functions/Programs	\$ 31,933,485	\$ 19,489,368	\$ 1,087,444

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Program Revenues		Net Revenue (Expense) and Changes in Net Position	
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 21,357	\$ (1,813,286)	\$ -	\$ (1,813,286)
Public Safety	45,490	(5,930,391)	-	(5,930,391)
Public Works	355,234	(813,281)	-	(813,281)
Health and Human Services	-	(247,186)	-	(247,186)
Culture and Recreation	263,339	(2,549,803)	-	(2,549,803)
Conservation and Development	-	(511,134)	-	(511,134)
Interest and Fiscal Charges	-	(343,749)	-	(343,749)
Total Governmental Activities	685,420	(12,208,830)	-	(12,208,830)
Business-Type Activities:				
Electric Utility	15,491	-	608,422	608,422
Water Utility	446,761	-	918,804	918,804
Sewer Utility	419,570	-	643,762	643,762
Telecommunications Utility	-	-	201	201
Solid Waste	-	-	(79,513)	(79,513)
Stormwater Utility	296,602	-	624,325	624,325
Total Business-Type Activities	1,178,424	-	2,716,001	2,716,001
Total Functions/Programs	\$ 1,863,844	(12,208,830)	2,716,001	(9,492,829)
GENERAL REVENUES AND TRANSFERS				
Taxes:				
Property Taxes		5,917,104	-	5,917,104
Other Taxes		324,551	-	324,551
Federal and State Grants and Other Contributions				
Not Restricted to Specific Functions		4,287,640	-	4,287,640
Interest and Investment Earnings		589,894	4,265	594,159
Miscellaneous		382,459	-	382,459
Gain on Sale of Asset		157,638	-	157,638
Transfers		660,312	(660,312)	-
Total General Revenues and Transfers		12,319,598	(656,047)	11,663,551
CHANGE IN NET POSITION		110,768	2,059,954	2,170,722
Net Position - Beginning of Year		24,018,185	34,239,753	58,257,938
NET POSITION - END OF YEAR		\$ 24,128,953	\$ 36,299,707	\$ 60,428,660

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Housing Revolving Loans	Nonmajor Governmental Funds	Total
Cash and Investments	\$ 906,190	\$ 1,269,435	\$ 197,269	\$ 5,898,757	\$ 8,271,651
Receivables:					
Taxes	1,731,105	1,471,197	-	869,816	4,072,118
Delinquent Taxes	16,780	-	-	-	16,780
Accounts	198,390	-	-	4,199	202,589
Special Assessments	642,237	-	-	-	642,237
Loans	-	-	2,385,893	1,189,018	3,574,911
Leases	151,035	-	-	-	151,035
Due from Other Funds	1,649,335	-	-	637,006	2,286,341
Prepaid Items	711,592	-	-	-	711,592
Total Assets	\$ 6,006,664	\$ 2,740,632	\$ 2,583,162	\$ 8,598,796	\$ 19,929,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 145,284	\$ 29,002	\$ 58,718	\$ 162,712	\$ 395,716
Accrued and Other Current Liabilities	415,018	-	-	15,680	430,698
Due to Other Funds	-	-	-	569,257	569,257
Due to Other Governments	23,817	-	-	-	23,817
Special Deposits	33,222	-	-	4,914	38,136
Unearned Revenues	74,500	-	-	802,046	876,546
Total Liabilities	691,841	29,002	58,718	1,554,609	2,334,170
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	2,397,442	2,589,571	-	1,517,863	6,504,876
Unavailable revenue	72,000	-	-	-	72,000
Loans Receivable	-	-	2,385,893	1,189,018	3,574,911
Lease Related	151,035	-	-	-	151,035
Special Assessments	543,050	-	-	-	543,050
Total Deferred Inflows of Resources	3,163,527	2,589,571	2,385,893	2,706,881	10,845,872
FUND BALANCES					
Nonspendable	2,315,575	-	-	-	2,315,575
Restricted	-	122,059	138,551	3,001,352	3,261,962
Committed	-	-	-	1,911,091	1,911,091
Unassigned	(164,279)	-	-	(575,137)	(739,416)
Total Fund Balances	2,151,296	122,059	138,551	4,337,306	6,749,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,006,664	\$ 2,740,632	\$ 2,583,162	\$ 8,598,796	\$ 19,929,254

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 6,749,212
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	32,621,252
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	4,189,961
Net position of the internal service fund is reported in the Statement of Net Position as governmental activities.	25,288
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds:	
Deferred Outflows Related to Pensions	12,293,930
Deferred Inflows Related to Pensions	(6,891,629)
Deferred Outflows Related to Other Postemployment Benefits	1,125,877
Deferred Inflows Related to Other Postemployment Benefits	(1,256,033)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(14,821,195)
Premium on Debt	(502,763)
Lease Liability	(499,588)
Compensated Absences	(201,058)
Net Pension Liability	(3,288,930)
Other Postemployment Benefits Liability	(5,213,425)
Accrued Interest on Long-Term Obligations	<u>(201,946)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 24,128,953</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Housing Revolving Loans	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 2,261,569	\$ 2,518,625	\$ -	\$ 1,473,013	\$ 6,253,207
Special Assessments	249,026	-	-	48,378	297,404
Intergovernmental	4,632,667	-	-	612,085	5,244,752
Licenses and Permits	378,607	-	-	-	378,607
Fines and Forfeits	68,935	-	-	-	68,935
Public Charges for Services	1,321,769	-	-	160,129	1,481,898
Intergovernmental Charges for Services	80,182	-	-	-	80,182
Interdepartmental Charges for Services	387,464	-	-	-	387,464
Miscellaneous	368,387	193,096	86,977	1,085,084	1,733,544
Total Revenues	<u>9,748,606</u>	<u>2,711,721</u>	<u>86,977</u>	<u>3,378,689</u>	<u>15,925,993</u>
EXPENDITURES					
Current:					
General Government	1,272,471	-	-	70,867	1,343,338
Public Safety	6,302,242	-	-	79,611	6,381,853
Public Works	1,927,693	-	-	126,533	2,054,226
Health and Human Services	376,166	-	-	74,304	450,470
Culture and Recreation	1,258,770	-	-	2,278,119	3,536,889
Conservation and Development	-	-	120,427	962,082	1,082,509
Capital Outlay	82,434	-	-	1,886,695	1,969,129
Debt Service:					
Principal	-	2,229,293	-	6,454	2,235,747
Interest and Fiscal Charges	-	590,169	-	11,330	601,499
Total Expenditures	<u>11,219,776</u>	<u>2,819,462</u>	<u>120,427</u>	<u>5,495,995</u>	<u>19,655,660</u>
DEFICIT OF REVENUES OVER (UNDER) EXPENDITURES	(1,471,170)	(107,741)	(33,450)	(2,117,306)	(3,729,667)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	1,500	-	1,163,500	1,165,000
Lease Proceeds	405,911	-	-	-	405,911
Premium on Debt Issued	-	29,908	-	-	29,908
Proceeds from Sale of Capital Assets	203,618	-	-	135,638	339,256
Transfers In	1,106,320	289,466	-	1,160,455	2,556,241
Transfers Out	(439,267)	(72,803)	-	(1,726,510)	(2,238,580)
Total Other Financing Sources (Uses)	<u>1,276,582</u>	<u>248,071</u>	<u>-</u>	<u>733,083</u>	<u>2,257,736</u>
NET CHANGE IN FUND BALANCES	(194,588)	140,330	(33,450)	(1,384,223)	(1,471,931)
Fund Balances - Beginning of Year	<u>2,345,884</u>	<u>(18,271)</u>	<u>172,001</u>	<u>5,721,529</u>	<u>8,221,143</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,151,296</u>	<u>\$ 122,059</u>	<u>\$ 138,551</u>	<u>\$ 4,337,306</u>	<u>\$ 6,749,212</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (1,471,931)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Assets Reported as Expenditures in Governmental Fund Statements	3,247,820
Depreciation and Amortization Expense Reported in the Statement of Activities	(1,788,641)
Net Book Value of Disposals	(161,228)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned: 166,105

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Long-Term Debt Issued	(1,165,000)
Lease Liability Issued	(405,911)
Premium on Debt Issued	(29,908)
Principal Repaid	2,142,796
Lease Liability Principal Repaid	92,951

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	102,642
Amortization of Premiums	155,108
Compensated Absences	5,227
Net Pension Liability (Asset)	(8,295,549)
Deferred Outflows of Resources Related to Pensions	2,534,158
Deferred Inflows of Resources Related to Pensions	4,899,821
Other Postemployment Benefits Liability	1,102,289
Deferred Outflows of Resources Related to Other Postemployment Benefits	(205,238)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(803,735)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (11,008)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities \$ 110,768

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,260,020	\$ 2,260,020	\$ 2,261,569	\$ 1,549
Special Assessments	169,000	169,000	249,026	80,026
Intergovernmental	4,586,925	4,586,925	4,632,667	45,742
Licenses and Permits	303,500	303,500	378,607	75,107
Fines and Forfeits	90,500	90,500	68,935	(21,565)
Public Charges for Services	1,421,500	1,421,500	1,321,769	(99,731)
Intergovernmental Charges for Services	152,500	152,500	80,182	(72,318)
Interdepartmental Charges for Services	585,000	585,000	387,464	(197,536)
Miscellaneous	562,000	562,000	368,387	(193,613)
Total Revenues	<u>10,130,945</u>	<u>10,130,945</u>	<u>9,748,606</u>	<u>(382,339)</u>
EXPENDITURES				
Current:				
General Government	1,572,552	1,572,552	1,272,471	300,081
Public Safety	6,260,905	6,260,905	6,302,242	(41,337)
Public Works	1,635,034	1,635,034	1,927,693	(292,659)
Health and Human Services	379,372	379,372	376,166	3,206
Culture and Recreation	1,249,767	1,249,767	1,258,770	(9,003)
Capital Outlay	-	-	82,434	(82,434)
Total Expenditures	<u>11,097,630</u>	<u>11,097,630</u>	<u>11,219,776</u>	<u>(122,146)</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(966,685)	(966,685)	(1,471,170)	(504,485)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	405,911	405,911
Proceeds From Sale of Capital Assets	60,000	60,000	203,618	143,618
Transfers In	1,252,005	1,252,005	1,106,320	(145,685)
Transfers Out	(345,320)	(345,320)	(439,267)	(93,947)
Total Other Financing Sources (Uses)	<u>966,685</u>	<u>966,685</u>	<u>1,276,582</u>	<u>309,897</u>
NET CHANGE IN FUND BALANCE	-	-	(194,588)	(194,588)
Fund Balance - Beginning of Year	<u>2,345,884</u>	<u>2,345,884</u>	<u>2,345,884</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,345,884</u>	<u>\$ 2,345,884</u>	<u>\$ 2,151,296</u>	<u>\$ (194,588)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – HOUSING REVOLVING LOANS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous	\$ 60,600	\$ 60,600	\$ 86,977	\$ 26,377
EXPENDITURES				
Current:				
Conservation and Development	138,000	138,000	120,427	17,573
NET CHANGE IN FUND BALANCE	(77,400)	(77,400)	(33,450)	43,950
Fund Balance - Beginning of Year	172,001	172,001	172,001	-
FUND BALANCE - END OF YEAR	<u>\$ 94,601</u>	<u>\$ 94,601</u>	<u>\$ 138,551</u>	<u>\$ 43,950</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets:			
Cash and Investments	\$ 930,623	\$ -	\$ -
Receivables:			
Taxes and Special Charges	-	19,887	15,175
Customer Accounts	1,303,335	426,438	410,991
Special Assessments	-	34,564	81,819
Other	111,165	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	541,799
Prepaid Items	335,293	143,401	-
Total Current Assets	<u>2,680,416</u>	<u>624,290</u>	<u>1,049,784</u>
Restricted Assets:			
Cash and Investments	-	72,755	1,176,392
Capital Assets:			
Nondepreciable / Nonamortizable	23,983	896,142	1,410,435
Depreciable / Amortizable, Net	8,767,895	14,083,487	17,174,776
Total Capital Assets	<u>8,791,878</u>	<u>14,979,629</u>	<u>18,585,211</u>
Total Assets	<u>11,472,294</u>	<u>15,676,674</u>	<u>20,811,387</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,069,349	626,311	570,255
Other Postemployment Benefit Related Amounts	97,859	55,388	54,871
Total Deferred Outflows of Resources	<u>1,167,208</u>	<u>681,699</u>	<u>625,126</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,201,723	\$ 153,348	\$ 2,285,694	\$ 25,288
Receivables:				
Taxes and Special Charges	28,600	1,479	65,141	-
Customer Accounts	88,984	-	2,229,748	-
Special Assessments	158,865	-	275,248	-
Other	-	65,208	176,373	-
Due from Other Funds	54,645	-	54,645	-
Due from Other Governments	-	-	541,799	-
Prepaid Items	-	-	478,694	-
Total Current Assets	<u>1,532,817</u>	<u>220,035</u>	<u>6,107,342</u>	<u>25,288</u>
Restricted Assets:				
Cash and Investments	21,141	-	1,270,288	-
Capital Assets:				
Nondepreciable / Nonamortizable	1,501,660	-	3,832,220	-
Depreciable / Amortizable, Net	<u>5,447,366</u>	<u>45,458</u>	<u>45,518,982</u>	<u>-</u>
Total Capital Assets	<u>6,949,026</u>	<u>45,458</u>	<u>49,351,202</u>	<u>-</u>
Total Assets	<u>8,502,984</u>	<u>265,493</u>	<u>56,728,832</u>	<u>25,288</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	-	86,724	2,352,639	-
Other Postemployment Benefit Related Amounts	-	9,407	217,525	-
Total Deferred Outflows of Resources	<u>-</u>	<u>96,131</u>	<u>2,570,164</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 652,732	\$ 27,686	\$ 33,335
Accrued and Other Current Liabilities	23,219	18,025	11,754
Due to Other Funds	-	1,653,982	117,747
Accrued Interest Payable	9,707	29,154	38,739
Special Deposits	103,160	-	-
Current Portion of Long-Term Debt	-	136,176	75,000
Current Portion of Lease Liability	20,364	21,190	75,455
Current Portion of Other Postemployment Benefits	16,949	16,355	-
Payable from Restricted Assets:			
Current Portion of Long-Term Debt	34,434	197,842	824,135
Total Current Liabilities	<u>860,565</u>	<u>2,100,410</u>	<u>1,176,165</u>
Long-Term Liabilities, Less Current Portion:			
General Obligation Debt	-	849,664	460,000
Revenue Bonds	111,834	3,343,892	8,638,115
Debt Premium	-	32,584	25,273
Lease Liability	51,653	62,692	1
Compensated Absences	71,551	30,169	8,096
Net Pension Liability	285,839	167,852	151,928
Other Postemployment Benefits	439,389	241,530	255,085
Total Long-Term Liabilities	<u>960,266</u>	<u>4,728,383</u>	<u>9,538,498</u>
Total Liabilities	<u>1,820,831</u>	<u>6,828,793</u>	<u>10,714,663</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	598,947	351,717	318,349
Other Postemployment Benefit Related Amounts	108,404	61,453	60,975
Total Deferred Inflows of Resources	<u>707,351</u>	<u>413,170</u>	<u>379,324</u>
NET POSITION			
Net Investment in Capital Assets	8,719,861	10,335,589	8,512,281
Restricted:			
Capital Assets	-	-	1,176,392
Debt Service	-	72,755	-
Unrestricted	<u>1,391,459</u>	<u>(1,291,934)</u>	<u>653,853</u>
Total Net Position	<u>\$ 10,111,320</u>	<u>\$ 9,116,410</u>	<u>\$ 10,342,526</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ 25,112	\$ 738,865	\$ -
Accrued and Other Current Liabilities	754	1,023	54,775	-
Due to Other Funds	-	-	1,771,729	-
Accrued Interest Payable	38,130	252	115,982	-
Special Deposits	-	-	103,160	-
Current Portion of Long-Term Debt	80,742	-	291,918	-
Current Portion of Lease Liability	-	-	117,009	-
Current Portion of Other Postemployment Benefits	-	-	33,304	-
Payable from Restricted Assets:				
Current Portion of Long-Term Debt	83,322	1,790	1,141,523	-
Total Current Liabilities	<u>202,948</u>	<u>28,177</u>	<u>4,368,265</u>	<u>-</u>
Long-Term Liabilities, Less Current Portion:				
General Obligation Debt	443,540	-	1,753,204	-
Revenue Bonds	1,331,382	5,814	13,431,037	-
Debt Premium	-	-	57,857	-
Lease Liability	-	-	114,346	-
Compensated Absences	-	-	109,816	-
Net Pension Liability	-	23,147	628,766	-
Other Postemployment Benefits	-	40,392	976,396	-
Total Long-Term Liabilities	<u>1,774,922</u>	<u>69,353</u>	<u>17,071,422</u>	<u>-</u>
Total Liabilities	<u>1,977,870</u>	<u>97,530</u>	<u>21,439,687</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	-	48,502	1,317,515	-
Other Postemployment Benefit Related Amounts	-	11,255	242,087	-
Total Deferred Inflows of Resources	<u>-</u>	<u>59,757</u>	<u>1,559,602</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	5,010,040	45,458	32,623,229	-
Restricted:				
Capital Assets	21,141	-	1,197,533	-
Debt Service	-	-	72,755	-
Unrestricted	<u>1,493,933</u>	<u>158,879</u>	<u>2,406,190</u>	<u>25,288</u>
Total Net Position	<u>\$ 6,525,114</u>	<u>\$ 204,337</u>	<u>\$ 36,299,707</u>	<u>\$ 25,288</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
OPERATING REVENUES			
Charges for Services	\$ 9,361,382	\$ 2,984,251	\$ 2,941,591
Other	115,574	32,180	12,314
Total Operating Revenues	<u>9,476,956</u>	<u>3,016,431</u>	<u>2,953,905</u>
OPERATING EXPENSES			
Operation and Maintenance	8,400,291	1,837,877	1,665,702
Depreciation	369,241	484,068	827,100
Taxes	81,911	46,049	38,757
Total Operating Expenses	<u>8,851,443</u>	<u>2,367,994</u>	<u>2,531,559</u>
OPERATING INCOME (LOSS)	625,513	648,437	422,346
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	-	-
Nonoperating Grants	-	446,761	392,366
Interest and Fiscal Charges	(15,861)	(176,394)	(198,154)
Other Nonoperating Revenues (Expenses)	<u>(16,721)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(32,582)</u>	<u>270,367</u>	<u>194,212</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	592,931	918,804	616,558
Capital Contributions	15,491	-	27,204
Transfers In	-	91,258	72,273
Transfers Out	<u>(223,662)</u>	<u>(297,388)</u>	<u>(300,759)</u>
CHANGE IN NET POSITION	384,760	712,674	415,276
Net Position - Beginning of Year	<u>9,726,560</u>	<u>8,403,736</u>	<u>9,927,250</u>
NET POSITION - END OF YEAR	<u>\$ 10,111,320</u>	<u>\$ 9,116,410</u>	<u>\$ 10,342,526</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		Totals	Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds		Health Insurance
OPERATING REVENUES				
Charges for Services	\$ 660,411	\$ 469,946	\$ 16,417,581	\$ 308,935
Other	-	237,646	397,714	56
Total Operating Revenues	<u>660,411</u>	<u>707,592</u>	<u>16,815,295</u>	<u>308,991</u>
OPERATING EXPENSES				
Operation and Maintenance	162,101	870,427	12,936,398	662,650
Depreciation	114,061	13,941	1,808,411	-
Taxes	-	-	166,717	-
Total Operating Expenses	<u>276,162</u>	<u>884,368</u>	<u>14,911,526</u>	<u>662,650</u>
OPERATING INCOME (LOSS)	384,249	(176,776)	1,903,769	(353,659)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	4,265	-	4,265	-
Nonoperating Grants	193,202	81,890	1,114,219	-
Interest and Fiscal Charges	(65,233)	(311)	(455,953)	-
Other Nonoperating Revenues (Expenses)	8,707	15,885	7,871	-
Total Nonoperating Revenues (Expenses)	<u>140,941</u>	<u>97,464</u>	<u>670,402</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	525,190	(79,312)	2,574,171	(353,659)
Capital Contributions	103,400	-	146,095	-
Transfers In	-	-	163,531	342,651
Transfers Out	-	(2,034)	(823,843)	-
CHANGE IN NET POSITION	628,590	(81,346)	2,059,954	(11,008)
Net Position - Beginning of Year	<u>5,896,524</u>	<u>285,683</u>	<u>34,239,753</u>	<u>36,296</u>
NET POSITION - END OF YEAR	<u>\$ 6,525,114</u>	<u>\$ 204,337</u>	<u>\$ 36,299,707</u>	<u>\$ 25,288</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 9,719,908	\$ 3,054,407	\$ 3,201,078
Cash Received from Other Departments	-	-	-
Cash Received from Rent	-	-	-
Cash Paid for Employee Wages And Benefits	(935,199)	(773,525)	(1,163,526)
Cash Paid to Suppliers	(7,632,411)	(947,794)	(836,921)
Net Cash Provided (Used) by Operating Activities	<u>1,152,298</u>	<u>1,333,088</u>	<u>1,200,631</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Special Assessments	-	3,618	(42,290)
Nonoperating Grants	-	446,761	392,366
Due to/from Other Funds	-	(156,276)	(98,282)
Transfer In (Out)	(223,662)	(206,130)	(228,486)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(223,662)</u>	<u>87,973</u>	<u>23,308</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(501,522)	(1,299,064)	(987,268)
Cost of Removal of Capital Assets	(87,125)	-	(24,820)
Sale of Capital Assets	40,905	-	-
Long-Term Debt Issued	-	516,349	1,024,616
Principal Paid on Long-Term Debt	(48,259)	(664,757)	(1,027,159)
Interest Paid on Long-Term Debt	(15,050)	(185,758)	(209,308)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(611,051)</u>	<u>(1,633,230)</u>	<u>(1,223,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	-	-
CHANGE IN CASH AND INVESTMENTS	317,585	(212,169)	-
Cash and Investments - Beginning of Year	<u>613,038</u>	<u>284,924</u>	<u>1,176,392</u>
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 930,623</u>	<u>\$ 72,755</u>	<u>\$ 1,176,392</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 656,163	\$ 709,206	\$ 17,340,762	\$ -
Cash Received from Other Departments	-	-	-	308,991
Cash Received from Rent	-	15,885	15,885	-
Cash Paid for Employee Wages And Benefits	(33,459)	(103,681)	(3,009,390)	-
Cash Paid to Suppliers	(131,964)	(733,061)	(10,282,151)	(662,650)
Net Cash Provided (Used) by Operating Activities	490,740	(111,651)	4,065,106	(353,659)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Special Assessments	95,438	-	56,766	-
Nonoperating Grants	163,307	81,890	1,084,324	-
Due to/from Other Funds	63,744	-	(190,814)	-
Transfer In (Out)	-	(2,034)	(660,312)	342,651
Net Cash Provided (Used) by Noncapital Financing Activities	322,489	79,856	289,964	342,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(445,273)	(34,393)	(3,267,520)	-
Cost of Removal of Capital Assets	-	-	(111,945)	-
Sale of Capital Assets	-	-	40,905	-
Long-Term Debt Issued	90,071	-	1,631,036	-
Principal Paid on Long-Term Debt	(154,486)	(1,722)	(1,896,383)	-
Interest Paid on Long-Term Debt	(67,961)	(373)	(478,450)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(577,649)	(36,488)	(4,082,357)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	4,265	-	4,265	-
CHANGE IN CASH AND INVESTMENTS	239,845	(68,283)	276,978	(11,008)
Cash and Investments - Beginning of Year	983,019	221,631	3,279,004	36,296
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 1,222,864</u>	<u>\$ 153,348</u>	<u>\$ 3,555,982</u>	<u>\$ 25,288</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 625,513	\$ 648,437	\$ 422,346
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	369,241	484,068	827,100
Depreciation Charged to Operating Accounts	26,819	111,142	-
Other	(16,721)	-	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:			
Net Pension Asset	432,052	250,829	213,972
Deferred Outflows - Pension Related	(227,747)	(135,965)	(150,987)
Net Pension Liability	285,839	167,852	151,928
Deferred Inflows - Pension Related	(418,610)	(239,027)	(185,591)
Deferred Outflows - OPEB Related	16,362	11,565	7,040
OPEB Liability	(84,490)	(64,856)	(36,224)
Deferred Inflows - OPEB Related	69,609	38,628	39,974
Change in Operating Assets and Liabilities:			
Accounts Receivable	237,565	37,976	188,269
Due from Other Governments	-	-	58,904
Prepaid Items	(101,177)	14,692	-
Accounts Payable	(69,289)	6,473	(337,845)
Accrued and Other Current Liabilities	(2,391)	4,024	407
Special Deposits	5,387	-	-
Compensated Absences	4,336	(2,750)	1,338
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,152,298</u>	<u>\$ 1,333,088</u>	<u>\$ 1,200,631</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION			
Cash and Investments in Current Assets	\$ 930,623	\$ -	\$ -
Cash and Investments in Restricted Assets	-	72,755	1,176,392
Total Cash and Cash Equivalents	<u>\$ 930,623</u>	<u>\$ 72,755</u>	<u>\$ 1,176,392</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Contributed	<u>\$ 15,491</u>	<u>\$ -</u>	<u>\$ 27,204</u>
Capital Related Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds		Total	Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds		Health Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 384,249	\$ (176,776)	\$ 1,903,769	\$ (353,659)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	114,061	13,940	1,808,410	-
Depreciation Charged to Operating Accounts	-	-	137,961	-
Other	-	15,885	(836)	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:				
Net Pension Asset	-	35,517	932,370	-
Deferred Outflows - Pension Related	-	(17,716)	(532,415)	-
Net Pension Liability	-	23,147	628,766	-
Deferred Inflows - Pension Related	-	(35,146)	(878,374)	-
Deferred Outflows - OPEB Related	-	1,053	36,020	-
OPEB Liability	-	(6,032)	(191,602)	-
Deferred Inflows - OPEB Related	-	7,748	155,959	-
Change in Operating Assets and Liabilities:				
Accounts Receivable	(4,248)	1,614	461,176	-
Due from Other Governments	-	-	58,904	-
Prepaid Items	-	-	(86,485)	-
Accounts Payable	(3,834)	24,641	(379,854)	-
Accrued and Other Current Liabilities	512	474	3,026	-
Special Deposits	-	-	5,387	-
Compensated Absences	-	-	2,924	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 490,740</u>	<u>\$ (111,651)</u>	<u>\$ 4,065,106</u>	<u>\$ (353,659)</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments in Current Assets	\$ 1,201,723	\$ 153,348	\$ 2,285,694	\$ 25,288
Cash and Investments in Restricted Assets	21,141	-	1,270,288	-
Total Cash and Cash Equivalents	<u>\$ 1,222,864</u>	<u>\$ 153,348</u>	<u>\$ 3,555,982</u>	<u>\$ 25,288</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed	<u>\$ 38,602</u>	<u>\$ -</u>	<u>\$ 81,297</u>	<u>\$ -</u>
Capital Related Accounts Payable	<u>\$ (50,289)</u>	<u>\$ -</u>	<u>\$ (50,428)</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Investments	\$ 3,862,175
Receivables:	
Taxes	<u>4,847,310</u>
Total Assets	<u>8,709,485</u>
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	<u>8,532,136</u>
 NET POSITION	
Restricted	<u><u>\$ 177,349</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Interest on Investments	\$ 12,266
Taxes and Special Charges Collected	7,624,287
Total Additions	7,636,553
DEDUCTIONS	
Payments to Others	7,627,658
Benefits	252
Total Deductions	7,627,910
CHANGE IN NET POSITION	8,643
Net Position - Beginning of Year	168,706
NET POSITION - END OF YEAR	\$ 177,349

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected nine-member council. In accordance with U.S. GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Housing Revolving Loans Fund

This special revenue fund accounts for loans made for housing programs. Additional loans are made as previous loans are repaid.

The City reports the following major enterprise funds:

Electric Utility Enterprise Fund

The electric utility enterprise fund accounts for the provision of electric service to City residents, businesses, and public authorities.

Water Utility Enterprise Fund

The water utility enterprise fund accounts for the provision of water service to City residents, businesses, and public authorities.

Sewer Utility Enterprise Fund

The sewer utility enterprise fund accounts for the provision of wastewater collection and treatment for City residents, businesses, and public authorities.

Stormwater Utility Enterprise Fund

The stormwater utility enterprise fund accounts for the provision of stormwater collection and management for City residents, businesses, and public authorities.

The City also reports the following fiduciary funds which are all custodial funds that hold assets on behalf of individuals or other government agencies:

Property Tax Collection

The tax collection custodial fund accounts for property taxes and special charges collected on behalf of other governments.

Smongeski Health

The fund is used to account for resources held for assisting low-income individuals in paying for the cost of eyeglasses.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Crime Prevention

The fund is used to account for resources held for others which have been dedicated to crime prevention.

TRIAD Committee

The fund is used to account for resources held for others which have been dedicated to policing initiatives between seniors, law enforcement, and service providers of the community to increase safety through education and crime prevention.

Additionally, the City reports the following fund types:

- *Internal Service Fund* – accounts for health insurance services provided to other departments of the City on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in three equal installments on or before January 31, March 31, and July 31. Real estate taxes not paid by July 31 are purchased by the county as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Two Rivers School District, Manitowoc School District, Manitowoc County, and Lakeshore Technical College. Collections and remittances of taxes for other entities are accounted for in the general fund.

3. Accounts Receivable

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2022 tax roll are recognized as revenue in 2023.)

5. Loans Receivable

The housing, business, and industrial revolving loans represent various loans to City homeowners and local businesses that were originally financed from economic development grants received by the City from the Wisconsin Department of Administration. The housing revolving loans will be repaid to the City when the property is no longer the loan recipient's principal place of residence, while business and industrial revolving loans are being repaid to the City in installments at various rates.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Loans Receivable (Continued)

Principal and interest repayments are used to finance additional development loans. The industrial park loans receivable represents various sales of industrial park land that are being paid to the City, including interest, on the installment basis.

6. Leases

Lessor

The City is a lessor for a noncancellable leases of land, infrastructure and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Leases (Continued)

Lessee

The City is a lessee for noncancellable leases of vehicles and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Interfund Receivables and Payables

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

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

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

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

9. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Capital assets are capitalized and reported at cost or estimated historical cost except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.D.6. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with the tangible assets in the appropriate capital asset class.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, infrastructure assets, and right-to-use lease assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	7 to 75 Years	25 to 50 Years
Improvements Other than Buildings	10 to 75 Years	25 to 100 Years
Machinery and Equipment	3 to 25 Years	3 to 10 Years
Infrastructure	35 to 75 Years	-
Right-to-Use Lease Assets	3 to 10 Years	3 to 10 Years

10. Compensated Absences

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Unearned Revenue

Unearned revenues are reported in connection with resources that have been received but not yet earned.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Long-Term Obligations

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

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

14. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

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

Single-Employer Defined Postemployment Benefit Plan

The City's OPEB Plan is a single employer defined benefit plan that provides eligible retirees access to group medical and dental benefits. For purposes of measuring the OPEB liability, related deferred outflows and inflows, and OPEB expense, the City has used values provided by their actuary.

16. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this plan are entirely from employee voluntary contributions. The City makes no employer contributions to this plan.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

17. Fund Equity

Governmental Fund Financial Statements

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

17. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements

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

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

E. Use of Estimates

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

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

The City's total General Fund expenditures for the year ended December 31, 2023 exceeded budget by \$122,146.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2023, as follows:

	<u>Excess Expenditures</u>
General Fund:	
General Government:	
Assessor	\$ 9,795
City Manager	957
City Hall	3,563
Other General Government	5,236
Insurance and Bonds	26,047
Uncollectible Taxes and Refunds	233
Public Safety:	
Police Department	97,479
Public Works:	
Public Works Shop	114,573
Street and Highway Maintenance	348,625
Work Done for Others	5,751
Health and Human Services:	
Cemetery	4,931
Culture and Recreation:	
Parks	30,429
Special Events	1,758
Recreation Fields	4,792
Capital Outlay:	
Equipment	82,434

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2023:

	Deficit Fund Balance
Urban Forestry	\$ 22,192
Tree Planting	3,614
Fire Equipment	36,946
Management Information	10,989
TIF District No. 6	159,753
TIF District No. 8	11,159
TIF District No. 10	176,070
TIF District No. 15	7,612
TIF District No. 16	7,070
TIF District No. 17	5,498
Central Park Renovation	114,130

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

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2023 and 2024 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2023 budget was 0.77%. The actual limit for the City for the 2024 budget was 0.37%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

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

The carrying amount of the City's cash and investments totaled \$15,715,096 on December 31, 2023, as summarized below:

Petty Cash and Cash on Hand	\$	2,796
Deposits with Financial Institutions		8,637,761
Investments:		
Wisconsin Local Government Investment Pool		6,980,338
Mutual Funds		94,201
Total		\$ 15,715,096

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	10,582,633
Restricted Cash and Investments		1,270,288
Fiduciary Fund Statement of Net Position:		
Cash and Investments		3,862,175
Total		\$ 15,715,096

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2023:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Mutual Funds	\$ -	\$ 94,201	\$ -

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

The valuation method for the fair value measurements of the mutual funds is based on institutional quotes with evaluations based on various market and industry inputs.

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

Custodial Credit Risk

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

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

As of December 31, 2023, \$6,371,275 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. 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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Mutual Funds	\$ 94,201	\$ -	\$ -	\$ -	\$ 94,201
Wisconsin Local Government Investment Pool	6,980,338	-	-	-	6,980,338
Totals	<u>\$ 7,074,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,074,539</u>

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Mutual Funds	\$ 94,201	\$ 94,201	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	6,980,338	6,980,338	-	-	-
Totals	<u>\$ 7,074,539</u>	<u>\$ 7,074,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$6,980,338 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2023, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. Restricted Assets

Restricted assets on December 31, 2023, totaled \$1,270,288 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Enterprise Fund		
Water Utility	\$ 72,755	Debt Reserve Fund
Sewer Utility	1,176,392	Equipment Replacement Fund
Stormwater Utility	21,141	Stormwater Pond Maintenance
Total	<u>\$ 1,270,288</u>	

C. Lease Receivables

During the year ended December 31, 2023, the City recognized lease revenue and interest revenue in the governmental activities of \$70,570 and \$7,086, respectively, pursuant to these contracts. A summary of the City's lease terms and interest rates is as follows:

Governmental Activities

Cell Tower Leases. Monthly installments ranging from \$500 to \$1,263 plus interest at 4.00%, termination dates ranging from 2024 to 2025. Yearly installments ranging from \$47,398 to \$51,266 plus interest at 4.00%, termination date through 2026.

Office Space Lease. Monthly installments of \$191 plus interest at 4.00%, termination date through 2024.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 53,607	\$ 4,727	\$ 58,334
2025	47,007	2,787	49,794
2026	50,421	846	51,267
Total	<u>\$ 151,035</u>	<u>\$ 8,360</u>	<u>\$ 159,395</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 903,877	\$ -	\$ 10,300	\$ 893,577
Construction in Progress	513,495	262,229	449,563	326,161
Total Capital Assets, Nondepreciable/ Nonamortizable	1,417,372	262,229	459,863	1,219,738
Capital Assets, Being Depreciated and Amortized:				
Buildings	15,117,628	76,833	45,106	15,149,355
Improvements Other than Buildings	4,134,620	1,034,515	-	5,169,135
Machinery and Equipment	12,424,773	650,413	389,120	12,686,066
Infrastructure	37,777,765	1,267,482	144,483	38,900,764
Right to Use Lease Assets - Machinery and Equipment	221,451	405,911	-	627,362
Subtotals	69,676,237	3,435,154	578,709	72,532,682
Less Accumulated Depreciation and Amortization for:				
Buildings	7,425,492	323,725	42,947	7,706,270
Improvements Other than Buildings	626,553	115,890	-	742,443
Machinery and Equipment	7,278,682	643,053	244,877	7,676,858
Infrastructure	24,401,902	606,268	139,957	24,868,213
Right to Use Leases Assets - Machinery and Equipment	37,679	99,705	-	137,384
Subtotals	39,770,308	1,788,641	427,781	41,131,168
Total Capital Assets, Depreciable / Amortizable, Net	29,905,929	1,646,513	150,928	31,401,514
Governmental Activities Capital Assets, Net	\$ 31,323,301	\$ 1,908,742	\$ 610,791	32,621,252
Less: Capital Related Debt				13,594,153
Add: Unspent Debt Proceeds				139,113
Less: Debt Premium				502,763
Less: Capital Related Accounts Payable				157,474
Net Investment in Capital Assets				<u>\$ 18,505,975</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 36,944	\$ -	\$ -	\$ 36,944
Construction in Progress	2,939,975	2,362,394	1,507,093	3,795,276
Total Capital Assets, Nondepreciable/Amortizable	2,976,919	2,362,394	1,507,093	3,832,220
Capital Assets, Being Depreciated and Amortized:				
Buildings	8,460,906	8,095	-	8,469,001
Improvements Other than Buildings	45,962,866	2,299,416	336,849	47,925,433
Machinery and Equipment	20,457,655	135,579	131,618	20,461,616
Right to Use Lease Assets - Machinery and Equipment	119,964	85,379	-	205,343
Subtotals	75,001,391	2,528,469	468,467	77,061,393
Less:				
Accumulated Depreciation and Amortization	30,135,547	1,968,691	561,827	31,542,411
Total Capital Assets, Depreciable/Amortizable, Net	44,865,844	559,778	(93,360)	45,518,982
Business-Type Activities Capital Assets, Net	<u>\$ 47,842,763</u>	<u>\$ 2,922,172</u>	<u>\$ 1,413,733</u>	49,351,202
Less: Capital Related Debt and Related Net Deferrals				16,438,761
Less: Debt Premium				57,857
Less: Lease Liability				<u>231,355</u>
Net Investment in Capital Assets				<u>\$ 32,623,229</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 119,788
Public Safety	364,939
Public Works	854,397
Health and Human Services	11,914
Culture and Recreation	437,603
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 1,788,641</u>
Business-Type Activities:	
Electric Utility	\$ 369,241
Water Utility	484,068
Sewer Utility	827,100
Telecommunication Utility	114,061
Stormwater Utility	13,941
Total Depreciation and Amortization Expense	1,808,411
Depreciation Charged to Operating Accounts	<u>160,280</u>
Total Increase in Accumulated Depreciation and Amortization - Business-Type Activities	<u>\$ 1,968,691</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2023, are detailed below:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General	\$ 1,649,335	\$ -
Nonmajor Governmental Funds:		
Urban Forestry	-	22,106
Tree Planting	-	3,614
Fire Equipment	-	36,666
Management Information	-	10,989
Police Equipment	-	54,645
TIF District No. 6	-	149,068
TIF District No. 7	637,006	-
TIF District No. 8	-	325
TIF District No. 10	-	168,633
TIF District No. 15	-	7,378
TIF District No. 16	-	5,839
TIF District No. 17	-	5,498
Central Park Renovation	-	104,496
Subtotal - Nonmajor Governmental Funds	637,006	569,257
Proprietary Funds:		
Water Utility	-	1,653,982
Sewer Utility	-	117,747
Stormwater Utility	54,645	-
Subtotal - Proprietary Funds	54,645	1,771,729
Totals	\$ 2,340,986	\$ 2,340,986

The outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2023, were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General	\$ 1,106,320	\$ 439,267
Debt Service	289,466	72,803
Nonmajor Governmental Funds:		
Library	12,461	2,034
Library Gift	-	12,461
Community Tourism	216,946	309,923
Speical Events Donations	5,846	-
Docks and Harbors	-	9,000
Urban Forestry	19,500	-
Tree Planting	-	19,500
Business and Industrial Revolving Loans	9,059	75,000
Sandy Bay Highlands	-	106,789
Community Development	140,000	-
Recreation Concession	-	5,846
Street Construction	37,000	-
Park and Cemetery Construction	9,000	-
Public Works Equipment	325,000	-
City Hall Equipment	288,000	-
Management Information	33,899	9,899
Police Equipment	63,744	-
TIF District No. 7	-	102,140
TIF District No. 8	-	188,648
TIF District No. 10	-	22,250
TIF District No. 12	-	48,020
Industrial Park Development	-	165,000
Harbor Master Plan	-	650,000
Subtotal - Nonmajor Governmental Funds	1,160,455	1,726,510
Proprietary Funds:		
Electric Utility	-	223,662
Water Utility	91,258	297,388
Sewer Utility	72,273	300,759
Nonmajor Proprietary Fund:		
Solid Waste	-	2,034
Internal Service Fund - Health Insurance	342,651	-
Government-Wide	342,651	-
Total	\$ 3,062,423	\$ 3,062,423

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers (Continued)

Transfers are used to: (a) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (b) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (c) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2023:

	Balance Beginning of Year	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 4,895,000	\$ -	\$ 430,000	\$ 4,465,000	\$ 455,000
Notes	9,790,000	1,165,000	1,385,000	9,570,000	1,625,000
Direct Borrowings	1,113,991	-	327,796	786,195	164,270
Total General					
Obligation Debt	15,798,991	1,165,000	2,142,796	14,821,195	2,244,270
Debt Premium	627,963	29,908	155,108	502,763	-
Lease Liability	186,628	405,911	92,951	499,588	127,416
Compensated Absences	206,285	-	5,227	201,058	-
Governmental Activities Long- Term Obligations	<u>\$ 16,819,867</u>	<u>\$ 1,600,819</u>	<u>\$ 2,396,082</u>	<u>\$ 16,024,604</u>	<u>\$ 2,371,686</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 1,510,000	\$ -	\$ 170,000	\$ 1,340,000	\$ 175,000
Notes	60,000	-	15,000	45,000	15,000
Direct Borrowings	951,197	-	291,075	660,122	101,918
Total General					
Obligation Debt	2,521,197	-	476,075	2,045,122	291,918
Revenue Bonds	14,253,512	1,631,036	1,311,988	14,572,560	1,141,523
Debt Premium	74,701	-	16,844	57,857	-
Financed Purchase	148,079	-	72,624	75,455	75,455
Lease Liability	106,217	85,379	35,696	155,900	41,554
Compensated Absences	106,892	2,924	-	109,816	-
Business-Type Activities Long- Term Obligations	<u>\$ 17,210,598</u>	<u>\$ 1,719,339</u>	<u>\$ 1,913,227</u>	<u>\$ 17,016,710</u>	<u>\$ 1,550,450</u>

Total interest paid during the year on long-term debt totaled \$1,079,949.

State Trust Fund Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$778,102 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of \$660,122 contain the following provisions in the event of a default: (1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; (2) may appoint a receiver for the program's benefit; (3) may declare the principal amount immediately due and payable; (4) may enforce any right or obligation under the financing agreement including the right to see specific performance or mandamus; and (5) may increase the interest rate set forth in the financing agreement to the market interest rate.

WPPI Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$8,093 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance at December 31, 2023
Bonds:					
General Obligation Bond	07/08/19	2030	3.00% to 4.00%	\$ 1,610,000	\$ 1,100,000
General Obligation Bond	08/30/19	2034	3.00% to 4.00%	3,210,000	2,480,000
General Obligation Bond	04/20/20	2030	2.55%	2,085,000	1,475,000
General Obligation Bond	06/07/21	2039	2.40% to 3.25%	775,000	750,000
Notes:					
General Obligation Note	07/08/19	2029	3.00% to 4.00%	1,785,000	1,255,000
General Obligation Note	04/20/20	2030	3.00%	6,125,000	3,340,000
General Obligation Note	06/07/21	2031	2.00% to 3.00%	1,915,000	1,695,000
General Obligation Note	02/23/22	2041	3.00% to 4.00%	2,305,000	2,160,000
General Obligation Note	04/03/23	2033	4.00% to 5.00%	1,165,000	1,165,000
Direct Placement:					
Safe Drinking Water Bond	11/13/13	2029	3.15%	487,054	196,753
Safe Drinking Water Bond	11/13/13	2029	3.15%	824,459	327,529
State Trust Fund Bond	05/16/16	2024	3.00%	1,941,374	60,959
WPPI Energy Note	08/01/16	2026	0.00%	30,350	8,093
Safe Drinking Water Bond	12/31/16	2029	2.67%	361,289	135,840
State Trust Fund Bond	07/23/19	2029	3.75%	500,000	317,630
State Trust Fund Bond	04/16/20	2030	3.00%	550,000	399,513
Total Outstanding General Obligation Debt					<u>\$ 16,866,317</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$16,866,317 on December 31, 2023, are detailed below:

Year Ending December 31,	Bonds and Notes		Governmental Activities Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 2,080,000	\$ 464,156	\$ 164,270	\$ 25,796	\$ 2,244,270
2025	1,980,000	369,898	106,747	20,527	2,086,747	390,425
2026	1,990,000	302,849	109,222	17,041	2,099,222	319,890
2027	1,515,000	242,348	110,803	13,436	1,625,803	255,784
2028	1,565,000	187,745	114,505	9,734	1,679,505	197,479
2029 to 2033	4,570,000	358,283	180,648	7,722	4,750,648	366,005
2034 to 2038	275,000	35,700	-	-	275,000	35,700
2039 to 2041	60,000	975	-	-	60,000	975
Total	\$ 14,035,000	\$ 1,961,954	\$ 786,195	\$ 94,256	\$ 14,821,195	\$ 2,056,210

Year Ending December 31,	Bonds and Notes		Business-Type Activities Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 190,000	\$ 51,105	\$ 101,918	\$ 15,258	\$ 291,918
2025	200,000	43,557	105,029	12,672	305,029	56,229
2026	210,000	35,599	108,235	10,004	318,235	45,603
2027	200,000	27,549	111,539	7,253	311,539	34,802
2028	200,000	19,568	114,945	4,414	314,945	23,982
2029 to 2032	385,000	14,772	118,456	1,487	503,456	16,259
Total	\$ 1,385,000	\$ 192,150	\$ 660,122	\$ 51,088	\$ 2,045,122	\$ 243,238

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2023, was \$23,413,863 as follows:

Equalized Valuation of the City	\$ 805,603,600
Statutory Limitation Percentage	x 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	40,280,180
Net Outstanding General Obligation Debt Applicable to Debt Limitation	16,866,317
Legal Margin for New Debt	<u>\$ 23,413,863</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2023, totaled \$14,572,560 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
Sewer Utility	3/26/2008	2027	2.39	\$ 6,297,058	\$ 1,573,770
Water Utility	6/25/2014	2034	1.93	400,432	238,958
Sewer Utility	12/23/2014	2034	2.63	698,698	432,434
Water Utility	11/12/2014	2034	1.93	301,465	180,502
Water Utility	6/28/2017	2037	1.87	805,787	608,210
Electric, Sewer, and Solid Waste Utilities	3/20/2017	2027	4.00	400,000	178,921
Water Utility	6/13/2018	2038	1.87	709,297	564,790
Sewer Utility	2/28/2018	2037	1.76	794,500	613,586
Sewer Utility	10/24/2018	2038	1.87	4,059,972	3,236,590
Water Utility	6/26/2019	2039	1.98	504,014	453,947
Sewer Utility	11/27/2019	2039	1.65	1,710,844	1,484,606
Stormwater Utility	4/16/2020	2035	4.50	1,073,000	903,687
Water Utility	6/23/2021	2041	1.49	791,889	724,251
Sewer Utility	11/10/2021	2041	1.49	857,168	806,977
Stormwater Utility	2/23/2022	2041	1.49	441,217	511,017
Sewer Utility	9/28/2022	2041	2.15	265,498	305,106
Sewer Utility	12/14/2022	2041	2.15	1,027,408	1,027,408
Water Utility	9/27/2023	2043	2.15	465,670	465,970
Sewer Utility	12/14/2022	2041	2.15	261,831	261,830
Total Outstanding Revenue Bonds					<u>\$ 14,572,560</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$14,572,560 on December 31, 2023, are detailed below:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,141,523	\$ 293,962	\$ 1,435,485
2025	1,167,355	267,797	1,435,152
2026	1,193,699	241,153	1,434,852
2027	1,220,697	213,847	1,434,544
2028	781,733	192,904	974,637
2029 to 2033	4,163,129	708,116	4,871,245
2034 to 2038	3,849,341	272,744	4,122,085
2039 to 2043	1,055,083	35,446	1,090,529
Total	<u>\$ 14,572,560</u>	<u>\$ 2,225,969</u>	<u>\$ 16,798,529</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Utility Revenues Pledged

The City has pledged future electric, water and sewer, and solid waste customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. The bonds are payable solely from customer net revenues and are payable through 2041. Net customer revenues, 2023 principal and interest paid, and outstanding debt service of revenue bonds are as follows:

	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility
Net Customer Revenues:				
Charges for Services	\$ 9,361,382	\$ 2,984,251	\$ 2,941,591	\$ 660,411
Other Income	115,574	32,180	12,314	-
Total Operating Revenues	9,476,956	3,016,431	2,953,905	660,411
Less: Operating Expenses *	8,482,202	1,883,926	1,704,459	162,101
Net Customer Revenues	<u>\$ 994,754</u>	<u>\$ 1,132,505</u>	<u>\$ 1,249,446</u>	<u>\$ 498,310</u>
Debt Service:				
Principal	\$ 33,124	\$ 448,496	\$ 752,432	\$ 77,936
Interest	5,867	60,001	176,848	50,196
Total Debt Service	<u>\$ 38,991</u>	<u>\$ 508,497</u>	<u>\$ 929,280</u>	<u>\$ 128,132</u>
Remaining Principal and Interest	<u>\$ 155,332</u>	<u>\$ 4,092,952</u>	<u>\$ 10,785,639</u>	<u>\$ 1,764,606</u>
Debt Service Coverage Requirement	125%	125%	125%	110%
Excess Coverage	<u>\$ 946,015</u>	<u>\$ 496,884</u>	<u>\$ 87,846</u>	<u>\$ 357,365</u>

* Excludes Depreciation Expense

As seen above, the City is in compliance with the required debt service coverage requirement.

Lease Liabilities

A summary of the City lease terms and interest rates is as follows:

Governmental Activities:

Vehicle leases. Monthly payments ranging from \$135 to \$675 including interest of 4% termination dates ranging from 2026 to 2027.

Business-Type Activities:

Vehicle leases. Monthly payments ranging from \$101 to \$649 including interest of 4% termination dates ranging from 2025 to 2028.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Lease Liabilities (Continued)

Certain leases provide for future minimum annual rental payments based on defined increases in the lease agreement.

Year Ending December 31,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 127,416	\$ 20,293	\$ 41,554	\$ 6,024	\$ 168,970	\$ 26,317
2025	133,458	14,252	43,411	4,167	176,869	18,419
2026	114,393	8,441	34,823	2,380	149,216	10,821
2027	87,460	3,715	25,119	1,054	112,579	4,769
2028	36,861	409	10,993	162	47,854	571
Total	<u>\$ 499,588</u>	<u>\$ 47,110</u>	<u>\$ 155,900</u>	<u>\$ 13,787</u>	<u>\$ 655,488</u>	<u>\$ 60,897</u>

Financed Purchase

The City is required to make various yearly principal and interest payments. This lease has an interest rate of 3.90%. The equipment will have an estimated useful life of 3-10 years. No down payments were required for this lease agreement. The financed purchase lease expires in 2024.

The lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of their inception. The asset acquired through the financed purchase lease is a piece of equipment valued at \$350,000 with a current accumulated amortization of \$145,293 for a total value of \$204,707.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2023 were as follows:

Year Ending December 31,	Business-Type Activities		Total
	Principal	Interest	Principal
2024	\$ 75,455	\$ 1,551	\$ 77,006

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. Plan Description

The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other Plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issue a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

1. Plan Description (Continued)

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.

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	-9.6	9
2014	4.7	25
2015	2.9	2
2016	0.5	-5
2017	2.0	4
2018	2.4	17
2019	0.0	-10
2020	1.7	21
2021	5.1	13
2022	7.4	15

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions

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

During the reporting period ending December 31, 2023, the WRS recognized \$975,675 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives, and Elected Officials)	6.80 %	6.80 %
Protective with Social Security	6.80	13.20
Protective without Social Security	6.80	18.10

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

At December 31, 2023, the City reported a liability of \$3,917,696 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. 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, 2022, the City's proportion was 0.07395085%, which was an increase of 0.00026780% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$1,988,494.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,239,676	\$ 8,197,535
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	6,655,264	-
Changes in Assumptions	770,381	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,573	11,609
Employer Contributions Subsequent to the Measurement Date	975,675	-
Total	\$ 14,646,569	\$ 8,209,144

\$975,675 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) in the year ending December 31, 2024. 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 Ending December 31,	Expense
2024	\$ 226,243
2025	1,130,314
2026	1,157,936
2027	2,947,257
Total	\$ 5,461,750

**CITY OF TWO RIVERS, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Valuation Date:	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018, to December 31, 2020. The total pension liability for December 31, 2022, is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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 geometric real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0 %	7.6 %	5.0 %
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Cash	(15.0)	N/A	N/A
Total Core Fund	100.0 %	7.4 %	4.8 %
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2 %	4.6 %
International Equities	30.0	8.1	5.5
Total Variable Fund	100.0 %	7.7 %	5.1 %

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on Pension Plan investments of 6.8% and a municipal bond rate of 4.05% (Source: fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's *20-year Municipal GO AA Index* as of December 31, 2022 In describing the index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 13,002,708	\$ 3,917,696	\$ (2,332,011)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in separately issued financial statements available at: <https://efw.wi.gov/about-efw/reports-and-studies/financial-reports-and-statements>.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan

The City reported a payable of \$205,529 for the outstanding amount of contributions to the Pension Plan for the year ended December 31, 2023.

H. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2023, as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Local Retiree Life Insurance Fund (LRLIF)	\$ 623,204	\$ 310,884	\$ (542,711)
Single-Employer Defined OPEB Plan	5,599,921	1,032,518	(955,409)
Total OPEB Liability	\$ 6,223,125	\$ 1,343,402	\$ (1,498,120)

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single employer defined benefit postemployment health plan that covers retired employees of the City. Eligible retired employees have access to group medical coverage through the City's group plan. Depending on employee classification and years of service, the City pays up to a maximum of 85% of the premium, not to exceed Medicare age eligibility. There are no Plan assets that have been accumulated in a trust. There are no separate Plan financial statements issued.

Benefits Provided

The City provides health care for retired employees through the City's group plans.

Employees Covered by Benefit Terms

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	21
Active Employees	117
Total	138

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation date of December 31, 2021.

Actuarial Assumptions. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Investment Rate of Return:	2.25%
Healthcare Cost Trend Rates:	7.00% for 2022 decreasing to 6.50%, then decreasing by .10% down to 4.5%, and level thereafter

Mortality rates are the same as those used in the 2020 WRS Experience tables.

The actuarial assumptions used in the December 31, 2021, valuation were based on the *Wisconsin Retirement System 2018 - 2020 Experience Study*.

The current yield for 20-year tax-exempt municipal bond rate as of the measurement date was used for all years of benefit payments.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at December 31, 2021	\$ 6,410,748
Changes for the Year:	
Service Cost	145,849
Interest	141,566
Net Investment Income	(19,850)
Changes of Assumptions	(694,662)
Benefit Payments	(383,730)
Net Changes	(810,827)
Balance at December 31, 2022	\$ 5,599,921

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.25%) or 1% higher (5.25%) than the current rate:

	1% Decrease to Discount Rate 3.25%	Current Discount Rate 4.25%	1% Increase to Discount Rate 5.25%
Total OPEB Liability	\$ 5,937,818	\$ 5,599,921	\$ 5,281,474

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.0% decreasing to 3.5%) or 1% higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 5,169,192	\$ 5,599,921	\$ 6,079,822

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$307,242. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 356,611	\$ 250,240
Changes in Assumptions	220,600	705,169
City Contributions Subsequent to the Measurement Date	455,307	-
Total	\$ 1,032,518	\$ 955,409

\$455,307 reported as deferred outflows related to OPEB resulting from the City's contribution subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2023	\$ 19,827
2024	19,825
2025	46,674
2026	(104,413)
2027	(135,401)
Thereafter	(224,710)
Total	\$ (378,198)

Payable to the OPEB Plan

The City reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2023.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

The LRLIF Plan provides fully paid-up life insurance benefits for post-age 64 retired members 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 postretirement benefit.

Employers are required to pay the following contributions based on member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2023 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The members contribution rates in effect for the year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates for the Year Ended December 31, 2022	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$ 0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$3,316 in contributions from the employer.

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

At December 31, 2023, the City reported a liability of \$623,204 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2022. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB Plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.16357800%, which was a decrease of 0.02359600% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense of \$58,408.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 60,991
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	11,693	-
Changes in Assumptions	223,904	367,861
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	75,287	113,859
Total	<u>\$ 310,884</u>	<u>\$ 542,711</u>

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2024	\$ (16,664)
2025	(22,213)
2026	(14,380)
2027	(44,298)
2028	(63,313)
Thereafter	(70,959)
Total	<u>\$ (231,827)</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018, to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Long-Term Expected Return on Plan Assets

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50.00	2.45
U.S. Mortgages	Bloomberg US MBS	50.00	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation remained unchanged from the prior year at 2.30%.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.76% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by Plan members retiring prior to age 65.

Sensitivity of the City's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.76%) or 1% higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
City's Proportionate Share of the Net OPEB Liability (Asset)	<u>\$ 849,673</u>	<u>\$ 623,204</u>	<u>\$ 449,642</u>

Payable to the OPEB Plan

The City reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2023.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either: (1) not in spendable form, or (2) legally or contractually required to be maintained intact. At December 31, 2023, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Prepaid Items	\$ 711,592
Long Term Receivables	1,603,983
Total Nonspendable Fund Balance	\$ 2,315,575

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2023, restricted fund balance was as follows:

Special Revenue Funds:

Restricted for:

Housing Revolving Loans	\$ 138,551
Library	7,681
Library Gift Fund	95,513
WDF Administrative	200
EMS Act 102 Grant	27,831
Business and Industrial Revolving Loans	1,282,380
Affordable Housing	141,477
Medical/Hospital Equipment	24,598
ARPA Fund	31,423

Debt Service Fund:

Restricted for Debt Service	122,059
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Capital Projects Funds:

Restricted for:

Bridge Construction	83,055
Park and Cemetery Construction	25,172
Police Equipment	30,886
TIF District No. 7	1,010,418
TIF District No. 9	166,968
TIF District No. 11	3,178
TIF District No. 12	55,389
TIF District No. 13	9,088
TIF District No. 14	6,095

Total Restricted Fund Balance	\$ 3,261,962
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**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2023, governmental fund balance was committed as follows:

Special Revenue Funds:

Committed for:

Community Tourism	\$ 180,049
Special Events Donations	15,516
Business Improvement District	4,199
Docks and Harbors	282
Senior Center	6,304
Community Development	56,212

Capital Projects Funds:

Committed for:

Street Construction	45,551
Bridge Construction	4,369
Public Works Equipment	336,935
City Hall Equipment	165,817
Police Equipment	29,071
Industrial Park Development	48,756
City Landfill	121,769
High School Bike Trail	54,118
Harbor Master Plan	838,454
Library Building and Grounds	<u>3,689</u>

Total Committed Fund Balance	<u><u>\$ 1,911,091</u></u>
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**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION

A. WPPI Energy Contract (WPPI)

The City of Two Rivers, Wisconsin electric utility purchases its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the state of Wisconsin created by contract by its members on September 5, 1980, pursuant to the Municipal Electric Company Act, Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical, and reliable supply of electric energy to its members.

The City of Two Rivers, Wisconsin is one of 51 members of WPPI located throughout the states of Wisconsin, Michigan, and Iowa. On December 31, 1989, each of WPPI's original members, including the City of Two Rivers, Wisconsin, commenced purchasing electric service from WPPI under a Long-Term Power Supply Contract for Participating Members (the Long-Term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial 35-year term. The contract has been amended to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

Under the Long-Term Contract, the City of Two Rivers, Wisconsin and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses, and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its board of directors, which consists of representatives from each member municipality.

The City of Two Rivers, Wisconsin has agreed to charge rates to the retail rate payers of its electric system sufficient to meet its obligations to WPPI. The Long-Term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the City of Two Rivers, Wisconsin electric system payable from any operating and maintenance fund established by the City of Two Rivers, Wisconsin electric utility.

The Long-Term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPI Energy, for distribution to its customers. Total purchases under this arrangement amounted to approximately \$6.8 million in 2023.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) Nos. 4 through 17. The TIDs were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIDs were created, the property tax base within each TID was “frozen” and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)(1), the Statutes allow up to five years from the date of termination for a tax incremental district to incur project costs eligible for financing from tax increments.

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

	<u>Termination Year</u>
TID No. 6	07/17/27
TID No. 7	08/20/28
TID No. 8	08/05/29
TID No. 9	07/28/26
TID No. 10	08/25/41
TID No. 11	09/06/43
TID No. 12	09/04/45
TID No. 13	02/03/41
TID No. 14	05/17/41
TID No. 15	07/19/48
TID No. 16	09/27/48
TID No. 17	09/06/49

C. Tax Abatements

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

For the year ended December 31, 2023, the City abated property taxes totaling \$195,416 under this program, including the following amounts:

- A property tax abatement of \$175,416 to a developer within District No. 9.
- A property tax abatement of \$20,000 to a developer within District No. 10.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies

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

E. Risk Management

The City is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

F. Subsequent Events

On April 1, 2024, the City issued general obligation promissory notes in the amount of \$3,020,000 to be used for capital improvement projects and various equipment purchases.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending December 31,	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2014	0.06625508 %	\$ (1,627,406)	\$ 7,273,639	22.37 %	102.74 %
2015	0.06634313	1,078,063	7,423,143	14.52	98.20
2016	0.06736854	555,278	7,680,109	7.23	99.12
2017	0.06946263	(2,062,427)	7,920,634	26.04	102.93
2018	0.07174643	2,552,513	8,182,118	31.20	96.45
2019	0.07286082	(2,349,365)	8,387,804	28.01	102.96
2020	0.07376752	(4,605,408)	8,722,182	52.80	105.26
2021	0.07368305	(5,938,989)	8,638,338	68.75	106.02
2022	0.07395085	3,917,696	8,943,746	43.80	95.72

See accompanying Notes to Required Supplementary Information.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

Fiscal Year Ended December 31,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
2015	\$ 638,770	\$ 638,770	\$ -	\$ 7,423,143	8.61 %
2016	661,683	661,683	-	7,680,109	8.62
2017	734,795	734,795	-	7,920,634	9.28
2018	751,207	751,207	-	8,182,118	9.18
2019	761,553	761,553	-	8,387,804	9.08
2020	849,147	849,147	-	8,722,182	9.74
2021	848,073	848,073	-	8,638,338	9.82
2022	868,733	868,733	-	8,943,746	9.71
2023	975,675	975,675	-	9,227,543	10.57

*Amounts for prior years were not available.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS***

Plan Fiscal Year Ended December 31,	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.16989100 %	\$ 511,131	\$ 7,920,634	6.45 %	44.81 %
2018	0.17386000	448,617	8,182,118	5.48	48.69
2019	0.17281800	735,893	8,168,000	9.01	37.58
2020	0.16272900	895,127	8,178,000	10.95	31.36
2021	0.18717400	1,106,268	8,413,000	13.15	29.57
2022	0.16357800	623,204	8,652,000	7.20	38.81

*Amounts for prior years were not available.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS***

Fiscal 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
2018	\$ 3,349	\$ 3,349	\$ -	\$ 8,182,118	0.04 %
2019	3,440	3,440	-	8,168,000	0.04
2020	3,124	3,124	-	8,178,000	0.04
2021	3,420	3,420	-	8,413,000	0.04
2022	3,268	3,268	-	8,652,000	0.04
2023	3,316	3,316	-	8,290,000	0.04

*Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS***

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service Cost	\$ 145,849	\$ 180,326	\$ 161,329	\$ 169,825	\$ 178,228	\$ 178,228
Interest	141,566	155,810	185,026	227,897	207,851	209,119
Differences Between Expected and Actual Experience	-	-	-	832,095	-	-
Changes of Assumptions	(694,662)	(58,196)	216,916	225,508	(187,924)	-
Effect of Liability Gains or Losses	(19,850)	(523,658)	-	-	-	-
Benefit Payments	(383,730)	(356,544)	(395,645)	(444,924)	(425,292)	(421,890)
NET CHANGE IN TOTAL OPEB LIABILITY	(810,827)	(602,262)	167,626	1,010,401	(227,137)	(34,543)
Total OPEB Liability - Beginning of Year	6,410,748	7,013,010	6,845,384	5,834,983	6,062,120	6,096,663
TOTAL OPEB LIABILITY - END OF YEAR	\$ 5,599,921	\$ 6,410,748	\$ 7,013,010	\$ 6,845,384	\$ 5,834,983	\$ 6,062,120
Covered-Employee Payroll	\$ 7,766,532	\$ 7,766,532	\$ 7,319,913	\$ 7,319,913	\$ 6,875,838	\$ 6,875,838
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	72.10%	82.54%	95.81%	93.52%	84.86%	88.17%

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

See accompanying Notes to Required Supplementary Information.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of benefits terms: There were no changes of benefits terms for any participating employers in the WRS.

Changes of assumptions: Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

The City is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The City maintains the following two OPEB plans:

Single-Employer Defined Postemployment Benefit Plan

Demographic assumptions have been updated based upon the most recent Wisconsin Retirement System (WRS) experience study. No assets have been accumulated in an irrevocable trust, so the Plan's discount rate applied to all periods is based on a 20-year, tax-exempt general obligation municipal bond index.

Local Retiree Life Insurance Fund (LRLIF)

Benefits Terms: There were no changes of benefit terms for any participating employer in LRLIF.

Assumptions: The State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

The City is required to present the last then fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Taxes:				
General Property	\$ 2,250,000	\$ 2,250,000	\$ 2,250,001	\$ 1
Payments in Lieu of Taxes	20	20	16	(4)
Interest and Taxes	10,000	10,000	11,552	1,552
Total Taxes	2,260,020	2,260,020	2,261,569	1,549
Special Assessments:				
Street Paving and Construction	160,000	160,000	247,045	87,045
Other Special Assessments	9,000	9,000	1,981	(7,019)
Total Special Assessments	169,000	169,000	249,026	80,026
Intergovernmental:				
State Shared Taxes	3,783,364	3,783,364	3,811,326	27,962
Exempt Computer Aid	20,433	20,433	20,753	320
Fire Insurance Tax	27,000	27,000	30,750	3,750
Law Enforcement Training	10,000	10,000	17,500	7,500
Expenditure Restraint	180,082	180,082	180,082	-
Other Public Safety	26,000	26,000	24,806	(1,194)
Municipal Services Payment	5,200	5,200	5,221	21
Other State Aid	-	-	7,323	7,323
Local Highway Aid	443,689	443,689	443,747	58
Connecting Streets	91,157	91,157	91,159	2
Total Intergovernmental	4,586,925	4,586,925	4,632,667	45,742
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	16,000	16,000	18,938	2,938
Bar Operators	6,000	6,000	7,900	1,900
Cigarette	1,000	1,000	-	(1,000)
Dog	7,000	7,000	8,764	1,764
Business and Occupational	2,500	2,500	2,235	(265)
Bicycle	1,000	1,000	1,325	325
Permits:				
Building	75,000	75,000	178,805	103,805
Electrical	18,000	18,000	14,501	(3,499)
Plumbing	25,000	25,000	27,190	2,190
Sign	1,500	1,500	1,430	(70)
Conditional Use	3,500	3,500	6,165	2,665
Other Permits	7,000	7,000	8,893	1,893
Cable Franchise Fees	140,000	140,000	102,461	(37,539)
Total Licenses and Permits	303,500	303,500	378,607	75,107

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and Forfeits:				
Court Penalties and Costs	\$ 80,000	\$ 80,000	\$ 59,759	\$ (20,241)
Animal Control	500	500	150	(350)
Parking Fines	10,000	10,000	9,026	(974)
Total Fines and Forfeits	<u>90,500</u>	<u>90,500</u>	<u>68,935</u>	<u>(21,565)</u>
Public Charges for Services:				
Community Center	30,000	30,000	35,336	5,336
Senior Center	18,000	18,000	3,815	(14,185)
General Government	24,000	24,000	22,873	(1,127)
Public Works	260,000	260,000	201,945	(58,055)
Cemetery Plots and Burials	120,000	120,000	128,370	8,370
Law Enforcement	2,500	2,500	3,258	758
Ambulance	820,000	820,000	807,308	(12,692)
Recreation	85,000	85,000	80,289	(4,711)
Fire Department	62,000	62,000	38,575	(23,425)
Total Public Charges for Services	<u>1,421,500</u>	<u>1,421,500</u>	<u>1,321,769</u>	<u>(99,731)</u>
Intergovernmental Charges for Services:				
Police Liaison	152,000	152,000	80,182	(71,818)
Shared Fire Expense	.500	500	-	(500)
Total Intergovernmental Charges for Services	<u>152,500</u>	<u>152,500</u>	<u>80,182</u>	<u>(72,318)</u>
Interdepartmental Charges for Services:				
Public Works	525,000	525,000	352,583	(172,417)
Recreation	30,000	30,000	28,787	(1,213)
Economic Development	30,000	30,000	6,094	(23,906)
Total Interdepartmental Charges for Services	<u>585,000</u>	<u>585,000</u>	<u>387,464</u>	<u>(197,536)</u>
Miscellaneous:				
Interest on Investments	80,000	80,000	196,798	116,798
Interest on Advances	45,500	45,500	39,332	(6,168)
Interest on Special Assessments	25,000	25,000	24,076	(924)
Rental Income	70,000	70,000	67,128	(2,872)
Refunds for Prior Years	36,500	36,500	33,431	(3,069)
Other	305,000	305,000	7,622	(297,378)
Total Miscellaneous	<u>562,000</u>	<u>562,000</u>	<u>368,387</u>	<u>(193,613)</u>
Total Revenues	<u><u>\$ 10,130,945</u></u>	<u><u>\$ 10,130,945</u></u>	<u><u>\$ 9,748,606</u></u>	<u><u>\$ (382,339)</u></u>

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government:				
Council	\$ 15,937	\$ 15,937	\$ 13,712	\$ 2,225
Judicial	62,635	62,635	57,060	5,575
Clerk	93,568	93,568	78,607	14,961
Assessor	122,150	122,150	131,945	(9,795)
Elections	17,300	17,300	12,242	5,058
City Manager	161,843	161,843	162,800	(957)
City Hall	87,764	87,764	91,327	(3,563)
Information Systems	115,872	115,872	110,346	5,526
Other General Government	17,800	17,800	23,036	(5,236)
Insurance and Bonds	353,145	353,145	379,192	(26,047)
Legal	54,868	54,868	53,188	1,680
Accounting	151,773	151,773	148,783	2,990
Uncollectible Taxes and Refunds	10,000	10,000	10,233	(233)
Contingency	307,897	307,897	-	307,897
Total General Government	1,572,552	1,572,552	1,272,471	300,081
Public Safety:				
Police and Fire Commission	5,250	5,250	3,774	1,476
Police Department	3,376,370	3,376,370	3,473,849	(97,479)
Fire Department	2,241,870	2,241,870	2,226,386	15,484
Ambulance	495,600	495,600	461,356	34,244
Inspection	141,815	141,815	136,877	4,938
Total Public Safety	6,260,905	6,260,905	6,302,242	(41,337)
Public Works:				
Public Works Shop	591,992	591,992	706,565	(114,573)
Highway Administration	179,935	179,935	159,901	20,034
Bridge Repairs and Maintenance	44,443	44,443	25,790	18,653
Street and Highway Maintenance	251,510	251,510	600,135	(348,625)
Snow and Ice Removal	220,834	220,834	107,220	113,614
Traffic Control	66,671	66,671	60,217	6,454
Transit	120,000	120,000	102,465	17,535
Work Done for Others	159,649	159,649	165,400	(5,751)
Total Public Works	1,635,034	1,635,034	1,927,693	(292,659)
Health and Human Services:				
Cemetery	186,964	186,964	191,895	(4,931)
Senior Center	192,408	192,408	184,271	8,137
Total Health and Human Services	379,372	379,372	376,166	3,206

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture and Recreation:				
Community Center	\$ 446,583	\$ 446,583	\$ 433,125	\$ 13,458
Parks	323,586	323,586	354,015	(30,429)
Recreation	313,376	313,376	298,858	14,518
Special Events	35,263	35,263	37,021	(1,758)
Recreation Fields	130,959	130,959	135,751	(4,792)
Total Culture and Recreation	<u>1,249,767</u>	<u>1,249,767</u>	<u>1,258,770</u>	<u>(9,003)</u>
Capital Outlay:				
Equipment	<u>-</u>	<u>-</u>	<u>82,434</u>	<u>(82,434)</u>
Total Expenditures	<u>\$ 11,097,630</u>	<u>\$ 11,097,630</u>	<u>\$ 11,219,776</u>	<u>\$ (122,146)</u>

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,518,625	\$ 2,518,625	\$ 2,518,625	\$ -
Miscellaneous	35,000	35,000	193,096	158,096
Total Revenues	<u>2,553,625</u>	<u>2,553,625</u>	<u>2,711,721</u>	<u>158,096</u>
EXPENDITURES				
Debt Service:				
Principal	2,206,593	2,206,593	2,229,293	(22,700)
Interest and Fiscal Charges	532,482	532,482	590,169	(57,687)
Total Expenditures	<u>2,739,075</u>	<u>2,739,075</u>	<u>2,819,462</u>	<u>(80,387)</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(185,450)	(185,450)	(107,741)	77,709
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	1,500	1,500
Premium on Debt Issued	-	-	29,908	29,908
Transfers In	275,527	275,527	289,466	13,939
Transfers Out	(63,745)	(63,745)	(72,803)	(9,058)
Total Other Financing Sources (Uses)	<u>211,782</u>	<u>211,782</u>	<u>248,071</u>	<u>36,289</u>
NET CHANGE IN FUND BALANCE	26,332	26,332	140,330	113,998
Fund Balance - Beginning of Year	(18,271)	(18,271)	(18,271)	-
FUND BALANCE - END OF YEAR	<u>\$ 8,061</u>	<u>\$ 8,061</u>	<u>\$ 122,059</u>	<u>\$ 113,998</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
ASSETS					
Cash and Investments	\$ 314,614	\$ 95,513	\$ 181,824	\$ 16,647	\$ 200
Receivables					
Taxes and Special Charges	387,341	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 701,955	\$ 95,513	\$ 181,824	\$ 16,647	\$ 200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 75	\$ -	\$ 1,775	\$ 1,131	\$ -
Accrued and Other Current Liabilities	12,409	-	-	-	-
Due to Other Funds	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	12,484	-	1,775	1,131	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	681,790	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	681,790	-	-	-	-
FUND BALANCES					
Restricted	7,681	95,513	-	-	200
Committed	-	-	180,049	15,516	-
Unassigned	-	-	-	-	-
Total Fund Balances	7,681	95,513	180,049	15,516	200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 701,955	\$ 95,513	\$ 181,824	\$ 16,647	\$ 200

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Tree Planting
ASSETS					
Cash and Investments	\$ 13,495	\$ 282	\$ -	\$ 7,749	\$ -
Receivables					
Taxes and Special Charges	35,078	-	-	-	-
Accounts	4,199	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 52,772	\$ 282	\$ -	\$ 7,749	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 412	\$ -
Accrued and Other Current Liabilities	-	-	86	599	-
Due to Other Funds	-	-	22,106	-	3,614
Special Deposits	-	-	-	434	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	-	22,192	1,445	3,614
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	48,573	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	48,573	-	-	-	-
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	4,199	282	-	6,304	-
Unassigned	-	-	(22,192)	-	(3,614)
Total Fund Balances	4,199	282	(22,192)	6,304	(3,614)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,772	\$ 282	\$ -	\$ 7,749	\$ -

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Special Revenue				
	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing	Medical/ Hospital Equipment
ASSETS					
Cash and Investments	\$ 27,831	\$ 1,282,380	\$ -	\$ 141,477	\$ 24,598
Receivables					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	1,184,893	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 27,831	\$ 2,467,273	\$ -	\$ 141,477	\$ 24,598
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	1,184,893	-	-	-
Total Deferred Inflows of Resources	-	1,184,893	-	-	-
FUND BALANCES					
Restricted	27,831	1,282,380	-	141,477	24,598
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	27,831	1,282,380	-	141,477	24,598
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 27,831	\$ 2,467,273	\$ -	\$ 141,477	\$ 24,598

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Special Revenue			Capital Projects		
	Community Development	ARPA Fund	Recreation Concession	Street Construction	Bridge Construction	Park and Cemetery Construction
ASSETS						
Cash and Investments	\$ 58,817	\$ 833,469	\$ -	\$ 45,551	\$ 87,424	\$ 5,068
Receivables	-	-	-	-	-	-
Taxes and Special Charges	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Total Assets	\$ 58,817	\$ 833,469	\$ -	\$ 45,551	\$ 87,424	\$ 5,068
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	2,586	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Special Deposits	-	-	-	-	-	-
Unearned Revenues	-	802,046	-	-	-	-
Total Liabilities	2,605	802,046	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Restricted	-	31,423	-	-	83,055	25,172
Committed	56,212	-	-	45,551	4,369	-
Unassigned	-	-	-	-	-	(20,104)
Total Fund Balances	56,212	31,423	-	45,551	87,424	5,068
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 58,817	\$ 833,469	\$ -	\$ 45,551	\$ 87,424	\$ 5,068

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Capital Projects				
	Fire Equipment	Public Works Equipment	City Hall Equipment	Management Information	Police Equipment
ASSETS					
Cash and Investments	\$ -	\$ 338,204	\$ 312,433	\$ -	\$ 114,602
Receivables	-	-	-	-	-
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ -	\$ 338,204	\$ 312,433	\$ -	\$ 114,602
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 280	\$ 1,269	\$ 146,616	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	36,666	-	-	10,989	54,645
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	36,946	1,269	146,616	10,989	54,645
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	-	-	30,886
Committed	-	336,935	165,817	-	29,071
Unassigned	(36,946)	-	-	(10,989)	-
Total Fund Balances	(36,946)	336,935	165,817	(10,989)	59,957
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 338,204	\$ 312,433	\$ -	\$ 114,602

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Capital Projects			
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9
ASSETS				
Cash and Investments	\$ -	\$ 413,935	\$ 94,175	\$ 244,098
Receivables				
Taxes and Special Charges	14,055	53,308	138,137	101,464
Accounts	-	-	-	-
Loans	-	-	-	-
Due from Other Funds	-	637,006	-	-
	<u>-</u>	<u>637,006</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,055</u>	<u>\$ 1,104,249</u>	<u>\$ 232,312</u>	<u>\$ 345,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-
Due to Other Funds	149,068	-	325	-
Special Deposits	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>149,068</u>	<u>-</u>	<u>325</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	24,740	93,831	243,146	178,594
Loans Receivable	-	-	-	-
Total Deferred Inflows of Resources	<u>24,740</u>	<u>93,831</u>	<u>243,146</u>	<u>178,594</u>
FUND BALANCES				
Restricted	-	1,010,418	-	166,968
Committed	-	-	-	-
Unassigned	(159,753)	-	(11,159)	-
Total Fund Balances	<u>(159,753)</u>	<u>1,010,418</u>	<u>(11,159)</u>	<u>166,968</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,055</u>	<u>\$ 1,104,249</u>	<u>\$ 232,312</u>	<u>\$ 345,562</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Capital Projects				
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14
ASSETS					
Cash and Investments	\$ -	\$ 17,842	\$ 105,502	\$ 28,643	\$ 19,617
Receivables					
Taxes and Special Charges	9,783	19,289	65,922	25,725	17,787
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 9,783	\$ 37,131	\$ 171,424	\$ 54,368	\$ 37,404
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	168,633	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	168,633	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	17,220	33,953	116,035	45,280	31,309
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	17,220	33,953	116,035	45,280	31,309
FUND BALANCES					
Restricted	-	3,178	55,389	9,088	6,095
Committed	-	-	-	-	-
Unassigned	(176,070)	-	-	-	-
Total Fund Balances	(176,070)	3,178	55,389	9,088	6,095
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,783	\$ 37,131	\$ 171,424	\$ 54,368	\$ 37,404

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Capital Projects				
	TIF District No. 15	TIF District No. 16	TIF District No. 17	Industrial Park Development	City Landfill
ASSETS					
Cash and Investments	\$ -	\$ -	\$ -	\$ 54,737	\$ 121,769
Receivables					
Taxes and Special Charges	308	324	1,295	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	4,125	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 308	\$ 324	\$ 1,295	\$ 58,862	\$ 121,769
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,501	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	7,378	5,839	5,498	-	-
Special Deposits	-	-	-	4,480	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	7,378	5,839	5,498	5,981	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	542	1,555	1,295	-	-
Loans Receivable	-	-	-	4,125	-
Total Deferred Inflows of Resources	542	1,555	1,295	4,125	-
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	-	-	-	48,756	121,769
Unassigned	(7,612)	(7,070)	(5,498)	-	-
Total Fund Balances	(7,612)	(7,070)	(5,498)	48,756	121,769
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 308	\$ 324	\$ 1,295	\$ 58,862	\$ 121,769

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Capital Projects				Totals
	Central Park Renovation	High School Bike Trail	Harbor Master Plan	Library Building and Grounds	
ASSETS					
Cash and Investments	\$ -	\$ 54,118	\$ 838,454	\$ 3,689	\$ 5,898,757
Receivables					
Taxes and Special Charges	-	-	-	-	869,816
Accounts	-	-	-	-	4,199
Loans	-	-	-	-	1,189,018
Due from Other Funds	-	-	-	-	637,006
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 54,118</u>	<u>\$ 838,454</u>	<u>\$ 3,689</u>	<u>\$ 8,598,796</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 9,634	\$ -	\$ -	\$ -	\$ 162,712
Accrued and Other Current Liabilities	-	-	-	-	15,680
Due to Other Funds	104,496	-	-	-	569,257
Special Deposits	-	-	-	-	4,914
Unearned Revenues	-	-	-	-	802,046
Total Liabilities	<u>114,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,609</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	1,517,863
Loans Receivable	-	-	-	-	1,189,018
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,706,881</u>
FUND BALANCES					
Restricted	-	-	-	-	3,001,352
Committed	-	54,118	838,454	3,689	1,911,091
Unassigned	(114,130)	-	-	-	(575,137)
Total Fund Balances	<u>(114,130)</u>	<u>54,118</u>	<u>838,454</u>	<u>3,689</u>	<u>4,337,306</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 54,118</u>	<u>\$ 838,454</u>	<u>\$ 3,689</u>	<u>\$ 8,598,796</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
REVENUES					
Taxes	\$ 631,287	\$ -	\$ 324,535	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	175,877	-	-	-	-
Public Charges for Services	8,689	-	27,103	43	-
Miscellaneous	69,796	39,108	-	30,898	-
Total Revenues	<u>885,649</u>	<u>39,108</u>	<u>351,638</u>	<u>30,941</u>	<u>-</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	901,744	10,824	-	41,792	-
Conservation and Development	-	-	198,200	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	6,454	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>908,198</u>	<u>10,824</u>	<u>198,200</u>	<u>41,792</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(22,549)	28,284	153,438	(10,851)	-
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	1,799	-	-	-	-
Transfers In	12,461	-	216,946	5,846	-
Transfers Out	(2,034)	(12,461)	(309,923)	-	-
Total Other Financing Sources (Uses)	<u>12,226</u>	<u>(12,461)</u>	<u>(92,977)</u>	<u>5,846</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,323)	15,823	60,461	(5,005)	-
Fund Balances - Beginning of Year	<u>18,004</u>	<u>79,690</u>	<u>119,588</u>	<u>20,521</u>	<u>200</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,681</u>	<u>\$ 95,513</u>	<u>\$ 180,049</u>	<u>\$ 15,516</u>	<u>\$ 200</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Tree Planting
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	48,378	-	-	-	-
Intergovernmental	-	-	-	6,845	-
Public Charges for Services	-	9,070	-	73,928	-
Miscellaneous	-	-	-	15,734	42,134
Total Revenues	<u>48,378</u>	<u>9,070</u>	<u>-</u>	<u>96,507</u>	<u>42,134</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	6,702	-	-	-
Health and Human Services	-	-	-	74,304	-
Culture and Recreation	-	-	-	1,552	-
Conservation and Development	48,129	-	47,505	-	31,511
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>48,129</u>	<u>6,702</u>	<u>47,505</u>	<u>75,856</u>	<u>31,511</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	249	2,368	(47,505)	20,651	10,623
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	19,500	-	-
Transfers Out	-	(9,000)	-	-	(19,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,000)</u>	<u>19,500</u>	<u>-</u>	<u>(19,500)</u>
NET CHANGE IN FUND BALANCES	249	(6,632)	(28,005)	20,651	(8,877)
Fund Balances - Beginning of Year	<u>3,950</u>	<u>6,914</u>	<u>5,813</u>	<u>(14,347)</u>	<u>5,263</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,199</u>	<u>\$ 282</u>	<u>\$ (22,192)</u>	<u>\$ 6,304</u>	<u>\$ (3,614)</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue				
	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing	Medical/ Hospital Equipment
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	68,313	25	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	177,588	-	-	13,304
Total Revenues	<u>68,313</u>	<u>177,613</u>	<u>-</u>	<u>-</u>	<u>13,304</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	62,793	-	-	-	7,595
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	154,626	23,194	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>62,793</u>	<u>154,626</u>	<u>23,194</u>	<u>-</u>	<u>7,595</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	5,520	22,987	(23,194)	-	5,709
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	129,983	-	-
Transfers In	-	9,059	-	-	-
Transfers Out	-	(75,000)	(106,789)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(65,941)</u>	<u>23,194</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,520	(42,954)	-	-	5,709
Fund Balances - Beginning of Year	<u>22,311</u>	<u>1,325,334</u>	<u>-</u>	<u>141,477</u>	<u>18,889</u>
FUND BALANCES - END OF YEAR	<u>\$ 27,831</u>	<u>\$ 1,282,380</u>	<u>\$ -</u>	<u>\$ 141,477</u>	<u>\$ 24,598</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Special Revenue			Capital Projects		
	Community Development	ARPA Fund	Recreation Concession	Street Construction	Bridge Construction	Park and Cemetery Construction
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-
Intergovernmental	-	242,202	-	16,681	-	27,783
Public Charges for Services	-	-	41,296	-	-	-
Miscellaneous	1,000	28,308	-	-	-	400
Total Revenues	1,000	270,510	41,296	16,681	-	28,183
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	500	-	-
Health and Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	35,450	-	-	488
Conservation and Development	129,842	242,202	-	-	-	-
Capital Outlay:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	650,636	11,326	-
Culture and Recreation	-	-	-	-	-	535,740
Conservation and Development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	129,842	242,202	35,450	651,136	11,326	536,228
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(128,842)	28,308	5,846	(634,455)	(11,326)	(508,045)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	-	-	10,000	-	562,000
Proceeds from Sale of Capital Assets	-	-	-	-	-	-
Transfers In	140,000	-	-	37,000	-	9,000
Transfers Out	-	-	(5,846)	-	-	-
Total Other Financing Sources (Uses)	140,000	-	(5,846)	47,000	-	571,000
NET CHANGE IN FUND BALANCES	11,158	28,308	-	(587,455)	(11,326)	62,955
Fund Balances - Beginning of Year	45,054	3,115	-	633,006	98,750	(57,887)
FUND BALANCES - END OF YEAR	\$ 56,212	\$ 31,423	\$ -	\$ 45,551	\$ 87,424	\$ 5,068

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects				
	Fire Equipment	Public Works Equipment	City Hall Equipment	Management Information	Police Equipment
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	5,100	-	21,357	-	27,169
Public Charges for Services	-	-	-	-	-
Miscellaneous	12,933	19,794	-	-	13,221
Total Revenues	<u>18,033</u>	<u>19,794</u>	<u>21,357</u>	<u>-</u>	<u>40,390</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	7,833	-	-	-	1,390
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Capital Outlay:					
General Government	-	-	280,445	16,257	-
Public Safety	66,447	-	-	-	119,223
Public Works	-	74,988	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>74,280</u>	<u>74,988</u>	<u>280,445</u>	<u>16,257</u>	<u>120,613</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(56,247)	(55,194)	(259,088)	(16,257)	(80,223)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	45,000	-	145,000	-	151,500
Proceeds from Sale of Capital Assets	3,856	-	-	-	-
Transfers In	-	325,000	288,000	33,899	63,744
Transfers Out	-	-	-	(9,899)	-
Total Other Financing Sources (Uses)	<u>48,856</u>	<u>325,000</u>	<u>433,000</u>	<u>24,000</u>	<u>215,244</u>
NET CHANGE IN FUND BALANCES	(7,391)	269,806	173,912	7,743	135,021
Fund Balances - Beginning of Year	<u>(29,555)</u>	<u>67,129</u>	<u>(8,095)</u>	<u>(18,732)</u>	<u>(75,064)</u>
FUND BALANCES - END OF YEAR	<u>\$ (36,946)</u>	<u>\$ 336,935</u>	<u>\$ 165,817</u>	<u>\$ (10,989)</u>	<u>\$ 59,957</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects			
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9
REVENUES				
Taxes	\$ 23,141	\$ 76,014	\$ 227,159	\$ 10,832
Special Assessments	-	-	-	-
Intergovernmental	5	822	-	3,681
Public Charges for Services	-	-	-	-
Miscellaneous	-	19,862	-	-
Total Revenues	<u>23,146</u>	<u>96,698</u>	<u>227,159</u>	<u>14,513</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	1,199	150	1,199	1,200
Capital Outlay:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	-	6,888	111,978	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	5,524	-	325	-
Total Expenditures	<u>6,723</u>	<u>7,038</u>	<u>113,502</u>	<u>1,200</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	16,423	89,660	113,657	13,313
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(102,140)	(188,648)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(102,140)</u>	<u>(188,648)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	16,423	(12,480)	(74,991)	13,313
Fund Balances - Beginning of Year	<u>(176,176)</u>	<u>1,022,898</u>	<u>63,832</u>	<u>153,655</u>
FUND BALANCES - END OF YEAR	<u>\$ (159,753)</u>	<u>\$ 1,010,418</u>	<u>\$ (11,159)</u>	<u>\$ 166,968</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects				
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14
REVENUES					
Taxes	\$ 10,852	\$ 29,573	\$ 103,546	\$ 25,140	\$ 9,798
Special Assessments	-	-	-	-	-
Intergovernmental	100	16,125	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	27,500	-	-	-	-
Total Revenues	<u>38,452</u>	<u>45,698</u>	<u>103,546</u>	<u>25,140</u>	<u>9,798</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	24,325	46,898	1,200	149	1,022
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	5,048	-	-	-	-
Total Expenditures	<u>29,373</u>	<u>46,898</u>	<u>1,200</u>	<u>149</u>	<u>1,022</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	9,079	(1,200)	102,346	24,991	8,776
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(22,250)	-	(48,020)	-	-
Total Other Financing Sources (Uses)	<u>(22,250)</u>	<u>-</u>	<u>(48,020)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(13,171)	(1,200)	54,326	24,991	8,776
Fund Balances - Beginning of Year	<u>(162,899)</u>	<u>4,378</u>	<u>1,063</u>	<u>(15,903)</u>	<u>(2,681)</u>
FUND BALANCES - END OF YEAR	<u>\$ (176,070)</u>	<u>\$ 3,178</u>	<u>\$ 55,389</u>	<u>\$ 9,088</u>	<u>\$ 6,095</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects				
	TIF District No. 15	TIF District No. 16	TIF District No. 17	Industrial Park Development	City Landfill
REVENUES					
Taxes	\$ 293	\$ 843	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	140,260	144,460
Total Revenues	<u>293</u>	<u>843</u>	<u>-</u>	<u>140,260</u>	<u>144,460</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	119,331
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	866	2,166	4,433	2,066	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	12,767	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	222	176	35	-	-
Total Expenditures	<u>1,088</u>	<u>2,342</u>	<u>4,468</u>	<u>14,833</u>	<u>119,331</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(795)	(1,499)	(4,468)	125,427	25,129
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(165,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(795)	(1,499)	(4,468)	(39,573)	25,129
Fund Balances - Beginning of Year	<u>(6,817)</u>	<u>(5,571)</u>	<u>(1,030)</u>	<u>88,329</u>	<u>96,640</u>
FUND BALANCES - END OF YEAR	<u>\$ (7,612)</u>	<u>\$ (7,070)</u>	<u>\$ (5,498)</u>	<u>\$ 48,756</u>	<u>\$ 121,769</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects				Totals
	Central Park Renovation	Bike Trail	Harbor Master Plan	Library Building and Grounds	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,473,013
Special Assessments	-	-	-	-	48,378
Intergovernmental	-	-	-	-	612,085
Public Charges for Services	-	-	-	-	160,129
Miscellaneous	238,465	-	-	50,319	1,085,084
Total Revenues	<u>238,465</u>	<u>-</u>	<u>-</u>	<u>50,319</u>	<u>3,378,689</u>
EXPENDITURES					
Current:					
General Government	-	-	-	70,867	70,867
Public Safety	-	-	-	-	79,611
Public Works	-	-	-	-	126,533
Health and Human Services	-	-	-	-	74,304
Culture and Recreation	1,257,239	29,030	-	-	2,278,119
Conservation and Development	-	-	-	-	962,082
Capital Outlay:					
General Government	-	-	-	-	296,702
Public Safety	-	-	-	-	185,670
Public Works	-	-	-	-	736,950
Culture and Recreation	-	-	-	-	535,740
Conservation and Development	-	-	-	-	131,633
Debt Service:					
Principal	-	-	-	-	6,454
Interest and Fiscal Charges	-	-	-	-	11,330
Total Expenditures	<u>1,257,239</u>	<u>29,030</u>	<u>-</u>	<u>70,867</u>	<u>5,495,995</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(1,018,774)	(29,030)	-	(20,548)	(2,117,306)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	250,000	-	-	-	1,163,500
Proceeds from Sale of Capital Assets	-	-	-	-	135,638
Transfers In	-	-	-	-	1,160,455
Transfers Out	-	-	(650,000)	-	(1,726,510)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>733,083</u>
NET CHANGE IN FUND BALANCES	(768,774)	(29,030)	(650,000)	(20,548)	(1,384,223)
Fund Balances - Beginning of Year	654,644	83,148	1,488,454	24,237	5,721,529
FUND BALANCES - END OF YEAR	<u>\$ (114,130)</u>	<u>\$ 54,118</u>	<u>\$ 838,454</u>	<u>\$ 3,689</u>	<u>\$ 4,337,306</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2023**

	Telecommunication <u>Utility</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 72,457	\$ 80,891	\$ 153,348
Receivables			
Taxes and Special Charges	-	1,479	1,479
Other	-	65,208	65,208
Total Current Assets	<u>72,457</u>	<u>147,578</u>	<u>220,035</u>
Capital Assets:			
Depreciable, Net	45,458	-	45,458
Total Assets	<u>117,915</u>	<u>147,578</u>	<u>265,493</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	-	86,724	86,724
Other Postemployment Related Amounts	-	9,407	9,407
Total Deferred Outflows of Resources	<u>-</u>	<u>96,131</u>	<u>96,131</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	249	24,863	25,112
Accrued and Other Current Liabilities	-	1,023	1,023
Accrued Interest Payable	-	252	252
Current Portion of Long-Term Debt	-	1,790	1,790
Total Current Liabilities	<u>249</u>	<u>27,928</u>	<u>28,177</u>
Long-Term Obligations, Less Current Portion:			
Revenue Bonds	-	5,814	5,814
Net Pension Liability	-	23,147	23,147
Other Postemployment Benefits	-	40,392	40,392
Total Long-Term Obligations, Less Current Portion	<u>-</u>	<u>69,353</u>	<u>69,353</u>
Total Liabilities	<u>249</u>	<u>97,281</u>	<u>97,530</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	-	48,502	48,502
Other Postemployment Related Amounts	-	11,255	11,255
Total Deferred Inflows of Resources	<u>-</u>	<u>59,757</u>	<u>59,757</u>
NET POSITION			
Net Investment in Capital Assets	45,458	-	45,458
Unrestricted	<u>72,208</u>	<u>86,671</u>	<u>158,879</u>
Total Net Position	<u>\$ 117,666</u>	<u>\$ 86,671</u>	<u>\$ 204,337</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Telecommunication <u>Utility</u>	<u>Solid Waste</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ 469,946	\$ 469,946
Other	-	237,646	237,646
Total Operating Revenues	<u>-</u>	<u>707,592</u>	<u>707,592</u>
OPERATING EXPENSES			
Operation and Maintenance	1,743	868,684	870,427
Depreciation	13,941	-	13,941
Total Operating Expenses	<u>15,684</u>	<u>868,684</u>	<u>884,368</u>
OPERATING LOSS	(15,684)	(161,092)	(176,776)
NONOPERATING REVENUES (EXPENSES)			
Nonoperating Grants	-	81,890	81,890
Interest and Fiscal Charges	-	(311)	(311)
Other Nonoperating Revenues	15,885	-	15,885
Total Nonoperating Revenues (Expenses)	<u>15,885</u>	<u>81,579</u>	<u>97,464</u>
INCOME (LOSS) BEFORE TRANSFERS	201	(79,513)	(79,312)
TRANSFERS OUT	<u>-</u>	<u>(2,034)</u>	<u>(2,034)</u>
CHANGE IN NET POSITION	201	(81,547)	(81,346)
Net Position - Beginning of Year	<u>117,465</u>	<u>168,218</u>	<u>285,683</u>
NET POSITION - END OF YEAR	<u>\$ 117,666</u>	<u>\$ 86,671</u>	<u>\$ 204,337</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Telecommunication <u>Utility</u>	<u>Solid Waste</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ -	\$ 709,206	\$ 709,206
Cash Received from Rent	15,885	-	15,885
Cash Paid for Employee Wages and Benefits	-	(103,681)	(103,681)
Cash Paid to Suppliers	<u>(1,495)</u>	<u>(731,566)</u>	<u>(733,061)</u>
Net Cash Provided (Used) by Operating Activities	14,390	(126,041)	(111,651)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating Grants	-	81,890	81,890
Transfer Out	<u>-</u>	<u>(2,034)</u>	<u>(2,034)</u>
Net Cash Provided by Noncapital Financing Activities	-	79,856	79,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(34,393)	-	(34,393)
Principal Paid on Long-Term Debt	-	(1,722)	(1,722)
Interest Paid on Long-Term Debt	<u>-</u>	<u>(373)</u>	<u>(373)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(34,393)</u>	<u>(2,095)</u>	<u>(36,488)</u>
CHANGE IN CASH AND INVESTMENTS	(20,003)	(48,280)	(68,283)
Cash and Investments - Beginning of Year	<u>92,460</u>	<u>129,171</u>	<u>221,631</u>
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 72,457</u>	<u>\$ 80,891</u>	<u>\$ 153,348</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Telecommunication <u>Utility</u>	<u>Solid Waste</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	\$ (15,684)	\$ (161,092)	\$ (176,776)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	13,940	-	13,940
Rental Income	15,885	-	15,885
Change in Asset, Liability, and Deferred Outflows and Inflows of Resources:			
Net Pension Asset	-	35,517	35,517
Deferred Outflows - Pension Related	-	(17,716)	(17,716)
Net Pension Liability	-	23,147	23,147
Deferred Inflows - Pension Related	-	(35,146)	(35,146)
Deferred Outflows - OPEB Related	-	1,053	1,053
OPEB Liability	-	(6,032)	(6,032)
Deferred Inflows - OPEB Related	-	7,748	7,748
Change in Operating Assets and Liabilities:			
Accounts Receivable	-	1,614	1,614
Accounts Payable	249	24,392	24,641
Accrued and Other Current Liabilities	-	474	474
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,390</u>	<u>\$ (126,041)</u>	<u>\$ (111,651)</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION			
Cash and Investments in Current Assets	<u>\$ 72,457</u>	<u>\$ 80,891</u>	<u>\$ 153,348</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	Custodial Funds				Total
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	
ASSETS					
Cash and Investments	\$ 3,684,826	\$ 173,767	\$ 585	\$ 2,997	\$ 3,862,175
Receivables:					
Taxes	4,847,310	-	-	-	4,847,310
Total Assets	<u>8,532,136</u>	<u>173,767</u>	<u>585</u>	<u>2,997</u>	<u>8,709,485</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	<u>8,532,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,532,136</u>
NET POSITION					
Restricted	<u>\$ -</u>	<u>\$ 173,767</u>	<u>\$ 585</u>	<u>\$ 2,997</u>	<u>\$ 177,349</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	Custodial Funds				Total
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	
ADDITIONS					
Interest on Investments	\$ -	\$ 7,250	\$ 595	\$ 4,421	\$ 12,266
Taxes and Special Charges Collected	7,624,287	-	-	-	7,624,287
Total Additions	<u>7,624,287</u>	<u>7,250</u>	<u>595</u>	<u>4,421</u>	<u>7,636,553</u>
DEDUCTIONS					
Payments to Others	7,624,287	-	679	2,692	7,627,658
Benefits	-	252	-	-	252
Total Deductions	<u>7,624,287</u>	<u>252</u>	<u>679</u>	<u>2,692</u>	<u>7,627,910</u>
CHANGE IN NET POSITION	-	6,998	(84)	1,729	8,643
Net Position - Beginning of Year	-	<u>166,769</u>	<u>669</u>	<u>1,268</u>	<u>168,706</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 173,767</u>	<u>\$ 585</u>	<u>\$ 2,997</u>	<u>\$ 177,349</u>

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



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

City Manager and City Council
City of Two Rivers, Wisconsin
Two Rivers, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Two Rivers, Wisconsin (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Two Rivers, Wisconsin's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 16, 2024

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting

FINDING NO.	CONTROL DEFICIENCIES
2023-001	Preparation of Annual Financial Report Repeat of Finding 2022-001
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and relies on our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the City had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria or Specific Requirement:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understand of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting (Continued)

FINDING NO.

CONTROL DEFICIENCIES

2023-001

Preparation of Annual Financial Report (Continued)
Repeat of Finding 2022-001

Management's
Response:

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.



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