CITY OF TWO RIVERS, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, 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 accompanying 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, 2025, 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 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.

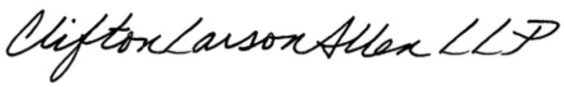
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be present to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The detailed comparison of budgeted and actual revenues and expenditures for the general fund, the schedule of budget to actual for the debt service fund, combining nonmajor fund financial statements, and the combining fiduciary fund statements, the supplementary information as listed in the table of contents, 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 June 25, 2026, 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
June 25, 2026

BASIC FINANCIAL STATEMENTS

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 8,748,747	$ 950,095	$ 9,698,842
Receivables:			
Taxes	3,805,185	122,795	3,927,980
Accounts	165,976	2,310,933	2,476,909
Special Assessments	613,593	248,848	862,441
Loans	2,894,965	-	2,894,965
Other	-	108,189	108,189
Leases	101,080	-	101,080
Internal Balances	1,759,270	(1,759,270)	-
Due from Other Governments	139,419	437,866	577,285
Prepaid Items	990,178	409,289	1,399,467
Restricted Assets:			
Cash and Investments	-	1,333,533	1,333,533
Capital Assets, Nondepreciable/Nonamortizable	2,463,759	2,042,891	4,506,650
Capital Assets, Depreciable/Amortizable, Net	32,765,551	54,554,934	87,320,485
Total Assets	54,447,723	60,760,103	115,207,826
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	6,095,568	1,066,101	7,161,669
Other Postemployment Benefit Related Amounts	1,429,425	241,912	1,671,337
Total Deferred Outflows of Resources	7,524,993	1,308,013	8,833,006

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	$ 756,654	$ 847,706	$ 1,604,360
Accrued and Other Current Liabilities	520,906	92,070	612,976
Due to Other Governments	24,237	-	24,237
Accrued Interest Payable	239,784	103,661	343,445
Special Deposits	52,213	115,348	167,561
Unearned Revenues	74,500	-	74,500
Long-Term Obligations:			
Due within One Year	2,513,927	1,756,043	4,269,970
Due in More than One Year	14,275,805	16,826,256	31,102,061
Other Postemployment Benefits:			
Due within One Year	603,969	35,648	639,617
Due in More than One Year	5,067,781	921,823	5,989,604
Net Pension Liability	1,031,362	181,972	1,213,334
Total Liabilities	25,161,138	20,880,527	46,041,665
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	6,883,085	-	6,883,085
Lease Related	101,080	-	101,080
Pension Related Amounts	3,013,373	531,674	3,545,047
Other Postemployment Benefit Related Amounts	1,035,661	179,282	1,214,943
Total Deferred Inflows of Resources	11,033,199	710,956	11,744,155
NET POSITION			
Net Investment in Capital Assets	19,794,752	38,056,152	57,850,904
Restricted:			
Housing and Business Loans	4,019,748	-	4,019,748
Library Operations and Donations	97,060	-	97,060
WDF Administrative	200	-	200
EMS Act 102 Grant	51,086	-	51,086
Affordable Housing	141,477	-	141,477
Medical/Hospital Equipment	25,931	-	25,931
Tax Incremental Districts	1,621,734	-	1,621,734
Debt Service	99,406	136,000	235,406
Capital Assets	-	1,197,533	1,197,533
Unrestricted	(73,015)	1,086,948	1,013,933
Total Net Position	$ 25,778,379	$ 40,476,633	$ 66,255,012

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Governmental Activities:			
General Government	$ 1,931,626	$ 75,909	$ 1,931
Public Safety	8,005,271	1,393,211	226,091
Public Works	2,812,057	360,942	701,987
Health and Human Services	611,877	183,817	222,457
Culture and Recreation	3,340,706	277,738	356,155
Conservation and Development	1,707,903	128,934	-
Interest and Fiscal Charges	583,984	-	-
Total Governmental Activities	18,993,424	2,420,551	1,508,621
Business-Type Activities:			
Electric Utility	9,303,878	9,731,337	-
Water Utility	2,895,744	3,147,495	-
Sewer Utility	2,997,117	3,089,377	-
Telecommunications Utility	21,537	15,885	-
Solid Waste	851,805	811,733	82,325
Stormwater Utility	549,505	653,603	-
Total Business-Type Activities	16,619,586	17,449,430	82,325
Total Functions/Programs	$ 35,613,010	$ 19,869,981	$ 1,590,946

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	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	$ -	$ (1,853,786)	$ -	$ (1,853,786)
Public Safety	2,500	(6,383,469)	-	(6,383,469)
Public Works	218,599	(1,530,529)	-	(1,530,529)
Health and Human Services	-	(205,603)	-	(205,603)
Culture and Recreation	134,518	(2,572,295)	-	(2,572,295)
Conservation and Development	-	(1,578,969)	-	(1,578,969)
Interest and Fiscal Charges	-	(583,984)	-	(583,984)
Total Governmental Activities	355,617	(14,708,635)	-	(14,708,635)
Business-Type Activities:				
Electric Utility	172,960	-	600,419	600,419
Water Utility	1,799,982	-	2,051,733	2,051,733
Sewer Utility	312,788	-	405,048	405,048
Telecommunications Utility	-	-	(5,652)	(5,652)
Solid Waste	-	-	42,253	42,253
Stormwater Utility	74,475	-	178,573	178,573
Total Business-Type Activities	2,360,205	-	3,272,374	3,272,374
Total Functions/Programs	$ 2,715,822	(14,708,635)	3,272,374	(11,436,261)
GENERAL REVENUES AND TRANSFERS				
Taxes:				
Property Taxes		6,098,117	-	6,098,117
Other Taxes		305,161	-	305,161
Federal and State Grants and Other Contributions Not Restricted to Specific Functions		5,872,801	-	5,872,801
Interest and Investment Earnings		526,881	705	527,586
Miscellaneous		658,118	2,676	660,794
Gain on Sale of Asset		559,741	-	559,741
Transfers		671,081	(671,081)	-
Total General Revenues and Transfers		14,691,900	(667,700)	14,024,200
CHANGE IN NET POSITION		(16,735)	2,604,674	2,587,939
Net Position - Beginning of Year		25,795,114	37,871,959	63,667,073
NET POSITION - END OF YEAR		$ 25,778,379	$ 40,476,633	$ 66,255,012

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Housing Revolving Loans	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Investments	$ 594,835	$ 1,527,544	$ 121,377	$ 6,501,813	$ 8,745,569
Receivables:					
Taxes	1,447,658	1,448,249	-	893,765	3,789,672
Delinquent Taxes	15,513	-	-	-	15,513
Accounts	157,883	-	-	8,093	165,976
Special Assessments	613,593	-	-	-	613,593
Loans	-	-	2,162,448	732,517	2,894,965
Leases	101,080	-	-	-	101,080
Due from Other Funds	2,239,118	-	-	256,237	2,495,355
Due from Other Governments	-	-	-	139,419	139,419
Prepaid Items	766,491	-	-	223,687	990,178
Total Assets	$ 5,936,171	$ 2,975,793	$ 2,283,825	$ 8,755,531	$ 19,951,320
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 137,719	$ -	$ 1,037	$ 617,898	$ 756,654
Accrued and Other Current Liabilities	492,971	-	-	27,935	520,906
Due to Other Funds	-	-	-	736,085	736,085
Due to Other Governments	24,202	-	-	35	24,237
Special Deposits	47,059	-	-	5,154	52,213
Unearned Revenues	74,500	-	-	-	74,500
Total Liabilities	776,451	-	1,037	1,387,107	2,164,595
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	2,647,280	2,636,603	-	1,599,202	6,883,085
Loans Receivable	-	-	2,162,448	732,517	2,894,965
Lease Related	101,080	-	-	-	101,080
Special Assessments	532,539	-	-	-	532,539
Total Deferred Inflows of Resources	3,280,899	2,636,603	2,162,448	2,331,719	10,411,669
FUND BALANCES					
Nonspendable	2,743,888	-	-	223,687	2,967,575
Restricted	-	339,190	120,340	3,331,993	3,791,523
Committed	-	-	-	2,159,601	2,159,601
Unassigned	(865,067)	-	-	(678,576)	(1,543,643)
Total Fund Balances	1,878,821	339,190	120,340	5,036,705	7,375,056
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,936,171	$ 2,975,793	$ 2,283,825	$ 8,755,531	$ 19,951,320

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	$ 7,375,056
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.	35,229,310
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	3,427,504
Net position of the internal service fund is reported in the Statement of Net Position as governmental activities.	3,178
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	6,095,568
Deferred Inflows Related to Pensions	(3,013,373)
Deferred Outflows Related to Other Postemployment Benefits	1,429,425
Deferred Inflows Related to Other Postemployment Benefits	(1,035,661)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(15,740,178)
Premium on Debt	(584,355)
Lease Liability	(335,282)
Compensated Absences	(129,917)
Net Pension Liability	(1,031,362)
Other Postemployment Benefits Liability	(5,671,750)
Accrued Interest on Long-Term Obligations	(239,784)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ 25,778,379

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, 2025

	General	Debt Service	Housing Revolving Loans	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 2,304,352	$ 2,551,538	$ -	$ 1,563,692	$ 6,419,582
Special Assessments	235,671	-	-	52,423	288,094
Intergovernmental	5,684,048	-	-	1,319,491	7,003,539
Licenses and Permits	271,398	-	-	-	271,398
Fines and Forfeits	73,378	-	-	-	73,378
Public Charges for Services	1,552,280	-	-	178,997	1,731,277
Intergovernmental Charges for Services	94,764	-	-	-	94,764
Interdepartmental Charges for Services	467,243	-	-	-	467,243
Miscellaneous	600,568	214,710	119,855	1,126,872	2,062,005
Total Revenues	11,283,702	2,766,248	119,855	4,241,475	18,411,280
EXPENDITURES					
Current:					
General Government	1,294,614	-	-	-	1,294,614
Public Safety	7,198,869	-	-	179,565	7,378,434
Public Works	1,759,740	-	-	339,142	2,098,882
Health and Human Services	444,952	-	-	109,415	554,367
Culture and Recreation	1,433,373	-	-	1,114,412	2,547,785
Conservation and Development	-	-	179,819	1,930,809	2,110,628
Capital Outlay	76,831	-	-	2,890,664	2,967,495
Debt Service:					
Principal	-	2,433,694	-	-	2,433,694
Interest and Fiscal Charges	-	747,007	-	10,661	757,668
Total Expenditures	12,208,379	3,180,701	179,819	6,574,668	22,143,567
DEFICIT OF REVENUES OVER (UNDER) EXPENDITURES	(924,677)	(414,453)	(59,964)	(2,333,193)	(3,732,287)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	2,503	-	2,432,497	2,435,000
Lease Proceeds	76,831	-	-	-	76,831
Premium on Debt Issued	-	160,217	-	-	160,217
Proceeds from Sale of Capital Assets	36,368	-	-	536,473	572,841
Transfers In	1,017,624	229,453	-	661,163	1,908,240
Transfers Out	(544,940)	-	-	(1,204,676)	(1,749,616)
Total Other Financing Sources (Uses)	585,883	392,173	-	2,425,457	3,403,513
NET CHANGE IN FUND BALANCES	(338,794)	(22,280)	(59,964)	92,264	(328,774)
Fund Balances - Beginning of Year	2,217,615	361,470	180,304	4,944,441	7,703,830
FUND BALANCES - END OF YEAR	$ 1,878,821	$ 339,190	$ 120,340	$ 5,036,705	$ 7,375,056

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, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page	$	(328,774)
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		3,178,880
Depreciation and Amortization Expense Reported in the Statement of Activities		(1,893,770)
Net Book Value of Disposals		(42,854)
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:		(602,552)
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		(2,435,000)
Lease Liabitlity Issued		(76,831)
Premium on Debt Issued		(160,217)
Principal Repaid		2,291,747
Lease Liability Principal Repaid		141,947
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		16,930
Amortization of Premiums		156,754
Compensated Absences		38,928
Net Pension Liability		(112,267)
Deferred Outflows of Resources Related to Pensions		(2,156,091)
Deferred Inflows of Resources Related to Pensions		1,901,653
Other Postemployment Benefits Liability		314,460
Deferred Outflows of Resources Related to Other Postemployment Benefits		(245,500)
Deferred Inflows of Resources Related to Other Postemployment Benefits		28,130
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.		(32,308)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$	(16,735)

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 2,300,533	$ 2,300,533	$ 2,304,352	$ 3,819
Special Assessments	280,000	280,000	235,671	(44,329)
Intergovernmental	5,706,124	5,706,124	5,684,048	(22,076)
Licenses and Permits	312,200	322,200	271,398	(50,802)
Fines and Forfeits	82,800	82,800	73,378	(9,422)
Public Charges for Services	1,480,000	1,535,000	1,552,280	17,280
Intergovernmental Charges for Services	170,000	170,000	94,764	(75,236)
Interdepartmental Charges for Services	587,000	557,000	467,243	(89,757)
Miscellaneous	389,000	289,000	600,568	311,568
Total Revenues	11,307,657	11,242,657	11,283,702	41,045
EXPENDITURES				
Current:				
General Government	1,442,945	1,351,920	1,294,614	57,306
Public Safety	6,942,541	7,017,541	7,198,869	(181,328)
Public Works	1,768,927	1,768,927	1,759,740	9,187
Health and Human Services	425,899	421,808	444,952	(23,144)
Culture and Recreation	1,423,266	1,423,266	1,433,373	(10,107)
Capital Outlay	-	-	76,831	(76,831)
Total Expenditures	12,003,578	11,983,462	12,208,379	(224,917)
DEFICIT OF REVENUES UNDER EXPENDITURES	(695,921)	(740,805)	(924,677)	(183,872)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	76,831	76,831
Proceeds From Sale of Capital Assets	25,000	25,000	36,368	11,368
Transfers In	1,178,000	1,223,000	1,017,624	(205,376)
Transfers Out	(507,079)	(507,079)	(544,940)	(37,861)
Total Other Financing Sources (Uses)	695,921	740,921	585,883	(155,038)
NET CHANGE IN FUND BALANCE	-	116	(338,794)	(338,910)
Fund Balance - Beginning of Year	2,217,615	2,217,615	2,217,615	-
FUND BALANCE - END OF YEAR	$ 2,217,615	$ 2,217,731	$ 1,878,821	$ (338,910)

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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous	$ 80,000	$ 80,000	$ 119,855	$ 39,855
EXPENDITURES				
Current:				
Conservation and Development	93,000	93,000	179,819	(86,819)
NET CHANGE IN FUND BALANCE	(13,000)	(13,000)	(59,964)	(46,964)
Fund Balance - Beginning of Year	180,304	180,304	180,304	-
FUND BALANCE - END OF YEAR	$ 167,304	$ 167,304	$ 120,340	$ (46,964)

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets:			
Cash and Investments	$ 259,023	$ -	$ -
Receivables:			
Taxes and Special Charges	-	9,921	76,722
Customer Accounts	1,360,550	424,311	438,402
Special Assessments	-	14,458	74,267
Other	45,602	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	437,866
Prepaid Items	277,566	131,723	-
Total Current Assets	1,942,741	580,413	1,027,257
Restricted Assets:			
Cash and Investments	-	136,000	1,176,392
Capital Assets:			
Nondepreciable/Nonamortizable	23,983	1,113,254	480,965
Depreciable/Amortizable, Net	10,108,287	17,729,432	19,247,856
Total Capital Assets	10,132,270	18,842,686	19,728,821
Total Assets	12,075,011	19,559,099	21,932,470
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	477,427	269,821	253,660
Other Postemployment Benefit Related Amounts	108,217	60,642	56,279
Total Deferred Outflows of Resources	585,644	330,463	309,939

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2025

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
ASSETS				
Current Assets:				
Cash and Investments	$ 429,803	$ 261,269	$ 950,095	$ 3,178
Receivables:				
Taxes and Special Charges	34,241	1,911	122,795	-
Customer Accounts	87,670	-	2,310,933	-
Special Assessments	160,123	-	248,848	-
Other	-	62,587	108,189	-
Due from Other Funds	120,000	-	120,000	-
Due from Other Governments	-	-	437,866	-
Prepaid Items	-	-	409,289	-
Total Current Assets	831,837	325,767	4,708,015	3,178
Restricted Assets:				
Cash and Investments	21,141	-	1,333,533	-
Capital Assets:				
Nondepreciable/Nonamortizable	424,689	-	2,042,891	-
Depreciable/Amortizable, Net	7,460,144	9,215	54,554,934	-
Total Capital Assets	7,884,833	9,215	56,597,825	-
Total Assets	8,737,811	334,982	62,639,373	3,178
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	31,470	33,723	1,066,101	-
Other Postemployment Benefit Related Amounts	8,687	8,087	241,912	-
Total Deferred Outflows of Resources	40,157	41,810	1,308,013	-

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2025

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 581,418	$ 118,607	$ 136,814
Accrued and Other Current Liabilities	43,669	23,238	30,342
Due to Other Funds	-	1,148,865	730,405
Accrued Interest Payable	10,792	22,392	38,445
Special Deposits	115,348	-	-
Current Portion of Long-Term Debt	37,259	472,686	89,645
Current Portion of Lease Liability	15,524	19,297	-
Current Portion of Compensated Absences	2,023	1,116	651
Current Portion of Other Postemployment Benefits	35,609	39	-
Payable from Restricted Assets:			
Current Portion of Long-Term Debt	-	-	945,875
Total Current Liabilities	841,642	1,806,240	1,972,177
Long-Term Liabilities, Less Current Portion:			
General Obligation Debt	-	1,559,290	405,000
Revenue Bonds	38,750	4,421,531	8,829,464
Debt Premium	-	10,956	8,595
Lease Liability	14,883	21,231	-
Compensated Absences	18,210	10,045	5,858
Net Pension Liability	81,449	46,177	43,500
Other Postemployment Benefits	393,166	239,606	222,510
Total Long-Term Liabilities	546,458	6,308,836	9,514,927
Total Liabilities	1,388,100	8,115,076	11,487,104
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	237,972	134,917	127,095
Other Postemployment Benefit Related Amounts	79,431	45,567	42,106
Total Deferred Inflows of Resources	317,403	180,484	169,201
NET POSITION			
Net Investment in Capital Assets	10,101,863	12,253,872	9,407,958
Restricted:			
Capital Assets	-	-	1,176,392
Debt Service	-	136,000	-
Unrestricted	853,289	(795,870)	1,754
Total Net Position	$ 10,955,152	$ 11,594,002	$ 10,586,104

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2025

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 550	$ 1,234	$ 838,623	$ -
Accrued and Other Current Liabilities	2,461	1,443	101,153	-
Due to Other Funds	-	-	1,879,270	-
Accrued Interest Payable	31,900	132	103,661	-
Special Deposits	-	-	115,348	-
Current Portion of Long-Term Debt	170,030	1,937	771,557	-
Current Portion of Lease Liability	-	-	34,821	-
Current Portion of Compensated Absences	-	-	3,790	-
Current Portion of Other Postemployment Benefits	-	-	35,648	-
Payable from Restricted Assets:				
Current Portion of Long-Term Debt	-	-	945,875	-
Total Current Liabilities	204,941	4,746	4,829,746	-
Long-Term Liabilities, Less Current Portion:				
General Obligation Debt	950,222	-	2,914,512	-
Revenue Bonds	481,337	2,015	13,773,097	-
Debt Premium	48,869	-	68,420	-
Lease Liability	-	-	36,114	-
Compensated Absences	-	-	34,113	-
Net Pension Liability	4,970	5,876	181,972	-
Other Postemployment Benefits	35,695	30,846	921,823	-
Total Long-Term Liabilities	1,521,093	38,737	17,930,051	-
Total Liabilities	1,726,034	43,483	22,759,797	-
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	14,521	17,169	531,674	-
Other Postemployment Benefit Related Amounts	4,238	7,940	179,282	-
Total Deferred Inflows of Resources	18,759	25,109	710,956	-
NET POSITION				
Net Investment in Capital Assets	6,283,244	9,215	38,056,152	-
Restricted:				
Capital Assets	21,141	-	1,197,533	-
Debt Service	-	-	136,000	-
Unrestricted	728,790	298,985	1,086,948	3,178
Total Net Position	$ 7,033,175	$ 308,200	$ 40,476,633	$ 3,178

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, 2025

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
OPERATING REVENUES			
Charges for Services	$ 9,580,798	$ 3,111,008	$ 3,071,253
Other	150,539	36,487	18,124
Total Operating Revenues	9,731,337	3,147,495	3,089,377
OPERATING EXPENSES			
Operation and Maintenance	8,673,591	2,049,876	1,854,733
Depreciation	499,813	647,147	883,930
Taxes	96,493	58,397	41,588
Total Operating Expenses	9,269,897	2,755,420	2,780,251
OPERATING INCOME (LOSS)	461,440	392,075	309,126
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	-	-
Nonoperating Grants	-	464,521	-
Interest and Fiscal Charges	(15,021)	(140,324)	(216,866)
Other Nonoperating Revenues (Expenses)	(18,960)	2,676	-
Total Nonoperating Revenues (Expenses)	(33,981)	326,873	(216,866)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	427,459	718,948	92,260
Capital Contributions	172,960	1,335,461	312,788
Transfers In	-	97,425	80,045
Transfers Out	(216,251)	(292,976)	(306,029)
CHANGE IN NET POSITION	384,168	1,858,858	179,064
Net Position - Beginning of Year	10,570,984	9,735,144	10,407,040
NET POSITION - END OF YEAR	$ 10,955,152	$ 11,594,002	$ 10,586,104

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, 2025

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Totals	Health Insurance
OPERATING REVENUES				
Charges for Services	$ 653,603	$ 573,948	$ 16,990,610	$ 339,228
Other	-	237,785	442,935	-
Total Operating Revenues	653,603	811,733	17,433,545	339,228
OPERATING EXPENSES				
Operation and Maintenance	339,432	862,295	13,779,927	883,993
Depreciation	140,620	18,002	2,189,512	-
Taxes	-	-	196,478	-
Total Operating Expenses	480,052	880,297	16,165,917	883,993
OPERATING INCOME (LOSS)	173,551	(68,564)	1,267,628	(544,765)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	705	-	705	-
Nonoperating Grants	-	82,325	546,846	-
Interest and Fiscal Charges	(69,453)	6,955	(434,709)	-
Other Nonoperating Revenues (Expenses)	-	15,885	(399)	-
Total Nonoperating Revenues (Expenses)	(68,748)	105,165	112,443	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	104,803	36,601	1,380,071	(544,765)
Capital Contributions	74,475	-	1,895,684	-
Transfers In	14,624	-	192,094	512,457
Transfers Out	(44,025)	(3,894)	(863,175)	-
CHANGE IN NET POSITION	149,877	32,707	2,604,674	(32,308)
Net Position - Beginning of Year	6,883,298	275,493	37,871,959	35,486
NET POSITION - END OF YEAR	$ 7,033,175	$ 308,200	$ 40,476,633	$ 3,178

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 9,772,082	$ 3,151,230	$ 3,132,043
Cash Received from Other Departments	-	-	-
Cash Received from Rent	-	-	-
Cash Paid for Employee Wages And Benefits	(1,086,334)	(799,018)	(1,082,840)
Cash Paid to Suppliers	(7,533,036)	(1,248,685)	(752,261)
Net Cash Provided (Used) by Operating Activities	1,152,712	1,103,527	1,296,942
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating Grants	-	-	-
Due to/from Other Funds	-	(142,322)	440,587
Transfer In (Out)	(216,251)	(195,551)	(225,984)
Net Cash Provided (Used) by Noncapital Financing Activities	(216,251)	(337,873)	214,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(1,179,192)	(1,835,679)	(1,446,899)
Cost of Removal of Capital Assets	(45,769)	-	-
Capital Contributions	-	-	-
Special Assessments	-	1,913	(4,224)
Sale of Capital Assets	7,630	-	-
Long-Term Debt Issued	-	1,766,683	1,082,300
Premium on Long-Term Debt	-	-	-
Principal Paid on Long-Term Debt	(35,826)	(388,100)	(921,273)
Interest Paid on Long-Term Debt	(14,601)	(152,307)	(220,166)
Principal Paid on Lease Liability and Financed Purchase	(21,247)	(22,164)	(1,283)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,289,005)	(629,654)	(1,511,545)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	-	-
CHANGE IN CASH AND INVESTMENTS	(352,544)	136,000	-
Cash and Investments - Beginning of Year	611,567	-	1,176,392
CASH AND INVESTMENTS - END OF YEAR	$ 259,023	$ 136,000	$ 1,176,392

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 649,637	$ 812,617	$ 17,517,609	$ -
Cash Received from Other Departments	-	-	-	339,228
Cash Received from Rent	-	15,885	15,885	-
Cash Paid for Employee Wages And Benefits	(46,381)	(95,817)	(3,110,390)	-
Cash Paid to Suppliers	(263,010)	(774,550)	(10,571,542)	(884,268)
Net Cash Provided (Used) by Operating Activities	340,246	(41,865)	3,851,562	(545,040)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating Grants	-	82,325	82,325	-
Due to/from Other Funds	(104,001)	-	194,264	-
Transfer In (Out)	(29,401)	(3,894)	(671,081)	512,457
Net Cash Provided (Used) by Noncapital Financing Activities	(133,402)	78,431	(394,492)	512,457
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(671,131)	-	(5,132,901)	-
Cost of Removal of Capital Assets	-	-	(45,769)	-
Capital Contributions	-	-	-	-
Special Assessments	92,752	-	90,441	-
Sale of Capital Assets	-	-	7,630	-
Long-Term Debt Issued	760,000	-	3,608,983	-
Premium on Long-Term Debt	48,869	-	48,869	-
Principal Paid on Long-Term Debt	(955,106)	(1,862)	(2,302,167)	-
Interest Paid on Long-Term Debt	(82,662)	(232)	(469,968)	-
Principal Paid on Lease Liability and Financed Purchase	-	-	(44,694)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(807,278)	(2,094)	(4,239,576)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	705	-	705	-
CHANGE IN CASH AND INVESTMENTS	(599,729)	34,472	(781,801)	(32,583)
Cash and Investments - Beginning of Year	1,050,673	226,797	3,065,429	35,761
CASH AND INVESTMENTS - END OF YEAR	$ 450,944	$ 261,269	$ 2,283,628	$ 3,178

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 461,440	$ 392,075	$ 309,126
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	499,813	647,147	883,930
Depreciation Charged to Operating Accounts	124,352	37,955	-
Other	(18,960)	2,676	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:			
Deferred Outflows - Pension Related	196,378	123,417	109,868
Net Pension Liability	5,654	1,925	2,512
Deferred Inflows - Pension Related	(167,357)	(101,728)	(92,094)
Deferred Outflows - OPEB Related	19,931	13,682	22,043
Other Postemployment Benefits	(27,009)	(24,930)	(57,136)
Deferred Inflows - OPEB Related	(3,778)	(2,502)	(7,867)
Change in Operating Assets and Liabilities:			
Accounts Receivable	34,320	1,059	(61,267)
Due from Other Governments	-	-	103,933
Prepaid Items	49,706	4,188	-
Accounts Payable	(17,883)	7,620	72,281
Accrued and Other Current Liabilities	8,282	4,591	12,802
Special Deposits	6,425	-	-
Compensated Absences	(18,602)	(3,648)	(1,189)
Net Cash Provided (Used) by Operating Activities	$ 1,152,712	$ 1,103,527	$ 1,296,942
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION			
Cash and Investments in Current Assets	$ 259,023	$ -	$ -
Cash and Investments in Restricted Assets	-	136,000	1,176,392
Total Cash and Cash Equivalents	$ 259,023	$ 136,000	$ 1,176,392
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Contributed	$ 172,960	$ 1,799,982	$ 312,788
Capital Related Accounts Payable	$ -	$ 83,823	$ 55,301

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 173,551	$ (68,564)	$ 1,267,628	$ (544,765)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	140,620	18,002	2,189,512	-
Depreciation Charged to Operating Accounts	-	-	162,307	-
Other	-	15,885	(399)	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:				
Deferred Outflows - Pension Related	(6,429)	18,310	441,544	-
Net Pension Liability	2,621	(27)	12,685	-
Deferred Inflows - Pension Related	1,961	(14,400)	(373,618)	-
Deferred Outflows - OPEB Related	(8,687)	2,578	49,547	-
Other Postemployment Benefits	35,695	(5,470)	(78,850)	-
Deferred Inflows - OPEB Related	4,238	(310)	(10,219)	-
Change in Operating Assets and Liabilities:				
Accounts Receivable	(3,966)	884	(28,970)	-
Due from Other Governments	-	-	103,933	-
Prepaid Items	-	-	53,894	-
Accounts Payable	354	(8,922)	53,450	(275)
Accrued and Other Current Liabilities	288	169	26,132	-
Special Deposits	-	-	6,425	-
Compensated Absences	-	-	(23,439)	-
Net Cash Provided (Used) by Operating Activities	$ 340,246	$ (41,865)	$ 3,851,562	$ (545,040)
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments in Current Assets	$ 429,803	$ 261,269	$ 950,095	$ 3,178
Cash and Investments in Restricted Assets	21,141	-	1,333,533	-
Total Cash and Cash Equivalents	$ 450,944	$ 261,269	$ 2,283,628	$ 3,178
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed	$ -	$ -	$ 2,285,730	$ -
Capital Related Accounts Payable	$ -	$ -	$ 139,124	$ -

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	Custodial Funds
ASSETS	
Cash and Investments	$ 4,981,388
Receivables:	
Taxes	5,846,465
Total Assets	10,827,853
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	10,643,758
NET POSITION	
Restricted	$ 184,095

See accompanying Notes to Basic Financial Statements.

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Custodial Funds
ADDITIONS	
Interest on Investments	$ 9,730
Taxes and Special Charges Collected	10,191,840
Total Additions	10,201,570
DEDUCTIONS	
Payments to Others	10,197,082
Benefits	2,031
Total Deductions	10,199,113
CHANGE IN NET POSITION	2,457
Net Position - Beginning of Year	181,638
NET POSITION - END OF YEAR	$ 184,095

See accompanying Notes to Basic Financial Statements.

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 (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 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.

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.

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 type:

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 grant revenues to be available if they are collected within 180 days of the end of the current fiscal period. The City considers all over 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments and postemployment benefits are recognized based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

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.

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 2024 tax roll are recognized as revenue in 2025.)

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.

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. 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.

7. 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 benefitted.

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.

8. 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 right-to-use lease assets). 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital Assets (Continued)

Land and construction in progress are not depreciated. T he 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:

	Governmental Activities	Business-Type Activities
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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, 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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 3.F and Note 3.G.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The City's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 3.F and 3.G. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

10. Unearned Revenue

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

11. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

13. 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.

14. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

Net OPEB Liability (Asset),
Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs,
OPEB Expense (Revenue).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Other Postemployment Benefits Other than Pensions (OPEB) (Continued)

Local Retiree Life Insurance Fund (Continued)

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 WRS. For this purpose, benefit payments (including refunds of member 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.

15. 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.

16. Fund Balance

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Fund Balance (Continued)

Governmental Fund Financial Statements (Continued)

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.

17. Net Position

Government-Wide and Proprietary Fund Statements

Net Position is comprised of 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2025, as follows:

	Excess Expenditures
General Fund:	
General Goverment:	
Council	$ 127
CityManager	389
CityHall	2,653
Accounting	5,619
Public Safety:	
Police Department	151,005
Fire Department	1,019
Ambulance	7,512
Inspection	24,126
Public Works:	
Public Works Shop	109,320
Traffic Control	1,688
Work Done for Others	39,049
Health and Human Services:	
Cemetery	14,726
Senior Center	8,418
Culture and Recreation:	
Parks	24,415
Recreation	13,979
Special Events	6,614
Recreation Fields	5,440
Capital Outlay:	
Equipment	76,831
Housing and Revolving Loans:	
Conservation and Development	86,819

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Balance

The following funds had deficit fund balance as of December 31, 2025:

	Deficit Fund Balance
Library	$ 1,907
Urban Forestry	29,033
CommunityDevelopm ent	18,260
Fire Equipment	28,727
Management Information	26,865
Police Equipment	42,944
TIF District No. 6	132,868
TIF District No. 10	142,390
TIF District No. 15	9,100
TIF District No. 16	7,446
TIF District No. 17	5,988
Industrial Park Development	47,450
Central Park Renovation	18,577
Resilient Shoreline Planning	84,494

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 2025 and 2026 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 2025 budget was 0.804%. The actual limit for the City for the 2026 budget was 0.510%. 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.

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 $16,013,763 on December 31, 2025, as summarized below:

Petty Cash and Cash on Hand	$ 2,120
Deposits with Financial Institutions	10,255,889
Investments:	
Wisconsin Local Government Investment Pool	5,662,354
Mutual Funds	82,176
Exchange Traded Funds	11,224
Total	$ 16,013,763

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	$ 9,698,842
Restricted Cash and Investments	1,333,533
Fiduciary Fund Statement of Net Position:	
Cash and Investments	4,981,388
Total	$ 16,013,763

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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, 2025:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Mutual Funds	$ -	$ 82,176	$ -
Exchange Traded Funds	-	11,224	-
	$ -	$ 93,400	$ -

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 $1,000,000 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, 2025, $7,523,322 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

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	$ 82,176	$ -	$ -	$ -	82,176
Wisconsin Local Government Investment Pool	5,662,354	-	-	-	5,662,354
Totals	$ 5,744,530	$ -	$ -	$ -	$ 5,744,530

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:

		Remaining Maturity			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Mutual Funds	$ 82,176	$ 82,176	$ -	$ -	$ -
Wisconsin Local Government Investment Pool	5,662,354	5,662,354	-	-	-
Totals	$ 5,744,530	$ 5,744,530	$ -	$ -	$ -

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 $5,662,354 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, 2025, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value. As of December 31, 2025 the LGIP had a weighted average maturity of thirteen days.

B. Restricted Assets

Restricted assets on December 31, 2025, totaled $1,333,533 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Fund		
Water Utility	$ 136,000	Debt Reserve Fund
Sewer Utility	1,176,392	Equipment Replacement Fund of the Sewer Utility in Accordance with Wisconsin Department of Natural Resources Requirements
Stormwater Utility	21,141	Stormwater Pond Maintenance
Total	$ 1,333,533	

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	$ 982,257	$ 28,536	$ -	$ 1,010,793
Construction in Progress	1,880,558	929,406	1,356,998	1,452,966
Total Capital Assets, Nondepreciable/ Nonamortizable	2,862,815	957,942	1,356,998	2,463,759
Capital Assets, Being Depreciated and Amortized:				
Buildings	15,484,213	119,008	-	15,603,221
Improvements Other than Buildings	5,255,142	-	-	5,255,142
Machinery and Equipment	13,092,134	744,459	293,649	13,542,944
Infrastructure	39,146,253	2,637,638	236,503	41,547,388
Right-to-Use Lease Assets - Machinery and Equipment	656,874	76,831	42,511	691,194
Subtotals	73,634,616	3,577,936	572,663	76,639,889
Less Accumulated Depreciation and Amortization for:				
Buildings	8,035,750	333,574	-	8,369,324
Improvements Other than Buildings	874,203	133,154	-	1,007,357
Machinery and Equipment	7,953,408	714,362	250,795	8,416,975
Infrastructure	25,366,530	578,999	236,503	25,709,026
Right-to-Use Leases Assets - Machinery and Equipment	280,486	133,681	42,511	371,656
Subtotals	42,510,377	1,893,770	529,809	43,874,338
Total Capital Assets, Depreciable / Amortizable, Net	31,124,239	1,684,166	42,854	32,765,551
Governmental Activities Capital Assets, Net	$ 33,987,054	$ 2,642,108	$ 1,399,852	35,229,310
Less: Capital Related Debt				14,853,996
Add: Unspent Debt Proceeds				390,062
Less: Debt Premium				584,355
Less: Capital Related Accounts Payable				386,269
Net Investment in Capital Assets				$ 19,794,752

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	$ 36,944	$ -	$ -	$ 36,944
Construction in Progress	2,523,653	4,979,067	5,496,773	2,005,947
Total Capital Assets, Nondepreciable/Amortizable	2,560,597	4,979,067	5,496,773	2,042,891
Capital Assets, Being Depreciated and Amortized:				
Buildings	8,469,001	204,710	15,658	8,658,053
Improvements Other than Buildings	51,326,594	7,155,032	875,970	57,605,656
Machinery and Equipment	22,135,369	428,836	88,712	22,475,493
Right-to-Use Lease Assets - Machinery and Equipment	205,343	-	9,676	195,667
Subtotals	82,136,307	7,788,578	990,016	88,934,869
Less:				
Accumulated Depreciation and Amortization	33,056,271	2,350,414	1,026,750	34,379,935
Total Capital Assets, Depreciable/Amortizable, Net	49,080,036	5,438,164	(36,734)	54,554,934
Business-Type Activities Capital Assets, Net	$ 51,640,633	$ 10,417,231	$ 5,460,039	56,597,825
Less: Capital Related Debt				18,323,488
Less: Debt Premium				79,061
Less: Capital Related Accounts Payable				139,124
Net Investment in Capital Assets				$ 38,056,152

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:		
General Government	$	129,608
Public Safety		368,548
Public Works		890,404
Health and Human Services		54,412
Culture and Recreation		450,798
Total Depreciation and Amortization Expense - Governmental Activities	$	1,893,770
Business-Type Activities:		
Electric Utility	$	499,813
Water Utility		647,147
Sewer Utility		883,930
Telecommunication Utility		140,620
Stormwater Utility		18,002
Total Depreciation and Amortization Expense		2,189,512
Depreciation Charged to Operating Accounts		160,902
Total Increase in Accumulated Depreciation and Amortization - Business-Type Activities	$	2,350,414

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2025, are detailed below:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General	$ 2,239,118	$ -
Nonmajor Governmental Funds:		
Urban Forestry	-	21,783
Community Development	-	14,243
ARPA	-	139,419
Fire Equipment	-	29,240
Management Information	-	26,865
Police Equipment	-	120,000
TIF District No. 6	-	111,541
TIF District No. 7	256,237	-
TIF District No. 10	-	105,899
TIF District No. 15	-	8,677
TIF District No. 16	-	7,416
TIF District No. 17	-	4,962
Industrial Park Development	-	42,969
Central Park Renovation	-	18,577
Resilient Shoreline Planning	-	84,494
Subtotal - Nonmajor Governmental Funds	256,237	736,085
Proprietary Funds:		
Water Utility	-	1,148,865
Sewer Utility	-	730,405
Stormwater Utility	120,000	-
Subtotal - Proprietary Funds	120,000	1,879,270
Totals	$ 2,615,355	$ 2,615,355

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Interfund transfers for the year ended December 31, 2025, were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General	$ 1,017,624	$ 544,940
Debt Service	229,453	-
Nonmajor Governmental Funds:		
Library	-	3,894
CommunityTourism	213,667	350,239
Special Events Donations	10,745	-
Urban Forestry	59,500	-
Tree Planting	-	19,500
Business and Industrial Revolving Loans	9,612	37,500
SandyBay Highlands	-	62,031
CommunityDevelopm ent	37,500	40,000
ARPA	4,576	-
Recreation Concession	-	10,745
Park and CemeteryConstruction	35,000	-
City Hall Equipment	125,000	-
Management Information	64,900	9,900
Police Equipment	15,663	-
TIF District No. 7	-	112,017
TIF District No. 8	-	97,723
TIF District No. 10	-	21,050
TIF District No. 12	-	204,199
TIF District No. 14	-	12,764
Industrial Park Development	-	140,000
Central Park Renovation	25,000	-
CityLandfill	-	23,114
South Shore Waterfront Park	-	60,000
Resilient Shoreline Planning	60,000	-
Subtotal - Nonmajor Governmental Funds	661,163	1,204,676
ProprietaryFunds:		
Electric Utility	-	216,251
Water Utility	97,425	292,976
Sewer Utility	80,045	306,029
Stormwater Utility	14,624	44,025
Nonmajor ProprietaryFund:		
Solid Waste	-	3,894
Internal Service Fund - Health Insurance	512,457	-
Government-Wide Total	$ 2,612,791	$ 2,612,791

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. 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.

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2025:

	Balance Beginning of Year	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	$ 4,010,000	$ -	$ 470,000	$ 3,540,000	$ 490,000
Notes	10,965,000	2,435,000	1,715,000	11,685,000	1,690,000
Direct Borrowings	621,925	-	106,747	515,178	109,222
Total General Obligation Debt	15,596,925	2,435,000	2,291,747	15,740,178	2,289,222
Debt Premium	580,892	160,217	156,754	584,355	77,483
Lease Liability	400,398	76,831	141,947	335,282	134,230
Compensated Absences	168,845	-	38,928	129,917	12,992
Governmental Activities Long-Term Obligations	$ 16,747,060	$ 2,672,048	$ 2,629,376	$ 16,789,732	$ 2,513,927
Business-Type Activities:					
General Obligation Debt:					
Bonds	$ 1,165,000	$ -	$ 185,000	$ 980,000	$ 195,000
Notes	30,000	860,000	15,000	875,000	70,000
Direct Borrowings	558,204	1,073,952	105,030	1,527,126	163,498
Total General Obligation Debt	1,753,204	1,933,952	305,030	3,382,126	428,498
Revenue Bonds	15,334,380	1,675,031	1,997,137	15,012,274	1,266,050
Debt Premium	42,996	48,869	12,804	79,061	22,884
Lease Liability	115,629	-	44,694	70,935	34,821
Compensated Absences	61,342	-	23,439	37,903	3,790
Business-Type Activities Long-Term Obligations	$ 17,307,551	$ 3,657,852	$ 2,383,104	$ 18,582,299	$ 1,756,043

The change in compensated absences liability is shown as a net change.

Total interest paid during the year on long-term debt totaled $989,848.

State Trust Fund Loan

The City's outstanding notes from direct borrowings related to the governmental activities of $513,155 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of $1,527,126 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 $2,023 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, 2025
Bonds:					
General Obligation Bond	07/08/19	2030	3.00% to 4.00%	$ 1,610,000	$ 815,000
General Obligation Bond	08/30/19	2034	3.00% to 4.00%	3,210,000	1,980,000
General Obligation Bond	04/20/20	2030	2.55%	2,085,000	1,040,000
General Obligation Bond	06/07/21	2039	2.40% to 3.25%	775,000	685,000
Notes:					
General Obligation Note	07/08/19	2029	3.00% to 4.00%	1,785,000	870,000
General Obligation Note	04/20/20	2030	3.00%	6,125,000	1,600,000
General Obligation Note	06/07/21	2031	2.00% to 3.00%	1,915,000	1,310,000
General Obligation Note	02/23/22	2041	3.00% to 4.00%	2,305,000	1,740,000
General Obligation Note	04/03/23	2033	4.00% to 5.00%	1,165,000	930,000
General Obligation Note	04/01/24	2034	4.00% to 5.00%	3,020,000	2,815,000
General Obligation Note	04/07/25	2035	4.00% to 5.00%	3,295,000	3,295,000
Direct Placement:					
Safe Drinking Water Bond	11/13/13	2029	3.15%	487,054	135,196
Safe Drinking Water Bond	11/13/13	2029	3.15%	824,459	225,057
WPPI Energy Note	08/01/16	2026	0.00%	30,350	2,023
Safe Drinking Water Bond	12/31/16	2029	2.67%	361,269	92,921
State Trust Fund Bond	07/23/19	2029	3.75%	500,000	219,464
State Trust Fund Bond	04/16/20	2030	3.00%	550,000	293,691
Clean Water Fund Loan	11/13/24	2044	0.25%	1,073,952	1,073,952
Total Outstanding General Obligation Debt					$ 19,122,304

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of $19,122,304 on December 31, 2025, are detailed below:

	Governmental Activities					
Year Ending	Bonds and Notes		Direct Placement		Totals	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 2,180,000	$ 602,148	$ 109,222	$ 17,041	$ 2,289,222	$ 619,189
2027	2,015,000	468,548	110,803	13,436	2,125,803	481,984
2028	2,075,000	388,695	114,505	9,734	2,189,505	398,429
2029	1,745,000	310,826	118,385	5,854	1,863,385	316,680
2030	1,815,000	242,286	62,263	1,868	1,877,265	244,154
2031 - 2035	5,165,000	445,770	-	-	5,165,000	445,770
2036 - 2039	230,000	15,275	-	-	230,000	15,275
Total	$ 15,225,000	$ 2,473,548	$ 515,178	$ 47,933	$ 15,740,178	$ 2,521,481

	Business-Type Activities					
Year Ending	Bonds and Notes		Direct Placement		Totals	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 265,000	$ 94,966	$ 163,498	$ 10,004	$ 428,498	$ 104,970
2027	275,000	63,874	166,940	9,900	441,940	73,774
2028	280,000	52,018	170,484	6,892	450,484	58,910
2029	290,000	39,722	174,133	3,825	464,133	43,547
2030	260,000	27,825	55,817	2,200	315,817	30,025
2031 - 2035	485,000	54,150	281,187	8,901	766,187	63,051
2036 - 2040	-	-	284,719	5,373	284,719	5,373
2041 - 2044	-	-	230,348	1,801	230,348	1,801
Total	$ 1,855,000	$ 332,555	$ 1,527,126	$ 48,896	$ 3,382,126	$ 381,451

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, 2025, was $34,318,046 as follows:

Equalized Valuation of the City	$ 1,068,807,000
Statutory Limitation Percentage	× 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	53,440,350
Net Outstanding General Obligation Debt Applicable to Debt Limitation	19,122,304
Legal Margin for New Debt	$ 34,318,046

Current Refunding

The City currently refunded a 2020 Stormwater State Trust Fund Loan dated April 16, 2020. The City issued $760,000 of general obligation promissory notes to call the refunded debt. The current refunding was undertaken to obtain more favorable interest rates and reduce the total debt service interest payments. The general obligation bond results in a savings over the next 10 years of $21,712. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is $25,023.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2025, totaled $15,012,274 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2025
Sewer Utility	3/26/2008	2027	2.39	$ 6,297,058	$ 805,490
Water Utility	6/25/2014	2034	1.93	400,432	199,154
Sewer Utility	12/23/2014	2034	2.63	698,698	362,691
Water Utility	11/12/2014	2034	1.93	301,465	150,435
Water Utility	6/28/2017	2037	1.87	805,787	530,677
Electric, Sewer, and Solid Waste Utilities	3/20/2017	2027	4.00	400,000	92,977
Water Utility	6/13/2018	2038	1.87	709,297	498,239
Sewer Utility	2/28/2018	2037	1.76	794,500	534,835
Sewer Utility	10/24/2018	2038	1.87	4,059,972	2,855,214
Water Utility	6/26/2019	2039	1.98	504,014	404,680
Sewer Utility	11/27/2019	2039	1.65	1,710,844	1,319,581
Water Utility	6/23/2021	2041	1.49	791,889	652,937
Sewer Utility	11/10/2021	2041	1.49	857,168	727,517
Stormwater Utility	2/23/2022	2041	1.49	553,061	481,337
Sewer Utility	9/28/2022	2041	2.15	315,877	278,471
Sewer Utility	12/14/2022	2041	2.15	1,220,172	1,116,931
Water Utility	9/27/2023	2043	2.15	465,670	450,094
Sewer Utility	12/14/2022	2041	2.15	261,831	260,605
Water Utility	9/25/2024	2044	2.37	852,029	860,139
Sewer Utility	11/13/2024	2044	2.20	1,779,458	1,779,458
Water Utility	9/24/2025	2045	0.25	360,689	360,689
Water Utility	9/24/2025	2045	0.25	290,123	290,123
Total Outstanding Revenue Bonds					$ 15,012,274

Annual principal and interest maturities of the outstanding revenue bonds of $15,012,274 on December 31, 2025, are detailed below:

	Business-Type Activities		
Year Ending December 31,	Principal	Interest	Total
2026	$ 1,266,050	$ 275,433	$ 1,541,483
2027	1,311,809	248,670	1,560,479
2028	873,113	227,465	1,100,578
2029	889,642	210,814	1,100,456
2030	906,497	193,835	1,100,332
2031 - 2035	4,708,698	703,572	5,412,270
2036 - 2040	3,762,218	282,167	4,044,385
2041 - 2045	1,294,247	45,285	1,339,532
Total	$ 15,012,274	$ 2,187,241	$ 17,199,515

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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 2045. Net customer revenues, 2025 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	$ 9,580,798	$ 3,111,008	$ 3,071,253	$ 653,603
Other Income	150,539	36,487	18,124	-
Total Operating Revenues	9,731,337	3,147,495	3,089,377	653,603
Less: Operating Expenses *	8,770,084	2,108,273	1,896,321	339,432
Net Customer Revenues	$ 961,253	$ 1,039,222	$ 1,193,056	$ 314,171
Debt Service:				
Principal	$ 35,826	$ 236,358	$ 851,272	$111,818**
Interest	3,040	81,385	183,047	47,598
Total Debt Service	$ 38,866	$ 317,743	$ 1,034,319	$ 47,598
Remaining Principal and Interest	$ 77,559	$ 5,405,971	$ 11,173,271	$ 537,905
Debt Service Coverage Requirement	125%	110%	110%	125%
Excess Coverage	$ 912,671	$ 689,705	$ 55,305	$ 254,674

* Excludes Depreciation Expense
** Principal as presented represents regularly scheduled principal payments and excludes a one time debt refinancing of $760,000

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

Lease Liabilities

The City leases vehicles under long-term, noncancelable lease agreements. The leases have interest rates ranging from 4% to 5%. The leases expire at various dates through 2030.

The right-to-use assets and the related accumulated amortization are detailed in Note 3.C.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Lease Liabilities (Continued)

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending	Governmental Activities		Business-Type Activities		Totals	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 134,230	$ 12,454	$ 34,821	$ 2,379	$ 169,051	$ 14,833
2027	108,236	6,787	25,119	1,054	133,355	7,841
2028	58,624	2,496	10,995	162	69,619	2,658
2029	21,116	1,068	-	-	21,116	1,068
2030	13,076	256	-	-	13,076	256
Total	$ 335,282	$ 23,061	$ 70,935	$ 3,595	$ 406,217	$ 26,656

F. Pension Plan

1. Plan Description

The Wisconsin Retirement System (WRS) is a cost-sharing, multiemployer 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, 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.

Vesting

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Plan Description (Continued)

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement Plan participants, if hired on or before 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.

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:

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Postretirement Adjustments (Continued)

Year	Core Fund Adjustment	Variable Fund Adjustment
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%
2023	1.6%	-21%
2024	3.6%	15%

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, 2025, the WRS recognized $1,183,650 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including Teachers, Executives, and Elected Officials)	6.95 %	6.95 %
Protective with Social Security	6.95	14.95
Protective without Social Security	6.95	18.95

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

At December 31, 2025, the City reported a liability of $1,213,334 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. 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, 2024, the City's proportion was 0.07384125%, which was an increase of 0.00063856% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $1,632,878.

At December 31, 2025, 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	$ 3,768,066	$ 3,540,800
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,843,725	-
Changes in Assumptions	360,020	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,208	4,247
Employer Contributions Subsequent to the Measurement Date	1,183,650	-
Total	$ 7,161,669	$ 3,545,047

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

$1,183,650 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 in the year ending December 31, 2026. 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
2026	$ 730,424
2027	2,517,095
2028	(621,028)
2029	(193,519)
Total	$ 2,432,972

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability(Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
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%
SalaryIncreases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality	2020 WRS Experience MortalityTable
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. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021, to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	38.0 %	7.0 %	4.3 %
Public Fixed Income	27.0	6.1	3.4
Private Equity/Debt	20.0	9.5	6.7
Inflation Sensitive	19.0	4.8	2.1
Real Estate	8.0	6.5	3.8
Leverage	(12.0)	3.7	1.1
Total Core Fund	100.0 %	7.5 %	4.8 %
Variable Fund Asset Class:			
U.S. Equities	70.0 %	6.5 %	3.8 %
International Equities	30.0	7.4	4.7
Total Variable Fund	100.0 %	6.9 %	4.2 %

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.6%

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets (Continued)

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on Pension Plan investments of 6.80% and a municipal bond rate of 4.08% (Source: “20-Bond GO Index” is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds’ average quality is roughly equivalent to Moody’s investors Service’s Aa2 rating and Standard and Poor’s Corp.’s AA.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% will always be paid after reflecting known changes in the Market Recognition Account. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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)	$ 11,382,657	$ 1,213,334	$ (6,011,678)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payables to the Pension Plan

The City reported a payable of $162,427 for the outstanding amount of contributions to the Pension Plan for the year ended December 31, 2025.

G. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2025, as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Local Retiree Life Insurance Fund (LRLIF)	$ 637,944	$ 213,296	$ 503,542
Single-Employer Defined OPEB Plan	5,991,277	1,458,041	711,401
Total OPEB Liability	$ 6,629,221	$ 1,671,337	$ 1,214,943

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

Employees Covered by Benefit Terms

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	25
Active Employees	123
Total	148

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation date of December 31, 2023.

Actuarial Assumptions. The total OPEB liability in the 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:	4.28%
Healthcare Cost Trend Rates:	7.00% decreasing to 6.50%, then decreasing by .10% per year down to 4.50%, and level thereafter

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

The actuarial assumptions used in the valuation were based on the *Wisconsin Retirement System 2021 - 2023 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 4.28%. 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2023	$ 6,279,442
Changes for the Year:	
Service Cost	109,985
Interest	241,660
Difference Between Expected and Actual Experience	39,968
Changes of Assumptions	(93,903)
Benefit Payments	(585,875)
Net Changes	(288,165)
Balance at December 31, 2024	$ 5,991,277

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 (3.28%) or 1% higher (5.28%) than the current rate:

	1% Decrease to Discount Rate 3.28%	Current Discount Rate 4.28%	1% Increase to Discount Rate 5.28%
Total OPEB Liability	$ 6,332,918	$ 5,991,277	$ 5,667,804

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	$ 5,557,753	$ 5,991,277	$ 6,470,055

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2025, the City recognized OPEB expense of $477,986. At December 31, 2025, 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	$ 436,019	$ 167,654
Changes in Assumptions	382,405	543,747
City Contributions Subsequent to the Measurement Date	639,617	-
Total	$ 1,458,041	$ 711,401

$639,617 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, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Expense
2026	$ 153,190
2027	2,103
2028	(28,885)
2029	(28,880)
2030	17,200
Thereafter	(7,705)
Total	$ 107,023

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, 2025.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiemployer, defined benefit other postemployment 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, 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, 2025 are:

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2024 are listed below:

Life Insurance Member
Contribution Rates for the Year Ended December 31, 2024

Attained Age	Basic	Supplemental
Under 30	$ 0.05	$ 0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

During the reporting period, the LRLIF recognized $3,484 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, 2025, the City reported a liability of $637,944 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to December 31, 2024. 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, 2024, the City's proportion was 0.16306300%, which was an increase of 0.00154500% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of $28,450.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2025, 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	$ -	$ 66,369
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	8,760	-
Changes in Assumptions	156,533	357,809
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	48,003	79,364
Total	$ 213,296	$ 503,542

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

Year Ending December 31,	Expense
2026	$ (29,039)
2027	(58,863)
2028	(77,806)
2029	(86,301)
2030	(17,428)
Thereafter	(20,809)
Total	$ (290,246)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions

The total OPEB liability in the 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, 2024
Measurement Date of Net OPEB Liability:	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023
	Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	4.08%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	4.09%
SalaryIncreases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience MortalityTable

* Based on the Bond Buyers GO 20-Bond Municipal index

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021, to December 31, 2023. The total OPEB liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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	40.00%	2.41
U.S. Mortgages	Bloomberg US MBS	60.00%	2.71
Inflation			2.30
Long-Term Expected Rate of Return			4.25

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Single Discount Rate

A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. 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, 2037.

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 4.09%, 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 (3.09%) or 1% higher (5.09%) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's Proportionate Share of the Net OPEB Liability (Asset)	$ 852,702	$ 637,944	$ 472,454

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, 2025.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Balance

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, 2025, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Items	$ 766,491
Long-Term Receivables	1,977,397
Total Nonspendable Fund Balance	2,743,888
Nonmajor Special Revenue Funds:	
Nonspendable:	
Prepaids and Inventories	223,687
Total Nonspendable Fund Balance	$ 2,967,575

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Balance (Continued)

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, 2025, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Housing Revolving Loans	$ 120,340
Library Gift Fund	97,060
WDF Administrative	200
EMS Act 102 Grant	51,086
Business and Industrial Revolving Loans	1,004,443
Affordable Housing	141,477
Medical/Hospital Equipment	25,931
Debt Service Fund:	
Restricted for Debt Service	339,190
Capital Projects Funds:	
Restricted for:	
Bridge Construction	51,481
Public Works Equipment	256,054
Police Equipment	82,527
TIF District No. 7	990,873
TIF District No. 8	13,118
TIF District No. 9	116,658
TIF District No. 11	51,482
TIF District No. 12	298,848
TIF District No. 13	66,776
TIF District No. 14	83,979
Total Restricted Fund Balance	$ 3,791,523

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Balance (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2025, governmental fund balance was committed as follows:

Special Revenue Funds:		
Committed for:		
CommunityTourism	$	53,596
Special Events Donations		33,562
Business Improvement District		8,093
Docks and Harbors		8,812
Senior Center		8,011
Golf Simulator		5,915
Tree Planting		8,125
SandyBay Highlands		417,777
K-9 Fund		87,629
Capital Projects Funds:		
Committed for:		
Street Construction		226,069
Bridge Construction		4,470
Park and CemeteryConstruction		171,224
Public Works Equipment		407,739
City Hall Equipment		15,253
CityLandfill		190,019
High School Bike Trail		43,799
Harbor Master Plan		458,483
Library Building and Grounds		11,025
Total Committed Fund Balance	$	2,159,601

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 \$6.9 million in 2025.

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) Nos. 6 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:

	Termination Year
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	05/17/44
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, 2025, the City abated property taxes totaling $163,121 to a developer within District No. 9 and $17,087 to a developer within District No. 14.

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 February 25, 2026, the City has been approved for financial assistance with principal forgiveness. This allows the City to draw on a loan totaling $2,294,474 with potential principal forgiveness of up to $458,895. This will be disbursed to the City as part of the Clean Water Fund Program described previously in Note 3.E.

On April 8, 2026, the City issued general obligation promissory notes in the amount of $2,565,000 to be used for various equipment and capital improvement projects.

On April 28, 2026, the City issued a WPPI loan in the amount of $496,676 to be used for various utility projects.

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)
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
2023	0.07320269	1,088,382	9,287,600	11.72	98.85
2024	0.07384125	1,213,334	9,906,394	12.25	98.79

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
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	-	9,287,600	10.51
2024	1,092,984	1,092,984	-	9,906,394	11.03
2025	1,183,650	1,183,650	-	10,234,801	11.56

See accompanying Notes to Required Supplementary Information.

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
2023	0.16151800	743,089	8,951,000	8.30	33.90
2024	0.16306300	637,944	9,073,000	7.03	37.20

* Amounts for prior years were not available.

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	-	8,951,000	0.04
2024	3,471	3,471	-	9,073,000	0.04
2025	3,484	3,484	-	9,106,981	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*

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY								
Service Cost	$ 109,985	$ 104,736	$ 145,849	$ 180,326	$ 161,329	$ 169,825	$ 178,228	$ 178,228
Interest	241,660	230,547	141,566	155,810	185,026	227,897	207,851	209,119
Differences Between Expected and Actual Experience	-	-	-	-	-	832,095	-	-
Changes of Assumptions	(93,903)	396,050	(694,662)	(58,196)	216,916	225,508	(187,924)	-
Effect of Liability Gains or Losses	39,968	403,495	(19,850)	(523,658)	-	-	-	-
Benefit Payments	(585,875)	(455,307)	(383,730)	(356,544)	(395,645)	(444,924)	(425,292)	(421,890)
NET CHANGE IN TOTAL OPEB LIABILITY	(288,165)	679,521	(810,827)	(602,262)	167,626	1,010,401	(227,137)	(34,543)
Total OPEB Liability - Beginning of Year	6,279,442	5,599,921	6,410,748	7,013,010	6,845,384	5,834,983	6,062,120	6,096,663
TOTAL OPEB LIABILITY - END OF YEAR	$ 5,991,277	$ 6,279,442	$ 5,599,921	$ 6,410,748	$ 7,013,010	$ 6,845,384	$ 5,834,983	$ 6,062,120
Covered-Employee Payroll	$ 8,803,927	$ 8,803,927	$ 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	68.05%	71.33%	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.

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 2024 covering January 1, 2021 through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2024, including the following:

Raising the seniority/merit inflation rate from 0.1%-5.6% to 0.1%-5.7%

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

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)

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

Changes of Assumptions:
In addition to the rate changes, 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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Taxes:				
General Property	$ 2,288,033	$ 2,288,033	$ 2,288,033	$ -
Interest and Taxes	12,500	12,500	16,319	3,819
Total Taxes	2,300,533	2,300,533	2,304,352	3,819
Special Assessments:				
Street Paving and Construction	275,000	275,000	233,349	(41,651)
Other Special Assessments	5,000	5,000	2,322	(2,678)
Total Special Assessments	280,000	280,000	235,671	(44,329)
Intergovernmental:				
State Shared Taxes	4,825,603	4,825,603	4,825,434	(169)
Exempt Computer Aid	20,753	20,753	20,753	-
Fire Insurance Tax	36,000	36,000	42,168	6,168
Law Enforcement Training	30,000	30,000	29,448	(552)
Expenditure Restraint	161,197	161,197	161,197	-
Other Public Safety	26,000	26,000	-	(26,000)
Municipal Services Payment	5,400	5,400	4,293	(1,107)
Local Highway Aid	471,257	471,257	470,846	(411)
Connecting Streets	129,894	129,894	129,894	-
DNR Payment in Lieu of Taxes	20	20	15	(5)
Total Intergovernmental	5,706,124	5,706,124	5,684,048	(22,076)
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	19,000	19,000	19,121	121
Bar Operators	6,000	6,000	5,655	(345)
Cigarette	200	200	100	(100)
Dog	8,000	8,000	5,981	(2,019)
Business and Occupational	2,500	2,500	2,425	(75)
Bicycle	1,300	1,300	1,600	300
Permits:				
Building	105,000	115,000	87,970	(27,030)
Electrical	18,000	18,000	23,146	5,146
Plumbing	25,000	25,000	20,137	(4,863)
Sign	1,700	1,700	2,010	310
Conditional Use	4,500	4,500	3,200	(1,300)
Other Permits	21,000	21,000	19,616	(1,384)
Cable Franchise Fees	100,000	100,000	80,437	(19,563)
Total Licenses and Permits	312,200	322,200	271,398	(50,802)

CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and Forfeits:				
Court Penalties and Costs	$ 70,000	$ 70,000	$ 59,926	$ (10,074)
Animal Control	800	800	-	(800)
Parking Fines	12,000	12,000	13,452	1,452
Total Fines and Forfeits	82,800	82,800	73,378	(9,422)
Public Charges for Services:				
Community Center	40,000	40,000	41,645	1,645
Senior Center	15,000	15,000	13,066	(1,934)
General Government	25,000	25,000	20,125	(4,875)
Public Works	275,000	275,000	215,881	(59,119)
Cemetery Plots and Burials	110,000	110,000	100,845	(9,155)
Law Enforcement	3,000	3,000	2,357	(643)
Ambulance	840,000	895,000	959,108	64,108
Recreation	90,000	90,000	135,573	45,573
Fire Department	82,000	82,000	63,680	(18,320)
Total Public Charges for Services	1,480,000	1,535,000	1,552,280	17,280
Intergovernmental Charges for Services:				
Police Liaison	170,000	170,000	94,764	(75,236)
Interdepartmental Charges for Services:				
Public Works	525,000	525,000	462,891	(62,109)
Recreation	32,000	32,000	2,352	(29,648)
Economic Development	30,000	-	2,000	2,000
Total Interdepartmental Charges for Services	587,000	557,000	467,243	(89,757)
Miscellaneous:				
Interest on Investments	200,000	100,000	112,285	12,285
Interest on Advances	24,000	24,000	49,607	25,607
Interest on Special Assessments	40,000	40,000	38,122	(1,878)
Rental Income	70,000	70,000	363,229	293,229
Refunds for Prior Years	35,000	35,000	33,297	(1,703)
Other	20,000	20,000	4,028	(15,972)
Total Miscellaneous	389,000	289,000	600,568	311,568
Total Revenues	$ 11,307,657	$ 11,242,657	$ 11,283,702	$ 41,045

CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government:				
Council	$ 16,147	$ 16,147	$ 16,274	$ (127)
Judicial	64,876	64,876	58,131	6,745
Clerk	92,892	92,892	89,779	3,113
Assessor	128,425	128,425	119,902	8,523
Elections	25,275	25,275	18,663	6,612
City Manager	214,706	123,681	124,070	(389)
City Hall	95,714	95,714	98,367	(2,653)
Information Systems	128,873	128,873	125,126	3,747
Other General Government	26,500	26,500	25,380	1,120
Insurance and Bonds	415,264	415,264	387,608	27,656
Legal	63,481	63,481	60,894	2,587
Accounting	160,792	160,792	166,411	(5,619)
Uncollectible Taxes and Refunds	10,000	10,000	4,009	5,991
Total General Government	1,442,945	1,351,920	1,294,614	57,306
Public Safety:				
Police and Fire Commission	5,500	5,500	3,166	2,334
Police Department	3,837,419	3,837,419	3,988,424	(151,005)
Fire Department	2,535,030	2,535,030	2,536,049	(1,019)
Ambulance	438,592	438,592	446,104	(7,512)
Inspection	126,000	201,000	225,126	(24,126)
Total Public Safety	6,942,541	7,017,541	7,198,869	(181,328)
Public Works:				
Public Works Shop	680,223	680,223	789,543	(109,320)
Highway Administration	187,257	187,257	185,025	2,232
Bridge Repairs and Maintenance	46,130	46,130	27,362	18,768
Street and Highway Maintenance	250,297	250,297	186,719	63,578
Snow and Ice Removal	234,695	234,695	160,840	73,855
Traffic Control	65,646	65,646	67,334	(1,688)
Transit	145,000	145,000	144,189	811
Work Done for Others	159,679	159,679	198,728	(39,049)
Total Public Works	1,768,927	1,768,927	1,759,740	9,187
Health and Human Services:				
Cemetery	220,822	216,731	231,457	(14,726)
Senior Center	205,077	205,077	213,495	(8,418)
Total Health and Human Services	425,899	421,808	444,952	(23,144)
Culture and Recreation:				
Community Center	482,420	482,420	442,079	40,341
Parks	397,104	397,104	421,519	(24,415)
Recreation	340,199	340,199	354,178	(13,979)
Special Events	43,115	43,115	49,729	(6,614)
Recreation Fields	160,428	160,428	165,868	(5,440)
Total Culture and Recreation	1,423,266	1,423,266	1,433,373	(10,107)
Capital Outlay:				
Equipment	-	-	76,831	(76,831)
Total Expenditures	$ 12,003,578	$ 11,983,462	$ 12,208,379	$ (224,917)

CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 2,551,538	$ 2,551,538	$ 2,551,538	$ -
Miscellaneous	153,500	153,500	214,710	61,210
Total Revenues	2,705,038	2,705,038	2,766,248	61,210
EXPENDITURES				
Debt Service:				
Principal	2,410,967	2,410,967	2,433,694	(22,727)
Interest and Fiscal Charges	606,348	606,348	747,007	(140,659)
Total Expenditures	3,017,315	3,017,315	3,180,701	(163,386)
DEFICIT OF REVENUES UNDER EXPENDITURES	(312,277)	(312,277)	(414,453)	(102,176)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	2,503	2,503
Premium on Debt Issued	-	-	160,217	160,217
Transfers In	202,213	202,213	229,453	27,240
Transfers Out	(50,534)	(50,534)	-	50,534
Total Other Financing Sources (Uses)	151,679	151,679	392,173	240,494
NET CHANGE IN FUND BALANCE	(160,598)	(160,598)	(22,280)	138,318
Fund Balance - Beginning of Year	361,470	361,470	361,470	-
FUND BALANCE - END OF YEAR	$ 200,872	$ 200,872	$ 339,190	$ 138,318

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
ASSETS					
Cash and Investments	$ 333,397	$ 97,060	$ 56,294	$ 34,113	$ 200
Receivables:					
Taxes and Special Charges	381,987	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 715,384	$ 97,060	$ 56,294	$ 34,113	$ 200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 626	$ -	$ 9	$ 551	$ -
Accrued and Other Current Liabilities	21,012	-	2,689	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	35	-	-	-	-
Special Deposits	193	-	-	-	-
Total Liabilities	21,866	-	2,698	551	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	695,425	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	695,425	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	97,060	-	-	200
Committed	-	-	53,596	33,562	-
Unassigned	(1,907)	-	-	-	-
Total Fund Balances	(1,907)	97,060	53,596	33,562	200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 715,384	$ 97,060	$ 56,294	$ 34,113	$ 200

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Golf Simulator
ASSETS					
Cash and Investments	$ 8,477	$ 8,844	$ -	$ 12,579	$ 5,915
Receivables:					
Taxes and Special Charges	44,384	-	-	-	-
Accounts	8,093	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 60,954	$ 8,844	$ -	$ 12,579	$ 5,915
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ 32	$ 7,125	$ 3,222	$ -
Accrued and Other Current Liabilities	-	-	125	866	-
Due to Other Funds	-	-	21,783	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	480	-
Total Liabilities	-	32	29,033	4,568	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	52,861	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	52,861	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	8,093	8,812	-	8,011	5,915
Unassigned	-	-	(29,033)	-	-
Total Fund Balances	8,093	8,812	(29,033)	8,011	5,915
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 60,954	$ 8,844	$ -	$ 12,579	$ 5,915

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Special Revenue				
	Tree Planting	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing
ASSETS					
Cash and Investments	$ 8,125	$ 62,753	$ 1,204,443	$ 417,777	$ 141,477
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	728,392	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 8,125	$ 62,753	$ 1,932,835	$ 417,777	$ 141,477
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ 11,667	$ 200,000	$ -	$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	-	11,667	200,000	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	728,392	-	-
Total Deferred Inflows of Resources	-	-	728,392	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	51,086	1,004,443	-	141,477
Committed	8,125	-	-	417,777	-
Unassigned	-	-	-	-	-
Total Fund Balances	8,125	51,086	1,004,443	417,777	141,477
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,125	$ 62,753	$ 1,932,835	$ 417,777	$ 141,477

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Special Revenue				
	K-9 Fund	Medical/ Hospital Equipment	Community Development	ARPA Fund	Recreation Concession
ASSETS					
Cash and Investments	$ 87,629	$ 25,931	$ -	$ -	$ -
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	139,419	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 87,629	$ 25,931	$ -	$ 139,419	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ 774	$ -	$ -
Accrued and Other Current Liabilities	-	-	3,243	-	-
Due to Other Funds	-	-	14,243	139,419	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	-	-	18,260	139,419	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	25,931	-	-	-
Committed	87,629	-	-	-	-
Unassigned	-	-	(18,260)	-	-
Total Fund Balances	87,629	25,931	(18,260)	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 87,629	$ 25,931	$ -	$ 139,419	$ -

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects				
	Street Construction	Bridge Construction	Park and Cemetery Construction	Fire Equipment	Public Works Equipment
ASSETS					
Cash and Investments	$ 538,291	$ 55,951	$ 197,783	$ -	$ 685,827
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	223,687
Total Assets	$ 538,291	$ 55,951	$ 197,783	$ -	$ 909,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 312,222	$ -	$ 26,559	$ (513)	$ 22,034
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	29,240	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	312,222	-	26,559	28,727	22,034
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	223,687
Restricted	-	51,481	-	-	256,054
Committed	226,069	4,470	171,224	-	407,739
Unassigned	-	-	-	(28,727)	-
Total Fund Balances	226,069	55,951	171,224	(28,727)	887,480
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 538,291	$ 55,951	$ 197,783	$ -	$ 909,514

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects				
	City Hall Equipment	Management Information	Police Equipment	TIF District No. 6	TIF District No. 7
ASSETS					
Cash and Investments	$ 15,253	$ -	$ 106,022	$ -	$ 765,811
Receivables:					
Taxes and Special Charges	-	-	-	25,991	37,993
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	256,237
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 15,253	$ -	$ 106,022	$ 25,991	$ 1,060,041
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ 28,966	$ -	$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	26,865	120,000	111,541	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	-	26,865	148,966	111,541	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	47,318	69,168
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	47,318	69,168
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	82,527	-	990,873
Committed	15,253	-	-	-	-
Unassigned	-	(26,865)	(125,471)	(132,868)	-
Total Fund Balances	15,253	(26,865)	(42,944)	(132,868)	990,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 15,253	$ -	$ 106,022	$ 25,991	$ 1,060,041

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects				
	TIF District No. 8	TIF District No. 9	TIF District No. 10	TIF District No. 11	TIF District No. 12
ASSETS					
Cash and Investments	$ 114,160	$ 193,116	$ -	$ 69,810	$ 338,766
Receivables:					
Taxes and Special Charges	123,140	93,178	44,471	22,336	48,648
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 237,300	$ 286,294	$ 44,471	$ 92,146	$ 387,414
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	105,899	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	-	-	105,899	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	224,182	169,636	80,962	40,664	88,566
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	224,182	169,636	80,962	40,664	88,566
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	13,118	116,658	-	51,482	298,848
Committed	-	-	-	-	-
Unassigned	-	-	(142,390)	-	-
Total Fund Balances	13,118	116,658	(142,390)	51,482	298,848
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 237,300	$ 286,294	$ 44,471	$ 92,146	$ 387,414

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects				
	TIF District No. 13	TIF District No. 14	TIF District No. 15	TIF District No. 16	TIF District No. 17
ASSETS					
Cash and Investments	$ 92,487	$ 115,572	$ -	$ -	$ -
Receivables:					
Taxes and Special Charges	31,333	38,502	516	36	1,250
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 123,820	$ 154,074	$ 516	$ 36	$ 1,250
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	8,677	7,416	4,962
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Total Liabilities	-	-	8,677	7,416	4,962
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	57,044	70,095	939	66	2,276
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	57,044	70,095	939	66	2,276
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	66,776	83,979	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	(9,100)	(7,446)	(5,988)
Total Fund Balances	66,776	83,979	(9,100)	(7,446)	(5,988)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 123,820	$ 154,074	$ 516	$ 36	$ 1,250

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects				
	Industrial Park Development	City Landfill	Central Park Renovation	High School Bike Trail	Harbor Master Plan
ASSETS					
Cash and Investments	$ -	$ 194,643	$ -	$ 43,799	$ 458,483
Receivables:					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	4,125	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	$ 4,125	$ 194,643	$ -	$ 43,799	$ 458,483
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ -	$ 4,624	$ -	$ -	$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	42,969	-	18,577	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	4,481	-	-	-	-
Total Liabilities	47,450	4,624	18,577	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	4,125	-	-	-	-
Total Deferred Inflows of Resources	4,125	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	190,019	-	43,799	458,483
Unassigned	(47,450)	-	(18,577)	-	-
Total Fund Balances	(47,450)	190,019	(18,577)	43,799	458,483
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,125	$ 194,643	$ -	$ 43,799	$ 458,483

CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025

	Capital Projects			
	Library Building and Grounds	South Shore Waterfront Park	Resilient Shoreline Planning	Totals
ASSETS				
Cash and Investments	$ 11,025	$ -	$ -	$ 6,501,813
Receivables:				
Taxes and Special Charges	-	-	-	893,765
Accounts	-	-	-	8,093
Loans	-	-	-	732,517
Due from Other Funds	-	-	-	256,237
Due from Other Governments	-	-	-	139,419
Inventories and Prepaid Items	-	-	-	223,687
Total Assets	$ 11,025	$ -	$ -	$ 8,755,531
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ 617,898
Accrued and Other Current Liabilities	-	-	-	27,935
Due to Other Funds	-	-	84,494	736,085
Due to Other Governments	-	-	-	35
Special Deposits	-	-	-	5,154
Total Liabilities	-	-	84,494	1,387,107
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	-	-	-	1,599,202
Loans Receivable	-	-	-	732,517
Total Deferred Inflows of Resources	-	-	-	2,331,719
FUND BALANCES				
Nonspendable	-	-	-	223,687
Restricted	-	-	-	3,331,993
Committed	11,025	-	-	2,159,601
Unassigned	-	-	(84,494)	(678,576)
Total Fund Balances	11,025	-	(84,494)	5,036,705
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,025	$ -	$ -	$ 8,755,531

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
REVENUES					
Taxes	$ 681,790	$ -	$ 305,146	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	226,860	-	-	-	-
Public Charges for Services	9,627	-	17,257	-	-
Miscellaneous	81,224	22,972	3,101	53,991	-
Total Revenues	999,501	22,972	325,504	53,991	-
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	999,757	8,052	-	61,099	-
Conservation and Development	-	-	240,581	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	999,757	8,052	240,581	61,099	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(256)	14,920	84,923	(7,108)	-
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	2,463	-	-	-	-
Transfers In	-	-	213,667	10,745	-
Transfers Out	(3,894)	-	(350,239)	-	-
Total Other Financing Sources (Uses)	(1,431)	-	(136,572)	10,745	-
NET CHANGE IN FUND BALANCES	(1,687)	14,920	(51,649)	3,637	-
Fund Balances - Beginning of Year	(220)	82,140	105,245	29,925	200
FUND BALANCES - END OF YEAR	$ (1,907)	$ 97,060	$ 53,596	$ 33,562	$ 200

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Golf Simulator
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Special Assessments	52,423	-	-	-	-
Intergovernmental	-	-	25,000	10,800	-
Public Charges for Services	-	9,554	-	82,422	11,021
Miscellaneous	-	25	118	16,567	-
Total Revenues	52,423	9,579	25,118	109,789	11,021
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	-	5,304	-	-	-
Health and Human Services	-	-	-	109,415	-
Culture and Recreation	-	-	-	2,815	4,318
Conservation and Development	50,013	-	91,225	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	50,013	5,304	91,225	112,230	4,318
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	2,410	4,275	(66,107)	(2,441)	6,703
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	59,500	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	59,500	-	-
NET CHANGE IN FUND BALANCES	2,410	4,275	(6,607)	(2,441)	6,703
Fund Balances - Beginning of Year	5,683	4,537	(22,426)	10,452	(788)
FUND BALANCES - END OF YEAR	$ 8,093	$ 8,812	$ (29,033)	$ 8,011	$ 5,915

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Special Revenue				
	Tree Planting	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	90,549	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	42,309	-	74,372	-	-
Total Revenues	42,309	90,549	74,372	-	-
EXPENDITURES					
Current:					
Public Safety	-	51,509	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	15,811	-	288,816	17	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	49,144	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	15,811	51,509	288,816	49,161	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	26,498	39,040	(214,444)	(49,161)	-
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	534,010	-
Transfers In	-	-	9,612	-	-
Transfers Out	(19,500)	-	(37,500)	(62,031)	-
Total Other Financing Sources (Uses)	(19,500)	-	(27,888)	471,979	-
NET CHANGE IN FUND BALANCES	6,998	39,040	(242,332)	422,818	-
Fund Balances - Beginning of Year	1,127	12,046	1,246,775	(5,041)	141,477
FUND BALANCES - END OF YEAR	$ 8,125	$ 51,086	$ 1,004,443	$ 417,777	$ 141,477

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Special Revenue				
	K-9 Fund	Medical/ Hospital Equipment	Community Development	ARPA Fund	Recreation Concession
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	777,428	-
Public Charges for Services	-	-	-	-	49,116
Miscellaneous	29,770	112,572	-	24,831	-
Total Revenues	29,770	112,572	-	802,259	49,116
EXPENDITURES					
Current:					
Public Safety	6,455	107,405	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	38,371
Conservation and Development	-	-	110,560	894,808	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	6,455	107,405	110,560	894,808	38,371
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	23,315	5,167	(110,560)	(92,549)	10,745
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	37,500	4,576	-
Transfers Out	-	-	(40,000)	-	(10,745)
Total Other Financing Sources (Uses)	-	-	(2,500)	4,576	(10,745)
NET CHANGE IN FUND BALANCES	23,315	5,167	(113,060)	(87,973)	-
Fund Balances - Beginning of Year	64,314	20,764	94,800	87,973	-
FUND BALANCES - END OF YEAR	$ 87,629	$ 25,931	$ (18,260)	$ -	$ -

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects				
	Street Construction	Bridge Construction	Park and Cemetery Construction	Fire Equipment	Public Works Equipment
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	130,158	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	200,000	37,307	39,608
Total Revenues	-	-	330,158	37,307	39,608
EXPENDITURES					
Current:					
Public Safety	-	-	-	13,078	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	275,570	-
Public Works	1,192,859	12,836	-	-	194,961
Culture and Recreation	-	-	671,310	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	1,192,859	12,836	671,310	288,648	194,961
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(1,192,859)	(12,836)	(341,152)	(251,341)	(155,353)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	1,265,263	-	466,000	112,500	427,234
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	35,000	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	1,265,263	-	501,000	112,500	427,234
NET CHANGE IN FUND BALANCES	72,404	(12,836)	159,848	(138,841)	271,881
Fund Balances - Beginning of Year	153,665	68,787	11,376	110,114	615,599
FUND BALANCES - END OF YEAR	$ 226,069	$ 55,951	$ 171,224	$ (28,727)	$ 887,480

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects				
	City Hall Equipment	Management Information	Police Equipment	TIF District No. 6	TIF District No. 7
REVENUES					
Taxes	$ -	$ -	$ -	$ 16,811	$ 62,721
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	87	2,052
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	2,500	-	13,483
Total Revenues	-	-	2,500	16,898	78,256
EXPENDITURES					
Current:					
Public Safety	-	-	1,118	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	1,400	2,807
Capital Outlay:					
General Government	61,151	38,172	-	-	-
Public Safety	-	-	81,821	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	4,741	-
Total Expenditures	61,151	38,172	82,939	6,141	2,807
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(61,151)	(38,172)	(80,439)	10,757	75,449
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	25,000	-	136,500	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	125,000	64,900	15,663	-	-
Transfers Out	-	(9,900)	-	-	(112,017)
Total Other Financing Sources (Uses)	150,000	55,000	152,163	-	(112,017)
NET CHANGE IN FUND BALANCES	88,849	16,828	71,724	10,757	(36,568)
Fund Balances - Beginning of Year	(73,596)	(43,693)	(114,668)	(143,625)	1,027,441
FUND BALANCES - END OF YEAR	$ 15,253	$ (26,865)	$ (42,944)	$ (132,868)	$ 990,873

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects				
	TIF District No. 8	TIF District No. 9	TIF District No. 10	TIF District No. 11	TIF District No. 12
REVENUES					
Taxes	$ 238,202	$ 11,381	$ 106,914	$ 30,719	$ 53,224
Special Assessments	-	-	-	-	-
Intergovernmental	393	8,149	1,763	18,024	19,153
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	27,500	-	-
Total Revenues	238,595	19,530	136,177	48,743	72,377
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	16,489	82,245	25,525	1,400	3,144
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	94,882	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	4,014	-	-
Total Expenditures	111,371	82,245	29,539	1,400	3,144
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	127,224	(62,715)	106,638	47,343	69,233
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(97,723)	-	(21,050)	-	(204,199)
Total Other Financing Sources (Uses)	(97,723)	-	(21,050)	-	(204,199)
NET CHANGE IN FUND BALANCES	29,501	(62,715)	85,588	47,343	(134,966)
Fund Balances - Beginning of Year	(16,383)	179,373	(227,978)	4,139	433,814
FUND BALANCES - END OF YEAR	$ 13,118	$ 116,658	$ (142,390)	$ 51,482	$ 298,848

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects				
	TIF District No. 13	TIF District No. 14	TIF District No. 15	TIF District No. 16	TIF District No. 17
REVENUES					
Taxes	$ 44,284	$ 12,423	$ 2	$ 5	$ 70
Special Assessments	-	-	-	-	-
Intergovernmental	2,449	6,626	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	46,733	19,049	2	5	70
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	32,806	66,936	1,401	1,400	1,400
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	264	216	174
Total Expenditures	32,806	66,936	1,665	1,616	1,574
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	13,927	(47,887)	(1,663)	(1,611)	(1,504)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(12,764)	-	-	-
Total Other Financing Sources (Uses)	-	(12,764)	-	-	-
NET CHANGE IN FUND BALANCES	13,927	(60,651)	(1,663)	(1,611)	(1,504)
Fund Balances - Beginning of Year	52,849	144,630	(7,437)	(5,835)	(4,484)
FUND BALANCES - END OF YEAR	$ 66,776	$ 83,979	$ (9,100)	$ (7,446)	$ (5,988)

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects				
	Industrial Park Development	City Landfill	Central Park Renovation	Bike Trail	Harbor Master Plan
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	96,383	145,061	-	-	-
Total Revenues	96,383	145,061	-	-	-
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
Public Works	-	88,097	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	2,025	-	-	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	190,650	-	-	-
Culture and Recreation	-	-	-	10,319	-
Conservation and Development	16,989	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	1,252	-	-	-	-
Total Expenditures	20,266	278,747	-	10,319	-
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	76,117	(133,686)	-	(10,319)	-
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Transfers In	-	-	25,000	-	-
Transfers Out	(140,000)	(23,114)	-	-	-
Total Other Financing Sources (Uses)	(140,000)	(23,114)	25,000	-	-
NET CHANGE IN FUND BALANCES	(63,883)	(156,800)	25,000	(10,319)	-
Fund Balances - Beginning of Year	16,433	346,819	(43,577)	54,118	458,483
FUND BALANCES - END OF YEAR	$ (47,450)	$ 190,019	$ (18,577)	$ 43,799	$ 458,483

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Capital Projects			
	Library Building and Grounds	South Shore Waterfront Park	Resilient Shoreline Planning	Totals
REVENUES				
Taxes	$ -	$ -	$ -	$ 1,563,692
Special Assessments	-	-	-	52,423
Intergovernmental	-	-	-	1,319,491
Public Charges for Services	-	-	-	178,997
Miscellaneous	1,931	-	101,247	1,126,872
Total Revenues	1,931	-	101,247	4,241,475
EXPENDITURES				
Current:				
Public Safety	-	-	-	179,565
Public Works	-	-	245,741	339,142
Health and Human Services	-	-	-	109,415
Culture and Recreation	-	-	-	1,114,412
Conservation and Development	-	-	-	1,930,809
Capital Outlay:				
General Government	-	-	-	99,323
Public Safety	-	-	-	357,391
Public Works	-	-	-	1,591,306
Culture and Recreation	-	-	-	681,629
Conservation and Development	-	-	-	161,015
Debt Service:				
Interest and Fiscal Charges	-	-	-	10,661
Total Expenditures	-	-	245,741	6,574,668
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	1,931	-	(144,494)	(2,333,193)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	2,432,497
Proceeds from Sale of Capital Assets	-	-	-	536,473
Transfers In	-	-	60,000	661,163
Transfers Out	-	(60,000)	-	(1,204,676)
Total Other Financing Sources (Uses)	-	(60,000)	60,000	2,425,457
NET CHANGE IN FUND BALANCES	1,931	(60,000)	(84,494)	92,264
Fund Balances - Beginning of Year	9,094	60,000	-	4,944,441
FUND BALANCES - END OF YEAR	$ 11,025	$ -	$ (84,494)	$ 5,036,705

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2025

	Telecommunication Utility	Solid Waste	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 94,622	$ 166,647	$ 261,269
Receivables			
Taxes and Special Charges	-	1,911	1,911
Other	-	62,587	62,587
Total Current Assets	94,622	231,145	325,767
Capital Assets:			
Depreciable, Net	9,215	-	9,215
Total Assets	103,837	231,145	334,982
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	-	33,723	33,723
Other Postemployment Related Amounts	-	8,087	8,087
Total Deferred Outflows of Resources	-	41,810	41,810
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	1,234	1,234
Accrued and Other Current Liabilities	-	1,443	1,443
Accrued Interest Payable	-	132	132
Current Portion of Long-Term Debt	-	1,937	1,937
Total Current Liabilities	-	4,746	4,746
Long-Term Obligations, Less Current Portion:			
Revenue Bonds	-	2,015	2,015
Net Pension Liability	-	5,876	5,876
Other Postemployment Benefits	-	30,846	30,846
Total Long-Term Obligations, Less Current Portion	-	38,737	38,737
Total Liabilities	-	43,483	43,483
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	-	17,169	17,169
Other Postemployment Related Amounts	-	7,940	7,940
Total Deferred Inflows of Resources	-	25,109	25,109
NET POSITION			
Net Investment in Capital Assets	9,215	-	9,215
Unrestricted	94,622	204,363	298,985
Total Net Position	$ 103,837	$ 204,363	$ 308,200

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2025

	Telecommunication Utility	Solid Waste	Total
OPERATING REVENUES			
Charges for Services	$ -	$ 573,948	$ 573,948
Other	-	237,785	237,785
Total Operating Revenues	-	811,733	811,733
OPERATING EXPENSES			
Operation and Maintenance	3,535	858,760	862,295
Depreciation	18,002	-	18,002
Total Operating Expenses	21,537	858,760	880,297
OPERATING LOSS	(21,537)	(47,027)	(68,564)
NONOPERATING REVENUES (EXPENSES)			
Nonoperating Grants	-	82,325	82,325
Interest and Fiscal Charges	-	6,955	6,955
Other Nonoperating Revenues	15,885	-	15,885
Total Nonoperating Revenues (Expenses)	15,885	89,280	105,165
INCOME (LOSS) BEFORE TRANSFERS	(5,652)	42,253	36,601
TRANSFERS OUT	-	(3,894)	(3,894)
CHANGE IN NET POSITION	(5,652)	38,359	32,707
Net Position - Beginning of Year	109,489	166,004	275,493
NET POSITION - END OF YEAR	$ 103,837	$ 204,363	$ 308,200

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2025

	Telecommunication Utility	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ -	$ 812,617	$ 812,617
Cash Received from Rent	15,885	-	15,885
Cash Paid for Employee Wages and Benefits	-	(95,817)	(95,817)
Cash Paid to Suppliers	(3,535)	(771,015)	(774,550)
Net Cash Provided (Used) by Operating Activities	12,350	(54,215)	(41,865)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating Grants	-	82,325	82,325
Transfer Out	-	(3,894)	(3,894)
Net Cash Provided by Noncapital Financing Activities	-	78,431	78,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Long-Term Debt	-	(1,862)	(1,862)
Interest Paid on Long-Term Debt	-	(232)	(232)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(2,094)	(2,094)
CHANGE IN CASH AND INVESTMENTS	12,350	22,122	34,472
Cash and Investments - Beginning of Year	82,272	144,525	226,797
CASH AND INVESTMENTS - END OF YEAR	$ 94,622	$ 166,647	$ 261,269

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Telecommunication Utility	Solid Waste	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	$ (21,537)	$ (47,027)	$ (68,564)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	18,002	-	18,002
Rental Income	15,885	-	15,885
Change in Asset, Liability, and Deferred Outflows and Inflows of Resources:			
Deferred Outflows - Pension Related	-	18,310	18,310
Net Pension Liability	-	(27)	(27)
Deferred Inflows - Pension Related	-	(14,400)	(14,400)
Deferred Outflows - OPEB Related	-	2,578	2,578
OPEB Liability	-	(5,470)	(5,470)
Deferred Inflows - OPEB Related	-	(310)	(310)
Change in Operating Assets and Liabilities:			
Accounts Receivable	-	884	884
Accounts Payable	-	(8,922)	(8,922)
Accrued and Other Current Liabilities	-	169	169
Net Cash Provided (Used) by Operating Activities	$ 12,350	$ (54,215)	$ (41,865)

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	Custodial Funds				
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	Total
ASSETS					
Cash and Investments	$ 4,797,293	$ 180,816	$ 1,010	$ 2,269	$ 4,981,388
Receivables:					
Taxes	5,846,465	-	-	-	5,846,465
Total Assets	10,643,758	180,816	1,010	2,269	10,827,853
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	10,643,758	-	-	-	10,643,758
NET POSITION					
Restricted	$ -	$ 180,816	$ 1,010	$ 2,269	$ 184,095

CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Custodial Funds				
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	Total
ADDITIONS					
Interest on Investments	$ -	$ 3,853	$ 969	$ 4,908	$ 9,730
Taxes and Special Charges					
Collected	10,191,840	-	-	-	10,191,840
Total Additions	10,191,840	3,853	969	4,908	10,201,570
DEDUCTIONS					
Payments to Others	10,191,840	-	887	4,355	10,197,082
Benefits	-	2,031	-	-	2,031
Total Deductions	10,191,840	2,031	887	4,355	10,199,113
CHANGE IN NET POSITION	-	1,822	82	553	2,457
Net Position - Beginning of Year	-	178,994	928	1,716	181,638
NET POSITION - END OF YEAR	$ -	$ 180,816	$ 1,010	$ 2,269	$ 184,095

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2026.

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.

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

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 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 findings 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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
June 25, 2026

Section I – Internal Control Over Financial Reporting

FINDING NO.	**CONTROL DEFICIENCIES**
2025-001	Preparation of Annual Financial Report Repeat of Finding 2024-001
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, CliftonLarsonAllen LLP (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.
Management's Response:	There is no disagreement with this finding.

Section I – Internal Control Over Financial Reporting (Continued)

FINDING NO.	**CONTROL DEFICIENCIES**
2025-001	Preparation of Annual Financial Report (Continued) Repeat of Finding 2024-001
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.

FINDING NO.	**CONTROL DEFICIENCIES**
2025-002	Adjustments to the City's Financial Records
Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.
Criteria or Specific Requirement:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While City staff maintain financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the City may contain material misstatements.
Recommendation:	Management will thoroughly review the year-end adjusting and closing entries and will work with CLA to identify opportunities to reduce the number and significance of year-end adjusting and closing entries.
Management's Response:	There is no disagreement with this finding.