

CITY OF WEYAUWEGA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Weyauwega, Wisconsin
Weyauwega, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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). 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 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, 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 budgetary comparison schedule – general fund, WRS pension plan schedules, and other postemployment benefit plan schedules 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 presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds 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 combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
July 11, 2024

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,122,723	\$ 3,532,706	\$ 4,655,429
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	2,003,766	2,003,766
Temporary Investments	3,531	-	3,531
Receivables	1,931,224	177,024	2,108,248
Inventories	-	39,203	39,203
Prepays	3,704	-	3,704
Internal Balances	(940,001)	940,001	-
Capital Assets Not Being Depreciated	435,796	34,210	470,006
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	3,100,323	5,123,419	8,223,742
Machinery and Equipment	477,572	3,767,690	4,245,262
Infrastructure	2,022,322	3,599,395	5,621,717
Total Assets	8,157,194	19,217,414	27,374,608
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	8,786	8,786
Wisconsin Retirement System Pension Related	1,059,559	209,423	1,268,982
State Life Insurance Other Postemployment Benefits Related	20,907	4,183	25,090
Total Deferred Outflows of Resources	1,080,466	222,392	1,302,858
LIABILITIES			
Accounts Payable	236,212	28,954	265,166
Accrued Expenses	40,544	3,054	43,598
Unearned Revenues	126,858	-	126,858
Accrued Interest	9,306	28,852	38,158
Noncurrent Liabilities:			
Due Within One Year	150,000	516,561	666,561
Due in More Than One Year	2,206,745	7,158,675	9,365,420
Wisconsin Retirement System Net Pension Liability	282,561	56,557	339,118
State Life Insurance Other Postemployment Benefit Liability	33,258	6,655	39,913
Total Liabilities	3,085,484	7,799,308	10,884,792
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year Property Taxes	1,379,781	-	1,379,781
Wisconsin Retirement System Pension Related	595,899	119,274	715,173
State Life Insurance Other Postemployment Benefits Related	28,207	5,644	33,851
Total Deferred Inflows of Resources	2,003,887	124,918	2,128,805
NET POSITION			
Net Investment in Capital Assets	3,630,568	4,899,905	8,530,473
Restricted:			
Restricted for Debt Service	15,914	1,115,221	1,131,135
Restricted for Community Development	289,711	-	289,711
Restricted for Replacement	-	1,084,168	1,084,168
Unrestricted	212,096	4,416,286	4,628,382
Total Net Position	\$ 4,148,289	\$ 11,515,580	\$ 15,663,869

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 551,029	\$ 9,533	\$ 2,301	\$ 9,385	\$ (529,810)	\$ -	\$ (529,810)
Public Safety	879,589	39,026	64,974	-	(775,589)	-	(775,589)
Health and Social Services	4,901	-	-	-	(4,901)	-	(4,901)
Public Works	553,956	140,126	286,162	-	(127,668)	-	(127,668)
Culture and Recreation	365,320	23,998	130,398	120,324	(90,600)	-	(90,600)
Conservation and Development	202,539	-	-	-	(202,539)	-	(202,539)
Interest on Long-Term Debt	135,764	-	-	-	(135,764)	-	(135,764)
Total Governmental Activities	2,693,098	212,683	483,835	129,709	(1,866,871)	-	(1,866,871)
BUSINESS-TYPE ACTIVITIES							
Sewer Utility	1,058,853	1,147,528	-	28,805	-	117,480	117,480
Water Utility	576,754	719,920	-	-	-	143,166	143,166
Total Business-Type Activities	1,635,607	1,867,448	-	28,805	-	260,646	260,646
Total Primary Government	<u>\$ 4,328,705</u>	<u>\$ 2,080,131</u>	<u>\$ 483,835</u>	<u>\$ 158,514</u>	(1,866,871)	260,646	(1,606,225)
GENERAL REVENUES							
Property Taxes					1,140,481	-	1,140,481
Mobile Home Taxes					6,509	-	6,509
Franchise Fees					8,239	-	8,239
State Shared Revenues					584,172	-	584,172
Interest and Investment Income					129,565	154,419	283,984
Other Revenues					13,441	-	13,441
Transfers					7,800	(7,800)	-
Total General Revenues and Transfers					1,890,207	146,619	2,036,826
CHANGES IN NET POSITION							
Net Position - Beginning of Year					4,124,953	11,108,315	15,233,268
NET POSITION - END OF YEAR							
					<u>\$ 4,148,289</u>	<u>\$ 11,515,580</u>	<u>\$ 15,663,869</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Capital Projects General	TIF #4	Debt Service	Nonmajor Funds	Total
ASSETS						
Cash and Cash Equivalents	\$ 74,162	\$ 489,758	\$ 183,055	\$ 25,220	\$ 350,528	\$ 1,122,723
Temporary Investments	3,531	-	-	-	-	3,531
Receivables:						
Taxes Receivable	842,293	-	170,857	204,338	157,444	1,374,932
Accounts Receivable	58,734	-	-	-	-	58,734
Special Assessments Receivable	226,457	-	-	-	-	226,457
Notes Receivable	-	-	-	-	196,101	196,101
Intergovernmental Receivable	75,000	-	-	-	-	75,000
Prepaid Expenses	3,704	-	-	-	-	3,704
Advance to Other Funds	141,306	-	-	-	-	141,306
Total Assets	<u>\$ 1,425,187</u>	<u>\$ 489,758</u>	<u>\$ 353,912</u>	<u>\$ 229,558</u>	<u>\$ 704,073</u>	<u>\$ 3,202,488</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts Payable	\$ 97,401	\$ 132,722	\$ 1,589	\$ -	\$ 4,500	\$ 236,212
Accrued Liabilities	40,544	-	-	-	-	40,544
Advances from Other Funds	-	-	768,415	-	141,306	909,721
Due to Other Funds	171,586	-	-	-	-	171,586
Unearned Revenues	-	-	-	-	126,858	126,858
Total Liabilities	<u>309,531</u>	<u>132,722</u>	<u>770,004</u>	<u>-</u>	<u>272,664</u>	<u>1,484,921</u>
DEFERRED INFLOWS OF RESOURCES						
Succeeding Year Property Taxes	847,142	-	170,857	204,338	157,444	1,379,781
Unavailable Grants Receivable	25,000	-	-	-	-	25,000
Special Assessments	226,457	-	-	-	-	226,457
Notes Receivable	-	-	-	-	196,101	196,101
Total Deferred Inflows of Resources	<u>1,098,599</u>	<u>-</u>	<u>170,857</u>	<u>204,338</u>	<u>353,545</u>	<u>1,827,339</u>
FUND BALANCES (DEFICIT)						
Nonspendable:						
Prepaid Expenses	3,704	-	-	-	-	3,704
Advance to Other Funds	141,306	-	-	-	-	141,306
Restricted:						
Community Development	-	-	-	-	93,610	93,610
Debt Service	-	-	-	25,220	-	25,220
Committed:						
Capital Project Fund	-	357,036	-	-	-	357,036
Assigned:						
Capital Projects	-	-	-	-	113,987	113,987
Unassigned	(127,953)	-	(586,949)	-	(129,733)	(844,635)
Total Fund Balances (Deficit)	<u>17,057</u>	<u>357,036</u>	<u>(586,949)</u>	<u>25,220</u>	<u>77,864</u>	<u>(109,772)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 1,425,187</u>	<u>\$ 489,758</u>	<u>\$ 353,912</u>	<u>\$ 229,558</u>	<u>\$ 704,073</u>	<u>\$ 3,202,488</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balance - Governmental Funds	\$	(109,772)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, the underlying resources are not recognized currently in the governmental funds.		6,036,013
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred.		447,558
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Net Wisconsin retirement system pension plan asset/liability and net state life insurance other postemployment benefits asset/liability and related deferred outflows and inflows are recorded only on the statement of net position.

Balances at year-end are:

Net Pension Asset (Liability)	\$ (282,561)		
Deferred Outflows of Resources - Pension	1,059,559		
Deferred Inflows of Resources - Pension	(595,899)		
Net State Life Insurance Other Postemployment Benefits Asset/(Liability)	(33,258)		
Deferred Outflows of Resources - Other Postemployment Benefits	20,907		
Deferred Inflows of Resources - Other Postemployment Benefits	<u>(28,207)</u>		140,541

Certain liabilities are not reported in the fund statements because they are not due and payable; they are, however, reported in the statement of net position.

Bonds	(2,271,495)		
Accrued Compensated Absences	(85,250)		
Accrued Interest	<u>(9,306)</u>		<u>(2,366,051)</u>

Net Position of Governmental Activities	\$	<u><u>4,148,289</u></u>
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CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Capital Projects General	TIF #4	Debt Service	Nonmajor Funds	Total
REVENUES						
Taxes	\$ 617,842	\$ -	\$ 170,683	\$ 207,338	\$ 151,127	\$ 1,146,990
Intergovernmental Revenue	950,140	-	25	-	41,683	991,848
Regulation and Compliance Revenue	45,285	-	-	-	-	45,285
Public Charges for Services	167,398	-	-	-	-	167,398
Intergovernmental Charges for Services	50,782	-	-	-	-	50,782
General Revenues	151,766	-	-	-	-	151,766
Commercial Revenues	120,532	-	8,545	-	488	129,565
Total Revenues	2,103,745	-	179,253	207,338	193,298	2,683,634
EXPENDITURES						
Current:						
General Government	434,461	-	-	-	17,032	451,493
Public Safety	775,755	-	-	-	-	775,755
Health and Social Services	4,901	-	-	-	-	4,901
Public Works	390,978	-	-	-	-	390,978
Culture and Recreation	310,689	-	-	-	-	310,689
Conservation and Development	186,206	-	6,754	-	7,636	200,596
Capital Outlays	42,227	339,156	-	-	28,659	410,042
Debt Service:						
Principal Retirement	-	-	-	150,000	-	150,000
Interest	-	-	-	57,338	80,646	137,984
Total Expenditures	2,145,217	339,156	6,754	207,338	133,973	2,832,438
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(41,472)	(339,156)	172,499	-	59,325	(148,804)
OTHER FINANCING SOURCES (USES)						
Transfer In	7,800	143,100	-	-	-	150,900
Transfer Out	(143,100)	-	-	-	-	(143,100)
Total Other Financing Sources (Uses)	(135,300)	143,100	-	-	-	7,800
NET CHANGE IN FUND BALANCES	(176,772)	(196,056)	172,499	-	59,325	(141,004)
Fund Balances (Deficit) - Beginning of Year	193,829	553,092	(759,448)	25,220	18,539	31,232
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 17,057</u>	<u>\$ 357,036</u>	<u>\$ (586,949)</u>	<u>\$ 25,220</u>	<u>\$ 77,864</u>	<u>\$ (109,772)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (141,004)

The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds. However in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The net changes are as follows:

Capital Outlays	\$ 410,042	
Less: Capital Outlays Not Capitalized	(70,537)	
Depreciation Expense	<u>(275,081)</u>	64,424

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and related deferred outflows and inflows of resources. (69,064)

OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in net OPEB liability and related deferred outflows and inflows of resources. (4,964)

Transactions relating to long-term debt are reported as revenues and expenditures in governmental funds. However, in the statement of net position, repayments reduce long-term liabilities and new borrowings increase long-term liabilities:

Principal Repayments	150,000
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Governmental funds report debt premiums, discounts, and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of Debt Premium	1,720
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The details of the net changes include the following balances:

Accrued Interest on Long-Term Obligations	500	
Compensated Absences	<u>(3,276)</u>	(2,776)

Revenue had accrued on December 31, 2023, but was not available. Consequently, this revenue was deferred in governmental funds, but is recorded as loans receivable on the statement of net position and recognized as revenue on the statement of activities. The net revenues consists of:

Change in Unavailable Revenues	<u>25,000</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 23,336</u></u>
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CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,421,368	\$ 1,111,338	\$ 3,532,706
Restricted Cash and Cash Equivalents	1,656,994	346,772	2,003,766
Customer Accounts Receivable	107,001	70,023	177,024
Inventories	-	39,203	39,203
Due from Other Funds	171,586	-	171,586
Total Current Assets	4,356,949	1,567,336	5,924,285
Noncurrent Assets:			
Advance to Other Funds	618,922	149,493	768,415
Capital Assets Not Being Depreciated	28,148	6,062	34,210
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	4,490,828	632,591	5,123,419
Machinery and Equipment	1,145,261	2,622,429	3,767,690
Infrastructure	1,288,999	2,310,396	3,599,395
Total Capital Assets, Net	6,953,236	5,571,478	12,524,714
Total Noncurrent Assets	7,572,158	5,720,971	13,293,129
Total Assets	11,929,107	7,288,307	19,217,414
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	8,786	8,786
Wisconsin Retirement System Pension Related	119,834	89,589	209,423
State Life Insurance Other Postemployment Benefits Related	2,420	1,763	4,183
Total Deferred Outflows of Resources	122,254	100,138	222,392

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 15,691	\$ 13,263	\$ 28,954
Accrued Employee Liabilities	2,249	805	3,054
Current Maturities of Long-Term Debt	312,594	73,967	386,561
Accrued Interest	20,223	-	20,223
Liabilities Payable from Restricted Assets:			
Current Maturities of Long-Term Debt	-	130,000	130,000
Accrued Interest	-	8,629	8,629
Total Current Liabilities	<u>350,757</u>	<u>226,664</u>	<u>577,421</u>
Noncurrent Liabilities:			
Compensated Absences	30,772	10,869	41,641
Long-Term Debt, Less Current Maturities	4,572,623	2,544,411	7,117,034
Wisconsin Retirement System Net Pension Liability	32,720	23,837	56,557
State Life Insurance Net Other Postemployment Benefits Liability	3,850	2,805	6,655
Total Noncurrent Liabilities	<u>4,639,965</u>	<u>2,581,922</u>	<u>7,221,887</u>
Total Liabilities	4,990,722	2,808,586	7,799,308
DEFERRED INFLOWS OF RESOURCES			
Wisconsin Retirement System Pension Related State Life Insurance Other Postemployment Benefits Related	69,003	50,271	119,274
Total Deferred Inflows of Resources	<u>72,268</u>	<u>52,650</u>	<u>124,918</u>
NET POSITION			
Net Investment in Capital Assets	2,068,019	2,831,886	4,899,905
Restricted:			
Restricted for Replacement	1,084,168	-	1,084,168
Restricted for Debt Service	572,826	542,395	1,115,221
Unrestricted	<u>3,263,358</u>	<u>1,152,928</u>	<u>4,416,286</u>
Total Net Position	<u>\$ 6,988,371</u>	<u>\$ 4,527,209</u>	<u>\$ 11,515,580</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION —
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
OPERATING REVENUES			
Customer Charges for Services	\$ 1,128,708	\$ 708,725	\$ 1,837,433
Other Charges	18,820	11,195	30,015
Total Operating Revenues	1,147,528	719,920	1,867,448
OPERATING EXPENSES			
Plant and Maintenance Expenses:			
Salaries, Wages, and Benefits	92,819	59,991	152,810
Power	60,675	58,287	118,962
Chemicals	109,643	32,494	142,137
Other Operating Supplies	58,984	21,508	80,492
Repairs and Maintenance	155,034	52,898	207,932
Total Plant and Maintenance Expenses	477,155	225,178	702,333
General Expenses:			
Administrative and General Salaries and Benefits	60,374	52,458	112,832
Office Supplies and Expense	7,492	17,872	25,364
Outside Services	9,522	20,072	29,594
Property and Liability Insurance	31,587	14,104	45,691
Transportation	-	3,412	3,412
Depreciation	421,988	188,087	610,075
Miscellaneous	9,007	-	9,007
Total General Expenses	539,970	296,005	835,975
Total Operating Expenses	1,017,125	521,183	1,538,308
OPERATING INCOME	130,403	198,737	329,140
NONOPERATING REVENUES (EXPENSES)			
Interest Income	111,025	43,394	154,419
Interest Expense and Fiscal Charges	(41,728)	(55,571)	(97,299)
Total Nonoperating Revenues (Expenses)	69,297	(12,177)	57,120
INCOME BEFORE TRANSFERS OUT AND CONTRIBUTIONS	199,700	186,560	386,260
TRANSFERS OUT	(7,800)	-	(7,800)
CAPITAL CONTRIBUTIONS	28,805	-	28,805
CHANGE IN NET POSITION	220,705	186,560	407,265
Net Position - Beginning of Year	6,767,666	4,340,649	11,108,315
NET POSITION - END OF YEAR	<u>\$ 6,988,371</u>	<u>\$ 4,527,209</u>	<u>\$ 11,515,580</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,139,818	\$ 725,761	\$ 1,865,579
Payments to Suppliers	(467,096)	(238,164)	(705,260)
Payments to Employees	(139,401)	(108,429)	(247,830)
Net Cash Provided by Operating Activities	533,321	379,168	912,489
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Borrowing	(46,667)	-	(46,667)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(38,063)	(1,571)	(39,634)
Collection of Advances to Other Funds	75,000	75,000	150,000
Capital Grant Received	28,805	-	28,805
Principal Paid on Long-Term Debt	(304,994)	(202,414)	(507,408)
Interest Paid on Long-Term Debt	(44,494)	(56,886)	(101,380)
Net Cash Used by Capital and Related Financing Activities	(283,746)	(185,871)	(469,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	111,025	43,394	154,419
NET INCREASE IN CASH AND CASH EQUIVALENTS	313,933	236,691	550,624
Cash and Cash Equivalents - Beginning of Year	3,764,429	1,221,419	4,985,848
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,078,362</u>	<u>\$ 1,458,110</u>	<u>\$ 5,536,472</u>
RECONCILED TO STATEMENT OF NET POSITION			
Unrestricted Cash and Cash Equivalents	\$ 2,421,368	\$ 1,111,338	\$ 3,532,706
Restricted Cash and Cash Equivalents	1,656,994	346,772	2,003,766
Total	<u>\$ 4,078,362</u>	<u>\$ 1,458,110</u>	<u>\$ 5,536,472</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 130,403	\$ 198,737	\$ 329,140
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	421,988	188,087	610,075
Increase (Decrease) from Changes in:			
Receivables	(7,710)	5,841	(1,869)
Pension Asset - WRS	60,380	37,651	98,031
Inventories	-	(2,933)	(2,933)
Deferred Outflows of Resources - Pension	(2,633)	(16,353)	(18,986)
Deferred Outflows of Resources - State Life Insurance Other Postemployment Benefits	1,658	780	2,438
State Life Insurance Net Other Postemployment Benefits Liability	(4,452)	(2,372)	(6,824)
Deferred Inflows of Resources - Pension	(73,356)	(38,499)	(111,855)
Deferred Inflows of Resources - State Life Insurance Other Postemployment Benefits	2,237	1,738	3,975
Accounts Payable	(25,152)	(14,584)	(39,736)
Accrued Expenses	(2,762)	(2,762)	(5,524)
Net Cash Provided by Operating Activities	<u>\$ 533,321</u>	<u>\$ 379,168</u>	<u>\$ 912,489</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

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 the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in separate columns in the fund financial statements.

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

The City reports the following major governmental funds:

General Fund

This fund is the general operating fund of the City. It is used to account for financial resources devoted to financing general services. This fund is charged with all costs of operating the government for which a separate fund has not been established.

General Capital Projects Fund

To account for the financial resources and the expenditures for the construction of new streets, sidewalks, and for other major improvements and capital additions.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

TIF #4 - Capital Projects Fund

To account for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

General Debt Service Fund

To account for specific revenue sources that are legally restricted to repayment of debt principal and interest.

The City reports two major enterprise funds:

Water Utility Fund

To account for the water supply and services to the residents, business entities, and public authorities of the City.

Sewer Utility Fund

To account for the wastewater treatment services to the residents, business entities, and public authorities of the City.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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. Special assessments are recorded as revenue when earned.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Long-term receivables, such as special assessments, notes, and mortgages, are recorded as receivables and deferred inflows. In subsequent periods, when revenue recognition criteria are met or when the City has a legal claim to the resources, inflows are recorded.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues, such as licenses and permits, fines and forfeitures, and miscellaneous inflows, are recognized when payment is received or when measurable and available under the criteria described above.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

Cash, Cash Equivalents, and Temporary Investments

For purposes of the statement of net position and proprietary fund statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Temporary investments consist of certificates of deposit with original maturities greater than three months. These investments are stated at cost, which approximates fair value.

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 either "due from/due to other funds" (current portion) or "advances to/from other funds" (noncurrent portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are reported at gross value with uncollectible amounts written off under the direct write off method. No allowance for uncollectible accounts is presented since the amount would not be significant. No allowance for uncollectible accounts has been provided for the Water and Sewer Utilities since they are able to place delinquent bills on the tax roll.

Property taxes consist of taxes on real estate and personal property. Property taxes are levied in December of each year based on assessed value as of January 1 of that year and become an enforceable lien on the property the following January 1. The amount levied is applicable to the budget of the ensuing calendar year and become due as of January 1 of that year. Payment due dates are full payment by January 31 or partial payments by January 31 and July 31 of each year. At year-end, the property taxes levied for each fund are recorded as taxes receivable and deferred inflows.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables and Payables (Continued)

The City had received federal and state grant funds for a housing rehabilitation loan program and has passed the funds to various individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds distributed. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on the 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.

Inventories and Prepayments

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost with value being determined on the "first-in, first-out" basis of accounting. The cost is recorded as an expenditure or an expense at the time the individual inventory items are consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the end of the current year are recorded as prepayments in both government-wide and fund financial statements. Inventories and prepayments of governmental fund types are classified as nonspendable fund balance which indicates that assets do not represent spendable available financial resources.

Restricted Assets

Restricted assets consist of cash and cash equivalents restricted for the purpose of Sewer and Water Utility Fund debt repayment and plant replacement. Current liabilities payable from these restricted assets are so classified.

Capital Assets

Capital assets, which include property, plant, equipment, utility system, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of \$1,000 or more and an estimated useful life in excess of a year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

Donated capital assets are recorded at their estimated acquisition value at the date of donation. GASB 34 permits reporting infrastructure on a prospective basis. Accordingly, major networks of infrastructure assets prior to 2004 are not reported in the government-wide financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure assets are depreciated using the straight-line method over the following useful lives:

Building Improvements	15 Years
Buildings	40 Years
Machinery and Equipment	5 to 7 Years
Water and Sewer Utility System	15 to 107 Years
Infrastructure	40 to 50 Years

Deferred Outflows of Resources

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City reports deferred outflows of resources for loss on refunding, pension, and other postemployment benefits related items.

Compensated Absences

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and/or retirements or are payable with expendable available resources. Sick days can be accumulated up to a maximum of 90 days and are paid upon retirement or death at the employee's then hourly rate of pay.

Sick leave pay is paid out at 50% of the employee's then hourly rate of pay after voluntary termination of employment. Vacation days are earned following each anniversary date; any unused vacation will not be paid out on the next anniversary date, except in the case of termination or retirement at which time the employee would be paid out. Employees are not allowed to carry unused vacation hours into the subsequent year unless granted approval by the City Council.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources

The City reports increases in net position or fund equity that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The City also reports deferred inflows of resources for pension and other postemployment benefits related items at the government-wide and proprietary statement level.

Wisconsin Retirement System Pension Plan Benefits

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 the 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.

Other Postemployment Benefits (OPEB) – Multiemployer Plan

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

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest rate method. Long-term debt payable is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt 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, while premiums and discounts on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Net Position** – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Net Position** – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Equity

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as described below.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components.

- **Nonspendable Fund Balance** – Amounts that cannot be spent because they are 1) not in spendable form or 2) legally or contractually required to be maintained intact. The City reports nonspendable prepaids and advances to other funds.
- **Restricted Fund Balance** – Amount constraints requiring use for a specific purpose and are either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.
- **Committed Fund Balance** – Amounts used for specific purposes based on constraints imposed by formal action of the City Council. The commitment purposes must be made during the City's fiscal year ended December 31, 2023, and can only be amended by the same formal legal action creating the original commitments, such as a resolution or ordinance.
- **Assigned Fund Balance** – Funds that are constrained by the City Administrator with the intent for the amount to be used for specific purposes, but it is neither restricted nor committed.
- **Unassigned Fund Balance** – The balance of General Fund's fund balance available for appropriation, along with any deficit fund balances in other funds.

The City will use fund balance resources in the following manner: first, restricted, then committed, assigned, and finally unassigned.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the function for the General Fund listed as follows:

General Government	\$ 77,414
Public Safety	58,722
Public Works	56,878
Conservation and Development	179,056
Capital Outlays	42,227

Deficit Fund Balance

The Tax Incremental Financial District No. 4 – Capital Projects Funds, Tax Incremental Financial District No. 5 – Capital Projects Funds, and Tax Incremental Financial District No. 6 – Capital Projects Funds have deficit fund balances of \$586,949, \$8,902, and \$120,831, respectively, as of December 31, 2023. The fund deficits are expected to be recovered through property sales and tax levies in future years.

Limitations on the City's Tax Levy

Wisconsin Statutes Section 66.0602 limits the City's future tax levies. Generally, the City is limited to its prior year tax levy actual dollar amount (excluding TIF Districts), increased by a valuation factor for new construction. Changes in debt service from one year to the next are generally exempt from this limit.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's deposits and investments at year-end were comprised of the following:

	Carrying Value	Associated Risks
Petty Cash	\$ 1,560	
Deposits:		
Demand Deposits	886,389	Custodial Credit
Certificates of Deposit	3,509	Custodial Credit
Total Deposits	<u>889,898</u>	
Investments:		
Local Government Investment Pool (LGIP)	4,853,058	Credit, Interest Rate
Wisconsin Investment Series Cooperative (WISC)	918,210	Credit, Interest Rate
Total Investments	<u>5,771,268</u>	
Total Deposits and Investments	<u>\$ 6,662,726</u>	
Reconciliation to the Statement of Net Position:		
Cash and Cash Equivalents	\$ 4,655,429	
Restricted Cash and Cash Equivalents	2,003,766	
Temporary Investments	3,531	
Total Cash and Investments	<u>\$ 6,662,726</u>	

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of December 31, 2023, the bank balance of the City's deposits was \$986,971. Of the bank balance, \$500,000 was covered by Federal Depository Insurance (FDIC), and the remaining \$486,971 was uncollateralized.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. Therefore, this coverage has not been considered in computing custodial credit risk.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investment Policy

The City has not adopted a formal investment policy; however, the City invests in accordance with Wisconsin State Statutes. Under state statute, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state;
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state, the University of Wisconsin Hospitals and Clinics Authority, and the Wisconsin Aerospace Authority;
- Bonds or securities issued or guaranteed by the federal government;
- Any security which matures within not more than seven years, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or similar rating agency;
- Securities of an open-end management investment company or investment trust, if the company or trust does not charge a sales load, is registered under the investment company act of 1940, and if the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed as to principal and interest by the federal government;
- Repurchase agreements that are fully collateralized by bonds or securities of the federal government;
- The state local government investment pool;
- Repurchase agreements with public depositories with certain conditions.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. At December 31, 2023, the fair value of the City's share of the LGIP was substantially equal to the amount as reported in these statements.

The investments in the LGIP are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the LGIP are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investment Policy (Continued)

The Wisconsin Investment Series Cooperative (WISC) is managed by PMA Financial Network, Inc., and is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 66. At December 31, 2023, the fair value of the City's share of the WISC approximates to the amount as reported in these statements.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City does not have a formal policy which addresses custodial credit risk for deposits and investments.

Concentration of Credit Risk

Concentration of credit risk refers to risk of loss attributed to the City's investment in a single issuer. The City does not have a formal policy on this type of investment risk.

Credit Risk and Interest Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2023, the City had \$4,853,058 invested in LGIP, which is not rated. The weighted average maturity for investments held by the LGIP is 17 days, but funds are available to the City in full on one day's notice. The City had \$918,210 invested in WISC's Cash Management Series and Investment Series investments, which are rated AAA by Standard & Poor's. The investments at WISC are also available to the City in full on a one-day notice.

The City does not have a formal policy which addresses credit and interest rate risk.

B. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of the following amounts:

Replacement Reserves	\$ 1,084,168
Debt Service Reserves	919,598
Total	<u>\$ 2,003,766</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Additions	Removals	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 225,339	\$ 31,234	\$ -	\$ 256,573
Construction in Progress	-	179,223	-	179,223
Total Capital Assets Not Being Depreciated	225,339	210,457	-	435,796
Capital Assets Being Depreciated:				
Buildings and Improvements	4,438,963	-	5,584	4,433,379
Machinery and Equipment	1,513,762	129,048	38,943	1,603,867
Infrastructure	3,086,691	-	-	3,086,691
Total Capital Assets Being Depreciated	9,039,416	129,048	44,527	9,123,937
Less: Accumulated Depreciation:				
Buildings and Improvements	1,228,187	110,453	5,584	1,333,056
Machinery and Equipment	1,084,108	81,130	38,943	1,126,295
Infrastructure	980,871	83,498	-	1,064,369
Total Accumulated Depreciation	3,293,166	275,081	44,527	3,523,720
Total Capital Assets Being Depreciated, Net	5,746,250	(146,033)	-	5,600,217
Governmental Activities Capital Assets, Net	<u>\$ 5,971,589</u>	<u>\$ 64,424</u>	<u>\$ -</u>	<u>\$ 6,036,013</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities:	
General Government	\$ 98,902
Public Safety	30,729
Public Works	96,403
Culture and Recreation	47,891
Conservation and Development	1,156
Total Depreciation Expense - Governmental Activities	<u>\$ 275,081</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Additions	Removals	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 34,210	\$ -	\$ -	\$ 34,210
Capital Assets Being Depreciated:				
Buildings and Improvements	7,115,350	-	-	7,115,350
Machinery and Equipment	8,869,698	39,634	5,000	8,904,332
Infrastructure	5,177,674	-	-	5,177,674
Total Capital Assets Being Depreciated	21,162,722	39,634	5,000	21,197,356
Less Accumulated Depreciation:				
Buildings and Improvements	1,808,444	183,487	-	1,991,931
Machinery and Equipment	4,785,846	355,796	5,000	5,136,642
Infrastructure	1,507,487	70,792	-	1,578,279
Total Accumulated Depreciation	8,101,777	610,075	5,000	8,706,852
Total Capital Assets Being Depreciated, Net	13,060,945	(570,441)	-	12,490,504
Business-Type Activities Capital Assets, Net	<u>\$ 13,095,155</u>	<u>\$ (570,441)</u>	<u>\$ -</u>	<u>\$ 12,524,714</u>

Depreciation expense was charged to functions of the business-type activities as follows:

Business-Type Activities:	
Sewer Utility	\$ 421,988
Water Utility	188,087
Total Depreciation Expense - Business-Type Activities	<u>\$ 610,075</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Balances

The composition of interfund activity as of December 31, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TIF No. 5 Fund	\$ 8,902
General Fund	TIF No. 6 Fund	132,404
Water Fund	TIF No. 4 Fund	149,493
Sewer Fund	TIF No. 4 Fund	618,922
Sewer Fund	General Fund	171,586
Total		<u>\$ 1,081,307</u>
Classified as:		
Due to/from Other Funds		\$ 171,586
Advances to/from Other Funds		909,721
Total		<u>\$ 1,081,307</u>

The interfund payables and receivables above consist of balances relating to current year cash deficits funded by another fund and loans for construction projects and will be reduced through future tax increments and excess cash flows.

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

The composition of interfund transfers as of December 31, 2023, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Capital Projects Fund	General Fund	\$ 143,100
General Fund	Sewer Fund	7,800
Total		<u>\$ 150,900</u>

The transfer for funds from the general fund to the general capital improvement fund was for purchases of capital equipment budgeted for by the City. The transfer of funds from the Sewer Fund to the General Fund was to cover expenditures accounted for in the General Fund.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

Required disclosures regarding the City's long-term obligations are as follows:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2023	Amount Due in One Year
Governmental Activities:					
(1) 2016 G.O. Refunding Bonds	\$ 2,400,000	\$ -	\$ 150,000	\$ 2,250,000	\$ 150,000
Total	2,400,000	-	150,000	2,250,000	150,000
Unamortized Bond Issue					
Premium	23,215	-	1,720	21,495	-
Total	2,423,215	-	151,720	2,271,495	150,000
Compensated Absences	81,974	66,141	62,865	85,250	-
Total Governmental Activities Long-Term Obligations	<u>\$ 2,505,189</u>	<u>\$ 66,141</u>	<u>\$ 214,585</u>	<u>\$ 2,356,745</u>	<u>\$ 150,000</u>
Business-Type Activities:					
(2) 2020A Water System Revenue Refunding Bonds	\$ 1,175,000	\$ -	\$ 130,000	\$ 1,045,000	\$ 130,000
Notes from Direct Borrowings:					
(3) 2017 Taxable Sewerage System Revenue Bonds	4,744,919	-	287,067	4,457,852	294,269
(4) 2022 Clean Water Fund	445,292	-	17,927	427,365	18,325
(5) 2022 Safe Drinking Water Fund	1,785,093	-	72,414	1,712,679	73,967
Total	8,150,304	-	507,408	7,642,896	516,561
Less: Unamortized Bond					
Discount	(10,527)	-	(1,226)	(9,301)	-
Total	8,139,777	-	506,182	7,633,595	516,561
Compensated Absences	47,165	17,760	23,284	41,641	-
Total Business-Type Activities Long-Term Obligations	<u>\$ 8,186,942</u>	<u>\$ 17,760</u>	<u>\$ 529,466</u>	<u>\$ 7,675,236</u>	<u>\$ 516,561</u>

The City's outstanding notes from direct borrowings related to business type activities of \$6,597,896 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

If at any time the Water or Sewer Fund is unable to meet the above noted business-type activity obligations, the ultimate liability for payment lies with the City.

- | | |
|------------------|---|
| (1) \$ 2,250,000 | Original issue dated June 7, 2016. Principal due in annual installments of \$135,000 to \$200,000 through 2036 plus interest in semi-annual installments at 2.00% to 3.00%. The issue is serviced by the General Debt Service Fund. |
| (2) \$ 1,045,000 | Original issue dated July 9, 2020. Principal due in annual installments of \$120,000 to \$135,000 through May 1, 2031. Interest in semi-annual installments at .70% to 1.85%. The issue is serviced by the Water Utility. |
| (3) \$ 4,457,852 | Original issue dated April 26, 2017. Principal due in annual installments of \$253,000 to \$396,000 through May 1, 2036. Interest in semi-annual installments at 2.509%. The issue is being serviced by TIF #6 and the Sewer Utility. |
| (4) \$ 427,365 | Original issue dated June 8, 2022. Principal due in annual installments of \$17,900 to \$27,200 through May 1, 2042. Interest in semi-annual installments at 2.221%. The issue is being serviced by the Sewer Utility. |
| (5) \$ 1,712,679 | Original issue dated September 28, 2022. Principal due in annual installments of \$72,400 to \$108,300 through May 1, 2042. Interest in semi-annual installments at 2.145%. The issue is being serviced by the Water Utility. |

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Annual debt service requirements serviced by the governmental activities are as follows:

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 150,000	\$ 54,338	\$ 204,338
2025	155,000	51,288	206,288
2026	155,000	48,188	203,188
2027	160,000	44,958	204,958
2028	165,000	41,463	206,463
2029-2033	880,000	144,827	1,024,827
2034-2036	585,000	26,336	611,336
Total	<u>\$ 2,250,000</u>	<u>\$ 411,398</u>	<u>\$ 2,661,398</u>

Annual debt service requirements serviced by the business-type activities are as follows:

<u>Business-Type Activities</u>	<u>Bonds</u>		<u>Notes from Direct Borrowings</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 130,000	\$ 14,388	\$ 386,561	\$ 153,387	\$ 516,561	\$ 167,775
2025	130,000	13,023	395,939	143,896	525,939	156,919
2026	130,000	11,495	405,543	134,175	535,543	145,670
2027	130,000	9,772	415,382	124,216	545,382	133,988
2028	130,000	7,887	425,461	114,014	555,461	121,901
2029-2033	395,000	10,627	2,287,291	408,141	2,682,291	418,768
2034-2038	-	-	1,756,315	138,649	1,756,315	138,649
2039-2042	-	-	525,404	23,002	525,404	23,002
Total	<u>\$ 1,045,000</u>	<u>\$ 67,192</u>	<u>\$ 6,597,896</u>	<u>\$ 1,239,480</u>	<u>\$ 7,642,896</u>	<u>\$ 1,306,672</u>

Margin of Indebtedness

The 2023 equalized valuation of the City, certified by Wisconsin Department of Revenue, is \$142,940,900. The legal general obligation debt limit and margin of indebtedness as of December 31, 2023, in accordance with the Wisconsin Statutes follows:

Debt Limit (5% of \$142,940,900)	\$ 7,147,045
Deduct Long-Term Debt Applicable to Debt Margin	<u>2,250,000</u>
Margin of Indebtedness	<u>\$ 4,897,045</u>

Covenant Compliance

The 2017 Sewerage System Revenue Bonds and 2022 Sewerage System Revenue Bonds require the City to establish and maintain cash reserves to properly fund current operations and debt service requirements. The sewerage bonds also require an equipment replacement fund to be established with an annual deposit of \$55,688.

The 2020A Water System Revenue Refunding Bonds require the City to maintain cash reserves of \$142,000 for debt service obligations.

The 2022 Water System Revenue Bonds require the City to establish and maintain cash reserves to properly fund current operations and debt service requirements.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Covenant Compliance (Continued)

The City has properly established the Water and Sewer funds above.

The water and sewer bonds also require the City to establish, charge, and collect such lawfully established rates and charges for the services provided by the Utility System so that net revenues (gross revenues less all costs of operation and maintenance, exclusive of debt service and depreciation) will be at least 1.10 (sewer) or 1.20 (water) times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenue of the Utility System each year. The City is in compliance with the water and sewer rate covenant.

Utility Revenue Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. The total principal and interest remaining to be paid on the bonds is \$8,949,568. Principal and interest paid for the current year and total customer net revenues were \$548,139 and \$1,093,631, respectively.

F. Net Position

Net investment in capital assets reported on the government-wide statement of net position at December 31, 2023, includes the following:

Governmental Activities:

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 435,796
Capital Assets, Net of Accumulated Depreciation	5,600,217
Adjusted for:	
Outstanding Capital Related Debt	(2,271,495)
Retainage and Accounts Payable Related to Capital Assets	(133,950)
Net Investment in Capital Assets	<u><u>\$ 3,630,568</u></u>

Business-Type Activities:

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 34,210
Capital Assets, Net of Accumulated Depreciation	12,490,504
Adjusted for:	
Outstanding Capital Related Debt	(7,642,896)
Debt Discount	9,301
Loss on Refunding	8,786
Net Investment in Capital Assets	<u><u>\$ 4,899,905</u></u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Deferred Compensation Plan

The City offers a deferred compensation plan for all employees. Contributions to this plan are entirely from employee voluntary contributions. These assets are not assets of the City and, accordingly, are not included in the City's financial statements.

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City carries commercial insurance for risk of loss. The City did not have settled claims that exceeded the City's commercial insurance coverage in any of the past three years.

I. Customer Concentration

The City Water and Sewer Utility include charges to one customer during 2023 that total 51% of total combined revenue of the Utility. At December 31, 2023, the amount owed to the Utility by this customer totaled \$71,873.

J. Tax Incremental Financing Districts

The following is the cumulative status of Tax Incremental Financing Districts (TIF) as of December 31, 2023:

	TIF #4	TIF #5	TIF #6	TIF #7
Revenues:				
Tax Increment	\$ 1,843,382	\$ 138,546	\$ 750,683	\$ 157,543
Intergovernmental Revenue	125	-	1,255	63,864
Other	71,454	-	-	72,175
Total Revenues	1,914,961	138,546	751,938	293,582
Expenditures:				
Project Costs	2,165,381	137,713	142,793	145,669
Interest, Discounts, and				
Other Debt Costs	206,555	-	422,000	-
Other	-	-	87,523	-
Administration	129,974	9,735	220,453	33,926
Total Expenditures	2,501,910	147,448	872,769	179,595
Amount to be Recovered through Future				
Tax Increments	<u>\$ (586,949)</u>	<u>\$ (8,902)</u>	<u>\$ (120,831)</u>	<u>\$ 113,987</u>

Tax Incremental Financing District No. 4 was created on September 27, 2001, to facilitate improvements necessary to promote industrial development. State statutes allow up to an 18-year project period. The City borrowed funds and advanced City funds for the project, which will be retired by tax increments. TIF No. 4 expires on September 27, 2024.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Tax Incremental Financing Districts (Continued)

Tax Incremental Financing District No. 5 was created on January 11, 2007, to promote mixed-use development in the District. The District is expected to incur total project costs of \$2,425,000 over the 15-year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 5 will expire in 2027. In April 2024, the City approved to close TIF No. 5.

Tax Incremental Financing District No. 6 was formally created on February 9, 2015, to facilitate improvements necessary to promote industrial development. The District is expected to incur project costs of \$8 million over the 15-year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 6 will expire in 2035.

Tax Incremental Financing No. 7 was formally created on September 21, 2015, to promote mixed-use development in the District. The District is expected to incur total project costs of \$809,005 over the 15-year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 7 will expire in 2035.

K. Commitments and Contingencies

From time to time, the City becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, management is unaware of any such claims or proceedings that will have a material adverse effect on the City's financial position.

The City has received grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has committed to construction and engineering related to the library building addition project for costs approximating \$347,300. As of December 31, 2023, the City had incurred approximately \$170,300 of the costs.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

L. Intermunicipal Agreement and Related Parties

The City is a member of the Weyauwega Area Fire District (the District), along with four other municipalities. The District was created by an agreement signed in 1992. The District provides fire services to the member communities. At the time the District was created, the City contributed to the District all of its fire apparatus and vehicles which is considered to be the property of the District and titled in its name. In the event that any municipality desires to withdraw from the agreement which would be effective on December 31 of any year, notification of its intent to do so is required on or before July 1 preceding the December 31, withdrawal date. No withdrawing municipality may claim any portion of the assets of the District or be entitled to any compensation for past contributions for vehicles, equipment, or supplies purchased whatsoever.

The District is governed by a five-member commission consisting of four representatives from each municipality and the chairperson of the City Police and Fire Committee. The communities involved share in all of the property, building, equipment, maintenance, and operating expenses incurred by the District in proportion to the amount that the then most current assessed value as equalized for state purposes of all real property "improvements" (excluding assessed value of land) of the municipality in the District bears to the then most current assessed valuation of all of the real property "improvements" in the District as equalized for state purposes. In the event the District dissolves, the net assets remaining after payment of all liabilities shall be assigned to the communities in proportion to the total budgeted contributions made by each community. The City has a commitment to the District to quarterly finance a portion of the District's approved expenditures. In 2023, the City's fire protection services and capital outlay expenditures incurred in connection with this arrangement were approximately \$57,000.

The City is the municipal sponsor for the Weyauwega Area Fire District's Service Award Program (SAP), a defined contribution pension plan, for the District's volunteer firefighters, first responders, and emergency medical technicians. The SAP is administered by Volunteer Fireman's Insurance Services.

The Fire District determines annually the amount it will contribute on behalf of each individual in the program and communicates that information to the City. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture. Although the assets are in the name of the City, the City acts solely in an administrative capacity over the District SAP funds and, therefore, contributions and pension expense are not reported in the City financial statements.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan

General Information about the Pension Plan

Plan Description. The 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 1200 hours a year (880 hours for teachers and school district educational support employees), and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Additionally, ETF issued 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.

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 services.

Final average earnings are the average of the participant's three highest annual earning periods. Creditable service includes current services 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 contribution plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$84,158 in contributions from the employer.

Contribution rates as of December 31, 2023, are:

	<u>Employee</u>	<u>Employer</u>
General	6.80 %	6.80 %
Executives and Elected Officials	6.80	6.80
Protective with Social Security	6.80	13.20
Protective without Social Security	6.80	18.10

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	(9.6)%	9.0 %
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

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

At December 31, 2023, the City reported a liability of \$339,118 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.00640124%, which was an increase of 0.00010806% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$172,731. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 540,109	\$ 709,584
Effect of Changes in Assumptions	66,684	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	576,085	-
Change in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	1,946	5,589
City Contributions Subsequent to the Measurement Date	84,158	-
Total	<u>\$ 1,268,982</u>	<u>\$ 715,173</u>

\$84,158 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2024	\$ 19,329
2025	96,738
2026	98,978
2027	254,606
Total	<u>\$ 469,651</u>

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Actuarial Valuation Date	December 31, 2021
Measurement Date of Net Pension Liability (Asset)	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.8 %
Discount Rate	6.8 %
Wage Inflation	3.0 %
Salary Increases:	0.1 % - 5.6 %
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7 %

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

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

Long-Term Expected Rate of Return. 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:

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)
Long-Term Expected Rate of Return (Continued).

Core Fund Asset Class	Core Asset Allocation		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Public Equities	48.0 %	7.6 %	5.0 %
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Cash	(15.0)	N/A	N/A
Total Core Fund	100.0 %	7.4 %	4.8 %

Variable Fund Asset Class	Variable Asset Allocation		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity	70 %	7.2 %	4.6 %
International Equity	30	8.1	5.5
Total Variable Fund	100 %	7.7	5.1

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

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

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. 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 (5.8%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease (5.80)%	Current Discount Rate (6.80)%	1% Increase (7.80)%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,125,524	\$ 339,118	\$ (201,860)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits

General Information about the OPEB Plan

Plan Description. The LRLIF is a multiemployer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, EFT issued a standalone Retiree Life Insurance Financial Report, which can also be found at 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 employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2023, are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of Employee Contribution
25% Post Retirement Coverage	20% of Employee Contribution

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits (Continued)

General Information about the OPEB Plan (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 employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2022, are:

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

During the reporting period, the LRLIF recognized \$210 in contributions from the employer.

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

At December 31, 2023, the City reported a liability of \$39,913 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, and rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.01047600%, which was an decrease of 0.00132400% from its proportion measured as of December 31, 2021.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$4,763. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,907
Changes of Assumptions	14,340	23,558
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	749	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	10,001	6,386
Total	<u>\$ 25,090</u>	<u>\$ 33,851</u>

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

<u>Year Ending December 31,</u>	OPEB Expense Amount
2024	\$ (44)
2025	(260)
2026	844
2027	(1,142)
2028	(3,731)
2029	(4,428)
Total	<u>\$ (8,761)</u>

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

Actuarial Assumptions. The total OPEB liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield:*	3.72 %
Long-Term Expected Rate of Return	4.25 %
Discount Rate	3.76 %
Salary Increases:	
Wage Inflation	3.0 %
Seniority/Merit	0.1 % - 5.6 %
Mortality	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO Index

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

Long-Term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with 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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

Long-Term Expected Return on Plan Assets (Continued).

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50 %	2.45 %
U.S. Mortgages	Bloomberg US MBS	50	2.83
Inflation			2.30 %
Long-Term Expected Rate of Return			4.25 %

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021, to 3.72% as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease (2.76)%</u>	<u>Current Discount Rate (3.76)%</u>	<u>1% Increase (4.76)%</u>
City's Proportionate Share of the of the Net OPEB Liability (Asset)	\$ 54,415	\$ 39,913	\$ 28,796

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEYAUWEGA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
General Property Tax	\$ 611,605	\$ 611,605	\$ 611,333	\$ (272)
Mobile Home Parking Fees	9,100	9,100	6,509	(2,591)
Total Taxes	620,705	620,705	617,842	(2,863)
Intergovernmental Revenue:				
Federal Aid:				
Other Law Enforcement	-	-	6,650	6,650
State Aid:				
Shared Revenue and Personal				
Property Aid	542,014	542,014	547,746	5,732
Expenditure Restraint	23,377	23,377	23,377	-
Recycling Grants	3,700	3,700	3,789	89
Computer Aid	2,300	2,300	2,301	1
Highway Maintenance	103,716	103,716	103,730	14
Other Law Enforcement	-	-	800	800
Housing/Economic Assistance	-	-	178,643	178,643
County Aid:				
Library	83,104	83,104	83,104	-
Total Intergovernmental Revenue	758,211	758,211	950,140	191,929
Regulation and Compliance Revenue:				
Licenses:				
Liquor and Malt Beverage	3,600	3,600	4,090	490
Operators and Occupational	1,300	1,300	1,360	60
Cigarette	50	50	50	-
Mobile Home	25	25	-	(25)
Other	725	725	759	34
Permits:				
Building and Sellers	6,500	6,500	15,157	8,657
Law and Ordinance Violations:				
Court Penalties and Costs	20,550	20,550	23,869	3,319
Parking Violations	150	150	-	(150)
Total Regulation and Compliance				
Revenue	32,900	32,900	45,285	12,385

See accompanying Notes to Required Supplementary Information.

CITY OF WEYAUWEGA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (CONTINUED)				
Public Charges for Services:				
General Government:				
License Publication Fees	\$ 100	\$ 100	\$ 274	\$ 174
General - Other	-	-	3,000	3,000
Transportation:				
Snow/Ice Control	250	250	-	(250)
Sanitation and Utilities:				
Refuse Collection	123,000	123,000	139,651	16,651
Weed Control	100	100	475	375
Leisure Activities:				
Community Projects	900	900	1,020	120
Library	259	259	259	-
Swimming Pool	17,500	17,500	18,449	949
Parks and Playgrounds	3,000	3,000	4,270	1,270
Total Public Charges for Services	145,109	145,109	167,398	22,289
Intergovernmental Charges for Services:				
Other Local Governments - Public Safety	50,000	50,000	50,782	782
General Revenues:				
Miscellaneous	7,500	7,500	10,656	3,156
Rent	4,000	4,000	2,785	(1,215)
Donations	-	-	130,086	130,086
Franchise Fees	10,200	10,200	8,239	(1,961)
Total General Revenues	21,700	21,700	151,766	130,066
Commercial Revenues:				
Interest on Investments	5,000	5,000	120,201	115,201
Interest on Special Assessments	-	-	331	331
Total Commercial Revenues	5,000	5,000	120,532	115,532
Total Revenues	1,633,625	1,633,625	2,103,745	470,120

See accompanying Notes to Required Supplementary Information.

CITY OF WEYAUWEGA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
Legislative:				
Council	\$ 9,000	\$ 9,000	\$ 7,442	\$ 1,558
Executive:				
Mayor	3,000	3,000	2,072	928
General Administration:				
Clerk and Administrator	61,078	61,078	49,749	11,329
Interim City Administrator	-	-	30,838	(30,838)
Publications	2,500	2,500	2,293	207
Elections	4,500	4,500	2,818	1,682
Office Supplies and Repairs	18,000	18,000	23,543	(5,543)
Financial Administration:				
Assessment of Property	5,500	5,500	27,714	(22,214)
Treasurer	36,327	36,327	41,678	(5,351)
Clerk	34,944	34,944	37,248	(2,304)
Auditing	19,845	19,845	20,738	(893)
Legal:				
Codification	2,000	2,000	3,788	(1,788)
City Attorney	36,000	36,000	47,528	(11,528)
Building and Plant:				
Municipal Building	44,000	44,000	52,363	(8,363)
Other General Government:				
Property and Liability Insurance	53,000	53,000	52,692	308
Miscellaneous	27,353	27,353	31,957	(4,604)
Total General Government	357,047	357,047	434,461	(77,414)
Public Safety:				
Police	629,524	629,524	681,023	(51,499)
Fire:				
Fire Department	56,089	56,089	56,993	(904)
Ambulance Service	23,420	23,420	23,810	(390)
Building Inspector	8,000	8,000	13,929	(5,929)
Total Public Safety	717,033	717,033	775,755	(58,722)
Health and Social Services:				
General Health:				
Health Officer	350	350	-	350
Cemetery	5,000	5,000	3,405	1,595
Pest and Animal Control:				
Animal Pound	800	800	1,496	(696)
Total Health and Social Services	6,150	6,150	4,901	1,249

See accompanying Notes to Required Supplementary Information.

CITY OF WEYAUWEGA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Public Works:				
Street Commissioner	\$ 60,000	\$ 60,000	\$ 59,729	\$ 271
Operations Supervisor	-	-	933	(933)
Outside Engineering Service	3,000	3,000	13,759	(10,759)
Machinery and Equipment	7,500	7,500	18,223	(10,723)
Garage and Sheds	3,000	3,000	5,040	(2,040)
Street Maintenance	11,500	11,500	21,878	(10,378)
Street Sweeping	14,000	14,000	12,300	1,700
Snow and Ice Removal	46,000	46,000	42,380	3,620
Street Lighting and Signs	42,500	42,500	55,992	(13,492)
Storm Sewers, Sidewalks, and Parking Lot	5,000	5,000	3,267	1,733
Recycling	39,000	39,000	42,287	(3,287)
Yard Waste and Weed Control	14,600	14,600	21,391	(6,791)
Tree Maintenance	4,000	4,000	3,298	702
Garbage and Refuse Collection	84,000	84,000	90,501	(6,501)
Total Public Works	334,100	334,100	390,978	(56,878)
Culture and Recreation:				
Culture:				
Library	191,387	191,387	160,768	30,619
Community Center	-	-	98	(98)
Recreation:				
Recreation Administration	4,000	4,000	3,960	40
Swimming Lake	66,000	66,000	67,036	(1,036)
Public Areas:				
Celebrations and Entertainment	7,000	7,000	7,654	(654)
Parks and Playgrounds	50,000	50,000	71,173	(21,173)
Total Culture and Recreation	318,387	318,387	310,689	7,698
Conservation and Development:				
Regional Planning	7,150	7,150	186,206	(179,056)
Capital Outlays				
Library	-	-	42,227	(42,227)
Total Expenditures	1,739,867	1,739,867	2,145,217	(363,123)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,242)	(106,242)	(41,472)	106,997
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	500	500	-	(500)
Transfer In	-	-	7,800	7,800
Transfer Out	(164,000)	(164,000)	(143,100)	20,900
Total Other Financing Sources (Uses)	(163,500)	(163,500)	(135,300)	28,200
NET CHANGE IN FUND BALANCE	<u>\$ (269,742)</u>	<u>\$ (269,742)</u>	<u>\$ (176,772)</u>	<u>\$ 135,197</u>

See accompanying Notes to Required Supplementary Information.

**CITY OF WEYAUWEGA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN
RETIREMENT SYSTEM NET PENSION LIABILITY (ASSET)
LAST TEN MEASUREMENT PERIODS***

Measurement Period Ending	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)
12/31/2014	0.00470594 %	\$ (115,591)	\$ 601,430	(19.22)%	102.74 %
12/31/2015	0.00495961	80,593	629,116	12.81 %	98.20
12/31/2016	0.00503408	41,493	623,906	6.65 %	99.12
12/31/2017	0.00505758	(150,165)	628,969	(23.87)%	102.93
12/31/2018	0.00511355	181,924	648,421	28.06 %	96.45
12/31/2019	0.00542941	(175,068)	747,938	(23.41)%	102.96
12/31/2020	0.00577201	(360,354)	784,611	(45.93)%	105.26
12/31/2021	0.00629318	(507,242)	874,615	(58.00)%	106.02
12/31/2022	0.00640124	339,118	849,106	39.94 %	95.72

**SCHEDULE OF CONTRIBUTIONS TO WISCONSIN
RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS***

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 49,539	\$ 49,539	\$ -	\$ 629,116	7.87 %
12/31/2016	47,389	47,389	-	623,906	7.60
12/31/2017	51,258	51,258	-	628,969	8.15
12/31/2018	51,258	51,258	-	648,421	7.91
12/31/2019	61,982	61,982	-	747,938	8.29
12/31/2020	68,604	68,604	-	784,611	8.74
12/31/2021	80,001	80,001	-	874,615	9.15
12/31/2022	78,202	78,202	-	849,106	9.21
12/31/2023	84,158	84,158	-	836,175	10.06

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

**CITY OF WEYAUWEGA, WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND
SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN
LOCAL RETIREE INSURANCE FUND NET OPEB LIABILITY
LAST TEN MEASUREMENT PERIODS***

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	0.00838900 %	\$ 25,239	\$ 352,781	7.15 %	44.81 %
12/31/2018	0.00725000	18,707	541,000	3.46	48.69
12/31/2019	0.00757500	32,256	597,000	5.40	37.58
12/31/2020	0.00999700	54,991	741,000	7.42	31.36
12/31/2021	0.01180000	69,743	816,000	8.55	29.57
12/31/2022	0.01047600	39,913	767,000	5.20	38.81

**SCHEDULE OF CONTRIBUTIONS TO WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN FISCAL YEARS***

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/2018	\$ 129	\$ 129	\$ -	\$ 541,000	0.024 %
12/31/2019	152	152	-	597,000	0.025
12/31/2020	204	204	-	741,000	0.028
12/31/2021	236	236	-	832,715	0.028
12/31/2022	190	190	-	746,173	0.025
12/31/2023	205	205	-	836,175	0.025

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

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

NOTE 1 BUDGETARY INFORMATION

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. A formal budget has been adopted for all funds except for the Capital Projects and Special Revenue Funds.

The budget covers the fiscal year ending December 31 and is available for public inspection at least 15 days prior to final adoption. All annual appropriations lapse at fiscal year-end unless specifically set up as a nonlapsing appropriation. The budget is prepared on a basis consistent with generally accepted accounting principles.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the function for the General Fund listed as follows:

General Government	\$ 77,414
Public Safety	58,722
Public Works	56,878
Conservation and Development	179,056
Capital Outlay	42,227

NOTE 2 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION LIABILITIES (ASSETS)

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

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement 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 Table

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 2 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION LIABILITIES (ASSETS) (CONTINUED)

Changes in Assumptions (Continued): 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 wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement 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

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

NOTE 3 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO LRLIF OPEB LIABILITIES (ASSETS)

Changes in Benefit Terms: There were no recent changes of benefit terms.

Changes in Assumptions: In addition to the rate changes detailed in the tables above, 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. The assumptions are used in the actuarial valuations of OPEB (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 Table

The assumptions 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 10 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 WEYAUWEGA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue		Capital Projects			
	CDBG	ARPA	TIF #5	TIF #6	TIF #7	Total
ASSETS						
Cash and Cash Equivalents	\$ 93,610	\$ 126,858	\$ 1,500	\$ 13,073	\$ 115,487	\$ 350,528
Taxes Receivable	-	-	26,209	106,714	24,521	157,444
Notes Receivable	196,101	-	-	-	-	196,101
Total Assets	<u>\$ 289,711</u>	<u>\$ 126,858</u>	<u>\$ 27,709</u>	<u>\$ 119,787</u>	<u>\$ 140,008</u>	<u>\$ 704,073</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ 1,500	\$ 4,500
Advances from Other Funds	-	-	8,902	132,404	-	141,306
Unearned Revenues	-	126,858	-	-	-	126,858
Total Liabilities	-	126,858	10,402	133,904	1,500	272,664
DEFERRED INFLOWS OF RESOURCES						
Succeeding Year Property Taxes	-	-	26,209	106,714	24,521	157,444
Notes Receivable	196,101	-	-	-	-	196,101
Total Deferred Inflows of Resources	196,101	-	26,209	106,714	24,521	353,545
FUND BALANCES (DEFICIT)						
Restricted:						
CDBG	93,610	-	-	-	-	93,610
Assigned:						
Capital Projects	-	-	-	-	113,987	113,987
Unassigned	-	-	(8,902)	(120,831)	-	(129,733)
Total Fund Balances (Deficit)	<u>93,610</u>	<u>-</u>	<u>(8,902)</u>	<u>(120,831)</u>	<u>113,987</u>	<u>77,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 289,711</u>	<u>\$ 126,858</u>	<u>\$ 27,709</u>	<u>\$ 119,787</u>	<u>\$ 140,008</u>	<u>\$ 704,073</u>

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

	Special Revenue		Capital Projects			
	CDBG	ARPA	TIF #5	TIF #6	TIF #7	Total
REVENUES						
Taxes	\$ -	\$ -	\$ 26,086	\$ 101,057	\$ 23,984	\$ 151,127
Intergovernmental Revenue	-	28,659	-	251	12,773	41,683
Commercial Revenues	488	-	-	-	-	488
Total Revenues	488	28,659	26,086	101,308	36,757	193,298
EXPENDITURES						
Current:						
General Government	15	-	-	17,017	-	17,032
Conservation and Development	-	-	1,920	3,645	2,071	7,636
Capital Outlays	-	28,659	-	-	-	28,659
Debt Service:						
Interest	-	-	-	80,646	-	80,646
Total Expenditures	15	28,659	1,920	101,308	2,071	133,973
NET CHANGE IN FUND BALANCES	473	-	24,166	-	34,686	59,325
Fund Balances (Deficit) - Beginning of Year	93,137	-	(33,068)	(120,831)	79,301	18,539
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 93,610</u>	<u>\$ -</u>	<u>\$ (8,902)</u>	<u>\$ (120,831)</u>	<u>\$ 113,987</u>	<u>\$ 77,864</u>

