

CITY OF TWO RIVERS, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

City Manager and City Council
City of Two Rivers, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Two Rivers, Wisconsin (the City) as of and for the year ended December 31, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Housing Revolving Loans Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
August 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



**TWO
RIVERS**
WISCONSIN

City of Two Rivers
Wisconsin, USA
www.two-rivers.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Two Rivers (the City), Wisconsin, we offer readers of the City of Two Rivers' financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. Please consider this Discussion and Analysis in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

The City has combined Net Position of Governmental Activities and Business-type Activities that total \$52,342,825 is an increase of \$4,011,286 compared to year-end 2020.

At the end of 2021, the unassigned fund balance for the General Fund was a \$306,224, an improvement of \$492,068 over 2020.

The assets and deferred outflows of resources of the governmental activities of the City of Two Rivers exceeds its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,540,500 (*total net position*). This is an increase of \$1,504,236 from 2020.

The Proprietary Funds improved their net position in 2021 by \$2,507,050, ending the year with a Net Position of \$31,802,325. The Water Utility highlighted those funds with an increase of \$775,579.

Ten funds of the City experienced cash deficits at year-end, an increase from nine funds as of December 31, 2020, and a decrease from 16 funds as of December 31, 2018. For these funds to remain solvent, the City has temporarily advanced cash to these funds. While the number of funds increased slightly, the amount owed has significantly decreased. These funds owe the General Fund a total of \$1,597,266, primarily from advances made to these funds in prior years. By comparison, the General Fund showed inter-fund receivables at the end of prior years as follows:

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

Funds owed the General Fund by these other funds as of December 31, 2021 include:

--**\$234,907 owed by seven of the City's twelve active Tax Incremental** where monies were advanced by the General Fund in past years to finance project costs. This interfund payable increased by \$87,399, from \$147,508 at 2020 year-end. Ten of the twelve City TID's are generating revenues sufficient to repay their debt obligations, including these interfund payables. Two TIDs (TIDs #6 & #10) are currently projected to have deficit balances at their termination dates. Management is having on-going reviews to improve the future finances of these TIDs. TID #6 has an additional \$186,384 payable to TID #7 for a loan that is payable over the next seven years.

--**\$1,259,333 owed by the Water Utility**, due to advances for distribution system capital improvements (paid from cash, instead of borrowing) in past years, debt service on a \$4.2 million filtration plant project completed in 2003, and lower than projected revenues in recent years.

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

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

The Water also has an additional \$575,108 payable to TID #7 for a loan that is payable over the next five years.

--**\$65,347 owed by the Sewer Utility** for project costs and delays in implementing a rate increase to cover debt service related to plant improvement and infrastructure construction costs. A rate increase is planned which should eliminate this cash deficit in 2022.

--**\$37,679 short-term amounts owed by the Senior Center Fund**, for monies advanced by the City in 2018 and 2019 for the various projects. These funds improved from a deficit of \$51,912 as of year-end 2020. City staff is in ongoing discussions to address these advances.

Total general obligation debt for the City of Two Rivers decreased \$733,956 in the current fiscal year. Significant refinancing of debt was done in 2020 in addition to normal Capital Improvement borrowing to take advantage of favorable interest rates. The City maintains an aggressive repayment schedule on its General Obligation debt with 95.4% of the GO debt repaid within 10 years.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

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

--Governmental activities – The City’s basic services are included here, such as police, fire, public works, parks and recreation, community development, assessing, finance, and administration. Property taxes and state aid finance most of these activities

--Business-type activities – The City Two Rivers Utilities charge user fees to cover the costs of services they provide, which include water, sewer, solid waste, electricity, stormwater, and telecommunications services.

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

Notes to the financial statements

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

Required Supplemental Information

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

Other Supplemental Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

Statement of Net Position

The City's combined Net Position total \$52,342,825, an increase of 8.3% from last year. Governmental Activities account for about 39.24% of the Net Position, Business-Type Activities for 60.76%.

	Governmental Activities		Business –type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$22,210,533	\$19,657,565	\$5,746,457	\$4,825,855	\$27,956,990	\$24,483,420
Capital assets, less depreciation	\$30,106,894	\$30,033,742	\$46,316,827	\$44,768,607	\$76,423,721	\$74,802,349
Total Assets	\$52,317,427	\$49,691,307	\$52,063,284	\$49,594,462	\$104,380,711	\$99,285,769
Deferred outflows	\$7,823,868	\$5,890,445	\$1,480,805	\$1,208,861	\$9,304,673	\$7,099,306
Long-term obligations	\$23,121,653	\$23,016,300	\$18,972,106	\$19,223,752	\$42,093,759	\$42,240,052
Current and other liabilities	\$1,687,582	\$1,454,165	\$1,129,233	\$1,013,812	\$2,816,815	\$2,467,977
Total Liabilities	\$24,809,235	\$24,470,465	\$20,101,339	\$20,237,564	\$44,910,574	\$44,708,029
Deferred Inflows	\$14,791,560	\$12,075,023	\$1,640,425	\$1,270,484	\$16,431,985	\$13,345,507
Net Position						
Net Investment in Capital Assets	\$16,867,866	\$17,767,485	\$28,608,328	\$28,301,266	\$45,476,194	\$46,068,751
Restricted	\$10,295,207	\$9,670,092	\$2,281,492	\$1,907,590	\$12,576,699	\$11,577,682
Unrestricted	-\$6,622,573	-\$8,401,313	\$912,505	-\$913,581	-\$5,710,068	-\$9,314,894
Total Net Position	\$20,540,500	\$19,036,264	\$31,802,325	\$29,295,275	\$52,342,825	\$48,331,539

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

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

Year	Governmental Activities	Business-type Activities	Total	Change %
2014	\$ 17,817,037	\$ 19,385,398	\$ 37,202,435	
2015	18,370,455	20,831,859	39,202,314	+ 5.4%
2016	22,537,057	21,638,900	44,175,957	+12.7%
2017	25,625,074	22,438,576	48,063,650	+ 8.8%
2018	20,250,371	25,644,460	45,894,831	- 4.5%
2019	19,132,455	27,881,265	47,013,720	+ 2.4%
2020	19,036,264	29,295,275	48,331,539	+ 2.7%
2021	20,540,500	31,802,325	52,342,825	+ 8.3%

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

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

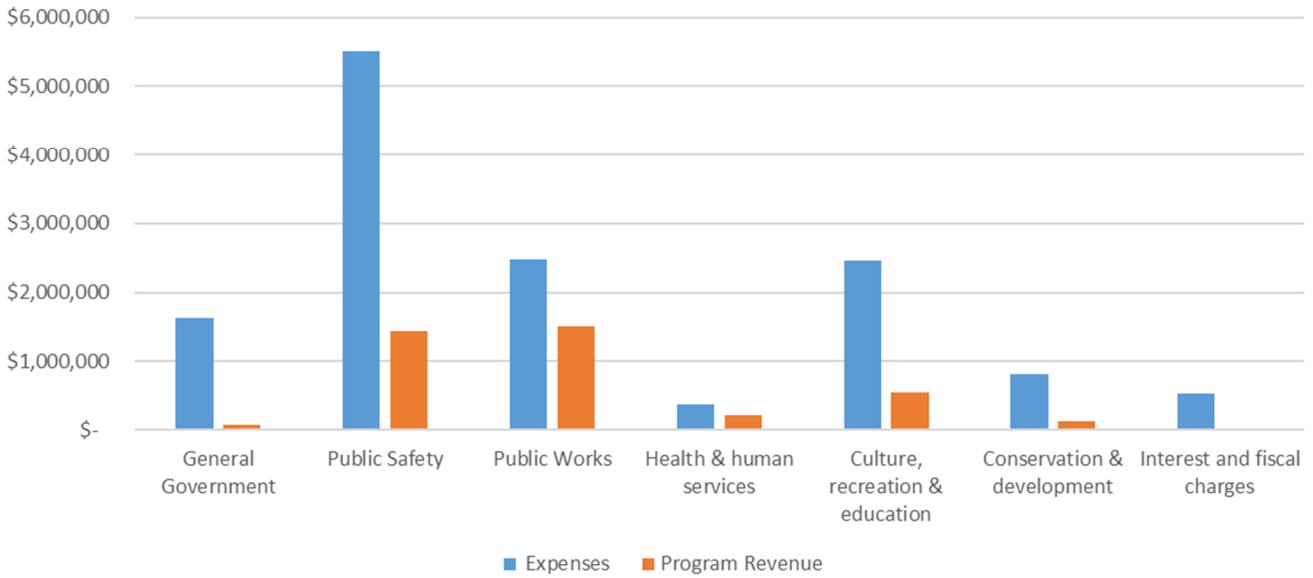
Table A-2						
City of Two Rivers Statement of Activities						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 2,055,830	\$ 2,110,177	\$ 16,443,342	\$ 15,824,320	\$ 18,499,172	\$ 17,934,497
Operating Grant and Contributions	1,178,319	1,199,705	678,440	816,268	1,856,759	2,015,973
Capital Grants and Contributions	676,115	233,690	615,614	112,508	1,291,729	346,198
General Revenues						
Property Taxes	5,602,374	5,634,629			5,602,374	5,634,629
Other Taxes	240,866	145,348			240,866	145,348
Grants and Contributions not restricted to specific programs	4,020,643	4,250,485			4,020,643	4,250,485
Other	860,281	836,559	21,357	30,674	881,638	867,233
Total Revenues	\$ 14,634,428	\$ 14,410,593	\$ 17,758,753	\$ 16,783,770	\$ 32,393,181	\$ 31,194,363
Expenditures						
General Government	\$ 1,633,026	\$ 2,060,812			\$ 1,633,026	\$ 2,060,812
Public Safety	5,505,559	6,482,861			5,505,559	6,482,861
Public Works	2,485,391	1,956,051			2,485,391	1,956,051
Health & human services	365,783	474,027			365,783	474,027
Culture, recreation & education	2,454,408	2,226,192			2,454,408	2,226,192
Conservation & development	809,661	1,458,167			809,661	1,458,167
Interest and fiscal charges	523,171	822,378			523,171	822,378
Electric Utility			8,606,592	8,195,150	8,606,592	8,195,150
Water Utility			2,317,522	2,226,601	2,317,522	2,226,601
Sewer Utility			2,556,542	2,692,215	2,556,542	2,692,215
Telecommunications Utility			8,617	10,128	8,617	10,128
Solid Waste Utility			790,981	815,340	790,981	815,340
Stormwater Utility			324,642	456,619	324,642	456,619
Total Expenditures	\$ 13,776,999	\$ 15,480,488	\$ 14,604,896	\$ 14,396,053	\$ 28,381,895	\$ 29,876,541
Transfers	\$ 646,807	\$ 973,704	\$ (646,807)	\$ (973,704)	\$ -	\$ -
Change in Net Position	\$ 1,504,236	\$ (96,191)	\$ 2,507,050	\$ 1,414,013	\$ 4,011,286	\$ 1,317,822
Net Position, Jan 1	\$ 19,036,264	\$ 19,132,455	\$ 29,295,275	\$ 27,881,262	\$ 48,331,539	\$ 47,013,717
Net position, December 31	\$ 20,540,500	\$ 19,036,264	\$ 31,802,325	\$ 29,295,275	\$ 52,342,825	\$ 48,331,539

Governmental Activities

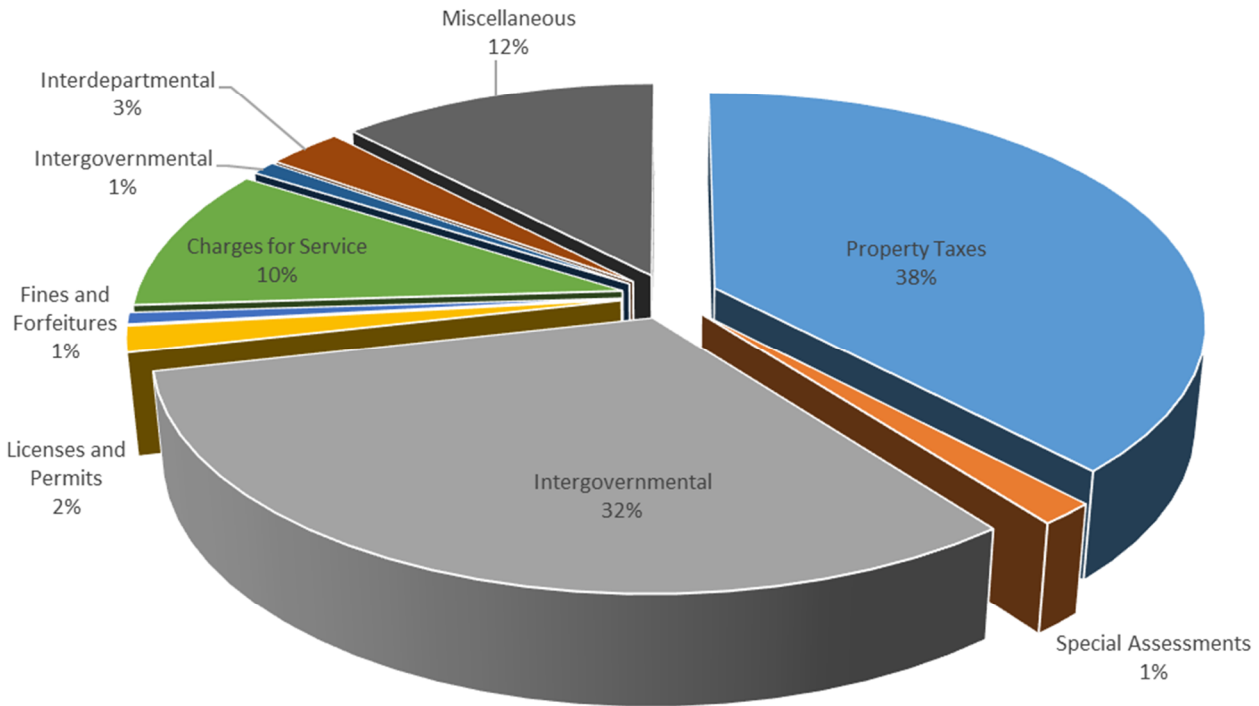
Property and other taxes increased 1.09% from 2020 to 2021 and have averaged an increase of .69% per year since 2016. City administration remains focused on keeping property taxes at a manageable level, working within the regulations of the State of Wisconsin Expenditure Restraint Program and Levy Limit Increase Program.

The net position of Governmental Activities increased by \$1,504,236 driven by surplus operations of the general fund, cost savings measures taken, depreciation of assets, and the recording of actuarial transactions of pension and postemployment benefits. The average change to the net position of Governmental Activities over the last five years has been +\$191,529 per year.

Governmental Funds-Expense & Revenues



Revenues by Source - Governmental Funds



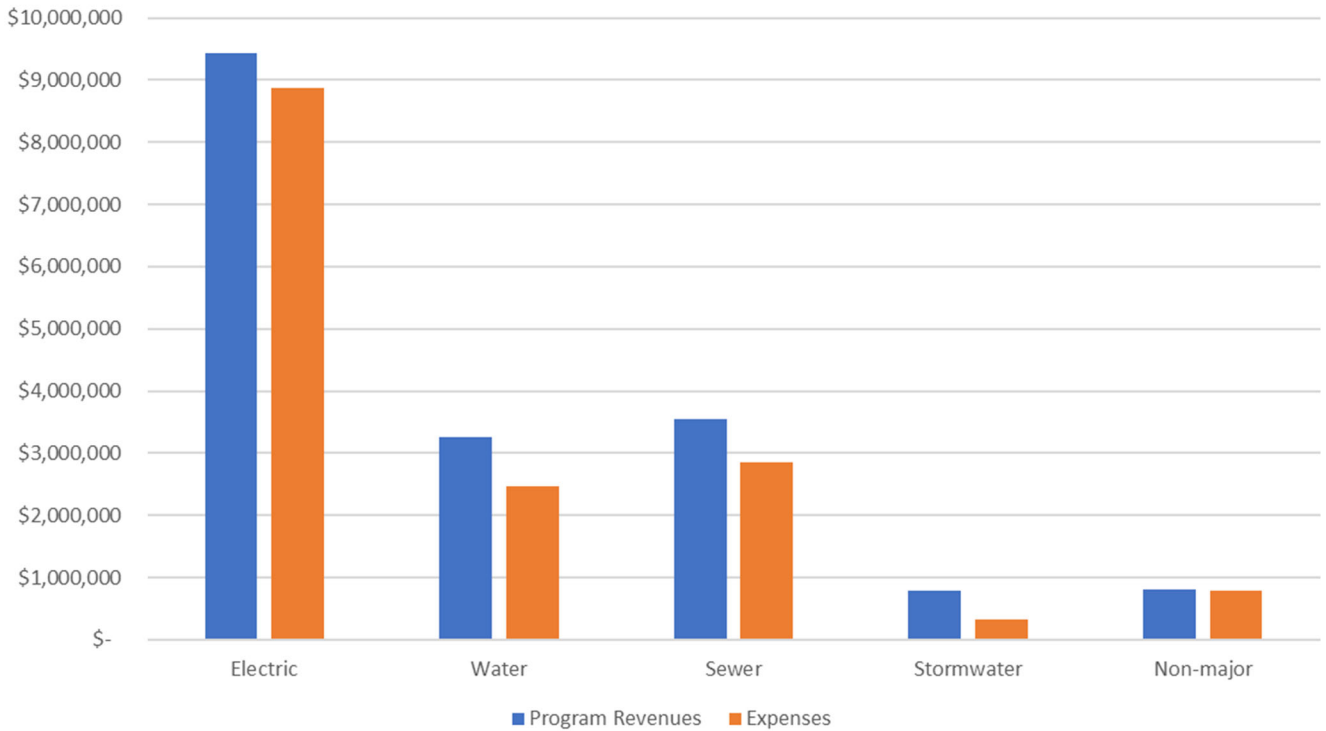
Business-type Activities

Operating Revenue for the City’s business-type activities totaled \$16,443,342, up 3.9% from 2020, with user fees accounting for 97.7% of all operating revenues. Business-type operating expenses totaled \$14,131,717, up 1.6% from 2020. The electric utility is the largest business type fund, accounting for 60.7% of all business-type operating expense activity. The water and sewer utilities operating expenses were \$2.2 million and \$2.3 million, respectively.

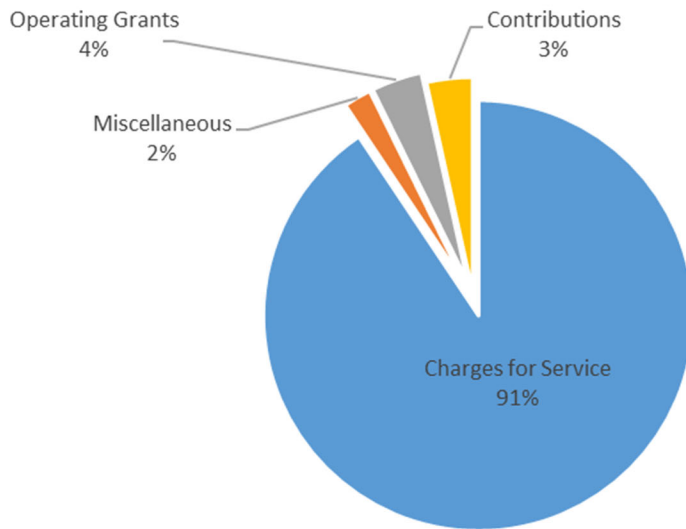
Table A-3
Change in Business Type Activity Net Position

Operating Revenues	Electric Utility	Water Utility	Sewer Utility	Telecom Utility	Solid Waste	Stormwater Utility	Total 2021	Total 2020
Charges for services	\$9,351,445	\$2,834,428	\$ 2,742,669	\$ -	\$ 484,607	\$ 659,131	\$16,072,280	\$15,416,830
Other	72,222	27,693	24,745	10,000	236,402	-	371,062	407,490
Total Operating Revenues	9,423,667	2,862,121	2,767,414	10,000	721,009	659,131	16,443,342	15,824,320
Operating Expenses								
Operating and maintenance	8,056,074	1,565,650	1,524,139	900	790,526	152,238	12,089,527	12,061,146
Depreciation	440,250	558,814	773,311	7,717	-	100,400	1,880,492	1,692,495
Taxes	79,926	44,860	36,912	-	-	-	161,698	158,139
Total Operating Expenses	8,576,250	2,169,324	2,334,362	8,617	790,526	252,638	14,131,717	13,911,780
Operating Income (Loss)	847,417	692,797	433,052	1,383	(69,517)	406,493	2,311,625	1,912,540
Nonoperating Revenues (Expense)								
Grants	-	333,844	262,427	-	82,169	-	678,440	816,268
Interest Expense	(10,487)	(148,198)	(222,180)	-	(455)	(72,004)	(453,324)	(474,701)
Other	(19,855)	20	-	16,944	-	4,393	1,502	21,102
Total Nonoperating Revenues (Expenses)	(30,342)	185,666	40,247	16,944	81,714	(67,611)	226,618	362,669
Net Income	817,075	878,463	473,299	18,327	12,197	338,882	2,538,243	2,275,209
Customer Contributions	4,282	-	487,032	-	-	124,300	615,614	112,508
Net Transfers In (Out)	(271,339)	(102,884)	(271,504)	-	(1,080)	-	(646,807)	(973,704)
Change in Net Position	550,018	775,579	688,827	18,327	11,117	463,182	2,507,050	1,414,013
Net Position - Jan 1	8,580,958	6,681,302	8,884,978	92,894	118,453	4,936,690	29,295,275	27,881,262
Net Position – Dec. 31	\$9,130,976	\$7,456,881	\$ 9,573,805	\$ 111,221	\$ 129,570	\$5,399,872	\$31,802,325	\$29,295,275

Business-Type Activity-Revenue and Expenses



Revenues by Source - Business Type Activities



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

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

The average increase in Operating Expenses has been .5% per year over the last several years.

The most recent **Electric Utility** rate increase took effect May 1, 2020. Operating Expenses increased \$420,627 from 2020 because of higher expenses for purchased power due to higher demands and higher power costs. Other than Purchased Power Costs, Operating Expenses decreased \$62,129. The Electric Utility increased its Net Position \$550,018 in 2021.

In the **Water Utility**, our current rates became effective on September 1, 2018. This increased rates an average of 14%. This utility has continued to work at trimming operating expenses to reduce its cash deficit. In 2021, revenues were up .4%. Operating expenses were up 4.7%, due to increased depreciation and additional staff expenses for the smooth transition of a retiring Utility Director and other utility staff. Staffing will return to normal levels in 2022. The Utility continues to invest in plant efficiencies, cost savings procedures and the elimination of lead services. The Water Utility increased its Net Position \$775,579 in 2021.

The **Sewer Utility** most recently raised rates effective January 1, 2020. The increase was needed to invest in plant improvements, system infrastructure, and overall financial health of the Utility. The Wastewater facility has gone through extensive remodeling and upgrading over the last five years to improve efficiency and ensure its ability to comply with environmental restriction in the future. While the cash position of this utility has improved, staff continues to analyze revenues and expenses to solidify its financial position. It is likely that there will be rate increases in the utility in the near future due to the increased amount of debt service related to the plant upgrades and remodeling and the ongoing infrastructure replacement. In 2021, Operating Revenues increased .9% and Operating Expenses decreased 5.1%. The Sewer Utility increased its Net Position \$688,827 in 2021.

In the last part of 2014, the City created a **Stormwater Utility**. This user fee has raised money to maintain the City's Stormwater infrastructure and to fund mandated runoff programs. The fund has performed well, creating equity reserves that will be invested in much-needed infrastructure. The Stormwater Utility increased its Net Position \$463,182 in 2021.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed 2021, its governmental funds reported a combined fund balance of \$6,640,500, the highest since 2011. The City is making every attempt not to draw on its fund balance and is continuing to concentrate on rebuilding the General Fund Balance. This continues to be a major challenge, as General Fund revenues from both property taxes and intergovernmental sources have been restricted, frozen or reduced. The City has seen significant improvement in the Unassigned category over the last two years due to the reduction of cash deficit in other funds, most significantly in the Water Utility. The chart below shows a history of the Fund Balance for Governmental Funds:

Summary of Fund Balance for Government Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

All budgets are adopted at the department level of expenditures. In 2021, General Fund revenues fell short of the budgeted amount by \$167,047 (1.7% of budget) per both summarized and detailed budget schedules in the statements. Total expenditures were \$325,916 under budget (3.17% of budget), resulting in a \$249,502 operating surplus and year-end Fund Balance in the General Fund of \$2,530,173.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Net Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in both the governmental and business-type activities. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher an estimated useful life more than one year.

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

	Governmental Activities	Business Type Activities	Total
Land	\$ 1,224,477	\$ 36,944	\$ 1,261,421
Construction in Progress	799,745	3,301,239	4,100,984
Buildings	15,117,628	8,457,205	23,574,833
Improvements	3,895,773	43,131,554	47,027,327
Equipment	11,394,305	20,404,850	31,799,155
Infrastructure	36,675,538	-	36,675,538
Total Capital Assets	\$ 69,107,466	\$ 75,331,792	\$ 144,439,258
Less: Accumulated Depreciation	(39,000,572)	(29,014,965)	(68,015,537)
Less: Related long-term debt outstanding	(13,239,028)	(16,157,416)	(29,396,444)
Total Invested in Capital Assets	\$ 16,867,866	\$ 30,159,411	\$ 47,027,277

A comparison to this information in the 2015 financial statement shows the reinvestment in the community that the City is making. Total Capital Assets has increased \$30,219,134 in that period (average of \$5.04 million per year). At the same time, the related outstanding debt has increased \$5,101,853 (average of \$850,309 per year).

Long-term Debt

At year-end, the City had \$18,540,455 in outstanding general obligation (G.O.) debt that is subject to statutory debt limitations. That amount of debt is equivalent to 62.98% of the statutory debt limit (5% of equalized valuation, or \$29,440,860 as of December 31, 2021). This level of G.O. debt exceeds the City's long-term policy of staying at or below 60% of the statutory limit. This came about as the result of issuing debt for water and sewer projects in 2011 as G.O. debt, rather than revenue debt, due to the weak financial condition of the water and sewer utilities. Also, the City had need to replace a lift span bridge which the City was able to secure a large amount of Federal and State funding; however, the City share of the project was over \$3 million. This amount is included in our G.O. debt. The philosophy of current City leadership is that the need for on-going infrastructure improvements has outweighed the need to stay within that 60 percent guideline.

During this period, we have also seen significant decreases in Equalized Values caused mostly by economic conditions in the entire nation (see Equalized Value History in the *Economic Development & Community Notes* section on the following page). The City's long-term debt plans anticipate getting total G.O. debt back below 60% of the statutory limit, within the next three years. The equalized values increased 7.91% in 2021 and due to the local housing market, the City anticipates 2022 will also have a significant equalized value increase. The City's legal margin for new G.O. debt as of December 31, 2021 is \$10,900,405, compared to December 31, 2020 of \$8,007,259.

Outstanding revenue bonds to be repaid from the Water Utility totaled \$3,584,727 at the end of 2021, associated with a \$4.2 million upgrade of the water filtration plant, completed in 2005 (funded through a 20-year Safe Drinking Water Fund borrowing, at 2.365%) and various infrastructure projects. The final debt service payment on the plant upgrade debt will be made in 2023, eliminating a \$278,000 annual debt payment.

Outstanding revenue bonds to be repaid from the Sewer Utility totaled \$8,779,436 at the end of 2021, decreasing from \$9,452,403 at the end of 2020. This debt is associated with a \$6.2 million upgrade of the wastewater treatment plant completed in 2009 (funded through a 20-year Clean Water Fund borrowing at 2.39%), a major renovation of the wastewater treatment plant started in 2018 (funded through a 20-year Clean Water Fund borrowing at 1.87%), and Phase Two of the major renovation started in 2019 (funded through a 20-year Clean Water Fund borrowing at 1.65%).

Outstanding state trust fund loans to be repaid from the Electric Utility totaled \$211,242 at the end of 2021. It represents the remaining balance on a debt issue to cover the Electric Utility's portion of the Wisconsin Retirement Unfunded Pension Liability.

The Stormwater Utility is responsible for repayment of \$1,614,619 in revenue bond debt. This debt was issued for Stormwater infrastructure and shoreline erosion protection in 2020 and for a stormwater retention pond project in 2021.

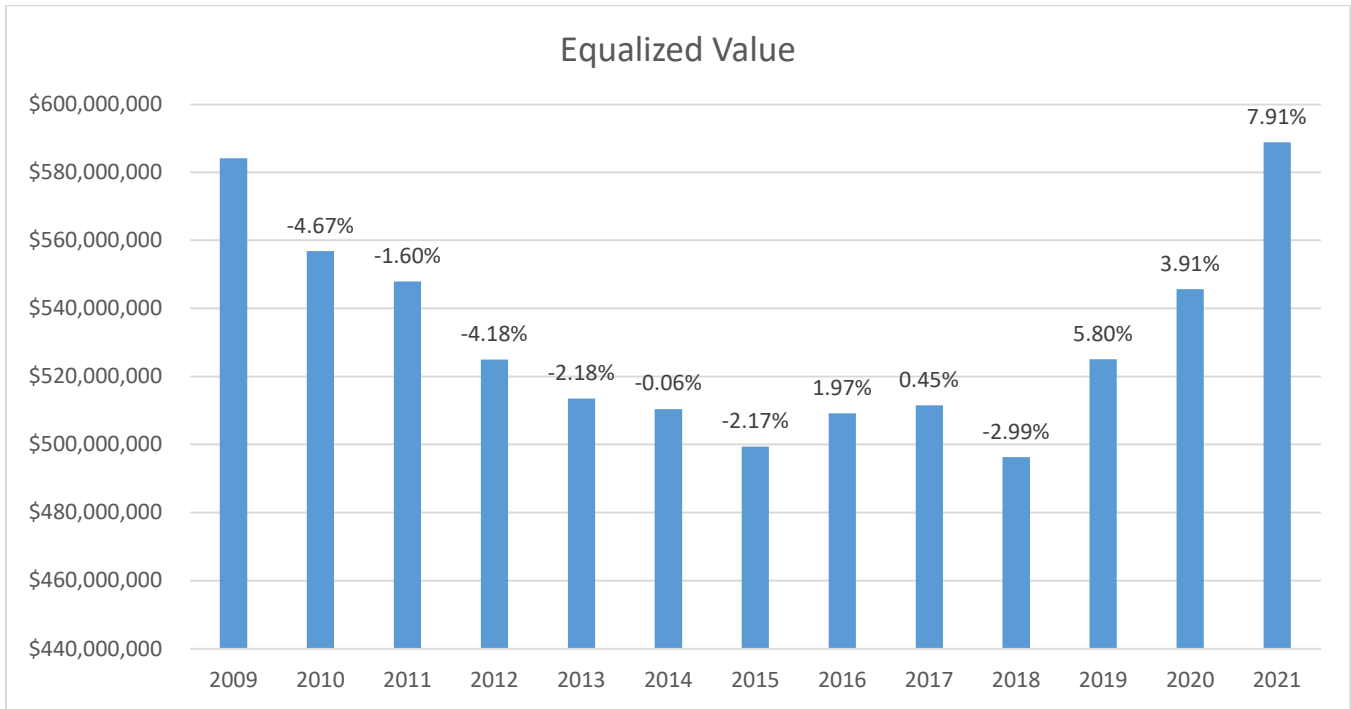
The Solid Waste Utility took out a small loan to eliminate their share of the Wisconsin Retirement Unfunded Pension Liability. The principal balance on this loan as of the end of 2020 is \$10,982.

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

ECONOMIC DEVELOPMENT & COMMUNITY NOTES

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

The City's Equalized Value for 2021 is the highest it has ever been, recovering from when we were feeling the impact of a recession. Equalized value had increased an average of 3% annually from 2005 to 2009. The recession of 2008 had an adverse impact on the local tax base, reflective of the declines experienced in other areas of the state and nation. Total Equalized Value, dating back to its previous high point in 2009, is as follows:



The City’s development efforts in recent years have addressed both new, greenfield development, and the redevelopment of existing sites in the community. Its nine active tax incremental financing (TIF) districts are performing well, with \$31.1 million in new tax base created. The total equalized value of the TIF districts is \$41.3 million. Three more districts were created in 2021 and are not reflected in these numbers. Wisconsin’s TIF law has created new opportunities for existing TIF districts to spur additional development. Two Rivers has also used its \$2.5 million Economic Development Revolving Loan Fund to help finance various commercial and manufacturing projects.

As a mature community with a relatively modest tax base, the City continues to be heavily dependent on State Shared Revenue and Expenditure Restraint Programs, which account for about 36.4% of its General Fund Revenue Budget. This major revenue source has seen no growth in recent years. Aggressive cost-cutting strategies have helped hold down growth in operating budgets and the City’s tax rate; 28 full-time positions have been eliminated from a workforce of 140 over the past 15 years, largely through attrition. The City’s 2021 General Fund budget is \$1,097,642 more than the 2000 General Fund Budget, resulting in an 11.5% increase over 21 years, or .55% annually. This reflects the aggressive cost containment that has been occurring over the last 21 years.

Use of a five-year capital improvement plan, updated annually, has allowed the City to re-invest aggressively in its infrastructure, while keeping debt levels manageable. Debt retirement schedules are aggressive, with approximately 95.4% of G.O. debt principal due in 10 years or less. Reinvestment in City facilities and infrastructure is viewed as essential for the long-term economic health of the City, and significant Federal and State funds (notably for street and bridge projects) have been leveraged by the City to aid such reinvestment. A debt policy was adopted in 2007, which formalized the City’s longstanding practice of maintaining general obligation debt levels at or below 60% of statutory limits. While the City is over that self-imposed debt policy, the projects have addressed some infrastructure that will have lives well past the related debt issue maturities. We are also confident the equalized value component (discussed earlier in this section) of the calculation will continue to grow.

In 2015, the City began addressing the outstanding actuarially computed **WRS Unfunded Pension Liability** by making a \$1.12 million payment. Additional payments were made in 2016 through 2019. The liability stood at approximately \$1.6 million as of December 31, 2019. In January 2020, the City secured long-term financing to eliminate the WRS Unfunded Pension Liability through the State Trust Fund Loan, dated January 8, 2020, which was then refunded with GO Bonds in April 2020. This will create savings in interest payments and savings in required contributions to the WRS. For more information, see Note 3.E. in “Appendix A: Basic Financial Statements and Related Notes for the year ended December 31, 2020.”

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

Cobblestone Hotel Development broke ground for a \$6.3 million, 55-room hotel in July 2019. The site redevelops blighted properties and some former City-owned properties, one block off the main downtown thoroughfare and overlooking our harbor where the “two rivers” meet and flow out to Lake Michigan. Construction was completed and the hotel opened in August 2020.

The addition of this new hotel, combined in a growing number of single-family vacation rentals, has contributed to a substantial increase in revenues from the City’s 8 percent room tax. Such revenues grew from \$117,005 in 2019 to \$141,900 in 2020 to \$261,161 in 2021.

Riverside Foods, a wholly owned subsidiary of Lakeside Foods, broke ground in 2020 for an \$8 million expansion project for their Two Rivers facility. The project, aided by a grant from the City TID #8, added 30 jobs to their Two Rivers workforce that now is around 100 employees. The expansion is now complete.

Sieger Holdings LLC, broke ground in 2021 for an \$1.3 million, 12,000 square-foot building project for their Two Rivers facility. The project, aided by a grant from the City TID #14, will house All Energy Management that serves clients with wind and solar power technology

606 Parkway Blvd, a long vacant industrial parcel, was acquired by the City as a result of a foreclosure and subsequent sheriff sale in 2019. The parcel is within the boundaries of TID #10. The City recently reached an agreement with a developer for the sale of the property which will return it to the tax rolls.

3000 Forest Avenue is proposed be redeveloped into 45 market rate apartments. The \$7 million project is currently in the planning stages and is likely to be assisted with developer grants from TID #15.

Wine Not LLC announced a \$2 million redevelopment of a vacant downtown bank building in 2021. With plans to open in the summer of 2022, Wine Not LLC plans to convert the building into Cool City Brewing Company. In a separate purchase, Wine Not LLC also purchased a long-vacant, former gas station with plans to invest \$240,000 in developing the building into a mixed-use retail establishment.

West River Lofts will be breaking ground on a 54-unit affordable family housing development on the West Twin River. Site and architectural plans have been approved and construction will likely start in 2022.

Sandy Bay Highlands Conservation Subdivision, Phase 2. With most of the lots in Phase 1 sold, the City budgeted in 2017 to proceed with development of Phase 2 of this residential subdivision. Planning and construction of the project began in 2017 and has extended street and utility infrastructure to serve another 19 single family home sites. Nine parcels have been sold in the subdivision in the last twelve months and the City is looking forward to seeing several new homes in 2022. Marketing of the subdivision continues.

Central Park West 365 is a City and community committee to redevelop the west half of the downtown park. Major fundraising efforts are currently in full swing to transform the park into a year-round venue for outdoor activities in the heart of downtown. Activities are expected to include a splash pad, ice skating rink, a concession building and a stage venue for concerts. Estimated project cost is \$1.6 million, with a fund-raising goal of \$1.1 million.

Located 10 miles north of the city limits, **Next Era Energy’s Point Beach Nuclear Power Plant** is a major factor in the local economy. The plant’s two reactors are currently licensed to operate through 2030 and 2033. A \$500 million upgrade project was completed in 2011, resulting in a 17% increase in the plant’s power output. The project also enhanced the long-term viability of the facility, which has a permanent workforce of 700 people and provides employment for many contractors. Next Era Energy in December 2020 announced its intent to pursue re-licensing of the reactors, each for an additional 20 years of operation.

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

Waterfront Redevelopment. Negotiations are ongoing for the City purchase of vacant property owned by **Fisher Scientific**. The 12.5 acre property is located along the East Twin River near downtown. The City has plan for green space development close to the river and private redevelopment in the other areas.

Washington Highlands Senior Apartments & Condominiums. Construction of a new, eight-unit, market rate senior apartment building was completed in 2018. This \$1.2 million investment added to the valuation of this financially healthy redevelopment TID, consisting of residential condos and apartments on the former Two Rivers High School site. Construction was completed in 2021 on three additional 2-unit condominiums. The developer already owns land in the area for potential further expansion.

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

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

Van Der Brohe Arboretum purchased a former 65-acre golf course in 2020 and has announced long-term plans to develop the property into an ecological center focused on providing an environment for the cultivation and display of a variety of tree types and plant species. Construction of the walking trails, installation of art displays, and planting of a variety of vegetation occurred in 2021. Plans include the construction of a visitor’s center and an outdoor event venue.

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

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organization, and local communities. Specific to the City, COVID-19 may impact parts of it 2022 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 8,152,989	\$ 1,408,182	\$ 9,561,171
Receivables:			
Taxes	3,394,139	57,745	3,451,884
Accounts	101,750	2,233,557	2,335,307
Special Assessments	638,849	455,070	1,093,919
Loans	3,569,677	-	3,569,677
Other	-	97,825	97,825
Internal Balances	1,778,483	(1,778,483)	-
Due from Other Governments	-	604,196	604,196
Prepaid Items	699,647	386,873	1,086,520
Restricted Assets:			
Cash and Investments	-	1,551,083	1,551,083
Net Pension Asset	3,874,999	730,409	4,605,408
Capital Assets, Nondepreciable	2,024,222	3,338,183	5,362,405
Capital Assets, Depreciable, Net	28,082,672	42,978,644	71,061,316
Total Assets	<u>52,317,427</u>	<u>52,063,284</u>	<u>104,380,711</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	6,419,999	1,210,631	7,630,630
Other Postemployment Benefit Related Amounts	1,403,869	270,174	1,674,043
Total Deferred Outflows of Resources	<u>7,823,868</u>	<u>1,480,805</u>	<u>9,304,673</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 219,799	\$ 870,227	\$ 1,090,026
Accrued and Other Current Liabilities	495,009	38,110	533,119
Due to Other Governments	24,003	-	24,003
Accrued Interest Payable	267,802	139,625	407,427
Special Deposits	28,646	81,271	109,917
Unearned Revenues	652,323	-	652,323
Long-Term Obligations:			
Due within One Year:			
Other	2,140,036	1,804,906	3,944,942
Other Postemployment Benefits	301,921	54,623	356,544
Due in More than One Year:			
Other	14,340,789	15,899,891	30,240,680
Other Postemployment Benefits	6,338,907	1,212,686	7,551,593
Total Liabilities	<u>24,809,235</u>	<u>20,101,339</u>	<u>44,910,574</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	6,098,133	-	6,098,133
Pension Related Amounts	8,491,292	1,600,548	10,091,840
Other Postemployment Benefit Related Amounts	202,135	39,877	242,012
Total Deferred Inflows of Resources	<u>14,791,560</u>	<u>1,640,425</u>	<u>16,431,985</u>
NET POSITION			
Net Investment in Capital Assets	16,867,866	28,608,328	45,476,194
Restricted:			
Housing and Business Loans	3,975,446	-	3,975,446
Library Operations and Donations	124,023	-	124,023
WDF Administrative	200	-	200
EMS Act 102 Grant	10,108	-	10,108
Affordable Housing	91,830	-	91,830
Medical/Hospital Equipment	19,476	-	19,476
Tax Incremental Districts	1,318,917	-	1,318,917
Debt Service	-	353,550	353,550
Capital Assets	880,208	1,197,533	2,077,741
Pension Asset	3,874,999	730,409	4,605,408
Unrestricted	<u>(6,622,573)</u>	<u>912,505</u>	<u>(5,710,068)</u>
Total Net Position	<u>\$ 20,540,500</u>	<u>\$ 31,802,325</u>	<u>\$ 52,342,825</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ 1,633,026	\$ 73,129	\$ 2,466
Public Safety	5,505,559	1,137,570	174,337
Public Works	2,485,391	369,332	597,541
Health and Human Services	365,783	172,238	42,039
Culture and Recreation	2,454,408	173,796	361,936
Conservation and Development	809,661	129,765	-
Interest and Fiscal Charges	523,171	-	-
Total Governmental Activities	13,776,999	2,055,830	1,178,319
Business-Type Activities:			
Electric Utility	8,606,592	9,423,667	-
Water Utility	2,317,522	2,862,121	333,844
Sewer Utility	2,556,542	2,767,414	262,427
Telecommunications Utility	8,617	10,000	-
Solid Waste	790,981	721,009	82,169
Stormwater Utility	324,642	659,131	-
Total Business-Type Activities	14,604,896	16,443,342	678,440
Total Functions/Programs	\$ 28,381,895	\$ 18,499,172	\$ 1,856,759

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
	Capital		Governmental	Business-Type	Total
	Grants and Contributions		Activities	Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government	\$ -	\$ (1,557,431)	\$ -	\$ (1,557,431)	
Public Safety	133,497	(4,060,155)	-	(4,060,155)	
Public Works	533,302	(985,216)	-	(985,216)	
Health and Human Services	-	(151,506)	-	(151,506)	
Culture and Recreation	9,316	(1,909,360)	-	(1,909,360)	
Conservation and Development	-	(679,896)	-	(679,896)	
Interest and Fiscal Charges	-	(523,171)	-	(523,171)	
Total Governmental Activities	676,115	(9,866,735)	-	(9,866,735)	
Business-Type Activities:					
Electric Utility	4,282	-	821,357	821,357	
Water Utility	-	-	878,443	878,443	
Sewer Utility	487,032	-	960,331	960,331	
Telecommunications Utility	-	-	1,383	1,383	
Solid Waste	-	-	12,197	12,197	
Stormwater Utility	124,300	-	458,789	458,789	
Total Business-Type Activities	615,614	-	3,132,500	3,132,500	
Total Functions/Programs	\$ 1,291,729	(9,866,735)	3,132,500	(6,734,235)	
GENERAL REVENUES AND TRANSFERS					
Taxes:					
Property Taxes		5,602,374	-	5,602,374	
Other Taxes		240,866	-	240,866	
Federal and State Grants and Other Contributions					
Not Restricted to Specific Functions		4,020,643	-	4,020,643	
Interest and Investment Earnings		118,061	4,393	122,454	
Miscellaneous		685,886	16,964	702,850	
Gain on Sale of Asset		56,334	-	56,334	
Transfers		646,807	(646,807)	-	
Total General Revenues and Transfers		11,370,971	(625,450)	10,745,521	
CHANGE IN NET POSITION		1,504,236	2,507,050	4,011,286	
Net Position - Beginning of Year		19,036,264	29,295,275	48,331,539	
NET POSITION - END OF YEAR		\$ 20,540,500	\$ 31,802,325	\$ 52,342,825	

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

ASSETS	General	Debt Service	Housing Revolving Loans	Other Governmental Funds	Total
Cash and Investments	\$ 1,837,705	\$ 1,102,944	\$ 100,371	\$ 5,066,145	\$ 8,107,165
Receivables:					
Taxes	1,229,273	1,307,122	-	819,387	3,355,782
Delinquent Taxes	38,357	-	-	-	38,357
Accounts	95,712	-	-	6,038	101,750
Special Assessments	638,849	-	-	-	638,849
Loans	-	-	2,438,601	1,131,076	3,569,677
Due from Other Funds	1,597,266	-	-	761,492	2,358,758
Prepaid Items	699,647	-	-	-	699,647
Total Assets	\$ 6,136,809	\$ 2,410,066	\$ 2,538,972	\$ 7,784,138	\$ 18,869,985
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 119,171	\$ -	\$ 455	\$ 99,113	\$ 218,739
Accrued and Other Current Liabilities	482,971	-	-	12,038	495,009
Due to Other Funds	-	-	-	580,275	580,275
Due to Other Governments	23,971	-	-	32	24,003
Special Deposits	23,410	-	-	5,236	28,646
Unearned Revenues	74,500	-	-	577,823	652,323
Total Liabilities	724,023	-	455	1,274,517	1,998,995
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	2,319,933	2,380,752	-	1,397,448	6,098,133
Loans Receivable	-	-	2,438,601	1,131,076	3,569,677
Special Assessments	562,680	-	-	-	562,680
Total Deferred Inflows of Resources	2,882,613	2,380,752	2,438,601	2,528,524	10,230,490
FUND BALANCES					
Nonspendable	2,223,949	-	-	-	2,223,949
Restricted	-	29,314	99,916	2,750,615	2,879,845
Committed	-	-	-	1,767,456	1,767,456
Unassigned	306,224	-	-	(536,974)	(230,750)
Total Fund Balances	2,530,173	29,314	99,916	3,981,097	6,640,500
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,136,809	\$ 2,410,066	\$ 2,538,972	\$ 7,784,138	\$ 18,869,985

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page \$ 6,640,500

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 30,106,894

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 4,132,357

Net position of the internal service fund is reported in the Statement of Net Position as governmental activities. 44,764

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds:

Deferred Outflows Related to Pensions	6,419,999
Deferred Inflows Related to Pensions	(8,491,292)
Deferred Outflows Related to Other Postemployment Benefits	1,403,869
Deferred Inflows Related to Other Postemployment Benefits	(202,135)

Long-term assets are not current financial resources; therefore, are not reported in the funds:

Net Pension Asset	3,874,999
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(15,554,731)
Premium on Debt	(701,297)
Capital Leases	(5,360)
Compensated Absences	(219,437)
Other Postemployment Benefits Liability	(6,640,828)
Accrued Interest on Long-Term Obligations	<u>(267,802)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 20,540,500

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Debt Service	Housing Revolving Loans	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 2,242,472	\$ 2,305,271	\$ -	\$ 1,307,451	\$ 5,855,194
Special Assessments	207,585	-	-	38,411	245,996
Intergovernmental	4,648,239	-	-	372,187	5,020,426
Licenses and Permits	276,994	-	-	-	276,994
Fines and Forfeits	122,771	-	-	-	122,771
Public Charges for Services	1,287,774	-	-	250,074	1,537,848
Intergovernmental Charges for Services	144,784	-	-	-	144,784
Interdepartmental Charges for Services	444,450	-	-	-	444,450
Miscellaneous	155,690	1,150	105,239	1,504,595	1,766,674
Total Revenues	<u>9,530,759</u>	<u>2,306,421</u>	<u>105,239</u>	<u>3,472,718</u>	<u>15,415,137</u>
EXPENDITURES					
Current:					
General Government	1,196,607	-	-	28,091	1,224,698
Public Safety	5,834,291	-	-	43,707	5,877,998
Public Works	1,550,872	-	-	108,211	1,659,083
Health and Human Services	312,338	-	-	80,345	392,683
Culture and Recreation	1,064,042	-	-	1,196,955	2,260,997
Conservation and Development	-	-	10,955	802,886	813,841
Capital Outlay	-	-	-	2,401,266	2,401,266
Debt Service:					
Principal	-	2,231,916	-	13,984	2,245,900
Interest and Fiscal Charges	-	689,236	-	13,470	702,706
Total Expenditures	<u>9,958,150</u>	<u>2,921,152</u>	<u>10,955</u>	<u>4,688,915</u>	<u>17,579,172</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(427,391)	(614,731)	94,284	(1,216,197)	(2,164,035)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	1,000	-	1,914,000	1,915,000
Refunding Debt Issued	-	15,870	-	759,130	775,000
Principal Paid from Refunding Debt	-	(750,000)	-	-	(750,000)
Premium on Debt Issued	-	177,290	-	-	177,290
Proceeds from Sale of Capital Assets	31,334	-	-	-	31,334
Transfers In	983,859	1,181,469	-	379,361	2,544,689
Transfers Out	(338,300)	(56,237)	-	(1,816,544)	(2,211,081)
Total Other Financing Sources (Uses)	<u>676,893</u>	<u>569,392</u>	<u>-</u>	<u>1,235,947</u>	<u>2,482,232</u>
NET CHANGE IN FUND BALANCES	249,502	(45,339)	94,284	19,750	318,197
Fund Balances - Beginning of Year	<u>2,280,671</u>	<u>74,653</u>	<u>5,632</u>	<u>3,961,347</u>	<u>6,322,303</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,530,173</u>	<u>\$ 29,314</u>	<u>\$ 99,916</u>	<u>\$ 3,981,097</u>	<u>\$ 6,640,500</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 318,197

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

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

Capital Assets Reported as Expenditures in Governmental Fund Statements	1,974,483
Depreciation Expense Reported in the Statement of Activities	(1,534,573)
Net Book Value of Disposals	(366,758)

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

(104,151)

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

Long-Term Debt Issued	(2,690,000)
Premium on Debt Issued	(177,290)
Principal Repaid	2,979,225
Capital Leases Paid	16,675

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

Accrued Interest on Long-Term Debt	92,855
Amortization of Premiums	86,680
Compensated Absences	(24,586)
Net Pension Liability (Asset)	1,935,209
Deferred Outflows of Resources Related to Pensions	1,865,879
Deferred Inflows of Resources Related to Pensions	(2,667,870)
Other Postemployment Benefits Liability	(296,057)
Deferred Outflows of Resources Related to Other Postemployment Benefits	67,544
Deferred Inflows of Resources Related to Other Postemployment Benefits	7,753

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

21,021

Change in Net Position of Governmental Activities as Reported in the Statement of Activities

\$ 1,504,236

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,240,520	\$ 2,240,520	\$ 2,242,472	\$ 1,952
Special Assessments	144,000	144,000	207,585	63,585
Intergovernmental	4,636,286	4,636,286	4,648,239	11,953
Licenses and Permits	283,100	283,100	276,994	(6,106)
Fines and Forfeits	83,900	83,900	122,771	38,871
Public Charges for Services	1,419,000	1,419,000	1,287,774	(131,226)
Intergovernmental Charges for Services	139,500	139,500	144,784	5,284
Interdepartmental Charges for Services	550,000	550,000	444,450	(105,550)
Miscellaneous	201,500	201,500	155,690	(45,810)
Total Revenues	<u>9,697,806</u>	<u>9,697,806</u>	<u>9,530,759</u>	<u>(167,047)</u>
EXPENDITURES				
Current:				
General Government	1,250,116	1,250,116	1,196,607	53,509
Public Safety	5,895,355	5,895,355	5,834,291	61,064
Public Works	1,638,924	1,638,924	1,550,872	88,052
Health and Human Services	344,819	344,819	312,338	32,481
Culture and Recreation	1,154,852	1,154,852	1,064,042	90,810
Total Expenditures	<u>10,284,066</u>	<u>10,284,066</u>	<u>9,958,150</u>	<u>325,916</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(586,260)	(586,260)	(427,391)	158,869
OTHER FINANCING SOURCES (USES)				
Proceeds From Sale of Capital Assets	60,000	60,000	31,334	(28,666)
Transfers In	884,000	884,000	983,859	99,859
Transfers Out	(357,740)	(357,740)	(338,300)	19,440
Total Other Financing Sources (Uses)	<u>586,260</u>	<u>586,260</u>	<u>676,893</u>	<u>90,633</u>
NET CHANGE IN FUND BALANCE	-	-	249,502	249,502
Fund Balance - Beginning of Year	<u>2,280,671</u>	<u>2,280,671</u>	<u>2,280,671</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,280,671</u>	<u>\$ 2,280,671</u>	<u>\$ 2,530,173</u>	<u>\$ 249,502</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – HOUSING REVOLVING LOANS SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous	\$ 50,300	\$ 50,300	\$ 105,239	\$ 54,939
EXPENDITURES				
Current:				
Conservation and Development	46,000	46,000	10,955	35,045
NET CHANGE IN FUND BALANCE	4,300	4,300	94,284	89,984
Fund Balance - Beginning of Year	5,632	5,632	5,632	-
FUND BALANCE - END OF YEAR	<u>\$ 9,932</u>	<u>\$ 9,932</u>	<u>\$ 99,916</u>	<u>\$ 89,984</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets:			
Cash and Investments	\$ 342,144	\$ -	\$ -
Receivables:			
Taxes and Special Charges	-	18,782	21,189
Customer Accounts	1,383,408	386,636	380,360
Special Assessments	-	75,132	223,592
Other	33,196	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	604,196
Prepaid Items	253,875	132,998	-
Total Current Assets	<u>2,012,623</u>	<u>613,548</u>	<u>1,229,337</u>
Restricted Assets:			
Cash and Investments	-	353,550	1,176,392
Other Assets:			
Net Pension Asset	346,839	191,963	165,450
Capital Assets:			
Nondepreciable	24,472	1,096,177	966,916
Depreciable, Net	8,548,489	12,638,429	17,134,865
Total Capital Assets	<u>8,572,961</u>	<u>13,734,606</u>	<u>18,101,781</u>
Total Assets	<u>10,932,423</u>	<u>14,893,667</u>	<u>20,672,960</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	572,966	319,518	274,620
Other Postemployment Benefit Related Amounts	124,657	74,311	60,823
Total Deferred Outflows of Resources	<u>697,623</u>	<u>393,829</u>	<u>335,443</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater	Nonmajor	Total	Health Insurance
	Utility	Funds		
ASSETS				
Current Assets:				
Cash and Investments	\$ 871,883	\$ 194,155	\$ 1,408,182	\$ 45,824
Receivables:				
Taxes and Special Charges	15,284	2,490	57,745	-
Customer Accounts	83,153	-	2,233,557	-
Special Assessments	156,346	-	455,070	-
Other	-	64,629	97,825	-
Due from Other Funds	121,305	-	121,305	-
Due from Other Governments	-	-	604,196	-
Prepaid Items	-	-	386,873	-
Total Current Assets	<u>1,247,971</u>	<u>261,274</u>	<u>5,364,753</u>	<u>45,824</u>
Restricted Assets:				
Cash and Investments	21,141	-	1,551,083	-
Other Assets:				
Net Pension Asset	-	26,157	730,409	-
Capital Assets:				
Nondepreciable	1,250,618	-	3,338,183	-
Depreciable, Net	4,622,215	34,646	42,978,644	-
Total Capital Assets	<u>5,872,833</u>	<u>34,646</u>	<u>46,316,827</u>	<u>-</u>
Total Assets	<u>7,141,945</u>	<u>322,077</u>	<u>53,963,072</u>	<u>45,824</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	-	43,527	1,210,631	-
Other Postemployment Benefit Related Amounts	-	10,383	270,174	-
Total Deferred Outflows of Resources	<u>-</u>	<u>53,910</u>	<u>1,480,805</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 688,668	\$ 93,042	\$ 67,157
Accrued and Other Current Liabilities	17,461	10,896	9,161
Due to Other Funds	-	1,834,441	65,347
Accrued Interest Payable	9,910	33,674	50,095
Special Deposits	81,271	-	-
Current Portion of Long-Term Debt	-	195,627	204,346
Current Portion of Capital Lease	11,504	7,817	71,284
Current Portion of Other Postemployment Benefits	26,135	15,474	13,014
Payable from Restricted Assets:			
Current Portion of Long-Term Debt	31,850	426,215	725,192
Total Current Liabilities	<u>866,799</u>	<u>2,617,186</u>	<u>1,205,596</u>
Long-Term Obligations, Less Current Portion:			
General Obligation Debt	-	1,186,027	732,616
Revenue Bonds	179,392	3,158,511	8,655,701
Debt Premium	-	46,166	35,965
Capital Lease Payable	42,493	29,608	152,564
Compensated Absences	73,749	29,551	6,037
Other Postemployment Benefits	558,172	331,766	274,886
Total Long-Term Liabilities	<u>853,806</u>	<u>4,781,629</u>	<u>9,857,769</u>
Total Liabilities	<u>1,720,605</u>	<u>7,398,815</u>	<u>11,063,365</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	760,028	420,650	362,552
Other Postemployment Benefit Related Amounts	18,437	11,150	8,681
Total Deferred Inflows of Resources	<u>778,465</u>	<u>431,800</u>	<u>371,233</u>
NET POSITION			
Net Investment in Capital Assets	8,307,722	8,616,502	7,473,109
Restricted:			
Capital Assets	-	-	1,176,392
Debt Service	-	353,550	-
Pension Asset	346,839	191,963	165,450
Unrestricted	<u>476,415</u>	<u>(1,705,134)</u>	<u>758,854</u>
Total Net Position	<u>\$ 9,130,976</u>	<u>\$ 7,456,881</u>	<u>\$ 9,573,805</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 4,883	\$ 16,477	\$ 870,227	\$ 1,060
Accrued and Other Current Liabilities	43	549	38,110	-
Due to Other Funds	-	-	1,899,788	-
Accrued Interest Payable	45,547	399	139,625	-
Special Deposits	-	-	81,271	-
Current Portion of Long-Term Debt	75,881	-	475,854	-
Current Portion of Capital Lease	-	-	90,605	-
Current Portion of Other Postemployment Benefits	-	-	54,623	-
Payable from Restricted Assets:				
Current Portion of Long-Term Debt	53,534	1,656	1,238,447	-
Total Current Liabilities	<u>179,888</u>	<u>19,081</u>	<u>4,888,550</u>	<u>1,060</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	602,556	-	2,521,199	-
Revenue Bonds	959,629	9,326	12,962,559	-
Debt Premium	-	-	82,131	-
Capital Lease Payable	-	-	224,665	-
Compensated Absences	-	-	109,337	-
Other Postemployment Benefits	-	47,862	1,212,686	-
Total Long-Term Liabilities	<u>1,562,185</u>	<u>57,188</u>	<u>17,112,577</u>	<u>-</u>
Total Liabilities	<u>1,742,073</u>	<u>76,269</u>	<u>22,001,127</u>	<u>1,060</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	-	57,318	1,600,548	-
Other Postemployment Benefit Related Amounts	-	1,609	39,877	-
Total Deferred Inflows of Resources	<u>-</u>	<u>58,927</u>	<u>1,640,425</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	4,176,349	34,646	28,608,328	-
Restricted:				
Capital Assets	21,141	-	1,197,533	-
Debt Service	-	-	353,550	-
Pension Asset	-	26,157	730,409	-
Unrestricted	<u>1,202,382</u>	<u>179,988</u>	<u>912,505</u>	<u>44,764</u>
Total Net Position	<u>\$ 5,399,872</u>	<u>\$ 240,791</u>	<u>\$ 31,802,325</u>	<u>\$ 44,764</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
OPERATING REVENUES			
Charges for Services	\$ 9,351,445	\$ 2,834,428	\$ 2,742,669
Other	72,222	27,693	24,745
Total Operating Revenues	<u>9,423,667</u>	<u>2,862,121</u>	<u>2,767,414</u>
OPERATING EXPENSES			
Operation and Maintenance	8,056,074	1,565,650	1,524,139
Depreciation	440,250	558,814	773,311
Taxes	79,926	44,860	36,912
Total Operating Expenses	<u>8,576,250</u>	<u>2,169,324</u>	<u>2,334,362</u>
OPERATING INCOME (LOSS)	847,417	692,797	433,052
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	-	-
Nonoperating Grants	-	333,844	262,427
Interest and Fiscal Charges	(10,487)	(148,198)	(222,180)
Other Nonoperating Revenues (Expenses)	(19,855)	20	-
Total Nonoperating Revenues (Expenses)	<u>(30,342)</u>	<u>185,666</u>	<u>40,247</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	817,075	878,463	473,299
Capital Contributions	4,282	-	487,032
Transfers In	-	45,602	26,556
Transfers Out	<u>(271,339)</u>	<u>(148,486)</u>	<u>(298,060)</u>
CHANGE IN NET POSITION	550,018	775,579	688,827
Net Position - Beginning of Year	<u>8,580,958</u>	<u>6,681,302</u>	<u>8,884,978</u>
NET POSITION - END OF YEAR	<u><u>\$ 9,130,976</u></u>	<u><u>\$ 7,456,881</u></u>	<u><u>\$ 9,573,805</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Totals	Health Insurance
OPERATING REVENUES				
Charges for Services	\$ 659,131	\$ 484,607	\$ 16,072,280	\$ 277,159
Other	-	246,402	371,062	18,714
Total Operating Revenues	<u>659,131</u>	<u>731,009</u>	<u>16,443,342</u>	<u>295,873</u>
OPERATING EXPENSES				
Operation and Maintenance	152,238	791,426	12,089,527	588,051
Depreciation	100,400	7,717	1,880,492	-
Taxes	-	-	161,698	-
Total Operating Expenses	<u>252,638</u>	<u>799,143</u>	<u>14,131,717</u>	<u>588,051</u>
OPERATING INCOME (LOSS)	406,493	(68,134)	2,311,625	(292,178)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	4,393	-	4,393	-
Nonoperating Grants	-	82,169	678,440	-
Interest and Fiscal Charges	(72,004)	(455)	(453,324)	-
Other Nonoperating Revenues (Expenses)	-	16,944	(2,891)	-
Total Nonoperating Revenues (Expenses)	<u>(67,611)</u>	<u>98,658</u>	<u>226,618</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	338,882	30,524	2,538,243	(292,178)
Capital Contributions	124,300	-	615,614	-
Transfers In	-	-	72,158	313,199
Transfers Out	-	(1,080)	(718,965)	-
CHANGE IN NET POSITION	463,182	29,444	2,507,050	21,021
Net Position - Beginning of Year	<u>4,936,690</u>	<u>211,347</u>	<u>29,295,275</u>	<u>23,743</u>
NET POSITION - END OF YEAR	<u>\$ 5,399,872</u>	<u>\$ 240,791</u>	<u>\$ 31,802,325</u>	<u>\$ 44,764</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 9,479,551	\$ 2,983,938	\$ 2,442,882
Cash Received from Other Departments	-	-	-
Cash Received from Rent	-	-	-
Cash Paid for Employee Wages And Benefits	(872,639)	(695,633)	(1,253,233)
Cash Paid to Suppliers	(7,172,705)	(939,174)	(569,791)
Net Cash Provided (Used) by Operating Activities	1,434,207	1,349,131	619,858
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Special Assessments	-	(41,960)	(179,148)
Nonoperating Grants	-	333,844	262,427
Due to/from Other Funds	-	(280,642)	65,347
Transfer In (Out)	(410,314)	(102,884)	(271,504)
Net Cash Provided (Used) by Noncapital Financing Activities	(410,314)	(91,642)	(122,878)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(536,653)	(1,298,276)	(302,906)
Cost of Removal of Capital Assets	(110,431)	-	(14,213)
Sale of Capital Assets	41,723	2,392	-
Long-Term Debt Issued	60,702	820,340	619,537
Principal Paid on Long-Term Debt	(122,784)	(571,302)	(940,450)
Interest Paid on Long-Term Debt	(14,306)	(157,575)	(231,679)
Net Cash Provided (Used) by Capital and Related Financing Activities	(681,749)	(1,204,421)	(869,711)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	342,144	53,068	(372,731)
Cash and Cash Equivalents - Beginning of Year	-	300,482	1,549,123
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 342,144</u>	<u>\$ 353,550</u>	<u>\$ 1,176,392</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 675,851	\$ 746,071	\$ 16,328,293	\$ -
Cash Received from Other Departments	-	-	-	295,873
Cash Received from Rent	-	16,944	16,944	-
Cash Paid for Employee Wages And Benefits	(18,022)	(115,756)	(2,955,283)	-
Cash Paid to Suppliers	(137,484)	(669,446)	(9,488,600)	(586,991)
Net Cash Provided (Used) by Operating Activities	520,345	(22,187)	3,901,354	(291,118)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Special Assessments	(53,145)	-	(274,253)	-
Nonoperating Grants	-	82,169	678,440	-
Due to/from Other Funds	11,237	-	(204,058)	-
Transfer In (Out)	-	(1,080)	(785,782)	313,199
Net Cash Provided (Used) by Noncapital Financing Activities	(41,908)	81,089	(585,653)	313,199
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(434,664)	(15,397)	(2,587,896)	-
Cost of Removal of Capital Assets	-	-	(124,644)	-
Sale of Capital Assets	-	-	44,115	-
Long-Term Debt Issued	-	-	1,500,579	-
Principal Paid on Long-Term Debt	(133,399)	(1,592)	(1,769,527)	-
Interest Paid on Long-Term Debt	(61,840)	(504)	(465,904)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(629,903)	(17,493)	(3,403,277)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	4,393	-	4,393	-
CHANGE IN CASH AND CASH EQUIVALENTS	(147,073)	41,409	(83,183)	22,081
Cash and Cash Equivalents - Beginning of Year	1,040,097	152,746	3,042,448	23,743
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 893,024</u>	<u>\$ 194,155</u>	<u>\$ 2,959,265</u>	<u>\$ 45,824</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds		
	Electric Utility	Water Utility	Sewer Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 847,417	\$ 692,797	\$ 433,052
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	440,250	558,814	773,311
Depreciation Charged to Operating Accounts	52,245	29,295	-
Other	(19,855)	20	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:			
Net Pension Asset	(152,415)	(81,659)	(71,508)
Deferred Outflows - Pension Related	(126,535)	(67,887)	(60,800)
Deferred Inflows - Pension Related	176,351	89,507	80,530
Deferred Outflows - OPEB Related	5,145	(4,112)	(2,048)
OPEB Liability	(10,065)	25,794	18,765
Deferred Inflows - OPEB Related	(1,225)	517	(222)
Change in Operating Assets and Liabilities:			
Accounts Receivable	66,012	122,497	158,005
Due from Other Governments	-	-	(482,537)
Prepaid Items	40,946	(2,370)	-
Accounts Payable	129,638	(16,024)	(230,747)
Accrued and Other Current Liabilities	1,353	2,296	1,649
Special Deposits	(10,128)	(700)	-
Compensated Absences	(4,927)	346	2,408
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,434,207</u>	<u>\$ 1,349,131</u>	<u>\$ 619,858</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents in Current Assets	\$ 342,144	\$ -	\$ -
Cash and Cash Equivalents in Restricted Assets	-	353,550	1,176,392
Total Cash and Cash Equivalents	<u>\$ 342,144</u>	<u>\$ 353,550</u>	<u>\$ 1,176,392</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets contributed	\$ 4,282	\$ -	\$ 487,032
Capital related accounts payable	-	68,132	153,198

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Stormwater Utility	Nonmajor Funds	Total	Health Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 406,493	\$ (68,134)	\$ 2,311,625	\$ (292,178)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	100,400	7,717	1,880,492	-
Depreciation Charged to Operating Accounts	-	-	81,540	-
Other	-	16,944	(2,891)	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:				
Net Pension Asset	-	(15,252)	(320,834)	-
Deferred Outflows - Pension Related	-	(16,583)	(271,805)	-
Deferred Inflows - Pension Related	-	24,580	370,968	-
Deferred Outflows - OPEB Related	-	876	(139)	-
OPEB Liability	-	(3,691)	30,803	-
Deferred Inflows - OPEB Related	-	(97)	(1,027)	-
Change in Operating Assets and Liabilities:				
Accounts Receivable	16,720	15,062	378,296	-
Due from Other Governments	-	-	(482,537)	-
Prepaid Items	-	-	38,576	-
Accounts Payable	(3,311)	16,310	(104,134)	1,060
Accrued and Other Current Liabilities	43	81	5,422	-
Special Deposits	-	-	(10,828)	-
Compensated Absences	-	-	(2,173)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 520,345</u>	<u>\$ (22,187)</u>	<u>\$ 3,901,354</u>	<u>\$ (291,118)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 871,883	\$ 194,155	\$ 1,408,182	\$ 45,824
Cash and Cash Equivalents in Restricted Assets	21,141	-	1,551,083	-
Total Cash and Cash Equivalents	<u>\$ 893,024</u>	<u>\$ 194,155</u>	<u>\$ 2,959,265</u>	<u>\$ 45,824</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets contributed	\$ 124,300	\$ -	\$ 615,614	\$ -
Capital related accounts payable	4,883	-	226,213	-

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021**

ASSETS

Cash and Investments	\$ 3,665,726
Receivables:	
Taxes	<u>4,259,791</u>
Total Assets	<u>7,925,517</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	<u>7,758,654</u>
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NET POSITION

Restricted	<u><u>\$ 166,863</u></u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021**

ADDITIONS

Interest on Investments	\$ 7,799
Taxes and Special Charges Collected	<u>7,398,601</u>
Total Additions	<u>7,406,400</u>

DEDUCTIONS

Payments to Others	7,400,051
Benefits	<u>1,542</u>
Total Deductions	<u>7,401,593</u>

CHANGE IN NET POSITION

4,807

Net Position - Beginning of Year

162,056

NET POSITION - END OF YEAR

\$ 166,863

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

General Fund

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt Service Fund

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

Housing Revolving Loans Fund

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

The City reports the following major enterprise funds:

Electric Utility Enterprise Fund

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

Water Utility Enterprise Fund

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

Sewer Utility Enterprise Fund

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

Stormwater Utility Enterprise Fund

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

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

Property Tax Collection

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

Smongeski Health

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Crime Prevention

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

TRIAD Committee

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

Additionally, the City reports the following fund types:

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

C. Measurement Focus and Basis of Accounting

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. Cash and Investments

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes

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

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

3. Accounts Receivable

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2020 tax roll are recognized as revenue in 2021).

5. Loans Receivable

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Loans Receivable (Continued)

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

6. Interfund Receivables and Payables

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

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

7. Prepaid Items

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

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

8. Capital Assets

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital Assets (Continued)

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

	Governmental Activities	Business-Type Activities
Buildings	7 to 75 Years	25 to 50 Years
Improvements Other than Buildings	10 to 75 Years	25 to 100 Years
Machinery and Equipment	3 to 25 Years	3 to 10 Years
Infrastructure	35 to 75 Years	-

9. Compensated Absences

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

10. Deferred Outflows/Inflows of Resources

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Long-Term Obligations

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

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

12. Pensions

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

13. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Single-Employer Defined Postemployment Benefit Plan

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

14. Fund Equity

Governmental Fund Financial Statements

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements

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

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

E. USE OF ESTIMATES

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2021.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2021, as follows:

	<u>Excess Expenditures</u>
General Fund:	
General Government:	
Judicial	\$ 8,323
Clerk	369
City Manager	18,492
City Hall	181
Uncollectible Taxes and Refunds	1,436
Public Safety:	
Fire Department	90,635
Public Works:	
Bridge Repairs and Maintenance	4,160
Street and Highway Maintenance	12,479
Work Done for Others	48,963
Culture and Recreation:	
Special Events	2,947
Debt Service Fund:	
General Government:	
Debt Service:	
Principal	233,482
Interest and Fiscal Charges	133,682

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2021:

	Deficit Fund Balance
Senior Center	\$ 40,218
Community Development	1,152
City Hall Equipment	9,600
Police Equipment	28,245
TIF District No. 6	192,928
TIF District No. 10	143,939
TIF District No. 12	68,735
TIF District No. 13	24,045
TIF District No. 14	1,030
TIF District No. 15	2,256
TIF District No. 16	1,030

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

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2021 and 2022 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2021 budget was 0.84%. The actual limit for the City for the 2022 budget was 1.01%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

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

The carrying amount of the City's cash and investments totaled \$14,777,980 on December 31, 2021, as summarized below:

Petty Cash and Cash on Hand	\$	1,821
Deposits with Financial Institutions		7,868,427
Investments		
Wisconsin Local Government Investment Pool		6,757,375
Mutual Funds		150,357
Total		\$ 14,777,980

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position		
Cash and Investments	\$	9,561,171
Restricted Cash and Investments		1,551,083
Fiduciary Fund Statement of Net Position		
Custodial Funds		3,665,726
Total		\$ 14,777,980

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2021:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Mutual Funds	\$ -	\$ 150,357	\$ -

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

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

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

Custodial Credit Risk

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

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

As of December 31, 2021, \$5,473,944 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Mutual Funds	\$ 150,357	\$ -	\$ -	\$ -	\$ 150,357
Wisconsin Local Government Investment Pool	6,757,375	-	-	-	6,757,375
Totals	<u>\$ 6,907,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,907,732</u>

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Mutual Funds	\$ 150,357	\$ 150,357	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	6,757,375	6,757,375	-	-	-
Totals	<u>\$ 6,907,732</u>	<u>\$ 6,907,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$6,757,375 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. Restricted Assets

Restricted assets on December 31, 2021, totaled \$1,551,083 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Fund		
Water Utility	\$ 353,550	Debt Reserve Fund
Sewer Utility	1,176,392	Replacement of Certain Equipment of the Sewer Utility in Accordance with Wisconsin Department of Natural Resources Requirements
Stormwater Utility	21,141	Stormwater Pond Maintenance
Total	\$ 1,551,083	

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 1,224,477	\$ -	\$ -	\$ 1,224,477
Construction in Progress	-	799,745	-	799,745
Total Capital Assets, Not Depreciated	1,224,477	799,745	-	2,024,222
Capital Assets, Depreciable:				
Buildings	15,117,628	-	-	15,117,628
Improvements Other than Buildings	3,895,773	-	-	3,895,773
Machinery and Equipment	11,103,461	1,174,738	883,894	11,394,305
Infrastructure	36,675,538	-	-	36,675,538
Subtotals	66,792,400	1,174,738	883,894	67,083,244
Less Accumulated Depreciation for:				
Buildings	6,783,822	320,835	-	7,104,657
Improvements Other than Buildings	449,564	85,771	-	535,335
Machinery and Equipment	7,348,161	524,408	517,136	7,355,433
Infrastructure	23,401,588	603,559	-	24,005,147
Subtotals	37,983,135	1,534,573	517,136	39,000,572
Less: Accumulated Depreciation	37,983,135	1,534,573	517,136	39,000,572
Total Capital Assets, Depreciable, Net	28,809,265	(359,835)	366,758	28,082,672
Governmental Activities Capital Assets, Net	<u>\$ 30,033,742</u>	<u>\$ 439,910</u>	<u>\$ 366,758</u>	30,106,894
Less: Capital Related Debt				13,361,000
Add: Unspent Debt Proceeds				880,208
Less: Debt Premium				701,297
Less: Capital Related Accounts Payable				<u>56,939</u>
Net Investment in Capital Assets				<u>\$ 16,867,866</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 36,944	\$ -	\$ -	\$ 36,944
Construction in Progress	2,700,358	3,184,877	2,583,996	3,301,239
Total Capital Assets, Nondepreciable	2,737,302	3,184,877	2,583,996	3,338,183
Capital Assets, Depreciable:				
Buildings	8,425,275	41,930	10,000	8,457,205
Improvements Other than Buildings	42,556,770	770,785	196,001	43,131,554
Machinery and Equipment	18,928,252	1,992,596	515,998	20,404,850
Subtotals	69,910,297	2,805,311	721,999	71,993,609
Less: Accumulated Depreciation	27,878,992	1,962,032	826,059	29,014,965
Total Capital Assets, Depreciable, Net	42,031,305	843,279	(104,060)	42,978,644
Business-Type Activities Capital Assets, Net	\$ 44,768,607	\$ 4,028,156	\$ 2,479,936	46,316,827
Less: Capital Related Debt and Related Net Deferrals				17,175,748
Less: Debt Premium				93,460
Less: Capital Lease Payable				315,270
Less: Capital Related Accounts Payable				124,021
Net Investment in Capital Assets				\$ 28,608,328

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 109,687
Public Safety	284,484
Public Works	791,130
Culture and Recreation	<u>349,272</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,534,573</u></u>
Business-Type Activities:	
Electric Utility	\$ 440,250
Water Utility	558,814
Sewer Utility	773,311
Telecommunication Utility	100,400
Stormwater Utility	<u>7,717</u>
Total Depreciation Expense	<u>1,880,492</u>
Depreciation Charged to Operating Accounts	<u>81,540</u>
Total Increase in Accumulated Depreciation - Business-Type Activities	<u><u>\$ 1,962,032</u></u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2021, are detailed below:

	Interfund Receivables	Interfund Payables
Long Term Cash Advances to Finance		
Operating Deficits:		
Governmental Funds:		
General	\$ 1,597,266	\$ -
Nonmajor Governmental Funds:		
Senior Center	-	37,679
Police Equipment	-	121,305
TIF District No. 6	-	186,575
TIF District No. 7	761,492	-
TIF District No. 10	-	141,548
TIF District No. 12	-	68,735
TIF District No. 13	-	20,117
TIF District No. 14	-	1,030
TIF District No. 15	-	2,256
TIF District No. 16	-	1,030
Subtotal - Nonmajor Governmental Funds	761,492	580,275
Proprietary Funds:		
Water Utility	-	1,834,441
Sewer Utility	-	65,347
Stormwater Utility	121,305	-
Subtotal - Proprietary Funds	121,305	1,899,788
Totals	\$ 2,480,063	\$ 2,480,063

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Interfund transfers for the year ended December 31, 2021, were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General	\$ 983,859	\$ 338,300
Debt Service	1,181,469	56,237
Nonmajor Governmental Funds:		
Library	28,050	1,080
Library Gift	-	78,050
Community Tourism	77,574	119,563
Urban Forestry	19,500	-
Tree Planting	-	19,500
Business and Industrial Revolving Loans	-	75,000
Sandy Bay Highlands	-	217,085
Community Development	130,000	-
Management Information	18,000	-
Police Equipment	56,237	-
TIF District No. 7	-	72,158
TIF District No. 8	-	94,561
TIF District No. 10	-	24,804
TIF District No. 12	-	788,055
TIF District No. 13	-	256,688
Industrial Park Development	-	70,000
Library Building and Grounds	50,000	-
Subtotal - Nonmajor Governmental Funds	379,361	1,816,544
Proprietary Funds:		
Electric Utility	-	271,339
Water Utility	45,602	148,486
Sewer Utility	26,556	298,060
Nonmajor Proprietary Fund:		
Solid Waste	-	1,080
Internal Service Fund - Health Insurance	313,199	-
Government-Wide	\$ 2,930,046	\$ 2,930,046
Total	\$ 2,930,046	\$ 2,930,046

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

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

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 4,795,000	\$ 775,000	\$ 325,000	\$ 5,245,000	\$ 350,000
Notes	8,290,000	1,915,000	1,335,000	8,870,000	1,385,000
Direct Borrowings	2,758,956	-	1,319,225	1,439,731	325,740
Total General					
Obligation Debt	15,843,956	2,690,000	2,979,225	15,554,731	2,060,740
Debt Premium	610,687	177,290	86,680	701,297	73,936
Capital Leases	22,035	-	16,675	5,360	5,360
Compensated Absences	194,851	24,586	-	219,437	-
Governmental Activities Long- Term Obligations	<u>\$ 16,671,529</u>	<u>\$ 2,891,876</u>	<u>\$ 3,082,580</u>	<u>\$ 16,480,825</u>	<u>\$ 2,140,036</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 1,830,000	\$ -	\$ 155,000	\$ 1,675,000	\$ 165,000
Notes	85,000	-	10,000	75,000	15,000
Direct Borrowings	1,515,455	-	279,731	1,235,724	284,525
Total General					
Obligation Debt	3,430,455	-	444,731	2,985,724	464,525
Revenue Bonds	14,055,241	1,391,300	1,245,535	14,201,006	1,238,447
Debt Premium	104,789	-	11,329	93,460	11,329
Capital Leases	285,251	109,279	79,260	315,270	90,605
Compensated Absences	111,510	-	2,173	109,337	-
Business-Type Activities Long- Term Obligations	<u>\$ 17,987,246</u>	<u>\$ 1,500,579</u>	<u>\$ 1,783,028</u>	<u>\$ 17,704,797</u>	<u>\$ 1,804,906</u>

Total interest paid during the year on long-term debt totaled \$970,538.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

State Trust Fund Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$1,407,496 and business type activities of \$369,489 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

Clean Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of \$854,993 contain the following provisions in the event of a default: (1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; (2) may appoint a receiver for the program's benefit; (3) may declare the principal amount immediately due and payable; (4) may enforce any right or obligation under the financing agreement including the right to see specific performance or mandamus; and (5) may increase the interest rate set forth in the financing agreement to the market interest rate.

WPPI Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$32,235 and business type activities of \$11,242 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
Bonds:					
General Obligation Bond	07/08/19	2030	3.00% to 4.00%	\$ 1,610,000	\$ 1,365,000
General Obligation Bond	08/30/19	2034	3.00% to 4.00%	3,210,000	2,880,000
General Obligation Bond	04/20/20	2030	2.55	2,085,000	1,900,000
General Obligation Bond	06/07/21	2039	2.40% to 3.25%	775,000	775,000
Notes:					
General Obligation Note	04/11/12	2022	3.00	1,530,000	235,000
General Obligation Note	07/08/19	2029	3.00% to 4.00%	1,785,000	1,610,000
General Obligation Note	04/20/20	2030	3.00	6,125,000	5,185,000
General Obligation Note	06/07/21	2031	2.00% to 3.00%	1,915,000	1,915,000
Direct Placement:					
State Trust Fund Bond	04/11/13	2023	2.75	1,162,358	256,181
WPPI Energy Note	2013	2023	0.00	129,080	18,071
WPPI Energy Note	2013	2023	0.00	14,076	1,877
WPPI Energy Note	2013	2023	0.00	46,827	9,365
Safe Drinking Water Bond	11/13/13	2029	3.15	487,054	254,604
Safe Drinking Water Bond	11/13/13	2029	3.15	824,459	423,833
State Trust Fund Bond	05/16/16	2024	3.00	1,941,374	243,162
WPPI Energy Note	08/01/16	2026	0.00	30,350	14,164
Safe Drinking Water Bond	12/31/16	2029	2.67	361,269	176,556
State Trust Fund Bond	07/23/19	2029	3.75	500,000	408,859
State Trust Fund Bond	03/26/20	2023	2.50	550,000	369,489
State Trust Fund Bond	04/16/20	2030	3.00	550,000	499,294
Total Outstanding General Obligation Debt					<u>\$ 18,540,455</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$18,540,455 on December 31, 2021, are detailed below:

Year Ending December 31,	Governmental Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,735,000	\$ 438,850	\$ 325,740	\$ 74,650	\$ 2,060,740	\$ 513,500
2023	1,670,000	364,233	327,756	64,736	1,997,756	428,969
2024	1,740,000	312,008	164,270	54,474	1,904,270	366,482
2025	1,665,000	258,898	106,747	48,127	1,771,747	307,025
2026	1,670,000	205,549	109,222	43,441	1,779,222	248,990
2027 to 2031	4,790,000	454,975	405,996	139,956	5,195,996	594,931
2032 to 2036	670,000	76,981	-	66,272	670,000	143,253
2037 to 2039	175,000	8,694	-	14,200	175,000	22,894
Total	<u>\$ 14,115,000</u>	<u>\$ 2,120,188</u>	<u>\$ 1,439,731</u>	<u>\$ 505,856</u>	<u>\$ 15,554,731</u>	<u>\$ 2,626,044</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Year Ending December 31,	Business-Type Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 180,000	\$ 65,368	\$ 284,525	\$ 29,432	\$ 464,525	\$ 94,800
2023	185,000	58,357	291,076	22,440	476,076	80,797
2024	190,000	51,105	101,918	15,258	291,918	66,363
2025	200,000	43,557	105,029	12,672	305,029	56,229
2026	210,000	35,599	108,235	10,004	318,235	45,603
2027 to 2030	785,000	61,890	344,941	13,154	1,129,941	75,044
Total	<u>\$ 1,750,000</u>	<u>\$ 315,876</u>	<u>\$ 1,235,724</u>	<u>\$ 102,960</u>	<u>\$ 2,985,724</u>	<u>\$ 418,836</u>

General Obligation Debt (Continued)

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2021, was \$10,900,405 as follows:

Equalized Valuation of the City	\$ 588,817,200
Statutory Limitation Percentage	× 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	29,440,860
Net Outstanding General Obligation Debt Applicable to Debt Limitation	18,540,455
Legal Margin for New Debt	\$ 10,900,405

Current Refunding

During 2021, the City currently refunded a state trust fund loan date July 23, 2019. The City issued \$775,000 of general obligation bonds to call the refunded debt. The current refunding was undertaken to obtain more favorable interest rates and reduce the total debt service interest payments. The general obligation bond results in a savings over the next 17 years of \$50,721. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$42,371.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2021, totaled \$14,201,006 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
Water Utility	April 14, 2004	2023	2.37%	\$ 4,242,499	\$ 543,485
Sewer Utility	March 26, 2008	2027	2.39	6,297,058	2,306,559
Water Utility	June 25, 2014	2034	1.93	400,432	277,273
Sewer Utility	December 23, 2014	2034	2.63	698,698	498,654
Water Utility	November 12, 2014	2034	1.93	301,465	209,444
Water Utility	June 28, 2017	2037	1.87	805,787	682,923
Electric, Sewer, and Solid Waste Utilities	March 20, 2017	2027	4.00	400,000	258,400
Water Utility	June 13, 2018	2038	1.87	709,297	628,919
Sewer Utility	February 28, 2018	2037	1.76	794,500	689,637
Sewer Utility	October 24, 2018	2038	1.87	4,059,972	3,604,094
Water Utility	June 26, 2019	2039	1.98	504,014	501,320
Sewer Utility	November 27, 2019	2039	1.65	1,710,844	1,644,316
Stormwater Utility	April 16, 2020	2035	4.50	1,073,000	1,013,162
Water Utility	June 23, 2021	2041	1.49	741,363	741,363
Sewer Utility	November 10, 2021	2041	1.49	601,457	601,457
Total Outstanding Revenue Bonds					<u>\$ 14,201,006</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$14,201,006 on December 31, 2021, are detailed below:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,238,447	\$ 292,730	\$ 1,531,177
2023	1,266,917	264,688	1,531,605
2024	1,014,543	238,605	1,253,148
2025	1,037,915	214,996	1,252,911
2026	1,061,750	190,899	1,252,649
2027 to 2031	3,748,715	673,189	4,421,904
2032 to 2036	3,386,234	299,634	3,685,868
2037 to 2041	1,446,485	36,181	1,482,666
Total	<u>\$ 14,201,006</u>	<u>\$ 2,210,922</u>	<u>\$ 16,411,928</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Utility Revenues Pledged

The City has pledged future electric, water and sewer, and solid waste customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. The bonds are payable solely from customer net revenues and are payable through 2039. Net customer revenues, 2021 principal and interest paid, and outstanding debt service of revenue bonds are as follows:

	Electric Utility	Water Utility	Sewer Utility	Stormwater Utility	Solid Waste Utility
Net Customer Revenues:					
Charges for Services	\$ 9,351,445	\$ 2,834,428	\$ 2,742,669	\$ 659,131	\$ 484,607
Other Income	72,222	27,693	24,745	-	236,402
Total Operating Revenues	9,423,667	2,862,121	2,767,414	659,131	721,009
Less: Operating Expenses *	8,136,000	1,610,510	1,561,051	152,238	790,526
Net Customer Revenues	<u>\$ 1,287,667</u>	<u>\$ 1,251,611</u>	<u>\$ 1,206,363</u>	<u>\$ 506,893</u>	<u>\$ (69,517)</u>
Debt Service:					
Principal	\$ 116,079	\$ 384,186	\$ 683,841	\$ 59,837	\$ 1,592
Interest	11,441	60,620	183,256	39,289	439
Total Debt Service	<u>\$ 127,520</u>	<u>\$ 444,806</u>	<u>\$ 867,097</u>	<u>\$ 99,126</u>	<u>\$ 2,031</u>
Remaining Principal and Interest	<u>\$ 233,348</u>	<u>\$ 4,083,092</u>	<u>\$ 10,695,595</u>	<u>\$ 1,387,762</u>	<u>\$ 12,131</u>

* Excludes Depreciation Expense

Capital Lease

The City is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases are \$73,895 for governmental activities and \$459,279 for business-type. The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2021:

Year Ending December 31,	Amount Due	
	Governmental	Business-Type
2022	\$ 5,511	\$ 102,401
2023	-	102,402
2024	-	102,402
2025	-	24,003
2026	-	9,713
Subtotal	<u>5,511</u>	<u>340,921</u>
Less: Amount Representing Interest	<u>151</u>	<u>25,651</u>
Present Value of Future Minimum Lease Payments	<u>\$ 5,360</u>	<u>\$ 315,270</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other Plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	\$ (1.20)	\$ 11.00
2012	(7.00)	(7.00)
2013	(9.60)	9.00
2014	4.70	25.00
2015	2.90	2.00
2016	0.50	(5.00)
2017	2.00	4.00
2018	2.40	17.00
2019	-	(10.00)
2020	1.70	21.00

3. Contributions

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

During the year ended December 31, 2021, the WRS recognized \$848,073 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives, and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75	11.75
Protective without Social Security	6.75	16.35

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

At December 31, 2021, the City reported an asset of \$4,605,408 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. 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 asset was based on the City's share of contributions to the Pension Plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.07376752%, which was an increase of 0.00090670% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$849,251.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,665,438	\$ 1,435,723
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	8,646,278
Changes in Assumptions	104,459	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,660	9,839
Employer Contributions Subsequent to the Measurement Date	848,073	-
Total	\$ 7,630,630	\$ 10,091,840

The amount of \$848,073 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Expense
2022	\$ (854,046)
2023	(231,520)
2024	(1,562,771)
2025	(660,946)
Total	\$ (3,309,283)

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Valuation Date:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% to 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.90%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015, to December 31, 2017. The total pension liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the December 31, 2019, actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets

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

	<u>Current Asset Allocation Percentage</u>	<u>Long-Term Expected Nominal Rate of Return Percentage</u>	<u>Long-Term Expected Real Rate of Return Percentage</u>
Core Fund Asset Class:			
Global Equities	51.0 %	7.2 %	4.7 %
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	0.4
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Cash	(15.0)	0.9	N/A
Total Core Fund	<u>100.0 %</u>	6.6	4.1
Variable Fund Asset Class:			
U.S. Equities	70.0 %	6.6	4.1
International Equities	<u>30.0</u>	7.4	4.9
Total Variable Fund	<u>100.0 %</u>	7.1	4.6

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.4%

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 7.0% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on Pension Plan investments of 7.0% and a municipal bond rate of 2.00% (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, 2020 In describing the index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current Plan members.

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 7.0%, 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% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,383,710	\$ (4,605,408)	\$ (11,207,849)

Pension Plan Fiduciary Net Position

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payable to the Pension Plan

At December 31, 2021, the City reported a payable of \$190,297 for the outstanding amount of contributions to the Pension Plan for the year ended December 31, 2021.

G. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2021, as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Local Retiree Life Insurance Fund (LRLIF)	\$ 895,127	\$ 376,140	\$ (134,626)
Single-Employer Defined OPEB Plan	7,013,010	1,297,903	(107,386)
Total OPEB Liability	\$ 7,908,137	\$ 1,674,043	\$ (242,012)

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	23
Active Employees	104
Total	127

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation date of December 31, 2019.

Actuarial Assumptions. The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Investment Rate of Return:	2.25%
Healthcare Cost Trend Rates:	6.50% for 2019 decreasing to an ultimate rate of 5.0%, and level thereafter

Mortality rates are the same as those used in the Wisconsin 2018 Mortality table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the *Wisconsin Retirement System 2015 - 2017 Experience Study*.

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

Discount Rate. The discount rate used to measure the total OPEB liability was 2.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at December 31, 2019	\$ 6,845,384
Changes for the Year:	
Service Cost	161,329
Interest	185,026
Changes of Assumptions	216,916
Benefit Payments	<u>(395,645)</u>
Net Changes	<u>167,626</u>
Balance at December 31, 2020	<u><u>\$ 7,013,010</u></u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.25%) or 1% higher (3.25%) than the current rate:

	1% Decrease to Discount Rate 1.25%	Current Discount Rate 2.25%	1% Increase to Discount Rate 3.25%
Total OPEB Liability	<u>\$ 7,465,244</u>	<u>\$ 7,013,010</u>	<u>\$ 6,585,360</u>

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5% decreasing to 4.0%) or 1% higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Total OPEB Liability	<u>\$ 6,419,455</u>	<u>\$ 7,013,010</u>	<u>\$ 7,681,653</u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$501,583. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 594,353	\$ -
Changes in Assumptions	347,006	107,386
City Contributions Subsequent to the Measurement Date	356,544	-
Total	\$ 1,297,903	\$ 107,386

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ 155,228
2023	155,228
2024	155,228
2025	155,226
2026	182,075
Thereafter	30,988
Total	\$ 833,973

Payable to the OPEB Plan

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2021.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <http://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2021, are:

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The members contribution rates in effect for the year ended December 31, 2020, are listed below:

Life Insurance Member Contribution Rates for the Year Ended December 31, 2020	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$ 0.05
30 to 34	0.06
35 to 39	0.07
40 to 44	0.08
45 to 49	0.12
50 to 54	0.22
55 to 59	0.39
60 to 64	0.49
65 to 69	0.57

During the reporting period, the LRLIF recognized \$3,420 in contributions from the employer.

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

At December 31, 2021, the City reported a liability of \$895,127 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB Plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.16272900%, which was a decrease of 0.01008900% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$108,601.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 42,713
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	13,032	-
Changes in Assumptions	348,217	61,418
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	14,891	30,495
Total	\$ 376,140	\$ 134,626

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ 47,196
2023	45,787
2024	44,335
2025	38,810
2026	46,589
Thereafter	18,797
Total	\$ 241,514

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.10% to 5.60%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015, to December 31, 2017. The total OPEB liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the January 1, 2020, actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Long-Term Expected Return on Plan Assets

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return Percentage</u>
U.S. Credit Bonds	Barclays Credit	50.00	1.47
U.S. Mortgages	Barclays MBS	50.00	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. 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.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Single Discount Rate

A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019, to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the Plan's fiduciary net position is projected to be insufficient. The Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through December 31, 2036.

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

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

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.25%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.25%) or 1% higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
City's Proportionate Share of the Net OPEB Liability	\$ 1,217,629	\$ 895,127	\$ 651,228

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/about-etf/reports-and-studies/financial-reports-and-statements>.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Payable to the OPEB Plan

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2021.

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either: (1) not in spendable form, or (2) legally or contractually required to be maintained intact. At December 31, 2021, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Prepaid Items	\$ 699,647
Long Term Receivables	<u>1,524,302</u>
Total Nonspendable Fund Balance	<u><u>\$ 2,223,949</u></u>

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2021, restricted fund balance was as follows:

Special Revenue Funds:

Restricted for:

Housing Revolving Loans	\$ 99,916
Business and Industrial Revolving Loans	305,853
Library	7,681
Library Gift Fund	116,342
WDF Administrative	200
EMS Act 102 Grant	10,108
Affordable Housing	91,830
Medical/Hospital Equipment	19,476

Capital Projects Funds:

Restricted for:

Street Construction	154,131
Bridge Construction	114,975
Fire Equipment	81,742
TIF District No. 4	26,363
TIF District No. 7	994,767
TIF District No. 8	156,022
TIF District No. 9	137,238
TIF District No. 11	4,527
Harbor Master Plan	529,360

Debt Service Fund:

Restricted for Debt Service	<u>29,314</u>
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Total Restricted Fund Balance	<u><u>\$ 2,879,845</u></u>
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**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2021, governmental fund balance was committed as follows:

Special Revenue Funds:

Committed for:

Community Tourism	\$ 16,979
Special Events Donations	10,418
Business Improvement District	6,038
Docks and Harbors	14,380
Urban Forestry	10,970
Tree Planting	31,987

Capital Projects Funds:

Committed for:

Park and Cemetery Construction	294,003
Fire Equipment	110,129
Public Works Equipment	63,137
Management Information	20,851
Industrial Park Development	96,152
City Landfill	27,506
Community House Renovation	5,897
High School Bike Trail	63,636
Harbor Master Plan	959,094
Library Building and Grounds	36,279

Total Committed Fund Balance	\$ 1,767,456
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**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION

A. WPPI Energy Contract (WPPI)

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

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

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

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

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

The electric operation purchases power through WPPI Energy, for distribution to its customers. Total purchases under this arrangement amounted to approximately \$6.7 million in 2021.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) Nos. 4 through 16. The TIDs were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIDs were created, the property tax base within each TID was “frozen” and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)(1), the Statutes allow up to five years from the date of termination for a tax incremental district to incur project costs eligible for financing from tax increments.

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

	<u>Termination Year</u>
TID No. 4	05/26/21
TID No. 6	07/17/27
TID No. 7	08/20/28
TID No. 8	08/05/29
TID No. 9	07/28/26
TID No. 10	08/25/41
TID No. 11	09/06/43
TID No. 12	09/04/45
TID No. 13	02/03/41
TID No. 14	05/17/41
TID No. 15	07/19/48
TID No. 16	09/27/48

C. Tax Abatements

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

For the year ended December 31, 2021, the City abated property taxes totaling \$232,856 under this program, including the following amounts:

- A property tax abatement of \$212,856 to a developer within District No. 9.
- A property tax abatement of \$20,000 to a developer within District No. 10.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies

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

E. Risk Management

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

F. Subsequent Events

During 2022, the City issued the following long-term debt obligations:

- On April 4, 2022, the City issued general obligation promissory notes in the amount of \$2,305,000 to be used for various equipment and capital improvement projects.
- The City incurred additional debt subsequent to December 31, 2021 in the amount of \$580,219. This amount was disbursed to the City as part of the Clean Water Fund Loan described previously in Note 3.E.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

See accompanying Notes to Required Supplementary Information.

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

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

*Amounts for prior years were not available.

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

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

*Amounts for prior years were not available.

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

Fiscal Year Ended December 31,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2018	\$ 3,349	\$ 3,349	\$ -	\$ 8,182,118	0.04 %
2019	3,440	3,440	-	8,168,000	0.04
2020	3,124	3,124	-	8,178,000	0.04
2021	3,420	3,420	-	8,638,338	0.04

*Amounts for prior years were not available.

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

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service Cost	\$ 161,329	\$ 169,825	\$ 178,228	\$ 178,228
Interest	185,026	227,897	207,851	209,119
Differences between Expected and Actual Experience	-	832,095	-	-
Changes of Assumptions	216,916	225,508	(187,924)	-
Benefit Payments	(395,645)	(444,924)	(425,292)	(421,890)
NET CHANGE IN TOTAL OPEB LIABILITY	167,626	1,010,401	(227,137)	(34,543)
Total OPEB Liability - Beginning of Year	6,845,384	5,834,983	6,062,120	6,096,663
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 7,013,010</u>	<u>\$ 6,845,384</u>	<u>\$ 5,834,983</u>	<u>\$ 6,062,120</u>
Covered-Employee Payroll	<u>\$ 7,319,913</u>	<u>\$ 7,319,913</u>	<u>\$ 6,875,838</u>	<u>\$ 6,875,838</u>
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	95.81%	93.52%	84.86%	88.17%

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

There were no changes of benefits terms for any participating employers in the WRS. No significant change in assumptions were noted from the prior year.

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The City maintains the following two OPEB plans:

Single-Employer Defined Postemployment Benefit Plan

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

Local Retiree Life Insurance Fund (LRLIF)

There were no changes of benefit terms for any participating employer in LRLIF. Actuarial assumptions were based on an experience study conducted in 2018 using WRS experience from 2015 to 2017 and the discount rate was updated to reflect the municipal bond rate at the completion of the actuarial valuation.

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

SUPPLEMENTARY INFORMATION

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Taxes:				
General Property	\$ 2,230,500	\$ 2,230,500	\$ 2,230,501	\$ 1
Payments in Lieu of Taxes	20	20	17	(3)
Interest and Taxes	10,000	10,000	11,954	1,954
Total Taxes	2,240,520	2,240,520	2,242,472	1,952
Special Assessments:				
Street Paving and Construction	135,000	135,000	204,159	69,159
Other Special Assessments	9,000	9,000	3,426	(5,574)
Total Special Assessments	144,000	144,000	207,585	63,585
Intergovernmental:				
State Shared Taxes	3,775,565	3,775,565	3,780,744	5,179
Exempt Computer Aid	20,430	20,430	20,433	3
Fire Insurance Tax	24,000	24,000	24,911	911
Shared Election Aid	-	-	490	490
Law Enforcement Training	10,000	10,000	17,091	7,091
Expenditure Restraint	179,100	179,100	179,103	3
Other Public Safety	26,000	26,000	24,257	(1,743)
Municipal Services Payment	3,650	3,650	3,669	19
Local Highway Aid	507,776	507,776	507,776	-
Connecting Streets	89,765	89,765	89,765	-
Total Intergovernmental	4,636,286	4,636,286	4,648,239	11,953
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	16,000	16,000	14,550	(1,450)
Bar Operators	6,000	6,000	4,059	(1,941)
Cigarette	900	900	1,009	109
Dog	8,000	8,000	6,890	(1,110)
Business and Occupational	2,000	2,000	2,756	756
Bicycle	500	500	825	325
Permits:				
Building	70,000	70,000	62,760	(7,240)
Electrical	15,000	15,000	15,630	630
Plumbing	20,000	20,000	25,160	5,160
Sign	2,200	2,200	1,680	(520)
Conditional Use	3,500	3,500	4,400	900
Other Permits	5,000	5,000	5,302	302
Cable Franchise Fees	134,000	134,000	131,973	(2,027)
Total Licenses and Permits	283,100	283,100	276,994	(6,106)

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and Forfeits:				
Court Penalties and Costs	\$ 65,000	\$ 65,000	\$ 106,736	\$ 41,736
Animal Control	500	500	450	(50)
Parking Fines	18,400	18,400	15,585	(2,815)
Total Fines and Forfeits	<u>83,900</u>	<u>83,900</u>	<u>122,771</u>	<u>38,871</u>
Public Charges for Services:				
Community Center	30,000	30,000	21,817	(8,183)
Senior Center	50,000	50,000	17,295	(32,705)
General Government	24,000	24,000	27,455	3,455
Public Works	260,000	260,000	204,442	(55,558)
Cemetery Plots and Burials	110,000	110,000	121,870	11,870
Law Enforcement	2,500	2,500	2,176	(324)
Ambulance	780,000	780,000	778,784	(1,216)
Recreation	85,000	85,000	60,785	(24,215)
Fire Department	77,500	77,500	53,150	(24,350)
Total Public Charges for Services	<u>1,419,000</u>	<u>1,419,000</u>	<u>1,287,774</u>	<u>(131,226)</u>
Intergovernmental Charges for Services:				
Police Liaison	139,000	139,000	144,606	5,606
Shared Fire Expense	500	500	178	(322)
Total Intergovernmental Charges for Services	<u>139,500</u>	<u>139,500</u>	<u>144,784</u>	<u>5,284</u>
Interdepartmental Charges for Services:				
Public Works	500,000	500,000	419,689	(80,311)
Recreation	30,000	30,000	24,761	(5,239)
Economic Development	20,000	20,000	-	(20,000)
Total Interdepartmental Charges for Services	<u>550,000</u>	<u>550,000</u>	<u>444,450</u>	<u>(105,550)</u>
Miscellaneous:				
Interest on Investments	18,000	18,000	2,385	(15,615)
Interest on Advances	67,000	67,000	33,225	(33,775)
Interest on Special Assessments	10,000	10,000	18,027	8,027
Rental Income	65,000	65,000	62,816	(2,184)
Refunds for Prior Years	36,500	36,500	30,677	(5,823)
Other	5,000	5,000	8,560	3,560
Total Miscellaneous	<u>201,500</u>	<u>201,500</u>	<u>155,690</u>	<u>(45,810)</u>
Total Revenues	<u>\$ 9,697,806</u>	<u>\$ 9,697,806</u>	<u>\$ 9,530,759</u>	<u>\$ (167,047)</u>

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
General Government:				
Council	\$ 16,006	\$ 16,006	\$ 15,339	\$ 667
Judicial	58,706	58,706	67,029	(8,323)
Clerk	80,490	80,490	80,859	(369)
Assessor	116,187	116,187	106,508	9,679
Elections	14,850	14,850	10,661	4,189
City Manager	162,900	162,900	181,392	(18,492)
City Hall	83,507	83,507	83,688	(181)
Information Systems	105,311	105,311	99,465	5,846
Other General Government	15,150	15,150	2,390	12,760
Insurance and Bonds	330,710	330,710	315,646	15,064
Legal	55,740	55,740	53,880	1,860
Accounting	169,764	169,764	168,314	1,450
Uncollectible Taxes and Refunds	10,000	10,000	11,436	(1,436)
Contingency	30,795	30,795	-	30,795
Total General Government	1,250,116	1,250,116	1,196,607	53,509
Public Safety:				
Police and Fire Commission	5,000	5,000	2,907	2,093
Police Department	3,199,158	3,199,158	3,065,020	134,138
Fire Department	2,043,632	2,043,632	2,134,267	(90,635)
Ambulance	514,035	514,035	507,365	6,670
Inspection	133,530	133,530	124,732	8,798
Total Public Safety	5,895,355	5,895,355	5,834,291	61,064
Public Works:				
Public Works Shop	629,273	629,273	592,467	36,806
Highway Administration	186,782	186,782	179,344	7,438
Bridge Repairs and Maintenance	48,189	48,189	52,349	(4,160)
Street and Highway Maintenance	244,887	244,887	257,366	(12,479)
Snow and Ice Removal	213,215	213,215	123,244	89,971
Traffic Control	64,277	64,277	49,655	14,622
Transit	112,694	112,694	107,877	4,817
Work Done for Others	139,607	139,607	188,570	(48,963)
Total Public Works	1,638,924	1,638,924	1,550,872	88,052
Health and Human Services:				
Cemetery	147,057	147,057	140,910	6,147
Senior Center	197,762	197,762	171,428	26,334
Total Health and Human Services	344,819	344,819	312,338	32,481

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture and Recreation:				
Community Center	\$ 410,242	\$ 410,242	\$ 366,473	\$ 43,769
Parks	291,418	291,418	276,100	15,318
Recreation	297,898	297,898	266,027	31,871
Special Events	34,381	34,381	37,328	(2,947)
Recreation Fields	120,913	120,913	118,114	2,799
Total Culture and Recreation	<u>1,154,852</u>	<u>1,154,852</u>	<u>1,064,042</u>	<u>90,810</u>
 Total Expenditures	 <u>\$ 10,284,066</u>	 <u>\$ 10,284,066</u>	 <u>\$ 9,958,150</u>	 <u>\$ 325,916</u>

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,305,271	\$ 2,305,271	\$ 2,305,271	\$ -
Miscellaneous	8,000	8,000	1,150	(6,850)
Total Revenues	<u>2,313,271</u>	<u>2,313,271</u>	<u>2,306,421</u>	<u>(6,850)</u>
EXPENDITURES				
Debt Service:				
Principal	1,998,434	1,998,434	2,231,916	(233,482)
Interest and Fiscal Charges	555,554	555,554	689,236	(133,682)
Total Expenditures	<u>2,553,988</u>	<u>2,553,988</u>	<u>2,921,152</u>	<u>(367,164)</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(240,717)	(240,717)	(614,731)	(374,014)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	1,000	1,000
Refunding Debt Issued	-	-	15,870	15,870
Principal Paid from Refunding Debt	-	-	(750,000)	(750,000)
Premium on Debt Issued	-	-	177,290	177,290
Transfers In	221,860	221,860	1,181,469	959,609
Transfers Out	(55,516)	(55,516)	(56,237)	(721)
Total Other Financing Sources (Uses)	<u>166,344</u>	<u>166,344</u>	<u>569,392</u>	<u>403,048</u>
NET CHANGE IN FUND BALANCE	(74,373)	(74,373)	(45,339)	29,034
Fund Balance - Beginning of Year	<u>74,653</u>	<u>74,653</u>	<u>74,653</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 280</u>	<u>\$ 280</u>	<u>\$ 29,314</u>	<u>\$ 29,034</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
ASSETS					
Cash and Investments	\$ 311,233	\$ 116,342	\$ 21,899	\$ 10,418	\$ 200
Receivables					
Taxes and Special Charges	346,600	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 657,833	\$ 116,342	\$ 21,899	\$ 10,418	\$ 200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 9,211	\$ -	\$ 4,920	\$ -	\$ -
Accrued and Other Current Liabilities	9,598	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	32	-	-	-	-
Special Deposits	24	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	18,865	-	4,920	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	631,287	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	631,287	-	-	-	-
FUND BALANCES					
Restricted	7,681	116,342	-	-	200
Committed	-	-	16,979	10,418	-
Unassigned	-	-	-	-	-
Total Fund Balances	7,681	116,342	16,979	10,418	200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 657,833	\$ 116,342	\$ 21,899	\$ 10,418	\$ 200

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Tree Planting
ASSETS					
Cash and Investments	\$ 10,678	\$ 15,485	\$ 11,029	\$ -	\$ 31,987
Receivables					
Taxes and Special Charges	27,813	-	-	-	-
Accounts	6,038	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 44,529</u>	<u>\$ 15,485</u>	<u>\$ 11,029</u>	<u>\$ -</u>	<u>\$ 31,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 1,105	\$ -	\$ 1,188	\$ -
Accrued and Other Current Liabilities	-	-	59	619	-
Due to Other Funds	-	-	-	37,679	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	732	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,105</u>	<u>59</u>	<u>40,218</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	38,491	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	<u>38,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	6,038	14,380	10,970	-	31,987
Unassigned	-	-	-	(40,218)	-
Total Fund Balances	<u>6,038</u>	<u>14,380</u>	<u>10,970</u>	<u>(40,218)</u>	<u>31,987</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,529</u>	<u>\$ 15,485</u>	<u>\$ 11,029</u>	<u>\$ -</u>	<u>\$ 31,987</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Special Revenue				
	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing	Medical/ Hospital Equipment
ASSETS					
Cash and Investments	\$ 10,108	\$ 309,462	\$ -	\$ 91,830	\$ 19,476
Receivables					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	1,126,951	-	-	-
Due from Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,108</u>	<u>\$ 1,436,413</u>	<u>\$ -</u>	<u>\$ 91,830</u>	<u>\$ 19,476</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 3,609	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	1,126,951	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>1,126,951</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	10,108	305,853	-	91,830	19,476
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>10,108</u>	<u>305,853</u>	<u>-</u>	<u>91,830</u>	<u>19,476</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,108</u>	<u>\$ 1,436,413</u>	<u>\$ -</u>	<u>\$ 91,830</u>	<u>\$ 19,476</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Special Revenue		Capital Projects		
	Community Development	ARPA Fund	Street Construction	Bridge Construction	Park and Cemetery Construction
ASSETS					
Cash and Investments	\$ 610	\$ 577,823	\$ 194,876	\$ 107,372	\$ 294,003
Receivables					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 610	\$ 577,823	\$ 194,876	\$ 107,372	\$ 294,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 56,938	\$ -	\$ -
Accrued and Other Current Liabilities	1,762	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	577,823	-	-	-
Total Liabilities	1,762	577,823	56,938	-	-
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	154,131	114,975	-
Committed	-	-	-	-	294,003
Unassigned	(1,152)	-	(16,193)	(7,603)	-
Total Fund Balances	(1,152)	-	137,938	107,372	294,003
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 610	\$ 577,823	\$ 194,876	\$ 107,372	\$ 294,003

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Capital Projects				
	Fire Equipment	Public Works Equipment	City Hall Equipment	Management Information	Police Equipment
ASSETS					
Cash and Investments	\$ 191,871	\$ 63,137	\$ 9,188	\$ 24,043	\$ 93,222
Receivables					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 191,871	\$ 63,137	\$ 9,188	\$ 24,043	\$ 93,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 18,788	\$ 3,192	\$ 162
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	121,305
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	-	18,788	3,192	121,467
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	81,742	-	-	-	-
Committed	110,129	63,137	-	20,851	-
Unassigned	-	-	(9,600)	-	(28,245)
Total Fund Balances	191,871	63,137	(9,600)	20,851	(28,245)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 191,871	\$ 63,137	\$ 9,188	\$ 24,043	\$ 93,222

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 4	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9
ASSETS					
Cash and Investments	\$ 48,752	\$ 3,974	\$ 279,767	\$ 241,645	\$ 236,679
Receivables					
Taxes and Special Charges	27,258	12,573	56,604	104,243	121,067
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	761,492	-	-
Total Assets	<u>\$ 76,010</u>	<u>\$ 16,547</u>	<u>\$ 1,097,863</u>	<u>\$ 345,888</u>	<u>\$ 357,746</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	-	186,575	-	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>186,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	49,647	22,900	103,096	189,866	220,508
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	<u>49,647</u>	<u>22,900</u>	<u>103,096</u>	<u>189,866</u>	<u>220,508</u>
FUND BALANCES					
Restricted	26,363	-	994,767	156,022	137,238
Committed	-	-	-	-	-
Unassigned	-	(192,928)	-	-	-
Total Fund Balances	<u>26,363</u>	<u>(192,928)</u>	<u>994,767</u>	<u>156,022</u>	<u>137,238</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 76,010</u>	<u>\$ 16,547</u>	<u>\$ 1,097,863</u>	<u>\$ 345,888</u>	<u>\$ 357,746</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14
ASSETS					
Cash and Investments	\$ -	\$ 16,632	\$ -	\$ -	\$ -
Receivables					
Taxes and Special Charges	2,911	14,738	100,752	4,828	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,911</u>	<u>\$ 31,370</u>	<u>\$ 100,752</u>	<u>\$ 4,828</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	141,548	-	68,735	20,117	1,030
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>141,548</u>	<u>-</u>	<u>68,735</u>	<u>20,117</u>	<u>1,030</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	5,302	26,843	100,752	8,756	-
Loans Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	<u>5,302</u>	<u>26,843</u>	<u>100,752</u>	<u>8,756</u>	<u>-</u>
FUND BALANCES					
Restricted	-	4,527	-	-	-
Committed	-	-	-	-	-
Unassigned	(143,939)	-	(68,735)	(24,045)	(1,030)
Total Fund Balances	<u>(143,939)</u>	<u>4,527</u>	<u>(68,735)</u>	<u>(24,045)</u>	<u>(1,030)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,911</u>	<u>\$ 31,370</u>	<u>\$ 100,752</u>	<u>\$ 4,828</u>	<u>\$ -</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 15	TIF District No. 16	Industrial Park Development	City Landfill	Community House Renovation
ASSETS					
Cash and Investments	\$ -	\$ -	\$ 100,632	\$ 27,506	\$ 5,897
Receivables					
Taxes and Special Charges	-	-	-	-	-
Accounts	-	-	-	-	-
Loans	-	-	4,125	-	-
Due from Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,757</u>	<u>\$ 27,506</u>	<u>\$ 5,897</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-
Due to Other Funds	2,256	1,030	-	-	-
Due to Other Governments	-	-	-	-	-
Special Deposits	-	-	4,480	-	-
Unearned Revenues	-	-	-	-	-
Total Liabilities	<u>2,256</u>	<u>1,030</u>	<u>4,480</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	-
Loans Receivable	-	-	4,125	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>4,125</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	-	-	96,152	27,506	5,897
Unassigned	(2,256)	(1,030)	-	-	-
Total Fund Balances	<u>(2,256)</u>	<u>(1,030)</u>	<u>96,152</u>	<u>27,506</u>	<u>5,897</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,757</u>	<u>\$ 27,506</u>	<u>\$ 5,897</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Capital Projects			Totals
	High School Bike Trail	Harbor Master Plan	Library Building and Grounds	
ASSETS				
Cash and Investments	\$ 63,636	\$ 1,488,454	\$ 36,279	\$ 5,066,145
Receivables				
Taxes and Special Charges	-	-	-	819,387
Accounts	-	-	-	6,038
Loans	-	-	-	1,131,076
Due from Other Funds	-	-	-	761,492
	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,492</u>
Total Assets	<u>\$ 63,636</u>	<u>\$ 1,488,454</u>	<u>\$ 36,279</u>	<u>\$ 7,784,138</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 99,113
Accrued and Other Current Liabilities	-	-	-	12,038
Due to Other Funds	-	-	-	580,275
Due to Other Governments	-	-	-	32
Special Deposits	-	-	-	5,236
Unearned Revenues	-	-	-	577,823
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274,517</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for				
Subsequent Year	-	-	-	1,397,448
Loans Receivable	-	-	-	1,131,076
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,528,524</u>
FUND BALANCES				
Restricted	-	529,360	-	2,750,615
Committed	63,636	959,094	36,279	1,767,456
Unassigned	-	-	-	(536,974)
Total Fund Balances	<u>63,636</u>	<u>1,488,454</u>	<u>36,279</u>	<u>3,981,097</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 63,636</u>	<u>\$ 1,488,454</u>	<u>\$ 36,279</u>	<u>\$ 7,784,138</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue				
	Library	Library Gift	Community Tourism	Special Events Donations	WDF Administrative
REVENUES					
Taxes	\$ 607,007	\$ -	\$ 240,849	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	172,339	-	-	-	-
Public Charges for Services	4,698	-	21,717	-	-
Miscellaneous	51,545	30,698	2,570	39,748	-
Total Revenues	<u>835,589</u>	<u>30,698</u>	<u>265,136</u>	<u>39,748</u>	<u>-</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	856,484	203,765	-	21,114	-
Conservation and Development	-	-	210,692	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	13,984	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>870,468</u>	<u>203,765</u>	<u>210,692</u>	<u>21,114</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(34,879)	(173,067)	54,444	18,634	-
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	-
Transfers In	28,050	-	77,574	-	-
Transfers Out	(1,080)	(78,050)	(119,563)	-	-
Total Other Financing Sources (Uses)	<u>26,970</u>	<u>(78,050)</u>	<u>(41,989)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(7,909)	(251,117)	12,455	18,634	-
Fund Balances - Beginning of Year	15,590	367,459	4,524	(8,216)	200
FUND BALANCES - END OF YEAR	<u>\$ 7,681</u>	<u>\$ 116,342</u>	<u>\$ 16,979</u>	<u>\$ 10,418</u>	<u>\$ 200</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue				
	Business Improvement District	Docks and Harbors	Urban Forestry	Senior Center	Tree Planting
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	38,411	-	-	-	-
Intergovernmental	-	-	-	27,115	-
Public Charges for Services	-	8,401	-	50,368	-
Miscellaneous	-	-	-	18,197	20,986
Total Revenues	<u>38,411</u>	<u>8,401</u>	<u>-</u>	<u>95,680</u>	<u>20,986</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	3,270	-	-	-
Health and Human Services	-	-	-	80,345	-
Culture and Recreation	-	-	-	1,833	-
Conservation and Development	37,998	-	13,712	-	367
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	7,985	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>37,998</u>	<u>11,255</u>	<u>13,712</u>	<u>82,178</u>	<u>367</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	413	(2,854)	(13,712)	13,502	20,619
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	-
Transfers In	-	-	19,500	-	-
Transfers Out	-	-	-	-	(19,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>(19,500)</u>
NET CHANGE IN FUND BALANCES	413	(2,854)	5,788	13,502	1,119
Fund Balances - Beginning of Year	<u>5,625</u>	<u>17,234</u>	<u>5,182</u>	<u>(53,720)</u>	<u>30,868</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,038</u>	<u>\$ 14,380</u>	<u>\$ 10,970</u>	<u>\$ (40,218)</u>	<u>\$ 31,987</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue				
	EMS Act 102 Grant	Business and Industrial Revolving Loans	Sandy Bay Highlands	Affordable Housing	Medical/ Hospital Equipment
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	5,902	-	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	238,446	217,205	-	14,353
Total Revenues	<u>5,902</u>	<u>238,446</u>	<u>217,205</u>	<u>-</u>	<u>14,353</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	1,239	-	-	-	16,020
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	281,591	120	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>1,239</u>	<u>281,591</u>	<u>120</u>	<u>-</u>	<u>16,020</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	4,663	(43,145)	217,085	-	(1,667)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(75,000)	(217,085)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>(217,085)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,663	(118,145)	-	-	(1,667)
Fund Balances - Beginning of Year	<u>5,445</u>	<u>423,998</u>	<u>-</u>	<u>91,830</u>	<u>21,143</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,108</u>	<u>\$ 305,853</u>	<u>\$ -</u>	<u>\$ 91,830</u>	<u>\$ 19,476</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue		Capital Projects		
	Community Development	ARPA Fund	Street Construction	Bridge Construction	Park and Cemetery Construction
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	18,015	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	355,715
Total Revenues	-	-	18,015	-	355,715
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	39,456
Conservation and Development	142,539	-	-	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	597,612	12,475	-
Culture and Recreation	-	-	-	-	140,590
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	142,539	-	597,612	12,475	180,046
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(142,539)	-	(579,597)	(12,475)	175,669
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	495,000	110,000	149,500
Refunding Debt Issued	-	-	-	-	-
Transfers In	130,000	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	130,000	-	495,000	110,000	149,500
NET CHANGE IN FUND BALANCES	(12,539)	-	(84,597)	97,525	325,169
Fund Balances - Beginning of Year	11,387	-	222,535	9,847	(31,166)
FUND BALANCES - END OF YEAR	\$ (1,152)	\$ -	\$ 137,938	\$ 107,372	\$ 294,003

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects				
	Fire Equipment	Public Works Equipment	City Hall Equipment	Management Information	Police Equipment
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	87,823	35,684	-	-	133,497
Total Revenues	<u>87,823</u>	<u>35,684</u>	<u>-</u>	<u>-</u>	<u>133,497</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	14,885	-	-	-	11,563
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Capital Outlay:					
General Government	-	-	48,957	13,299	-
Public Safety	633,372	-	-	-	145,448
Public Works	-	711,838	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>648,257</u>	<u>711,838</u>	<u>48,957</u>	<u>13,299</u>	<u>157,011</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(560,434)	(676,154)	(48,957)	(13,299)	(23,514)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	730,000	387,000	15,000	-	27,500
Refunding Debt Issued	-	-	-	-	-
Transfers In	-	-	-	18,000	56,237
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>730,000</u>	<u>387,000</u>	<u>15,000</u>	<u>18,000</u>	<u>83,737</u>
NET CHANGE IN FUND BALANCES	169,566	(289,154)	(33,957)	4,701	60,223
Fund Balances - Beginning of Year	<u>22,305</u>	<u>352,291</u>	<u>24,357</u>	<u>16,150</u>	<u>(88,468)</u>
FUND BALANCES - END OF YEAR	<u>\$ 191,871</u>	<u>\$ 63,137</u>	<u>\$ (9,600)</u>	<u>\$ 20,851</u>	<u>\$ (28,245)</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 4	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9
REVENUES					
Taxes	\$ 43,905	\$ 22,206	\$ 149,258	\$ 180,463	\$ 14,445
Special Assessments	-	-	-	-	-
Intergovernmental	1,862	5	102	-	2,527
Public Charges for Services	-	-	-	-	-
Miscellaneous	-	-	25,764	12,000	-
Total Revenues	<u>45,767</u>	<u>22,211</u>	<u>175,124</u>	<u>192,463</u>	<u>16,972</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	150	214	150	926	150
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	88,190	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	6,491	-	-	-
Total Expenditures	<u>150</u>	<u>6,705</u>	<u>150</u>	<u>89,116</u>	<u>150</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	45,617	15,506	174,974	103,347	16,822
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	(72,158)	(94,561)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(72,158)</u>	<u>(94,561)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	45,617	15,506	102,816	8,786	16,822
Fund Balances - Beginning of Year	<u>(19,254)</u>	<u>(208,434)</u>	<u>891,951</u>	<u>147,236</u>	<u>120,416</u>
FUND BALANCES - END OF YEAR	<u>\$ 26,363</u>	<u>\$ (192,928)</u>	<u>\$ 994,767</u>	<u>\$ 156,022</u>	<u>\$ 137,238</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13	TIF District No. 14
REVENUES					
Taxes	\$ -	\$ 27,614	\$ 21,704	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	25	32,173	-	-	-
Public Charges for Services	-	-	-	-	-
Miscellaneous	27,500	-	-	-	-
Total Revenues	<u>27,525</u>	<u>59,787</u>	<u>21,704</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	24,402	60,855	5,213	151	1,000
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	4,151	-	2,002	700	30
Total Expenditures	<u>28,553</u>	<u>60,855</u>	<u>7,215</u>	<u>851</u>	<u>1,030</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(1,028)	(1,068)	14,489	(851)	(1,030)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	759,130	-	-
Transfers In	-	-	-	-	-
Transfers Out	(24,804)	-	(788,055)	(256,688)	-
Total Other Financing Sources (Uses)	<u>(24,804)</u>	<u>-</u>	<u>(28,925)</u>	<u>(256,688)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(25,832)	(1,068)	(14,436)	(257,539)	(1,030)
Fund Balances - Beginning of Year	(118,107)	5,595	(54,299)	233,494	-
FUND BALANCES - END OF YEAR	<u>\$ (143,939)</u>	<u>\$ 4,527</u>	<u>\$ (68,735)</u>	<u>\$ (24,045)</u>	<u>\$ (1,030)</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects				
	TIF District No. 15	TIF District No. 16	Industrial Park Development	City Landfill	Community House Renovation
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Public Charges for Services	-	-	-	164,890	-
Miscellaneous	-	-	184,170	-	6,035
Total Revenues	<u>-</u>	<u>-</u>	<u>184,170</u>	<u>164,890</u>	<u>6,035</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	95,269	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	-	-	-	-	138
Conservation and Development	2,190	1,000	19,466	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation and Development	-	-	1,500	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	66	30	-	-	-
Total Expenditures	<u>2,256</u>	<u>1,030</u>	<u>20,966</u>	<u>95,269</u>	<u>138</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	(2,256)	(1,030)	163,204	69,621	5,897
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Refunding Debt Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	(70,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,256)	(1,030)	93,204	69,621	5,897
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>2,948</u>	<u>(42,115)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (2,256)</u>	<u>\$ (1,030)</u>	<u>\$ 96,152</u>	<u>\$ 27,506</u>	<u>\$ 5,897</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects			Totals
	Bike Trail	Harbor Master Plan	Library Building and Grounds	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,307,451
Special Assessments	-	-	-	38,411
Intergovernmental	112,122	-	-	372,187
Public Charges for Services	-	-	-	250,074
Miscellaneous	683	-	1,976	1,504,595
Total Revenues	112,805	-	1,976	3,472,718
EXPENDITURES				
Current:				
General Government	-	-	28,091	28,091
Public Safety	-	-	-	43,707
Public Works	-	9,672	-	108,211
Health and Human Services	-	-	-	80,345
Culture and Recreation	74,165	-	-	1,196,955
Conservation and Development	-	-	-	802,886
Capital Outlay:				
General Government	-	-	-	62,256
Public Safety	-	-	-	778,820
Public Works	-	-	-	1,329,910
Culture and Recreation	-	-	-	140,590
Conservation and Development	-	-	-	89,690
Debt Service:				
Principal	-	-	-	13,984
Interest and Fiscal Charges	-	-	-	13,470
Total Expenditures	74,165	9,672	28,091	4,688,915
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES	38,640	(9,672)	(26,115)	(1,216,197)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	1,914,000
Refunding Debt Issued	-	-	-	759,130
Transfers In	-	-	50,000	379,361
Transfers Out	-	-	-	(1,816,544)
Total Other Financing Sources (Uses)	-	-	50,000	1,235,947
NET CHANGE IN FUND BALANCES	38,640	(9,672)	23,885	19,750
Fund Balances - Beginning of Year	24,996	1,498,126	12,394	3,961,347
FUND BALANCES - END OF YEAR	\$ 63,636	\$ 1,488,454	\$ 36,279	\$ 3,981,097

**CITY OF TWO RIVERS, WISCONSIN
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2021**

	<u>Tele- communication Utility</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 76,575	\$ 117,580	\$ 194,155
Receivables			
Taxes and Special Charges	-	2,490	2,490
Other	-	64,629	64,629
Total Current Assets	<u>76,575</u>	<u>184,699</u>	<u>261,274</u>
Other Assets:			
Net Pension Asset	-	26,157	26,157
Capital Assets:			
Depreciable, Net	<u>34,646</u>	<u>-</u>	<u>34,646</u>
Total Assets	<u>111,221</u>	<u>210,856</u>	<u>322,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	-	43,527	43,527
Other Postemployment Related Amounts	<u>-</u>	<u>10,383</u>	<u>10,383</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>53,910</u>	<u>53,910</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
DECEMBER 31, 2021**

	<u>Tele- communication Utility</u>	<u>Solid Waste</u>	<u>Total</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ 16,477	\$ 16,477
Accrued and Other Current Liabilities	-	549	549
Accrued Interest Payable	-	399	399
Current Portion of Long-Term Debt	-	1,656	1,656
Total Current Liabilities	<u>-</u>	<u>19,081</u>	<u>19,081</u>
Long-Term Obligations, Less Current Portion:			
Revenue Bonds	-	9,326	9,326
Other Postemployment Benefits	-	47,862	47,862
Total Long-Term Obligations, Less Current Portion	<u>-</u>	<u>57,188</u>	<u>57,188</u>
Total Liabilities	<u>-</u>	<u>76,269</u>	<u>76,269</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	-	57,318	57,318
Other Postemployment Related Amounts	<u>-</u>	<u>1,609</u>	<u>1,609</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>58,927</u>	<u>58,927</u>
NET POSITION			
Net Investment in Capital Assets	34,646	-	34,646
Restricted for Pension Benefits	-	26,157	26,157
Unrestricted	<u>76,575</u>	<u>103,413</u>	<u>179,988</u>
Total Net Position	<u>\$ 111,221</u>	<u>\$ 129,570</u>	<u>\$ 240,791</u>

**CITY OF TWO RIVERS, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED DECEMBER 31, 2021**

	Tele- communication Utility	Solid Waste	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ 484,607	\$ 484,607
Other	10,000	236,402	246,402
Total Operating Revenues	<u>10,000</u>	<u>721,009</u>	<u>731,009</u>
OPERATING EXPENSES			
Operation and Maintenance	900	790,526	791,426
Depreciation	7,717	-	7,717
Total Operating Expenses	<u>8,617</u>	<u>790,526</u>	<u>799,143</u>
OPERATING INCOME (LOSS)	1,383	(69,517)	(68,134)
NONOPERATING REVENUES (EXPENSES)			
Nonoperating Grants	-	82,169	82,169
Interest and Fiscal Charges	-	(455)	(455)
Other Nonoperating Revenues	16,944	-	16,944
Total Nonoperating Revenues (Expenses)	<u>16,944</u>	<u>81,714</u>	<u>98,658</u>
INCOME BEFORE TRANSFERS	18,327	12,197	30,524
TRANSFERS OUT	<u>-</u>	<u>(1,080)</u>	<u>(1,080)</u>
CHANGE IN NET POSITION	18,327	11,117	29,444
Net Position - Beginning of Year	<u>92,894</u>	<u>118,453</u>	<u>211,347</u>
NET POSITION - END OF YEAR	<u>\$ 111,221</u>	<u>\$ 129,570</u>	<u>\$ 240,791</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Tele- communication Utility	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 10,000	\$ 736,071	\$ 746,071
Cash Received from Rent	16,944	-	16,944
Cash Paid for Employee Wages and Benefits	-	(115,756)	(115,756)
Cash Paid to Suppliers	(900)	(668,546)	(669,446)
Net Cash Provided (Used) by Operating Activities	26,044	(48,231)	(22,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating Grants	-	82,169	82,169
Transfer Out	-	(1,080)	(1,080)
Net Cash Provided by Noncapital Financing Activities	-	81,089	81,089
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(15,397)	-	(15,397)
Principal Paid on Long-Term Debt	-	(1,592)	(1,592)
Interest Paid on Long-Term Debt	-	(504)	(504)
Net Cash Used by Capital and Related Financing Activities	(15,397)	(2,096)	(17,493)
CHANGE IN CASH AND CASH EQUIVALENTS	10,647	30,762	41,409
Cash and Cash Equivalents - Beginning of Year	65,928	86,818	152,746
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 76,575	\$ 117,580	\$ 194,155

**CITY OF TWO RIVERS, WISCONSIN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2021**

	Tele- communication Utility	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 1,383	\$ (69,517)	\$ (68,134)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	7,717	-	7,717
Rental Income	16,944	-	16,944
Change in Asset, Liability, and Deferred Outflows and Inflows of Resources:			
Net Pension Asset	-	(15,252)	(15,252)
Deferred Outflows - Pension Related	-	(16,583)	(16,583)
Deferred Inflows - Pension Related	-	24,580	24,580
Deferred Outflows - OPEB Related	-	876	876
OPEB Liability	-	(3,691)	(3,691)
Deferred Inflows - OPEB Related	-	(97)	(97)
Change in Operating Assets and Liabilities:			
Accounts Receivable	-	15,062	15,062
Accounts Payable	-	16,310	16,310
Accrued and Other Current Liabilities	-	81	81
Net Cash Provided (Used) by Operating Activities	\$ 26,044	\$ (48,231)	\$ (22,187)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents in Current Assets	\$ 76,575	\$ 117,580	\$ 194,155

**CITY OF TWO RIVERS, WISCONSIN
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 DECEMBER 31, 2021**

	Custodial Funds				Total
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	
ASSETS					
Cash and Investments	\$ 3,498,863	\$ 165,379	\$ 162	\$ 1,322	\$ 3,665,726
Receivables					
Taxes	4,259,791	-	-	-	4,259,791
Total Assets	<u>7,758,654</u>	<u>165,379</u>	<u>162</u>	<u>1,322</u>	<u>7,925,517</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	<u>7,758,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,758,654</u>
NET POSITION					
Restricted	<u>\$ -</u>	<u>\$ 165,379</u>	<u>\$ 162</u>	<u>\$ 1,322</u>	<u>\$ 166,863</u>

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	Custodial Funds				Total
	Property Tax Collection	Smongeski Health	Crime Prevention	TRIAD Committee	
ADDITIONS					
Interest on Investments	\$ -	\$ 6,467	\$ -	\$ 1,332	\$ 7,799
Taxes and Special Charges Collected	7,398,601	-	-	-	7,398,601
Total Additions	<u>7,398,601</u>	<u>6,467</u>	<u>-</u>	<u>1,332</u>	<u>7,406,400</u>
DEDUCTIONS					
Payments to Others	7,398,601	-	191	1,259	7,400,051
Benefits	-	1,542	-	-	1,542
Total Deductions	<u>7,398,601</u>	<u>1,542</u>	<u>191</u>	<u>1,259</u>	<u>7,401,593</u>
CHANGE IN NET POSITION	-	4,925	(191)	73	4,807
Net Position - Beginning of Year	<u>-</u>	<u>160,454</u>	<u>353</u>	<u>1,249</u>	<u>162,056</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 165,379</u>	<u>\$ 162</u>	<u>\$ 1,322</u>	<u>\$ 166,863</u>

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Two Rivers, Wisconsin (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 25, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

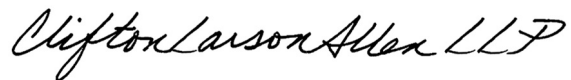
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Two Rivers, Wisconsin's Response to Finding

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
August 25, 2022

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

Section I – Internal Control Over Financial Reporting

FINDING NO.	CONTROL DEFICIENCIES
2021-001	Preparation of Annual Financial Report Repeat of Finding 2020-001
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and relies on our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Report Form C.
Criteria or Specific Requirement:	The preparation and review of the annual financial report and the Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Cause:	City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understand of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and the Municipal Financial Report.

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section I – Internal Control Over Financial Reporting (Continued)

FINDING NO.	CONTROL DEFICIENCIES
2021-001	Preparation of Annual Financial Report (Continued) Repeat of Finding 2020-001
Views of Responsible Officials and Planned Corrective Actions:	Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.



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