

CITY OF TWO RIVERS, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022



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**CITY OF TWO RIVERS, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 20 |
| STATEMENT OF ACTIVITIES | 22 |
| FUND FINANCIAL STATEMENTS | |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 24 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 26 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND | 28 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HOUSING REVOLVING LOANS SPECIAL REVENUE FUND | 29 |
| STATEMENT OF NET POSITION – PROPRIETARY FUNDS | 30 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS | 34 |
| STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS | 36 |
| STATEMENT OF FIDUCIARY NET POSITION | 40 |
| STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | 41 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 42 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM | 95 |
| SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM | 96 |
| SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – LOCAL RETIREE LIFE INSURANCE FUND | 97 |

**CITY OF TWO RIVERS, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

| | |
|--|------------|
| SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND | 98 |
| SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS | 99 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 100 |
| SUPPLEMENTARY INFORMATION | |
| GENERAL FUND | |
| DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES | 103 |
| DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES | 105 |
| DEBT SERVICE FUND | |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 107 |
| COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS | 108 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS | 117 |
| COMBINING STATEMENT OF NET POSITION – NONMAJOR ENTERPRISE FUNDS | 126 |
| COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION – NONMAJOR ENTERPRISE FUNDS | 127 |
| COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS | 128 |
| COMBINING STATEMENT OF FIDUCIARY NET POSITION | 130 |
| COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION | 131 |
| 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 <i>GOVERNMENT AUDITING STANDARDS</i> | 133 |
| SCHEDULE OF FINDINGS AND RESPONSES | 135 |



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, 2022, 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, 2022, 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.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The detailed comparison of budgeted and actual revenues and expenditures, combining nonmajor fund 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 October 1, 2023, 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
October 1, 2023

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, 2022. 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 \$58,257,938 is an increase of \$5,915,113 compared to year-end 2021. This follows an increase of \$4,011,286 during 2021. This reflects an improvement in the financial condition for our municipality and on-going reinvestment in infrastructure.

At the end of 2022, the unassigned fund balance for the General Fund was a negative \$138,576, a decrease of \$527,889 from 2021.

The assets and deferred outflows of resources of the governmental activities of the City of Two Rivers exceeds its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,018,185 (*total net position*). This is an increase of \$3,477,685 from 2021.

The Proprietary Funds improved their net position in 2022 by \$2,437,428, ending the year with a Net Position of \$34,239,753. The Water Utility highlighted those funds with an increase of \$946,855.

Fifteen funds of the City experienced cash deficits at year-end, an increase from ten funds as of December 31, 2021, 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 from past years. These funds owe the General Fund a total of \$1,819,865, 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:

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

Funds owed to the General Fund by these other funds as of December 31, 2022 include:

--\$179,173 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 decreased by \$55,734, from \$234,907 at 2021 year-end. Ten of the twelve City TID's are generating revenues sufficient to repay their debt obligations, including these interfund payables. One TID (TID #6) is currently projected to have a deficit balance at its termination date. Management conducts on-going reviews to improve the future finances of all TIDs. TID #6 has an additional \$192,060 payable to TID #7 for a loan that is payable over the next six years.

--**\$1,310,258 owed by the Water Utility**, due to advances for distribution system capital improvements (paid from cash, instead of borrowing) in past years, debt service on a \$4.2 million filtration plant project completed in 2003, and lower than projected revenues in recent years.

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

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

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

--**\$216,029 owed by the Sewer Utility** for project costs and delays in implementing a rate increase to cover debt service related to plant improvement and infrastructure construction costs. This amount is up from \$65,347 at 2021 year end. A rate increase was implemented in September 2022 to assist in improving this cash deficit. There have been substantial investments in infrastructure and treatment plant renovations in recent years for the Sewer Utility.

--**\$114,405 short-term amounts owed by five special revenue and capital project funds**, for monies advanced by the City in recent years for the various projects. This amount is up from \$37,679 at 2021 year end. City staff is in ongoing discussions to address these advances.

Total general obligation debt for the City of Two Rivers decreased \$220,267 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 96.7% of the GO debt to be repaid within 10 years.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

Notes to the financial statements

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

Required Supplemental Information

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

Other Supplemental Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

Statement of Net Position

The City's combined Net Position total \$58,257,937, an increase of 11.3% from last year. Governmental Activities account for about 41.23% of the Net Position, Business-Type Activities for 58.77%.

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$25,671,867 | \$22,210,533 | \$6,457,440 | \$5,746,457 | \$32,129,307 | \$27,956,990 |
| Capital assets, less depreciation | \$31,323,301 | \$30,106,894 | \$47,842,763 | \$46,316,827 | \$79,166,064 | \$76,423,721 |
| Total Assets | \$56,995,168 | \$52,317,427 | \$54,300,203 | \$52,063,284 | \$111,295,371 | \$104,380,711 |
| Deferred outflows | \$11,090,887 | \$7,823,868 | \$2,073,769 | \$1,480,805 | \$13,164,656 | \$9,304,673 |
| Long-term debt outstanding | \$23,135,581 | \$23,121,653 | \$18,411,900 | \$18,972,106 | \$41,547,481 | \$42,093,759 |
| Other Liabilities | \$2,021,269 | \$1,687,582 | \$1,440,302 | \$1,129,233 | \$3,461,571 | \$2,816,815 |
| Total Liabilities | \$25,156,850 | \$24,809,235 | \$19,852,202 | \$20,101,339 | \$45,009,052 | \$44,910,574 |
| Deferred Inflows | \$18,911,020 | \$14,791,560 | \$2,282,017 | \$1,640,425 | \$21,193,037 | \$16,431,985 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | \$17,671,413 | \$16,867,866 | \$30,349,996 | \$28,608,328 | \$48,021,409 | \$45,476,194 |
| Restricted | \$11,573,184 | \$10,295,207 | \$2,414,827 | \$2,281,492 | \$13,988,011 | \$12,576,699 |
| Unrestricted | -\$5,226,412 | -\$6,622,573 | \$1,474,930 | \$912,505 | -\$3,751,482 | -\$5,710,068 |
| Total Net Position | \$24,018,185 | \$20,540,500 | \$34,239,753 | \$31,802,325 | \$58,257,938 | \$52,342,825 |

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

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

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

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.

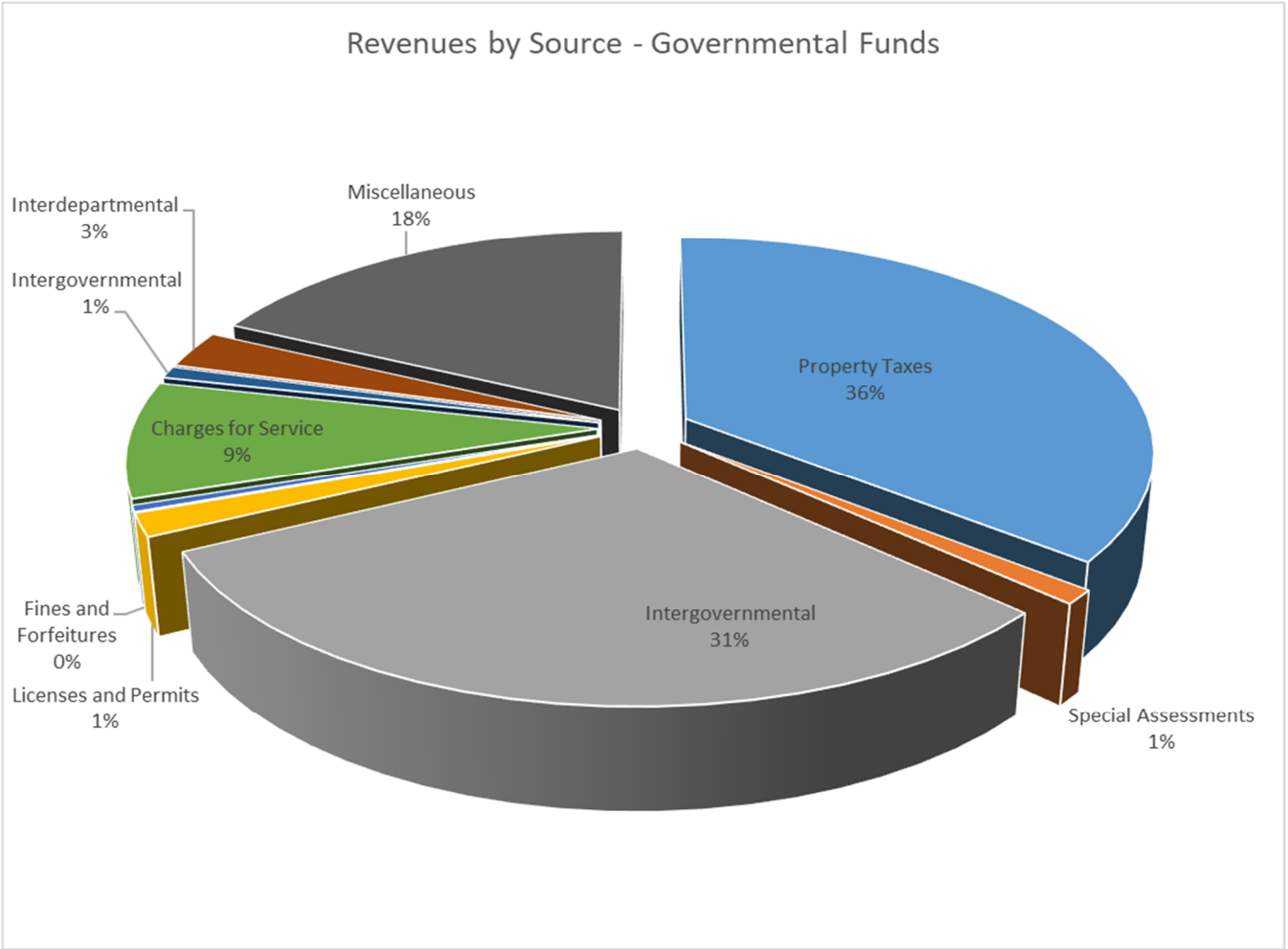
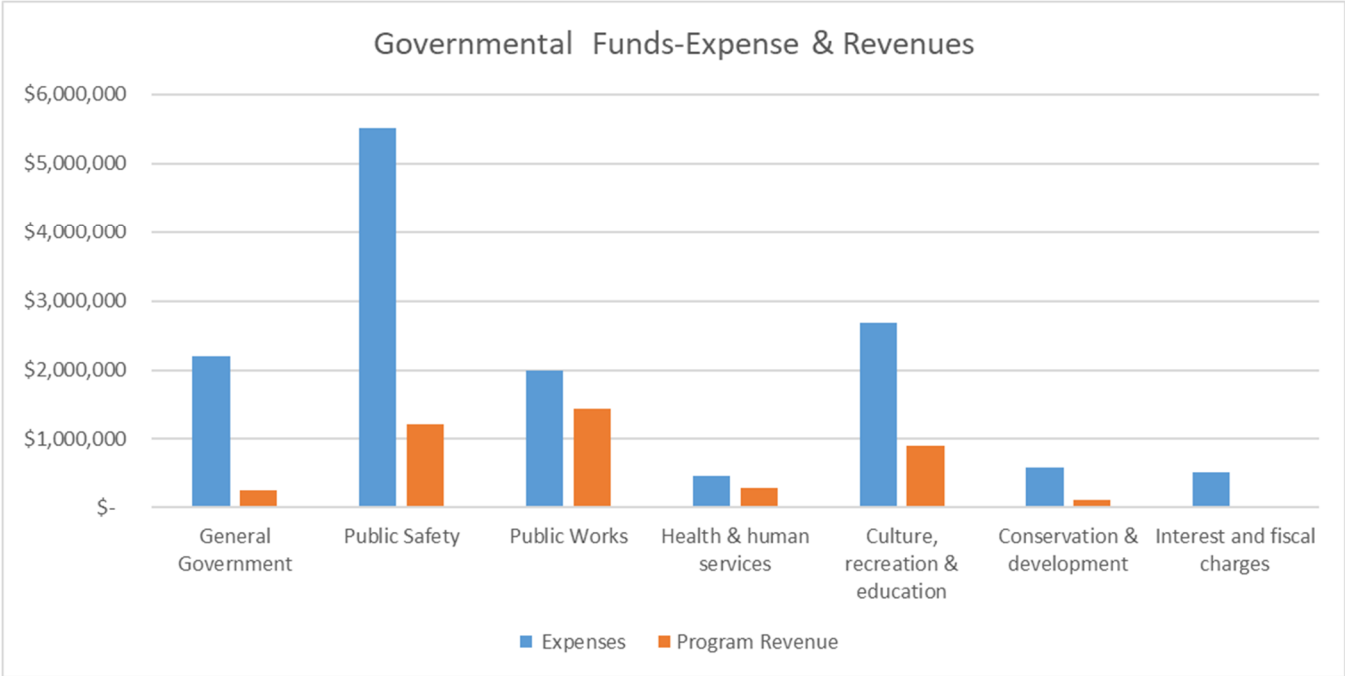
In the past, the City's General Fund has contributed capital to the City's business activities. All business and government type activities are intended to be self-supporting entities. Net position of one entity is not permanently used by other entities. Contributions by the General Fund to the business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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 2,062,739 | \$ 2,055,830 | \$ 17,477,409 | \$ 16,460,286 | \$ 19,540,148 | \$ 18,516,116 |
| Operating Grant and Contributions | 1,091,418 | 1,178,319 | 81,988 | 678,440 | 1,173,406 | 1,856,759 |
| Capital Grants and Contributions | 556,358 | 676,115 | 1,274,184 | 615,614 | 1,830,542 | 1,291,729 |
| General Revenues | | | | | | |
| Property Taxes | 5,762,586 | 5,602,374 | | | 5,762,586 | 5,602,374 |
| Other Taxes | 300,612 | 240,866 | | | 300,612 | 240,866 |
| Grants and Contributions not restricted to specific programs | 4,310,127 | 4,020,643 | | | 4,310,127 | 4,020,643 |
| Other | 2,153,406 | 860,281 | 3,723 | 4,413 | 2,157,129 | 864,694 |
| Total Revenues | \$ 16,237,246 | \$ 14,634,428 | \$ 18,837,304 | \$ 17,758,753 | \$ 35,074,550 | \$ 32,393,181 |
| Expenditures | | | | | | |
| General Government | \$ 2,201,905 | \$ 1,633,026 | | | \$ 2,201,905 | \$ 1,633,026 |
| Public Safety | 5,507,894 | 5,505,559 | | | 5,507,894 | 5,505,559 |
| Public Works | 1,567,136 | 2,485,391 | | | 1,567,136 | 2,485,391 |
| Health & human services | 459,493 | 365,783 | | | 459,493 | 365,783 |
| Culture, recreation & education | 2,646,382 | 2,454,408 | | | 2,646,382 | 2,454,408 |
| Conservation & development | 565,970 | 809,661 | | | 565,970 | 809,661 |
| Interest and fiscal charges | 515,879 | 523,171 | | | 515,879 | 523,171 |
| Electric Utility | | | 9,434,866 | 8,606,592 | 9,434,866 | 8,606,592 |
| Water Utility | | | 2,397,915 | 2,317,522 | 2,397,915 | 2,317,522 |
| Sewer Utility | | | 2,665,132 | 2,556,542 | 2,665,132 | 2,556,542 |
| Telecommunications Utility | | | 9,641 | 8,617 | 9,641 | 8,617 |
| Solid Waste Utility | | | 775,810 | 790,981 | 775,810 | 790,981 |
| Stormwater Utility | | | 411,414 | 324,642 | 411,414 | 324,642 |
| Total Expenditures | \$ 13,464,659 | \$ 13,776,999 | \$ 15,694,778 | \$ 14,604,896 | \$ 29,159,437 | \$ 28,381,895 |
| Transfers | \$ 705,098 | \$ 646,807 | \$ (705,098) | \$ (646,807) | \$ - | \$ - |
| Change in Net Position | \$ 3,477,685 | \$ 1,504,236 | \$ 2,437,428 | \$ 2,507,050 | \$ 5,915,113 | \$ 4,011,286 |
| Net Position, Jan 1 | \$ 20,540,500 | \$ 19,036,264 | \$ 31,802,325 | \$ 29,295,275 | \$ 52,342,825 | \$ 48,331,539 |
| Net position, December 31 | \$ 24,018,185 | \$ 20,540,500 | \$ 34,239,753 | \$ 31,802,325 | \$ 58,257,938 | \$ 52,342,825 |

Governmental Activities

Property taxes increased 2.86% from 2021 to 2022 and have averaged an increase of .41% per year since 2018. City administration remains focused on keeping property taxes at a manageable level, working within the regulations of the State of Wisconsin Expenditure Restraint Program and Levy Limit Increase Program.

The net position of Governmental Activities increased by \$3,477,685 driven by sale of city-owned industrial property, leverage of grant programs, cost savings measures taken, depreciation of assets, and the recording of actuarial transactions of pension and postemployment benefits. The average change to the net position of Governmental Activities over the last five years has been +\$269,462 per year.



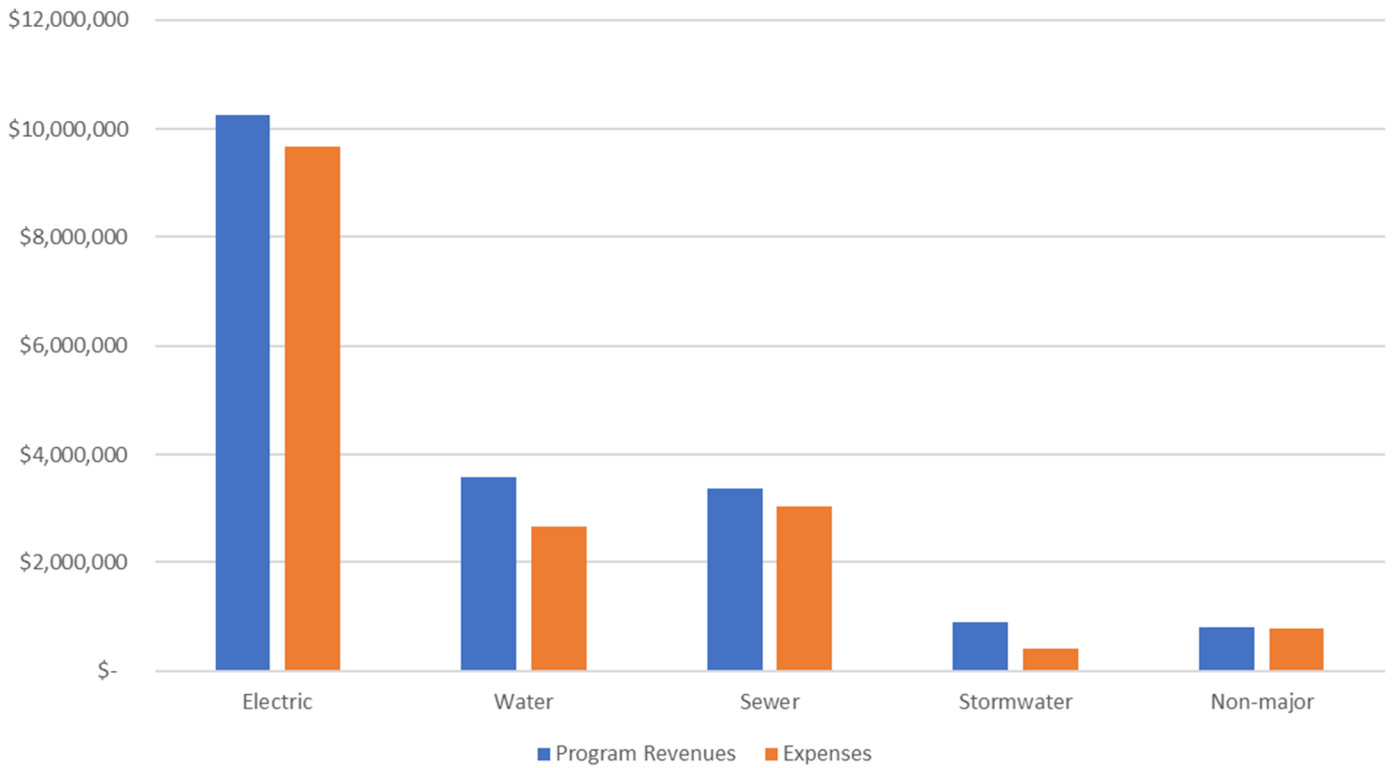
Business-type Activities

Operating Revenue for the City's business-type activities totaled 17,477,409, up 6.2% from 2021, with user fees accounting for 97.0% of all operating revenues. Business-type operating expenses totaled \$15,240,828, up 7.8% from 2021. The electric utility is the largest business type fund, accounting for 61.6% of all business-type operating expense activity. The water and sewer utilities operating expenses were \$2.3 million and \$2.5 million, respectively.

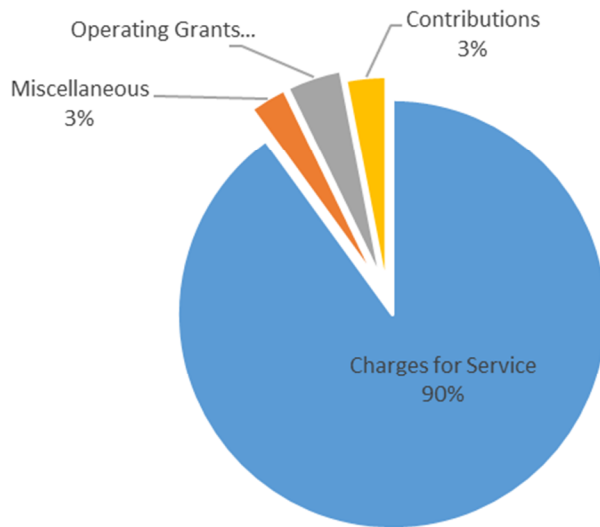
Table A-3
Change in Business Type Activity Net Position

| Operating Revenues | Electric Utility | Water Utility | Sewer Utility | Telecom Utility | Solid Waste | Stormwater Utility | Total 2022 | Total 2021 |
|---|-------------------|------------------|------------------|-----------------|-----------------|--------------------|-------------------|-------------------|
| Charges for services | \$ 10,079,125 | \$ 2,885,005 | \$ 2,813,554 | \$ 15,885 | \$ 498,714 | \$ 657,169 | \$ 16,949,452 | \$ 16,072,280 |
| Other | 159,979 | 31,768 | 101,014 | - | 235,196 | - | 527,957 | 371,062 |
| Total Operating Revenues | 10,239,104 | 2,916,773 | 2,914,568 | 15,885 | 733,910 | 657,169 | 17,477,409 | 16,443,342 |
| Operating Expenses | | | | | | | | |
| Operating and maintenance | 8,844,493 | 1,681,960 | 1,613,948 | - | 775,456 | 239,858 | 13,155,715 | 12,089,527 |
| Depreciation | 461,775 | 532,385 | 806,555 | 9,641 | - | 107,236 | 1,917,592 | 1,880,492 |
| Taxes | 81,908 | 47,829 | 37,784 | - | - | - | 167,521 | 161,698 |
| Total Operating Expenses | 9,388,176 | 2,262,174 | 2,458,287 | 9,641 | 775,456 | 347,094 | 15,240,828 | 14,131,717 |
| Operating Income (Loss) | 850,928 | 654,599 | 456,281 | 6,244 | (41,546) | 310,075 | 2,236,581 | 2,311,625 |
| Nonoperating Revenues (Expense) | | | | | | | | |
| Grants | - | 281,285 | 229,108 | - | 81,988 | 189,093 | 781,474 | 678,440 |
| Interest Expense | (22,628) | (135,593) | (206,845) | - | (354) | (64,320) | (429,740) | (453,324) |
| Other | (24,062) | (148) | - | - | - | 3,723 | (20,487) | 1,502 |
| Total Nonoperating Revenues (Expenses) | (46,690) | 145,544 | 22,263 | - | 81,634 | 128,496 | 331,247 | 226,618 |
| Net Income (Loss) | 804,238 | 800,143 | 478,544 | 6,244 | 40,088 | 438,571 | 2,567,828 | 2,538,243 |
| Customer Contributions | | | | | | | | |
| Customer Contributions | 23,774 | 313,148 | 179,695 | - | - | 58,081 | 574,698 | 615,614 |
| Net Transfers In (Out) | (232,428) | (166,436) | (304,794) | - | (1,440) | - | (705,098) | (646,807) |
| Change in Net Position | 595,584 | 946,855 | 353,445 | 6,244 | 38,648 | 496,652 | 2,437,428 | 2,507,050 |
| Net Position - Jan 1 | 9,130,976 | 7,456,881 | 9,573,805 | 111,221 | 129,570 | 5,399,872 | 31,802,325 | 29,295,275 |
| Net Position - Dec. 31 | \$ 9,726,560 | \$ 8,403,736 | \$ 9,927,250 | \$ 117,465 | \$ 168,218 | \$ 5,896,524 | \$ 34,239,753 | \$ 31,802,325 |

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% |
| 2022 | 15,240,828 | +7.8% |

The average increase in Operating Expenses has been 1.4% per year since 2014.

The most recent **Electric Utility** rate increase took effect May 1, 2020. Operating Expenses increased \$811,926 from 2021, mainly driven by a \$688,886 (10.25%) increase in purchased power costs due to higher demands from our customers and higher power costs from our supplier. Other than Purchased Power Costs, Operating Expenses increased \$123,040 (6.6%). The Electric Utility increased its Net Position \$595,584 in 2022.

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 2022, revenues were up 1.9%. Operating expenses were up 4.3%, due to increased depreciation, inflationary increases in supply costs, and pay increases for utility employees to remain competitive with other utilities. The Utility continues to invest in plant efficiencies, cost savings procedures and the elimination of lead services. The Water Utility increased its Net Position \$946,855 in 2022.

The **Sewer Utility** most recently raised rates effective August 1, 2022. The increase was needed to invest in plant improvements, system infrastructure, and overall financial health of the Utility. The Wastewater facility has gone through extensive remodeling and upgrading over the last six years to improve efficiency and ensure its ability to comply with environmental restrictions in the future. While the cash position of this utility has improved, staff continues to analyze revenues and expenses to solidify its financial position. Due to the increased amount of debt service related to the plant upgrades and remodeling and the ongoing infrastructure replacement, utility staff will do regular rate reviews to ensure the utility's financial stability in the future. In 2022, Operating Revenues increased 5.3% and Operating Expenses decreased 5.3%. The Sewer Utility increased its Net Position \$353,445 in 2022.

In the last part of 2014, the City created a **Stormwater Utility**. This user fee has raised money to maintain the City's Stormwater infrastructure and to fund mandated runoff programs. The fund has performed well, creating equity reserves that are being invested in much-needed infrastructure. The Stormwater Utility increased its Net Position \$496,652 in 2022.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed 2022, its governmental funds reported a combined fund balance of \$8,221,143, the highest in recent history. The City is making every attempt not to draw on its fund balance and is continuing to concentrate on rebuilding the General Fund Balance. This continues to be a major challenge, as General Fund revenues from both property taxes and intergovernmental sources have been restricted, frozen or reduced. While the activity in 2022 does not reflect it, the City has seen significant improvement in the Unassigned category in recent years due to the reduction of cash deficit in other funds, most significantly in the Water Utility. The chart below shows a history of the Fund Balance for Governmental Funds:

Summary of Fund Balance for Government Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

All budgets are adopted at the department level of expenditures. In 2022, General Fund revenues fell short of the budgeted amount by \$262,934 (2.7% of budget) per both summarized and detailed budget schedules in the statements. Total expenditures were \$128,330 under budget (1.2% of budget), resulting in a \$184,289 operating deficit and year-end Fund Balance in the General Fund of \$2,345,884.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Net Capital Assets

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

| | Governmental Activities | Business Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Land | \$ 903,877 | \$ 36,944 | \$ 940,821 |
| Construction in Progress | 513,495 | 2,939,975 | 3,453,470 |
| Buildings | 15,117,628 | 8,460,906 | 23,578,534 |
| Improvements | 4,134,620 | 45,962,866 | 50,097,486 |
| Equipment | 12,424,773 | 20,457,655 | 32,882,428 |
| Infrastructure | 37,777,765 | - | 37,777,765 |
| Lease Assets-Machinery & Equipment | 221,451 | 119,964 | 341,415 |
| Total Capital Assets | \$ 71,093,609 | \$ 77,978,310 | \$ 149,071,919 |
| Less: Acc. Depreciation & Amortization | (39,770,308) | (30,135,547) | (69,905,855) |
| Less: Related long-term debt outstanding | (13,651,888) | (17,492,767) | (31,144,655) |
| Total Invested in Capital Assets | \$ 17,671,413 | \$ 30,349,996 | \$ 48,021,409 |

A comparison to this information in the 2015 financial statement shows the reinvestment in the community that the City is making. Total Capital Assets have increased \$34,851,795 in that period (average of \$4.98 million per year). At the same time, the related outstanding debt has increased \$4,430,893 (average of \$632,985 per year).

Long-term Debt

At year-end, the City had \$18,320,188 in outstanding general obligation (G.O.) debt that is subject to statutory debt limitations. That amount of debt is equivalent to 52.74% of the statutory debt limit (5% of equalized valuation, or \$34,738,220 as of December 31, 2022). This level of G.O. debt is in compliance with City's long-term policy of staying at or below 60% of the statutory limit. The City had fallen out of compliance with this self-imposed policy as the result of issuing debt for water and sewer projects in 2011 as G.O. debt, rather than revenue debt, due to the weak financial condition of the water and sewer utilities. Also, the City had need to replace a lift span bridge which the City was able to secure a large amount of Federal and State funding; however, the City share of the project was over \$3 million. This amount is included in our G.O. debt. The philosophy of current City leadership is that the need for on-going infrastructure improvements has outweighed the need to stay within that 60 percent guideline.

During this period, the City also saw significant decreases in Equalized Values caused both by national economic conditions (2007-09 "Great Recession") and a major local plant closure in 2011-13. (see Equalized Value History in the *Economic Development & Community Notes* section on the following page). Equalized values have increased in years 2019-22, including an increase of 17.99% in 2022, and due to the local housing market the City anticipates 2023 will maintain this trend. The City's legal margin for new G.O. debt as of December 31, 2022 is \$16,418,032, compared to December 31, 2021 of \$10,900,405

Outstanding revenue bonds to be repaid from the Water Utility totaled \$3,473,881 at the end of 2022, 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 \$9,190,067 at the end of 2022. 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 \$179,392 at the end of 2022. 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 \$1,400,848 in revenue bond debt. This debt was issued for Stormwater infrastructure and shoreline erosion protection in 2020 and for a stormwater retention pond project in 2021.

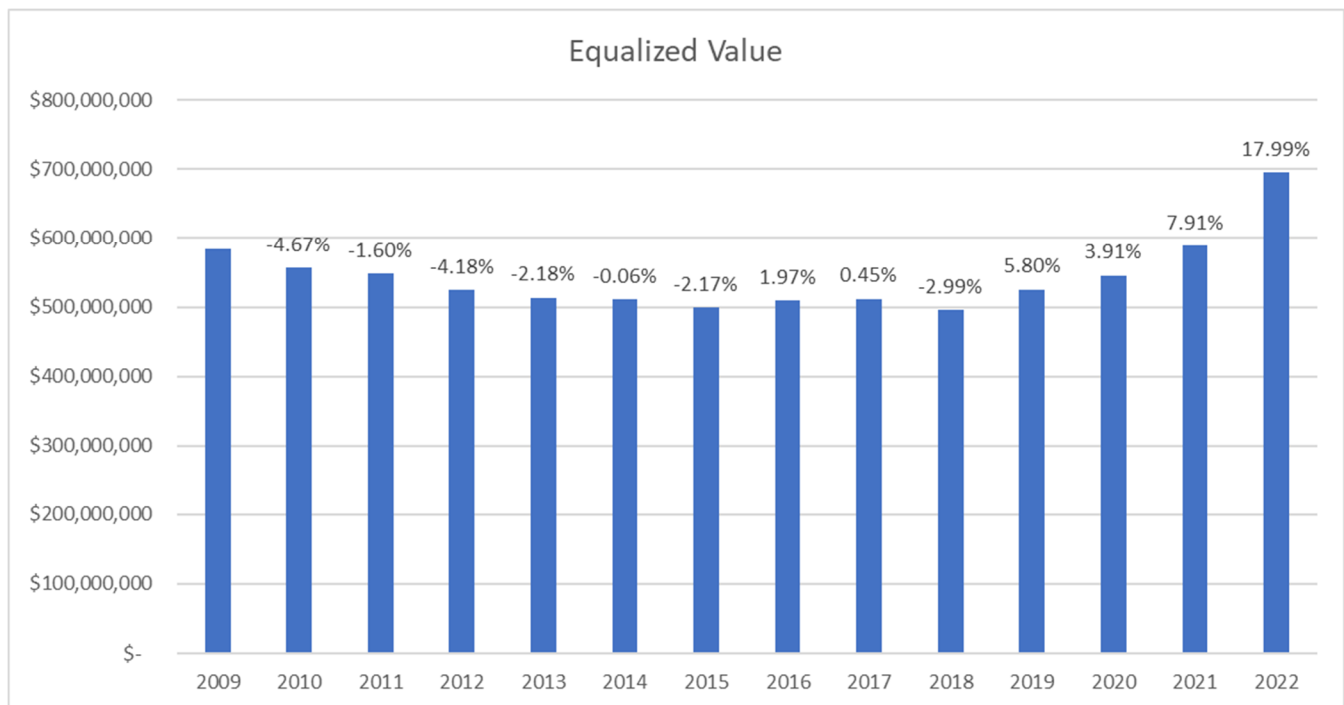
The Solid Waste Utility took out a small loan to eliminate its share of the Wisconsin Retirement Unfunded Pension Liability. The principal balance on this loan as of the end of 2021 is \$9,326.

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 2022 is the highest it has ever been, recovering from when the area was feeling the impact of a recession and a local plant closing. Equalized value had increased an average of 3% annually from 2005 to 2009. The recession of 2008 had an adverse impact on the local tax base, reflective of the declines experienced in other areas of the state and nation. Total Equalized Value, dating back to its previous high point in 2009, is as follows:



The City’s development efforts in recent years have addressed both new, greenfield development, and the redevelopment of existing sites in the community. Its twelve active tax incremental financing (TIF) districts are performing well, with \$35.0 million in new tax base created. The total equalized value of the TIF districts is \$54.2 million. Three more districts were created in 2021 and another in one in 2022. These districts are projected to have a significant impact in coming years. Wisconsin’s TIF law has created new opportunities for existing TIF districts to spur additional development. Two Rivers has also used its \$2.5 million Economic Development Revolving Loan Fund to help finance various commercial and manufacturing projects.

As a mature community with a relatively modest tax base, the City continues to be heavily dependent on State Shared Revenue and Expenditure Restraint Programs, which account for about 34.5% 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 2022 General Fund budget is

\$1,281,752 more than the 2000 General Fund Budget, resulting in a 13.43% increase over 22 years, or .61% annually. This reflects the aggressive cost containment that has been occurring over the last 22 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 96.7% of G.O. debt principal due in 10 years or less. Reinvestment in City facilities and infrastructure is viewed as essential for the long-term economic health of the City, and significant Federal and State funds (notably for street and bridge projects) have been leveraged by the City to aid such reinvestment. A debt policy was adopted in 2007, which formalized the City's longstanding practice of maintaining general obligation debt levels at or below 60% of statutory limits.

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

Sleger 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, houses All Energy Management that serves clients with wind and solar power technology.

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

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. Eleven parcels have been sold in the subdivision in the last eighteen months and the City is looking forward to seeing several new homes in 2022. Marketing of the subdivision continues. The City is currently developing plans to begin Phase 3 of the subdivision.

Central Park West 365 is a City-let project to redevelop the west half of the downtown park. Major fundraising efforts were successful in funding a \$1.6 million project to transform the park into a year-round venue for outdoor activities in the heart of downtown. Activities include a splash pad, ice skating rink, a concession building and a stage venue for concerts. Construction is underway with a ribbon cutting planned in the summer of 2023.

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 has 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.

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 is in the midst of long-term plans to develop the property into an ecological center focused on providing an environment for the cultivation and display of a variety of tree types and plant species. Construction of the walking trails, installation of art displays, and planting of a variety of vegetation occurred in 2021. Plans include the construction of a visitor’s center and an outdoor event venue.

The Confluence, LLC. In November 2022, the City approved a development agreement with an investor group proposing an \$18 million project to construct 71 new market rate apartments on a former industrial site on the East Twin River near downtown.

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 its 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, 2022**

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| Cash and Investments | \$ 10,072,666 | \$ 1,796,547 | \$ 11,869,213 |
| Receivables: | | | |
| Taxes | 3,524,095 | 247,129 | 3,771,224 |
| Accounts | 99,721 | 2,457,540 | 2,557,261 |
| Special Assessments | 557,616 | 228,614 | 786,230 |
| Loans | 3,542,833 | - | 3,542,833 |
| Other | - | 227,769 | 227,769 |
| Leases | 212,735 | - | 212,735 |
| Internal Balances | 1,907,898 | (1,907,898) | - |
| Due from Other Governments | - | 600,703 | 600,703 |
| Prepaid Items | 747,684 | 392,209 | 1,139,893 |
| Restricted Assets: | | | |
| Cash and Investments | - | 1,482,457 | 1,482,457 |
| Net Pension Asset | 5,006,619 | 932,370 | 5,938,989 |
| Capital Assets, Nondepreciable / Nonamortizable | 1,417,372 | 2,976,919 | 4,394,291 |
| Capital Assets, Depreciable / Amortizable, Net | 29,905,929 | 44,865,844 | 74,771,773 |
| Total Assets | <u>56,995,168</u> | <u>54,300,203</u> | <u>111,295,371</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Amounts | 9,759,772 | 1,820,224 | 11,579,996 |
| Other Postemployment Benefit Related Amounts | 1,331,115 | 253,545 | 1,584,660 |
| Total Deferred Outflows of Resources | <u>11,090,887</u> | <u>2,073,769</u> | <u>13,164,656</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022**

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| LIABILITIES | | | |
| Accounts Payable | \$ 338,569 | \$ 1,169,147 | \$ 1,507,716 |
| Accrued and Other Current Liabilities | 372,452 | 51,749 | 424,201 |
| Due to Other Governments | 46,019 | - | 46,019 |
| Accrued Interest Payable | 304,588 | 121,633 | 426,221 |
| Special Deposits | 34,452 | 97,773 | 132,225 |
| Unearned Revenues | 925,189 | - | 925,189 |
| Long-Term Obligations: | | | |
| Due within One Year | 2,342,654 | 1,903,771 | 4,246,425 |
| Due in More than One Year | 14,477,213 | 15,306,827 | 29,784,040 |
| Other Postemployment Benefits: | | | |
| Due within One Year | 366,648 | 58,787 | 425,435 |
| Due in More than One Year | 5,949,066 | 1,142,515 | 7,091,581 |
| Total Liabilities | <u>25,156,850</u> | <u>19,852,202</u> | <u>45,009,052</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes Levied for Subsequent Year | 6,454,537 | - | 6,454,537 |
| Lease Related | 212,735 | - | 212,735 |
| Pension Related Amounts | 11,791,450 | 2,195,889 | 13,987,339 |
| Other Postemployment Benefit Related Amounts | 452,298 | 86,128 | 538,426 |
| Total Deferred Inflows of Resources | <u>18,911,020</u> | <u>2,282,017</u> | <u>21,193,037</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 17,671,413 | 30,349,996 | 48,021,409 |
| Restricted: | | | |
| Housing and Business Loans | 5,040,168 | - | 5,040,168 |
| Library Operations and Donations | 97,694 | - | 97,694 |
| WDF Administrative | 200 | - | 200 |
| EMS Act 102 Grant | 22,311 | - | 22,311 |
| Affordable Housing | 141,477 | - | 141,477 |
| Medical/Hospital Equipment | 18,889 | - | 18,889 |
| Tax Incremental Districts | 1,245,826 | - | 1,245,826 |
| Debt Service | - | 284,924 | 284,924 |
| Capital Assets | - | 1,197,533 | 1,197,533 |
| Pension Benefits | 5,006,619 | 932,370 | 5,938,989 |
| Unrestricted | <u>(5,226,412)</u> | <u>1,474,930</u> | <u>(3,751,482)</u> |
| Total Net Position | <u>\$ 24,018,185</u> | <u>\$ 34,239,753</u> | <u>\$ 58,257,938</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| FUNCTIONS/PROGRAMS | Program Revenues | | |
|----------------------------------|------------------|-------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| Governmental Activities: | | | |
| General Government | \$ 2,201,905 | \$ 68,333 | \$ 183,969 |
| Public Safety | 5,507,894 | 1,104,531 | 91,010 |
| Public Works | 1,567,136 | 368,330 | 546,911 |
| Health and Human Services | 459,493 | 270,889 | 9,358 |
| Culture and Recreation | 2,646,382 | 151,476 | 260,170 |
| Conservation and Development | 565,970 | 99,180 | - |
| Interest and Fiscal Charges | 515,879 | - | - |
| Total Governmental Activities | 13,464,659 | 2,062,739 | 1,091,418 |
| Business-Type Activities: | | | |
| Electric Utility | 9,434,866 | 10,239,104 | - |
| Water Utility | 2,397,915 | 2,916,773 | - |
| Sewer Utility | 2,665,132 | 2,914,568 | - |
| Telecommunications Utility | 9,641 | 15,885 | - |
| Solid Waste | 775,810 | 733,910 | 81,988 |
| Stormwater Utility | 411,414 | 657,169 | - |
| Total Business-Type Activities | 15,694,778 | 17,477,409 | 81,988 |
| Total Functions/Programs | \$ 29,159,437 | \$ 19,540,148 | \$ 1,173,406 |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Program Revenues | Net Revenue (Expense) and Changes in Net Position | | |
|--|--|---|-----------------------------|----------------------|
| | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental Activities: | | | | |
| General Government | \$ - | \$ (1,949,603) | \$ - | \$ (1,949,603) |
| Public Safety | 13,415 | (4,298,938) | - | (4,298,938) |
| Public Works | 87,147 | (564,748) | - | (564,748) |
| Health and Human Services | - | (179,246) | - | (179,246) |
| Culture and Recreation | 455,796 | (1,778,940) | - | (1,778,940) |
| Conservation and Development | - | (466,790) | - | (466,790) |
| Interest and Fiscal Charges | - | (515,879) | - | (515,879) |
| Total Governmental Activities | <u>556,358</u> | <u>(9,754,144)</u> | <u>-</u> | <u>(9,754,144)</u> |
| Business-Type Activities: | | | | |
| Electric Utility | 23,774 | - | 828,012 | 828,012 |
| Water Utility | 594,433 | - | 1,113,291 | 1,113,291 |
| Sewer Utility | 408,803 | - | 658,239 | 658,239 |
| Telecommunications Utility | - | - | 6,244 | 6,244 |
| Solid Waste | - | - | 40,088 | 40,088 |
| Stormwater Utility | 247,174 | - | 492,929 | 492,929 |
| Total Business-Type Activities | <u>1,274,184</u> | <u>-</u> | <u>3,138,803</u> | <u>3,138,803</u> |
| Total Functions/Programs | <u>\$ 1,830,542</u> | <u>(9,754,144)</u> | <u>3,138,803</u> | <u>(6,615,341)</u> |
| GENERAL REVENUES AND TRANSFERS | | | | |
| Taxes: | | | | |
| Property Taxes | | 5,762,586 | - | 5,762,586 |
| Other Taxes | | 300,612 | - | 300,612 |
| Federal and State Grants and Other Contributions | | | | |
| Not Restricted to Specific Functions | | 4,310,127 | - | 4,310,127 |
| Interest and Investment Earnings | | 210,316 | 3,723 | 214,039 |
| Miscellaneous | | 1,812,055 | - | 1,812,055 |
| Gain on Sale of Asset | | 131,035 | - | 131,035 |
| Transfers | | 705,098 | (705,098) | - |
| Total General Revenues and Transfers | | <u>13,231,829</u> | <u>(701,375)</u> | <u>12,530,454</u> |
| CHANGE IN NET POSITION | | 3,477,685 | 2,437,428 | 5,915,113 |
| Net Position - Beginning of Year | | <u>20,540,500</u> | <u>31,802,325</u> | <u>52,342,825</u> |
| NET POSITION - END OF YEAR | | <u>\$ 24,018,185</u> | <u>\$ 34,239,753</u> | <u>\$ 58,257,938</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| ASSETS | General | Debt Service | Housing Revolving Loans | Other Governmental Funds | Total |
|--|---------------------|---------------------|-------------------------------|--------------------------------|----------------------|
| Cash and Investments | \$ 1,383,816 | \$ 1,121,670 | \$ 173,288 | \$ 7,357,596 | \$ 10,036,370 |
| Receivables: | | | | | |
| Taxes | 1,367,111 | 1,378,937 | - | 759,670 | 3,505,718 |
| Delinquent Taxes | 18,377 | - | - | - | 18,377 |
| Accounts | 95,771 | - | - | 3,950 | 99,721 |
| Special Assessments | 557,616 | - | - | - | 557,616 |
| Loans | - | - | 2,354,206 | 1,188,627 | 3,542,833 |
| Leases | 212,735 | - | - | - | 212,735 |
| Due from Other Funds | 1,819,865 | - | - | 662,060 | 2,481,925 |
| Prepaid Items | 747,684 | - | - | - | 747,684 |
| Total Assets | \$ 6,202,975 | \$ 2,500,607 | \$ 2,527,494 | \$ 9,971,903 | \$ 21,202,979 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 113,181 | \$ 253 | \$ 1,287 | \$ 223,848 | \$ 338,569 |
| Accrued and Other Current Liabilities | 359,917 | - | - | 12,535 | 372,452 |
| Due to Other Funds | - | - | - | 574,027 | 574,027 |
| Due to Other Governments | 23,942 | - | - | 22,077 | 46,019 |
| Special Deposits | 28,153 | - | - | 6,299 | 34,452 |
| Unearned Revenues | 74,500 | - | - | 850,689 | 925,189 |
| Total Liabilities | 599,693 | 253 | 1,287 | 1,689,475 | 2,290,708 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | 2,563,640 | 2,518,625 | - | 1,372,272 | 6,454,537 |
| Loans Receivable | - | - | 2,354,206 | 1,188,627 | 3,542,833 |
| Lease Related | 212,735 | - | - | - | 212,735 |
| Special Assessments | 481,023 | - | - | - | 481,023 |
| Total Deferred Inflows of Resources | 3,257,398 | 2,518,625 | 2,354,206 | 2,560,899 | 10,691,128 |
| FUND BALANCES | | | | | |
| Nonspendable | 2,484,460 | - | - | - | 2,484,460 |
| Restricted | - | - | 172,001 | 4,031,413 | 4,203,414 |
| Committed | - | - | - | 2,264,873 | 2,264,873 |
| Unassigned | (138,576) | (18,271) | - | (574,757) | (731,604) |
| Total Fund Balances | 2,345,884 | (18,271) | 172,001 | 5,721,529 | 8,221,143 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 6,202,975 | \$ 2,500,607 | \$ 2,527,494 | \$ 9,971,903 | \$ 21,202,979 |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page \$ 8,221,143

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. 31,323,301

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 4,023,856

Net position of the internal service fund is reported in the Statement of Net Position as governmental activities. 36,296

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 | 9,759,772 |
| Deferred Inflows Related to Pensions | (11,791,450) |
| Deferred Outflows Related to Other Postemployment Benefits | 1,331,115 |
| Deferred Inflows Related to Other Postemployment Benefits | (452,298) |

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

| | |
|-------------------|-----------|
| Net Pension Asset | 5,006,619 |
|-------------------|-----------|

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

| | |
|---|--------------|
| Bonds and Notes Payable | (15,798,991) |
| Premium on Debt | (627,963) |
| Lease Liability | (186,628) |
| Compensated Absences | (206,285) |
| Other Postemployment Benefits Liability | (6,315,714) |
| Accrued Interest on Long-Term Obligations | (304,588) |

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 24,018,185

CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

| | General | Debt Service | Housing Revolving Loans | Other Governmental Funds | Total |
|---|---------------------|--------------------|-------------------------------|--------------------------------|---------------------|
| REVENUES | | | | | |
| Taxes | \$ 2,247,151 | \$ 2,380,752 | \$ - | \$ 1,443,048 | \$ 6,070,951 |
| Special Assessments | 141,304 | - | - | 38,491 | 179,795 |
| Intergovernmental | 4,590,912 | - | - | 653,155 | 5,244,067 |
| Licenses and Permits | 285,956 | - | - | - | 285,956 |
| Fines and Forfeits | 78,185 | - | - | - | 78,185 |
| Public Charges for Services | 1,234,214 | - | - | 244,514 | 1,478,728 |
| Intergovernmental Charges for Services | 146,842 | - | - | - | 146,842 |
| Interdepartmental Charges for Services | 471,808 | - | - | - | 471,808 |
| Miscellaneous | 277,610 | 48,220 | 100,924 | 2,596,769 | 3,023,523 |
| Total Revenues | <u>9,473,982</u> | <u>2,428,972</u> | <u>100,924</u> | <u>4,975,977</u> | <u>16,979,855</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 1,171,055 | - | - | 212,450 | 1,383,505 |
| Public Safety | 6,150,004 | - | - | 98,484 | 6,248,488 |
| Public Works | 1,567,885 | - | - | 102,198 | 1,670,083 |
| Health and Human Services | 325,420 | - | - | 153,148 | 478,568 |
| Culture and Recreation | 1,150,482 | - | - | 1,344,360 | 2,494,842 |
| Conservation and Development | - | - | 28,839 | 1,030,367 | 1,059,206 |
| Capital Outlay | - | - | - | 2,412,848 | 2,412,848 |
| Debt Service: | | | | | |
| Principal | - | 2,083,731 | - | 11,832 | 2,095,563 |
| Interest and Fiscal Charges | - | 599,957 | - | 11,481 | 611,438 |
| Total Expenditures | <u>10,364,846</u> | <u>2,683,688</u> | <u>28,839</u> | <u>5,377,168</u> | <u>18,454,541</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | (890,864) | (254,716) | 72,085 | (401,191) | (1,474,686) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | 610 | - | 2,304,390 | 2,305,000 |
| Lease Proceeds | - | - | - | 105,182 | 105,182 |
| Premium on Debt Issued | - | 88,474 | - | - | 88,474 |
| Proceeds from Sale of Capital Assets | 23,770 | - | - | 160,968 | 184,738 |
| Transfers In | 1,041,789 | 165,963 | - | 965,794 | 2,173,546 |
| Transfers Out | (358,984) | (47,916) | - | (1,394,711) | (1,801,611) |
| Total Other Financing Sources (Uses) | <u>706,575</u> | <u>207,131</u> | <u>-</u> | <u>2,141,623</u> | <u>3,055,329</u> |
| NET CHANGE IN FUND BALANCES | (184,289) | (47,585) | 72,085 | 1,740,432 | 1,580,643 |
| Fund Balances - Beginning 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> |
| FUND BALANCES - END OF YEAR | <u>\$ 2,345,884</u> | <u>\$ (18,271)</u> | <u>\$ 172,001</u> | <u>\$ 5,721,529</u> | <u>\$ 8,221,143</u> |

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, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 1,580,643

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

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

| | |
|---|-------------|
| Capital Assets Reported as Expenditures in Governmental Fund Statements | 3,123,872 |
| Depreciation and Amortization Expense Reported in the Statement of Activities | (1,650,075) |
| Net Book Value of Disposals | (368,299) |

| | |
|---|-----------|
| 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: | (108,501) |
|---|-----------|

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 | (2,305,000) |
| Lease Liability Issued | (105,182) |
| Premium on Debt Issued | (88,474) |
| Principal Repaid | 2,060,740 |
| Lease Liability Principal Repaid | 34,823 |

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 | (36,786) |
| Amortization of Premiums | 161,808 |
| Compensated Absences | 13,152 |
| Net Pension Liability (Asset) | 1,131,620 |
| Deferred Outflows of Resources Related to Pensions | 3,339,773 |
| Deferred Inflows of Resources Related to Pensions | (3,300,158) |
| Other Postemployment Benefits Liability | 325,114 |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | (72,754) |
| Deferred Inflows of Resources Related to Other Postemployment Benefits | (250,163) |

| | |
|--|----------------|
| 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. | <u>(8,468)</u> |
|--|----------------|

| | |
|--|---------------------|
| Change in Net Position of Governmental Activities as Reported in the Statement of Activities | <u>\$ 3,477,685</u> |
|--|---------------------|

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| REVENUES | | | | |
| Taxes | \$ 2,250,520 | \$ 2,250,520 | \$ 2,247,151 | \$ (3,369) |
| Special Assessments | 169,000 | 169,000 | 141,304 | (27,696) |
| Intergovernmental | 4,587,696 | 4,587,696 | 4,590,912 | 3,216 |
| Licenses and Permits | 289,800 | 289,800 | 285,956 | (3,844) |
| Fines and Forfeits | 98,900 | 98,900 | 78,185 | (20,715) |
| Public Charges for Services | 1,433,500 | 1,433,500 | 1,234,214 | (199,286) |
| Intergovernmental Charges for Services | 142,500 | 142,500 | 146,842 | 4,342 |
| Interdepartmental Charges for Services | 575,000 | 575,000 | 471,808 | (103,192) |
| Miscellaneous | 190,000 | 190,000 | 277,610 | 87,610 |
| Total Revenues | <u>9,736,916</u> | <u>9,736,916</u> | <u>9,473,982</u> | <u>(262,934)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 1,226,153 | 1,226,153 | 1,171,055 | 55,098 |
| Public Safety | 6,033,760 | 6,033,760 | 6,150,004 | (116,244) |
| Public Works | 1,688,092 | 1,688,092 | 1,567,885 | 120,207 |
| Health and Human Services | 358,235 | 358,235 | 325,420 | 32,815 |
| Culture and Recreation | 1,186,936 | 1,186,936 | 1,150,482 | 36,454 |
| Total Expenditures | <u>10,493,176</u> | <u>10,493,176</u> | <u>10,364,846</u> | <u>128,330</u> |
| DEFICIT OF REVENUES UNDER EXPENDITURES | (756,260) | (756,260) | (890,864) | (134,604) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds From Sale of Capital Assets | 60,000 | 60,000 | 23,770 | (36,230) |
| Transfers In | 1,029,000 | 1,029,000 | 1,041,789 | 12,789 |
| Transfers Out | (332,740) | (332,740) | (358,984) | (26,244) |
| Total Other Financing Sources (Uses) | <u>756,260</u> | <u>756,260</u> | <u>706,575</u> | <u>(49,685)</u> |
| NET CHANGE IN FUND BALANCE | - | - | (184,289) | (184,289) |
| Fund Balance - Beginning of Year | <u>2,530,173</u> | <u>2,530,173</u> | <u>2,530,173</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 2,530,173</u> | <u>\$ 2,530,173</u> | <u>\$ 2,345,884</u> | <u>\$ (184,289)</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, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Miscellaneous | \$ 60,000 | \$ 60,000 | \$ 100,924 | \$ 40,924 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Conservation and Development | 57,500 | 57,500 | 28,839 | 28,661 |
| NET CHANGE IN FUND BALANCE | 2,500 | 2,500 | 72,085 | 69,585 |
| Fund Balance - Beginning of Year | 99,916 | 99,916 | 99,916 | - |
| FUND BALANCE - END OF YEAR | <u>\$ 102,416</u> | <u>\$ 102,416</u> | <u>\$ 172,001</u> | <u>\$ 69,585</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

| | Enterprise Funds | | |
|--|-------------------|-------------------|-------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 613,038 | \$ - | \$ - |
| Receivables: | | | |
| Taxes and Special Charges | - | 55,942 | 163,988 |
| Customer Accounts | 1,518,893 | 428,359 | 422,467 |
| Special Assessments | - | 38,182 | 39,529 |
| Other | 133,172 | - | 27,980 |
| Due from Other Funds | - | - | - |
| Due from Other Governments | - | - | 600,703 |
| Prepaid Items | 234,116 | 158,093 | - |
| Total Current Assets | <u>2,499,219</u> | <u>680,576</u> | <u>1,254,667</u> |
| Restricted Assets: | | | |
| Cash and Investments | - | 284,924 | 1,176,392 |
| Other Assets: | | | |
| Net Pension Asset | 432,052 | 250,829 | 213,972 |
| Capital Assets: | | | |
| Nondepreciable / Nonamortizable | 25,593 | 535,972 | 1,148,887 |
| Depreciable / Amortizable, Net | 8,571,326 | 13,682,208 | 17,224,271 |
| Total Capital Assets | <u>8,596,919</u> | <u>14,218,180</u> | <u>18,373,158</u> |
| Total Assets | <u>11,528,190</u> | <u>15,434,509</u> | <u>21,018,189</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Amounts | 841,602 | 490,346 | 419,268 |
| Other Postemployment Benefit Related Amounts | 114,221 | 66,953 | 61,911 |
| Total Deferred Outflows of Resources | <u>955,823</u> | <u>557,299</u> | <u>481,179</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Enterprise Funds | | Total | Governmental Activities - Internal Service Fund |
|--|-----------------------|-------------------|-------------------|--|
| | Stormwater Utility | Nonmajor Funds | | Health Insurance |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 961,878 | \$ 221,631 | \$ 1,796,547 | \$ 36,296 |
| Receivables: | | | | |
| Taxes and Special Charges | 25,515 | 1,684 | 247,129 | - |
| Customer Accounts | 87,821 | - | 2,457,540 | - |
| Special Assessments | 150,903 | - | 228,614 | - |
| Other | - | 66,617 | 227,769 | - |
| Due from Other Funds | 118,389 | - | 118,389 | - |
| Due from Other Governments | - | - | 600,703 | - |
| Prepaid Items | - | - | 392,209 | - |
| Total Current Assets | <u>1,344,506</u> | <u>289,932</u> | <u>6,068,900</u> | <u>36,296</u> |
| Restricted Assets: | | | | |
| Cash and Investments | 21,141 | - | 1,482,457 | - |
| Other Assets: | | | | |
| Net Pension Asset | - | 35,517 | 932,370 | - |
| Capital Assets: | | | | |
| Nondepreciable / Nonamortizable | 1,266,467 | - | 2,976,919 | - |
| Depreciable / Amortizable, Net | 5,363,034 | 25,005 | 44,865,844 | - |
| Total Capital Assets | <u>6,629,501</u> | <u>25,005</u> | <u>47,842,763</u> | <u>-</u> |
| Total Assets | <u>7,995,148</u> | <u>350,454</u> | <u>56,326,490</u> | <u>36,296</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension Related Amounts | - | 69,008 | 1,820,224 | - |
| Other Postemployment Benefit Related Amounts | - | 10,460 | 253,545 | - |
| Total Deferred Outflows of Resources | <u>-</u> | <u>79,468</u> | <u>2,073,769</u> | <u>-</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Enterprise Funds | | |
|--|---------------------|---------------------|---------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 722,021 | \$ 21,213 | \$ 371,319 |
| Accrued and Other Current Liabilities | 25,610 | 14,001 | 11,347 |
| Due to Other Funds | - | 1,810,258 | 216,029 |
| Accrued Interest Payable | 8,896 | 29,059 | 42,506 |
| Special Deposits | 97,773 | - | - |
| Current Portion of Long-Term Debt | - | 209,641 | 205,007 |
| Current Portion of Lease Liability | 10,074 | 14,726 | 74,063 |
| Current Portion of Other Postemployment Benefits | 28,127 | 16,654 | 14,006 |
| Payable from Restricted Assets: | | | |
| Current Portion of Long-Term Debt | 33,124 | 448,496 | 752,432 |
| | <u>925,625</u> | <u>2,564,048</u> | <u>1,686,709</u> |
| Total Current Liabilities | | | |
| | 925,625 | 2,564,048 | 1,686,709 |
| Long-Term Obligations, Less Current Portion: | | | |
| General Obligation Debt | - | 985,841 | 534,998 |
| Revenue Bonds | 146,268 | 3,025,386 | 8,437,634 |
| Debt Premium | - | 32,583 | 25,273 |
| Lease Liability | 49,292 | 27,639 | 78,502 |
| Compensated Absences | 67,215 | 32,919 | 6,758 |
| Other Postemployment Benefits | 512,701 | 306,087 | 277,303 |
| | <u>775,476</u> | <u>4,410,455</u> | <u>9,360,468</u> |
| Total Long-Term Liabilities | | | |
| | 775,476 | 4,410,455 | 9,360,468 |
| Total Liabilities | 1,701,101 | 6,974,503 | 11,047,177 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Related Amounts | 1,017,557 | 590,744 | 503,940 |
| Other Postemployment Benefit Related Amounts | 38,795 | 22,825 | 21,001 |
| | <u>1,056,352</u> | <u>613,569</u> | <u>524,941</u> |
| Total Deferred Inflows of Resources | | | |
| | 1,056,352 | 613,569 | 524,941 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 8,358,161 | 9,473,868 | 7,917,151 |
| Restricted: | | | |
| Capital Assets | - | - | 1,176,392 |
| Debt Service | - | 284,924 | - |
| Pension Benefits | 432,052 | 250,829 | 213,972 |
| Unrestricted | 936,347 | (1,605,885) | 619,735 |
| | <u>9,294,500</u> | <u>7,132,816</u> | <u>9,337,151</u> |
| Total Net Position | | | |
| | <u>\$ 9,294,500</u> | <u>\$ 7,132,816</u> | <u>\$ 9,337,151</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Enterprise Funds | | Total | Governmental Activities - Internal Service Fund |
|---|-----------------------|-------------------|----------------------|--|
| | Stormwater Utility | Nonmajor Funds | | Health Insurance |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 54,123 | \$ 471 | \$ 1,169,147 | \$ - |
| Accrued and Other Current Liabilities | 242 | 549 | 51,749 | - |
| Due to Other Funds | - | - | 2,026,287 | - |
| Accrued Interest Payable | 40,858 | 314 | 121,633 | - |
| Special Deposits | - | - | 97,773 | - |
| Current Portion of Long-Term Debt | 78,273 | - | 492,921 | - |
| Current Portion of Lease Liability | - | - | 98,863 | - |
| Current Portion of Other Postemployment Benefits | - | - | 58,787 | - |
| Payable from Restricted Assets: | | | | |
| Current Portion of Long-Term Debt | 76,213 | 1,722 | 1,311,987 | - |
| Total Current Liabilities | 249,709 | 3,056 | 5,429,147 | - |
| Long-Term Obligations, Less Current Portion: | | | | |
| General Obligation Debt | 524,282 | - | 2,045,121 | - |
| Revenue Bonds | 1,324,633 | 7,604 | 12,941,525 | - |
| Debt Premium | - | - | 57,856 | - |
| Lease Liability | - | - | 155,433 | - |
| Compensated Absences | - | - | 106,892 | - |
| Other Postemployment Benefits | - | 46,424 | 1,142,515 | - |
| Total Long-Term Liabilities | 1,848,915 | 54,028 | 16,449,342 | - |
| Total Liabilities | 2,098,624 | 57,084 | 21,878,489 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Related Amounts | - | 83,648 | 2,195,889 | - |
| Other Postemployment Benefit Related Amounts | - | 3,507 | 86,128 | - |
| Total Deferred Inflows of Resources | - | 87,155 | 2,282,017 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 4,575,811 | 25,005 | 30,349,996 | - |
| Restricted: | | | | |
| Capital Assets | 21,141 | - | 1,197,533 | - |
| Debt Service | - | - | 284,924 | - |
| Pension Benefits | - | 35,517 | 932,370 | - |
| Unrestricted | 1,299,572 | 225,161 | 1,474,930 | 36,296 |
| Total Net Position | <u>\$ 5,896,524</u> | <u>\$ 285,683</u> | <u>\$ 34,239,753</u> | <u>\$ 36,296</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, 2022**

| | Enterprise Funds | | |
|---|----------------------------|----------------------------|----------------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| OPERATING REVENUES | | | |
| Charges for Services | \$ 10,079,125 | \$ 2,885,005 | \$ 2,813,554 |
| Other | 159,979 | 31,768 | 101,014 |
| Total Operating Revenues | <u>10,239,104</u> | <u>2,916,773</u> | <u>2,914,568</u> |
| OPERATING EXPENSES | | | |
| Operation and Maintenance | 8,844,493 | 1,681,960 | 1,613,948 |
| Depreciation | 461,775 | 532,385 | 806,555 |
| Taxes | 81,908 | 47,829 | 37,784 |
| Total Operating Expenses | <u>9,388,176</u> | <u>2,262,174</u> | <u>2,458,287</u> |
| OPERATING INCOME (LOSS) | 850,928 | 654,599 | 456,281 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest Income | - | - | - |
| Nonoperating Grants | - | 281,285 | 229,108 |
| Interest and Fiscal Charges | (22,628) | (135,593) | (206,845) |
| Other Nonoperating Revenues (Expenses) | (24,062) | (148) | - |
| Total Nonoperating Revenues (Expenses) | <u>(46,690)</u> | <u>145,544</u> | <u>22,263</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 804,238 | 800,143 | 478,544 |
| Capital Contributions | 23,774 | 313,148 | 179,695 |
| Transfers In | - | 82,890 | 59,286 |
| Transfers Out | (232,428) | (249,326) | (364,080) |
| CHANGE IN NET POSITION | 595,584 | 946,855 | 353,445 |
| Net Position - Beginning of Year | <u>9,130,976</u> | <u>7,456,881</u> | <u>9,573,805</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 9,726,560</u></u> | <u><u>\$ 8,403,736</u></u> | <u><u>\$ 9,927,250</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, 2022**

| | Enterprise Funds | | Totals | Governmental Activities - Internal Service Fund |
|---|-----------------------|-------------------|----------------------|--|
| | Stormwater Utility | Nonmajor Funds | | Health Insurance |
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 657,169 | \$ 498,714 | \$ 16,933,567 | \$ 262,141 |
| Other | - | 235,196 | 527,957 | - |
| Total Operating Revenues | <u>657,169</u> | <u>733,910</u> | <u>17,461,524</u> | <u>262,141</u> |
| OPERATING EXPENSES | | | | |
| Operation and Maintenance | 239,858 | 775,456 | 13,155,715 | 603,772 |
| Depreciation | 107,236 | 9,641 | 1,917,592 | - |
| Taxes | - | - | 167,521 | - |
| Total Operating Expenses | <u>347,094</u> | <u>785,097</u> | <u>15,240,828</u> | <u>603,772</u> |
| OPERATING INCOME (LOSS) | 310,075 | (51,187) | 2,220,696 | (341,631) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Income | 3,723 | - | 3,723 | - |
| Nonoperating Grants | 189,093 | 81,988 | 781,474 | - |
| Interest and Fiscal Charges | (64,320) | (354) | (429,740) | - |
| Other Nonoperating Revenues (Expenses) | - | 15,885 | (8,325) | - |
| Total Nonoperating Revenues (Expenses) | <u>128,496</u> | <u>97,519</u> | <u>347,132</u> | <u>-</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 438,571 | 46,332 | 2,567,828 | (341,631) |
| Capital Contributions | 58,081 | - | 574,698 | - |
| Transfers In | - | - | 142,176 | 333,163 |
| Transfers Out | - | (1,440) | (847,274) | - |
| CHANGE IN NET POSITION | 496,652 | 44,892 | 2,437,428 | (8,468) |
| Net Position - Beginning of Year | <u>5,399,872</u> | <u>240,791</u> | <u>31,802,325</u> | <u>44,764</u> |
| NET POSITION - END OF YEAR | <u>\$ 5,896,524</u> | <u>\$ 285,683</u> | <u>\$ 34,239,753</u> | <u>\$ 36,296</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | Enterprise Funds | | |
|--|-------------------|--------------------|---------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ 10,020,145 | \$ 2,837,742 | \$ 2,705,175 |
| Cash Received from Other Departments | - | - | - |
| Cash Received from Rent | - | - | - |
| Cash Paid for Employee Wages And Benefits | (916,113) | (764,635) | (1,202,679) |
| Cash Paid to Suppliers | (8,001,908) | (1,138,573) | (527,223) |
| Net Cash Provided (Used) by Operating Activities | <u>1,102,124</u> | <u>934,534</u> | <u>975,273</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Special Assessments | - | 36,950 | 184,063 |
| Nonoperating Grants | - | 281,285 | 229,108 |
| Due to/from Other Funds | - | (24,183) | 150,682 |
| Transfer In (Out) | (232,428) | (166,436) | (304,794) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(232,428)</u> | <u>127,616</u> | <u>259,059</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of Capital Assets | (443,160) | (695,808) | (729,834) |
| Cost of Removal of Capital Assets | (99,082) | - | - |
| Capital Contributions | - | 10,879 | 179,695 |
| Sale of Capital Assets | (6,437) | 20 | - |
| Long-Term Debt Issued | 26,764 | 334,980 | 534,585 |
| Principal Paid on Long-Term Debt | (53,245) | (630,146) | (996,078) |
| Interest Paid on Long-Term Debt | (23,642) | (150,701) | (222,700) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(598,802)</u> | <u>(1,130,776)</u> | <u>(1,234,332)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Received | - | - | - |
| CHANGE IN CASH AND CASH EQUIVALENTS | 270,894 | (68,626) | - |
| Cash and Cash Equivalents - Beginning of Year | <u>342,144</u> | <u>353,550</u> | <u>1,176,392</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 613,038</u> | <u>\$ 284,924</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, 2022**

| | Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|-----------------------|-------------------|---------------------|--|
| | Stormwater Utility | Nonmajor Funds | Total | Health Insurance |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 642,270 | \$ 732,728 | \$ 16,938,060 | \$ - |
| Cash Received from Other Departments | - | - | - | 262,141 |
| Cash Received from Rent | - | 15,885 | 15,885 | - |
| Cash Paid for Employee Wages And Benefits | (12,299) | (115,390) | (3,011,116) | - |
| Cash Paid to Suppliers | (228,409) | (684,200) | (10,580,313) | (604,832) |
| Net Cash Provided (Used) by Operating Activities | 401,562 | (50,977) | 3,362,516 | (342,691) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Special Assessments | 5,443 | - | 226,456 | - |
| Nonoperating Grants | 189,093 | 81,988 | 781,474 | - |
| Due to/from Other Funds | 2,916 | - | 129,415 | - |
| Transfer In (Out) | - | (1,440) | (705,098) | 333,163 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 197,452 | 80,548 | 432,247 | 333,163 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of Capital Assets | (755,534) | - | (2,624,336) | - |
| Cost of Removal of Capital Assets | - | - | (99,082) | - |
| Capital Contributions | - | - | 190,574 | - |
| Sale of Capital Assets | - | - | (6,417) | - |
| Long-Term Debt Issued | 441,217 | - | 1,337,546 | - |
| Principal Paid on Long-Term Debt | (129,416) | (1,656) | (1,810,541) | - |
| Interest Paid on Long-Term Debt | (69,009) | (439) | (466,491) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (512,742) | (2,095) | (3,478,747) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest Received | 3,723 | - | 3,723 | - |
| CHANGE IN CASH AND CASH EQUIVALENTS | 89,995 | 27,476 | 319,739 | (9,528) |
| Cash and Cash Equivalents - Beginning of Year | 893,024 | 194,155 | 2,959,265 | 45,824 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 983,019</u> | <u>\$ 221,631</u> | <u>\$ 3,279,004</u> | <u>\$ 36,296</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Enterprise Funds | | |
|--|---------------------|-------------------|---------------------|
| | Electric Utility | Water Utility | Sewer Utility |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | \$ 850,928 | \$ 654,599 | \$ 456,281 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 461,775 | 532,385 | 806,555 |
| Depreciation Charged to Operating Accounts | 86,720 | 50,230 | - |
| Other | (24,062) | (148) | - |
| Change in (Asset) Liability and Deferred Outflows and Inflows of Resources: | | | |
| Net Pension Asset | (85,213) | (58,866) | (48,522) |
| Deferred Outflows - Pension Related | (268,636) | (170,828) | (144,648) |
| Deferred Inflows - Pension Related | 257,529 | 170,094 | 141,388 |
| Deferred Outflows - OPEB Related | 10,436 | 7,358 | (1,088) |
| OPEB Liability | (43,479) | (24,499) | 3,409 |
| Deferred Inflows - OPEB Related | 20,358 | 11,675 | 12,320 |
| Change in Operating Assets and Liabilities: | | | |
| Accounts Receivable | (235,461) | (78,883) | (212,886) |
| Due from Other Governments | - | - | 3,493 |
| Prepaid Items | 19,759 | (25,095) | - |
| Accounts Payable | 33,353 | (139,961) | (43,936) |
| Accrued and Other Current Liabilities | 8,149 | 3,105 | 2,186 |
| Special Deposits | 16,502 | - | - |
| Compensated Absences | (6,534) | 3,368 | 721 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,102,124</u> | <u>\$ 934,534</u> | <u>\$ 975,273</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | | |
| Cash and Cash Equivalents in Current Assets | \$ 613,038 | \$ - | \$ - |
| Cash and Cash Equivalents in Restricted Assets | - | 284,924 | 1,176,392 |
| Total Cash and Cash Equivalents | <u>\$ 613,038</u> | <u>\$ 284,924</u> | <u>\$ 1,176,392</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital Assets Contributed | <u>\$ 23,774</u> | <u>\$ 302,269</u> | <u>\$ -</u> |
| Capital Related Accounts Payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 348,098</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Enterprise Funds | | Total | Governmental Activities - Internal Service Fund |
|--|-----------------------|--------------------|---------------------|--|
| | Stormwater Utility | Nonmajor Funds | | Health Insurance |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 310,075 | \$ (51,187) | \$ 2,220,696 | \$ (341,631) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 107,236 | 9,641 | 1,917,592 | - |
| Depreciation Charged to Operating Accounts | - | - | 136,950 | - |
| Other | - | 15,885 | (8,325) | - |
| Change in (Asset) Liability and Deferred Outflows and Inflows of Resources: | | | | |
| Net Pension Asset | - | (9,360) | (201,961) | - |
| Deferred Outflows - Pension Related | - | (25,481) | (609,593) | - |
| Deferred Inflows - Pension Related | - | 26,330 | 595,341 | - |
| Deferred Outflows - OPEB Related | - | (77) | 16,629 | - |
| OPEB Liability | - | (1,438) | (66,007) | - |
| Deferred Inflows - OPEB Related | - | 1,898 | 46,251 | - |
| Change in Operating Assets and Liabilities: | | | | |
| Accounts Receivable | (14,899) | (1,182) | (543,311) | - |
| Due from Other Governments | - | - | 3,493 | - |
| Prepaid Items | - | - | (5,336) | - |
| Accounts Payable | (1,049) | (16,006) | (167,599) | (1,060) |
| Accrued and Other Current Liabilities | 199 | - | 13,639 | - |
| Special Deposits | - | - | 16,502 | - |
| Compensated Absences | - | - | (2,445) | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 401,562</u> | <u>\$ (50,977)</u> | <u>\$ 3,362,516</u> | <u>\$ (342,691)</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | | | |
| Cash and Cash Equivalents in Current Assets | \$ 961,878 | \$ 221,631 | \$ 1,796,547 | \$ 36,296 |
| Cash and Cash Equivalents in Restricted Assets | 21,141 | - | 1,482,457 | - |
| Total Cash and Cash Equivalents | <u>\$ 983,019</u> | <u>\$ 221,631</u> | <u>\$ 3,279,004</u> | <u>\$ 36,296</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Assets Contributed | <u>\$ 58,081</u> | <u>\$ -</u> | <u>\$ 384,124</u> | <u>\$ -</u> |
| Capital Related Accounts Payable | <u>\$ 50,289</u> | <u>\$ -</u> | <u>\$ 398,387</u> | <u>\$ -</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

ASSETS

| | |
|----------------------|------------------|
| Cash and Investments | \$ 3,618,728 |
| Receivables: | |
| Taxes | <u>4,174,265</u> |
| Total Assets | <u>7,792,993</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|---|------------------|
| Property Taxes Levied for Subsequent Year | <u>7,624,287</u> |
|---|------------------|

NET POSITION

| | |
|------------|--------------------------|
| Restricted | <u><u>\$ 168,706</u></u> |
|------------|--------------------------|

See accompanying Notes to Basic Financial Statements.

**CITY OF TWO RIVERS, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2022**

ADDITIONS

| | |
|-------------------------------------|------------------|
| Interest on Investments | \$ 4,225 |
| Taxes and Special Charges Collected | <u>7,758,654</u> |
| Total Additions | <u>7,762,879</u> |

DEDUCTIONS

| | |
|--------------------|------------------|
| Payments to Others | <u>7,761,036</u> |
|--------------------|------------------|

CHANGE IN NET POSITION

1,843

Net Position - Beginning of Year

166,863

NET POSITION - END OF YEAR

\$ 168,706

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Housing Revolving Loans Fund

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

The City reports the following major enterprise funds:

Electric Utility Enterprise Fund

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

Water Utility Enterprise Fund

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

Sewer Utility Enterprise Fund

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

Stormwater Utility Enterprise Fund

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

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

Property Tax Collection

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

Smongeski Health

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Crime Prevention

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

TRIAD Committee

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

Additionally, the City reports the following fund types:

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

C. Measurement Focus and Basis of Accounting

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022**

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 2021 tax roll are recognized as revenue in 2022).

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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Loans Receivable (Continued)

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

6. Leases

Lessor

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivable represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Leases (Continued)

Lessee

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

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

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

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Interfund Receivables and Payables

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

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

8. Prepaid Items

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

9. Capital Assets

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Capital Assets (Continued)

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

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

10. Compensated Absences

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

11. Deferred Outflows/Inflows of Resources

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. 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.

13. 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.

14. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Single-Employer Defined Postemployment Benefit Plan

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

15. Deferred Compensation Plan

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

16. Fund 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.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- *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.

Government-Wide and Proprietary Fund Statements

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

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

E. Use of Estimates

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- 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, 2022.

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, 2022, as follows:

| | Excess Expenditures |
|---------------------------------|------------------------|
| General Fund: | |
| General Government: | |
| Judicial | \$ 1,498 |
| City Hall | 11,041 |
| Uncollectible Taxes and Refunds | 2,564 |
| Public Safety: | |
| Police and Fire Commission | 227 |
| Police Department | 57,673 |
| Fire Department | 91,994 |
| Inspection | 1,380 |
| Public Works: | |
| Work Done for Others | 66,016 |
| Culture and Recreation: | |
| Special Events | 8,345 |
| Recreation Fields | 8,021 |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2022:

| | Deficit Fund Balance |
|--------------------------------|-------------------------|
| Debt Service | \$ 18,271 |
| Senior Center | 14,347 |
| Park and Cemetery Construction | 57,887 |
| Fire Equipment | 29,555 |
| City Hall Equipment | 8,095 |
| Management Information | 18,732 |
| Police Equipment | 75,064 |
| TIF District No. 6 | 176,176 |
| TIF District No. 10 | 162,899 |
| TIF District No. 13 | 15,903 |
| TIF District No. 14 | 2,681 |
| TIF District No. 15 | 6,817 |
| TIF District No. 16 | 5,571 |
| TIF District No. 17 | 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 2022 and 2023 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 2022 budget was 1.006%. The actual limit for the City for the 2023 budget was 0.766%. 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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

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

The carrying amount of the City's cash and investments totaled \$16,970,398 on December 31, 2022, as summarized below:

| | | |
|--|----|---------------|
| Petty Cash and Cash on Hand | \$ | 397 |
| Deposits with Financial Institutions | | 7,845,383 |
| Investments: | | |
| Wisconsin Local Government Investment Pool | | 8,161,966 |
| Mutual Funds | | 83,658 |
| Certificates of Deposit | | 878,994 |
| Total | | \$ 16,970,398 |

Reconciliation to the basic financial statements:

| | | |
|--|----|---------------|
| Government-Wide Statement of Net Position: | | |
| Cash and Investments | \$ | 11,869,213 |
| Restricted Cash and Investments | | 1,482,457 |
| Fiduciary Fund Statement of Net Position: | | |
| Cash and Investments | | 3,618,728 |
| Total | | \$ 16,970,398 |

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, 2022:

| | Fair Value Measurements Using: | | |
|-------------------------|--------------------------------|------------|---------|
| | Level 1 | Level 2 | Level 3 |
| Mutual Funds | \$ - | \$ 83,658 | \$ - |
| Certificates of Deposit | - | 878,994 | - |
| | \$ - | \$ 962,652 | \$ - |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, \$4,847,430 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, 2022**

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 | \$ 83,658 | \$ - | \$ - | \$ - | \$ 83,658 |
| Certificates of Deposit | 878,994 | - | - | - | 878,994 |
| Wisconsin Local Government Investment Pool | 8,161,966 | - | - | - | 8,161,966 |
| Totals | <u>\$ 9,124,618</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,124,618</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 | \$ 83,658 | \$ 83,658 | \$ - | \$ - | \$ - |
| Certificates of Deposit | 878,994 | 628,994 | 250,000 | - | - |
| Wisconsin Local Government Investment Pool | 8,161,966 | 8,161,966 | - | - | - |
| Totals | <u>\$ 9,124,618</u> | <u>\$ 8,874,618</u> | <u>\$ 250,000</u> | <u>\$ -</u> | <u>\$ -</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 \$8,161,966 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, 2022, 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, 2022, totaled \$1,482,457 and consisted of cash and investments held for the following purposes:

| <u>Funds</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------|---------------------|-----------------------------|
| Enterprise Fund | | |
| Water Utility | \$ 284,924 | Debt Reserve Fund |
| Sewer Utility | 1,176,392 | Equipment Replacement Fund |
| Stormwater Utility | 21,141 | Stormwater Pond Maintenance |
| Total | <u>\$ 1,482,457</u> | |

C. Lease Receivables

During the year ended December 31, 2022, the City recognized lease revenue and interest revenue in the governmental activities of \$54,417 and \$6,581, respectively, pursuant to these contracts. A summary of the City's lease terms and interest rates is as follows:

Governmental Activities

Cell Tower Leases. Monthly installments ranging from \$500 to \$1,263 plus interest at 4.00%, termination dates ranging from 2024 to 2025. Yearly installments ranging from \$45,575 to \$51,266 plus interest at 4.00%, termination date through 2026.

Office Space Lease. Monthly installments ranging from \$188 to 191 plus interest at 4.00%, termination date through 2024.

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | <u>Total</u> |
|---------------------------------|--------------------------------|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2023 | \$ 61,700 | \$ 7,086 | \$ 68,786 |
| 2024 | 53,607 | 4,727 | 58,334 |
| 2025 | 47,007 | 2,787 | 49,794 |
| 2026 | 50,421 | 846 | 51,267 |
| Total | <u>\$ 212,735</u> | <u>\$ 15,446</u> | <u>\$ 228,181</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

| | Balance Beginning of Year, Restated (1) | Increases | Decreases | Ending Balance |
|---|---|---------------------|---------------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets, Nondepreciable/Nonamortizable: | | | | |
| Land | \$ 1,224,477 | \$ - | \$ 320,600 | \$ 903,877 |
| Construction in Progress | 799,745 | 513,495 | 799,745 | 513,495 |
| Total Capital Assets, Nondepreciable/ Nonamortizable | <u>2,024,222</u> | <u>513,495</u> | <u>1,120,345</u> | <u>1,417,372</u> |
| Capital Assets, Being Depreciated and Amortized: | | | | |
| Buildings | 15,117,628 | - | - | 15,117,628 |
| Improvements Other than Buildings | 3,895,773 | 238,847 | - | 4,134,620 |
| Machinery and Equipment | 11,394,305 | 1,727,288 | 696,820 | 12,424,773 |
| Infrastructure | 36,675,538 | 1,333,445 | 231,218 | 37,777,765 |
| Right to Use Lease Assets - Machinery and Equipment | 116,269 | 105,182 | - | 221,451 |
| Subtotals | <u>67,199,513</u> | <u>3,404,762</u> | <u>928,038</u> | <u>69,676,237</u> |
| Less Accumulated Depreciation and Amortization for: | | | | |
| Buildings | 7,104,657 | 320,835 | - | 7,425,492 |
| Improvements Other than Buildings | 535,335 | 91,218 | - | 626,553 |
| Machinery and Equipment | 7,355,433 | 572,370 | 649,121 | 7,278,682 |
| Infrastructure | 24,005,147 | 627,973 | 231,218 | 24,401,902 |
| Right to Use Leases Assets - Machinery and Equipment | - | 37,679 | - | 37,679 |
| Subtotals | <u>39,000,572</u> | <u>1,650,075</u> | <u>880,339</u> | <u>39,770,308</u> |
| Less: Accumulated Depreciation and Amortization | <u>39,000,572</u> | <u>1,650,075</u> | <u>880,339</u> | <u>39,770,308</u> |
| Total Capital Assets, Depreciable / Amortizable, Net | <u>28,198,941</u> | <u>1,754,687</u> | <u>47,699</u> | <u>29,905,929</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 30,223,163</u> | <u>\$ 2,268,182</u> | <u>\$ 1,168,044</u> | 31,323,301 |
| Less: Capital Related Debt | | | | 13,820,376 |
| Add: Unspent Debt Proceeds | | | | 1,176,567 |
| Less: Debt Premium | | | | 627,963 |
| Less: Capital Related Accounts Payable | | | | <u>380,116</u> |
| Net Investment in Capital Assets | | | | <u>\$ 17,671,413</u> |

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87, See Note 1.F.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

| | Beginning Balance of Year, Restated | Increases | Decreases | Ending Balance |
|---|---|---------------------|---------------------|----------------------|
| Business-Type Activities: | | | | |
| Capital Assets, Nondepreciable/Nonamortizable: | | | | |
| Land | \$ 36,944 | \$ - | \$ - | \$ 36,944 |
| Construction in Progress | 3,301,240 | 1,971,021 | 2,332,286 | 2,939,975 |
| Total Capital Assets, Nondepreciable/Amortizable | 3,338,184 | 1,971,021 | 2,332,286 | 2,976,919 |
| Capital Assets, Being Depreciated and Amortized: | | | | |
| Buildings | 8,457,205 | 3,701 | - | 8,460,906 |
| Improvements Other than Buildings | 43,131,553 | 3,561,137 | 729,824 | 45,962,866 |
| Machinery and Equipment | 20,303,406 | 252,885 | 98,636 | 20,457,655 |
| Right to Use Lease Assets - Machinery and Equipment | 74,244 | 45,720 | - | 119,964 |
| Subtotals | 71,966,408 | 3,863,443 | 828,460 | 75,001,391 |
| Less: | | | | |
| Accumulated Depreciation and Amortization | 29,006,695 | 2,060,922 | 932,070 | 30,135,547 |
| Total Capital Assets, Depreciable/Amortizable, Net | 42,959,713 | 1,802,521 | (103,610) | 44,865,844 |
| Business-Type Activities Capital Assets, Net | <u>\$ 46,297,897</u> | <u>\$ 3,773,542</u> | <u>\$ 2,228,676</u> | 47,842,763 |
| Less: Capital Related Debt and Related Net Deferrals | | | | 16,765,383 |
| Less: Debt Premium | | | | 74,701 |
| Less: Lease Liability | | | | 254,296 |
| Less: Capital Related Accounts Payable | | | | <u>398,387</u> |
| Net Investment in Capital Assets | | | | <u>\$ 30,349,996</u> |

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87, See Note 1.F.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

| | |
|--|----------------------------|
| Governmental Activities: | |
| General Government | \$ 114,862 |
| Public Safety | 288,011 |
| Public Works | 877,769 |
| Culture and Recreation | <u>369,433</u> |
| Total Depreciation and Amortization Expense - Governmental Activities | <u><u>\$ 1,650,075</u></u> |
| Business-Type Activities: | |
| Electric Utility | \$ 461,775 |
| Water Utility | 532,385 |
| Sewer Utility | 806,555 |
| Telecommunication Utility | 107,236 |
| Stormwater Utility | <u>9,641</u> |
| Total Depreciation and Amortization Expense | <u>1,917,592</u> |
| Depreciation Charged to Operating Accounts | <u>143,330</u> |
| Total Increase in Accumulated Depreciation and Amortization - Business-Type Activities | <u><u>\$ 2,060,922</u></u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2022, are detailed below:

| | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| Long Term Cash Advances to Finance | | |
| Operating Deficits: | | |
| Governmental Funds: | | |
| General | \$ 1,819,865 | \$ - |
| Nonmajor Governmental Funds: | | |
| Senior Center | - | 11,639 |
| Park and Cemetery Construction | - | 54,105 |
| Fire Equipment | - | 29,295 |
| City Hall Equipment | - | 8,095 |
| Management Information | - | 11,271 |
| Police Equipment | - | 118,389 |
| TIF District No. 6 | - | 165,705 |
| TIF District No. 7 | 662,060 | - |
| TIF District No. 10 | - | 157,988 |
| TIF District No. 13 | - | 4,527 |
| TIF District No. 14 | - | 108 |
| TIF District No. 15 | - | 6,685 |
| TIF District No. 16 | - | 5,190 |
| TIF District No. 17 | - | 1,030 |
| Subtotal - Nonmajor Governmental Funds | 662,060 | 574,027 |
| Proprietary Funds: | | |
| Water Utility | - | 1,810,258 |
| Sewer Utility | - | 216,029 |
| Stormwater Utility | 118,389 | - |
| Subtotal - Proprietary Funds | 118,389 | 2,026,287 |
| Totals | \$ 2,600,314 | \$ 2,600,314 |

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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Interfund transfers for the year ended December 31, 2022, were as follows:

| Fund | Transfer In | Transfer Out |
|--|--------------|--------------|
| Governmental Funds: | | |
| General | \$ 1,041,789 | \$ 358,984 |
| Debt Service | 165,963 | 47,916 |
| Nonmajor Governmental Funds: | | |
| Library | - | 1,440 |
| Library Gift | - | 20,000 |
| Community Tourism | 218,016 | 276,537 |
| Urban Forestry | 19,500 | - |
| Tree Planting | - | 19,500 |
| Business and Industrial Revolving Loans | - | 103,000 |
| Sandy Bay Highlands | - | 98,234 |
| Affordable Housing | 49,647 | - |
| Community Development | 175,000 | - |
| Street Construction | - | 14,000 |
| Park and Cemetery Construction | 28,000 | 355,715 |
| Public Works Equipment | - | 14,000 |
| Management Information | 52,000 | - |
| Police Equipment | 47,916 | - |
| TIF District No. 4 | - | 49,647 |
| TIF District No. 7 | - | 72,149 |
| TIF District No. 8 | 4,500 | 166,836 |
| TIF District No. 10 | - | 22,850 |
| TIF District No. 12 | - | 30,803 |
| Industrial Park Development | - | 150,000 |
| Central Park Renovation | 351,215 | - |
| Library Building and Grounds | 20,000 | - |
| Subtotal - Nonmajor Governmental Funds | 965,794 | 1,394,711 |
| Proprietary Funds: | | |
| Electric Utility | - | 232,428 |
| Water Utility | 82,890 | 249,326 |
| Sewer Utility | 59,286 | 364,080 |
| Nonmajor Proprietary Fund: | | |
| Solid Waste | - | 1,440 |
| Internal Service Fund - Health Insurance | 333,163 | - |
| Government-Wide | | |
| Total | \$ 2,648,885 | \$ 2,648,885 |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

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

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2022:

| | Beginning of Year, Restated (1) | Issued | Retired | Ending Balance | Due Within One Year |
|--|------------------------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Debt: | | | | | |
| Bonds | \$ 5,245,000 | \$ - | \$ 350,000 | \$ 4,895,000 | \$ 430,000 |
| Notes | 8,870,000 | 2,305,000 | 1,385,000 | 9,790,000 | 1,385,000 |
| Direct Borrowings | 1,439,731 | - | 325,740 | 1,113,991 | 327,756 |
| Total General | | | | | |
| Obligation Debt | 15,554,731 | 2,305,000 | 2,060,740 | 15,798,991 | 2,142,756 |
| Debt Premium | 701,297 | 88,474 | 161,808 | 627,963 | 155,856 |
| Lease Liability | 116,269 | 105,182 | 34,823 | 186,628 | 44,042 |
| Compensated Absences | 219,437 | - | 13,152 | 206,285 | - |
| Governmental Activities Long- Term Obligations | \$ 16,591,734 | \$ 2,498,656 | \$ 2,270,523 | \$ 16,819,867 | \$ 2,342,654 |
| Business-Type Activities: | | | | | |
| General Obligation Debt: | | | | | |
| Bonds | \$ 1,675,000 | \$ - | \$ 165,000 | \$ 1,510,000 | \$ 170,000 |
| Notes | 75,000 | - | 15,000 | 60,000 | 15,000 |
| Direct Borrowings | 1,235,724 | - | 284,527 | 951,197 | 291,076 |
| Total General | | | | | |
| Obligation Debt | 2,985,724 | - | 464,527 | 2,521,197 | 476,076 |
| Revenue Bonds | 14,201,006 | 1,291,826 | 1,239,320 | 14,253,512 | 1,311,987 |
| Debt Premium | 93,460 | - | 18,759 | 74,701 | 16,845 |
| Financed Purchase | 217,977 | - | 69,898 | 148,079 | 72,624 |
| Lease Liability | 97,293 | 45,720 | 36,796 | 106,217 | 26,239 |
| Compensated Absences | 109,337 | - | 2,445 | 106,892 | - |
| Business-Type Activities Long- Term Obligations | \$ 17,704,797 | \$ 1,337,546 | \$ 1,831,745 | \$ 17,210,598 | \$ 1,903,771 |

Total interest paid during the year on long-term debt totaled \$1,077,929.

State Trust Fund Loan

The City's outstanding notes from direct borrowings related to the governmental activities of \$1,097,700 and business type activities of \$187,025 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of \$759,021 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 \$16,291 and business type activities of \$5,151 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance at December 31, 2022</u> |
|---|----------------------|-----------------------|-----------------------|----------------------------------|---|
| Bonds: | | | | | |
| General Obligation Bond | 07/08/19 | 2030 | 3.00% to 4.00% | \$ 1,610,000 | \$ 1,235,000 |
| General Obligation Bond | 08/30/19 | 2034 | 3.00% to 4.00% | 3,210,000 | 2,705,000 |
| General Obligation Bond | 04/20/20 | 2030 | 2.55 | 2,085,000 | 1,690,000 |
| General Obligation Bond | 06/07/21 | 2039 | 2.40% to 3.25% | 775,000 | 775,000 |
| Notes: | | | | | |
| General Obligation Note | 07/08/19 | 2029 | 3.00% to 4.00% | 1,785,000 | 1,435,000 |
| General Obligation Note | 04/20/20 | 2030 | 3.00 | 6,125,000 | 4,295,000 |
| General Obligation Note | 06/07/21 | 2031 | 2.00% to 3.00% | 1,915,000 | 1,815,000 |
| General Obligation Note | 02/23/22 | 2041 | 3.00% to 4.00% | 2,305,000 | 2,305,000 |
| Direct Placement: | | | | | |
| State Trust Fund Bond | 04/11/13 | 2023 | 2.75 | 1,162,358 | 129,828 |
| WPPI Energy Note | 2013 | 2023 | 0.00 | 129,080 | 5,163 |
| WPPI Energy Note | 2013 | 2023 | 0.00 | 14,076 | 469 |
| WPPI Energy Note | 2013 | 2023 | 0.00 | 46,827 | 4,682 |
| Safe Drinking Water Bond | 11/13/13 | 2029 | 3.15 | 487,054 | 226,127 |
| Safe Drinking Water Bond | 11/13/13 | 2029 | 3.15 | 824,459 | 376,428 |
| State Trust Fund Bond | 05/16/16 | 2024 | 3.00 | 1,941,374 | 153,646 |
| WPPI Energy Note | 08/01/16 | 2026 | 0.00 | 30,350 | 11,128 |
| Safe Drinking Water Bond | 12/31/16 | 2029 | 2.67 | 361,269 | 156,466 |
| State Trust Fund Bond | 07/23/19 | 2029 | 3.75 | 500,000 | 364,084 |
| State Trust Fund Bond | 03/26/20 | 2023 | 2.50 | 550,000 | 187,025 |
| State Trust Fund Bond | 04/16/20 | 2030 | 3.00 | 550,000 | 450,142 |
| Total Outstanding General Obligation Debt | | | | | <u>\$ 18,320,188</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$18,320,188 on December 31, 2022, are detailed below:

| Year Ending December 31, | Governmental Activities | | | | | |
|-----------------------------|-------------------------|---------------------|---------------------|-------------------|----------------------|---------------------|
| | Bonds and Notes | | Direct Placement | | Totals | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 1,815,000 | \$ 480,382 | \$ 327,756 | \$ 35,336 | \$ 2,142,756 | \$ 515,718 |
| 2024 | 1,945,000 | 386,308 | 164,270 | 25,796 | 2,109,270 | 412,104 |
| 2025 | 1,880,000 | 324,798 | 106,747 | 20,527 | 1,986,747 | 345,325 |
| 2026 | 1,890,000 | 262,749 | 109,222 | 17,041 | 1,999,222 | 279,790 |
| 2027 | 1,415,000 | 207,248 | 110,803 | 13,436 | 1,525,803 | 220,684 |
| 2028 to 2032 | 5,360,000 | 413,053 | 295,193 | 17,456 | 5,655,193 | 430,509 |
| 2033 to 2037 | 260,000 | 53,600 | - | - | 260,000 | 53,600 |
| 2038 to 2039 | 120,000 | 3,900 | - | - | 120,000 | 3,900 |
| Total | <u>\$ 14,685,000</u> | <u>\$ 2,132,038</u> | <u>\$ 1,113,991</u> | <u>\$ 129,592</u> | <u>\$ 15,798,991</u> | <u>\$ 2,261,630</u> |

| Year Ending December 31, | Business-Type Activities | | | | | |
|-----------------------------|--------------------------|-------------------|-------------------|------------------|---------------------|-------------------|
| | Bonds and Notes | | Direct Placement | | Totals | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 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 | 200,000 | 27,549 | 111,539 | 7,253 | 311,539 | 34,802 |
| 2028 to 2032 | 585,000 | 34,341 | 233,400 | 5,901 | 818,400 | 40,242 |
| Total | <u>\$ 1,570,000</u> | <u>\$ 250,508</u> | <u>\$ 951,197</u> | <u>\$ 73,528</u> | <u>\$ 2,521,197</u> | <u>\$ 324,036</u> |

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, 2022, was \$16,418,032 as follows:

| | |
|---|----------------|
| Equalized Valuation of the City | \$ 694,764,400 |
| Statutory Limitation Percentage | × 5% |
| General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes | 34,738,220 |
| Net Outstanding General Obligation Debt Applicable to Debt Limitation | 18,320,188 |
| Legal Margin for New Debt | \$ 16,418,032 |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2022, totaled \$14,253,512 and were comprised of the following issues:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2022 |
|---|---------------|----------------|----------------|--------------------------|---------------------------------|
| Water Utility | 11/8/2004 | 2023 | 2.37% | \$ 4,242,499 | \$ 274,918 |
| Sewer Utility | 3/26/2008 | 2027 | 2.39 | 6,297,058 | 1,944,497 |
| Water Utility | 6/25/2014 | 2034 | 1.93 | 400,432 | 258,298 |
| Sewer Utility | 12/23/2014 | 2034 | 2.63 | 698,698 | 465,973 |
| Water Utility | 11/12/2014 | 2034 | 1.93 | 301,465 | 195,111 |
| Water Utility | 6/28/2017 | 2037 | 1.87 | 805,787 | 645,912 |
| Electric, Sewer, and Solid Waste Utilities | 3/20/2017 | 2027 | 4.00 | 400,000 | 219,440 |
| Water Utility | 6/13/2018 | 2038 | 1.87 | 709,297 | 597,151 |
| Sewer Utility | 2/28/2018 | 2037 | 1.76 | 794,500 | 651,943 |
| Sewer Utility | 10/24/2018 | 2038 | 1.87 | 4,059,972 | 3,422,044 |
| Water Utility | 6/26/2019 | 2039 | 1.98 | 504,014 | 477,866 |
| Sewer Utility | 11/27/2019 | 2039 | 1.65 | 1,710,844 | 1,565,115 |
| Stormwater Utility | 4/16/2020 | 2035 | 4.50 | 1,073,000 | 959,630 |
| Water Utility | 6/23/2021 | 2041 | 1.49 | 791,889 | 759,127 |
| Sewer Utility | 11/10/2021 | 2041 | 1.49 | 857,168 | 830,898 |
| Stormwater Utility | 2/23/2022 | 2041 | 1.49 | 441,217 | 441,217 |
| Sewer Utility | 9/28/2022 | 2041 | 2.15 | 265,498 | 265,498 |
| Sewer Utility | 12/14/2022 | 2041 | 2.15 | 278,874 | 278,874 |
| Total Outstanding Revenue Bonds | | | | | <u>\$ 14,253,512</u> |

Annual principal and interest maturities of the outstanding revenue bonds of \$14,253,512 on December 31, 2022, are detailed below:

| Year Ending December 31, | Business-Type Activities | | |
|--------------------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2023 | \$ 1,311,987 | \$ 285,822 | \$ 1,597,809 |
| 2024 | 1,072,397 | 260,123 | 1,332,520 |
| 2025 | 1,096,781 | 235,493 | 1,332,274 |
| 2026 | 1,121,645 | 210,357 | 1,332,002 |
| 2027 | 1,147,132 | 184,591 | 1,331,723 |
| 2028 to 2032 | 3,685,348 | 672,906 | 4,358,254 |
| 2033 to 2037 | 3,620,260 | 274,916 | 3,895,176 |
| 2038 to 2041 | 1,197,962 | 30,509 | 1,228,471 |
| Total | <u>\$ 14,253,512</u> | <u>\$ 2,154,717</u> | <u>\$ 16,408,229</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Utility Revenues Pledged

The City has pledged future electric, water and sewer, and solid waste customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. The bonds are payable solely from customer net revenues and are payable through 2041. Net customer revenues, 2022 principal and interest paid, and outstanding debt service of revenue bonds are as follows:

| | Electric Utility | Water Utility | Sewer Utility | Stormwater Utility |
|-----------------------------------|---------------------|---------------------|----------------------|-----------------------|
| Net Customer Revenues: | | | | |
| Charges for Services | \$ 10,079,125 | \$ 2,885,005 | \$ 2,813,554 | \$ 657,169 |
| Other Income | 159,979 | 31,768 | 101,014 | - |
| Total Operating Revenues | 10,239,104 | 2,916,773 | 2,914,568 | 657,169 |
| Less: Operating Expenses * | 8,926,401 | 1,729,789 | 1,651,732 | 239,858 |
| Net Customer Revenues | <u>\$ 1,312,703</u> | <u>\$ 1,186,984</u> | <u>\$ 1,262,836</u> | <u>\$ 417,311</u> |
| Debt Service: | | | | |
| Principal | \$ 31,850 | \$ 426,869 | \$ 725,412 | \$ 53,533 |
| Interest | 7,176 | 62,876 | 178,400 | 45,592 |
| Total Debt Service | <u>\$ 39,026</u> | <u>\$ 489,745</u> | <u>\$ 903,812</u> | <u>\$ 99,125</u> |
| Remaining Principal and Interest | <u>\$ 194,323</u> | <u>\$ 3,977,580</u> | <u>\$ 10,431,309</u> | <u>\$ 1,794,915</u> |
| Debt Service Coverage Requirement | 125% | 125% | 125% | 110% |
| Excess Coverage | <u>\$ 1,263,921</u> | <u>\$ 574,803</u> | <u>\$ 133,071</u> | <u>\$ 308,274</u> |

* Excludes Depreciation Expense

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

Lease Liabilities

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

Governmental Activities:

Vehicle leases. Monthly payments ranging from \$271 to \$530 including interest of 4% termination dates ranging from 2026 to 2027.

Business-Type Activities:

Vehicle leases. Monthly payments ranging from \$97 to \$505 including interest of 4% termination dates ranging from 2025 to 2027.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Lease Liabilities (Continued)

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

| Year Ending December 31, | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------|-------------------------|------------------|--------------------------|------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 44,042 | \$ 6,495 | \$ 26,239 | \$ 9,442 | \$ 70,281 | \$ 15,937 |
| 2024 | 45,836 | 4,701 | 27,304 | 5,544 | 73,140 | 10,245 |
| 2025 | 47,703 | 2,833 | 28,413 | 1,494 | 76,116 | 4,327 |
| 2026 | 39,896 | 991 | 17,427 | 521 | 57,323 | 1,512 |
| 2027 | 9,151 | 76 | 6,834 | 86 | 15,985 | 162 |
| Total | <u>\$ 186,628</u> | <u>\$ 15,096</u> | <u>\$ 106,217</u> | <u>\$ 17,087</u> | <u>\$ 292,845</u> | <u>\$ 32,183</u> |

Financed Purchase

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

The lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of their inception. The asset acquired through the financed purchase lease is a piece of equipment valued at \$350,000 with a current accumulated amortization of \$108,220 for a total value of \$241,780.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

| Year Ending December 31, | Business-Type Activities | | Total |
|-----------------------------|--------------------------|-----------------|-------------------|
| | Principal | Interest | Principal |
| 2023 | \$ 72,624 | \$ 1,494 | \$ 74,118 |
| 2024 | 75,455 | 1,551 | 77,006 |
| Total | <u>\$ 148,079</u> | <u>\$ 3,045</u> | <u>\$ 151,124</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. Plan Description

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

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

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

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

1. Plan Description (Continued)

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

The WRS also provides death and disability benefits for employees.

2. Postretirement Adjustments

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

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|---------------------------------|-------------------------------------|
| 2012 | -7.0 | -7 |
| 2013 | -9.6 | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | -5 |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | -10 |
| 2020 | 1.7 | 21 |
| 2021 | 5.1 | 13 |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions

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

During the reporting period ending December 31, 2022, the WRS recognized \$868,733 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) | 6.50 % | 6.50 % |
| Protective with Social Security | 6.50 | 12.00 |
| Protective without Social Security | 6.50 | 16.40 |

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

At December 31, 2022, the City reported an asset of \$5,938,989 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.07368305%, which was a decrease of 0.000008447% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension revenue of \$517,394.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

At December 31, 2022, 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 | \$ 9,594,135 | \$ 691,840 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | 13,286,012 |
| Changes in Assumptions | 1,108,011 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 9,117 | 9,487 |
| Employer Contributions Subsequent to the Measurement Date | 868,733 | - |
| Total | \$ 11,579,996 | \$ 13,987,339 |

\$868,733 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, 2023. 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 |
|--------------------------|----------------|
| 2023 | \$ (279,003) |
| 2024 | (1,608,725) |
| 2025 | (707,932) |
| 2026 | (680,416) |
| Total | \$ (3,276,076) |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2020, 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, 2020 |
| Experience Study: | January 1, 2018 - December 31, 2020 Published November 19, 2021 |
| Actuarial Valuation Date: | December 31, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 6.8% |
| Discount Rate: | 6.8% |
| Salary Increases: | |
| Wage Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | 2020 WRS Experience Mortality Table |
| Postretirement Adjustments* | 1.7% |

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018, to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changes from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the December 31, 2020, actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets

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

| | Current Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|-------------------------------|----------------------------------|---|---|
| Core Fund Asset Class: | | | |
| Global Equities | 52.0 % | 6.8 % | 4.2 % |
| Fixed Income | 25.0 | 4.3 | 1.8 |
| Inflation Sensitive Assets | 19.0 | 2.7 | 0.2 |
| Real Estate | 7.0 | 5.6 | 3.0 |
| Private Equity/Debt | 12.0 | 9.7 | 7.0 |
| Cash | (15.0) | 0.9 | N/A |
| Total Core Fund | 100.0 % | 6.6% | 4.0% |
| Variable Fund Asset Class: | | | |
| U.S. Equities | 70.0 % | 6.6% | 4.1% |
| International Equities | 30.0 | 7.4 | 4.9 |
| Total Variable Fund | 100.0 % | 7.1% | 4.6% |

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on Pension Plan investments of 6.8% and a municipal bond rate of 1.84% (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, 2021 In describing the index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current Plan members.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

| | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase to Discount Rate (7.80%) |
|--|--|-------------------------------------|--|
| City's Proportionate Share of the Net Pension Liability (Asset) | \$ 4,214,134 | \$ (5,938,989) | \$ (13,247,349) |

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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan

At December 31, 2022, the City reported a payable of \$189,531 for the outstanding amount of contributions to the Pension Plan for the year ended December 31, 2022.

H. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2022, as summarized below:

| | <u>OPEB Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------|---|--|
| Local Retiree Life Insurance Fund (LRLIF) | \$ 1,106,268 | \$ 441,645 | \$ (135,282) |
| Single-Employer Defined OPEB Plan | <u>6,410,748</u> | <u>1,143,015</u> | <u>(403,144)</u> |
| Total OPEB Liability | <u>\$ 7,517,016</u> | <u>\$ 1,584,660</u> | <u>\$ (538,426)</u> |

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, 2022, the following employees were covered by the benefit terms:

| | |
|--------------------------------------|-------------------|
| Inactive Employees or Beneficiaries | |
| Currently Receiving Benefit Payments | 21 |
| Active Employees | <u>117</u> |
| Total | <u><u>138</u></u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

Total OPEB Liability

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

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

| | |
|------------------------------|---|
| Inflation: | 2.00% |
| Investment Rate of Return: | 2.25% |
| Healthcare Cost Trend Rates: | 6.50% for 2021 decreasing to an ultimate rate of 5.0%, and level thereafter |

Mortality rates are the same as those used in the Wisconsin 2020 Mortality table.

The actuarial assumptions used in the December 31, 2021, valuation were based on the *Wisconsin Retirement System 2018 - 2021 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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

Changes in the Total OPEB Liability

| | Increase (Decrease) Total OPEB Liability |
|--|---|
| Balance at December 31, 2020 | \$ 7,013,010 |
| Changes for the Year: | |
| Service Cost | 180,326 |
| Interest | 155,810 |
| Changes of Benefit Terms | (213,163) |
| Difference Between Expected and Actual Experience | (310,495) |
| Changes of Assumptions | (58,196) |
| Benefit Payments | (356,544) |
| Net Changes | (602,262) |
| Balance at December 31, 2021 | \$ 6,410,748 |

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 (2.25%) 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 | \$ 6,815,226 | \$ 6,410,748 | \$ 6,028,323 |

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%) | 1% Increase (7.5% Decreasing to 6.0%) |
|----------------------|--|---|--|
| Total OPEB Liability | \$ 5,928,974 | \$ 6,410,748 | \$ 6,949,038 |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$232,114. At December 31, 2022, 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 | \$ 475,482 | \$ 271,683 |
| Changes in Assumptions | 283,803 | 131,461 |
| City Contributions Subsequent to the Measurement Date | 383,730 | - |
| Total | \$ 1,143,015 | \$ 403,144 |

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 | \$ 109,141 |
| 2023 | 109,141 |
| 2024 | 109,139 |
| 2025 | 135,988 |
| 2026 | (15,099) |
| Thereafter | (92,169) |
| Total | \$ 356,141 |

Payable to the OPEB Plan

At December 31, 2022, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2022.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

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

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2022, 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, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The members contribution rates in effect for the year ended December 31, 2021, are listed below:

| Life Insurance Member Contribution Rates for the Year Ended December 31, 2021 | |
|--|--------------|
| <u>Attained Age</u> | <u>Basic</u> |
| Under 30 | \$ 0.05 |
| 30 - 34 | 0.06 |
| 35 - 39 | 0.07 |
| 40 - 44 | 0.08 |
| 45 - 49 | 0.12 |
| 50 - 54 | 0.22 |
| 55 - 59 | 0.39 |
| 60 - 64 | 0.49 |
| 65 - 69 | 0.57 |

During the reporting period, the LRLIF recognized \$3,268 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, 2022, the City reported a liability of \$1,106,268 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.18717400%, which was an increase of 0.024445% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense of \$150,125.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ - | \$ 56,275 |
| Net Differences Between Projected and Actual Earnings on OPEB Plan Investments | 14,394 | - |
| Changes in Assumptions | 334,242 | 53,621 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 93,009 | 25,386 |
| Total | <u>\$ 441,645</u> | <u>\$ 135,282</u> |

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

| <u>Year Ending December 31,</u> | <u>Expense</u> |
|---------------------------------|-------------------|
| 2023 | \$ 66,839 |
| 2024 | 65,169 |
| 2025 | 58,984 |
| 2026 | 68,320 |
| 2027 | 34,063 |
| Thereafter | 12,988 |
| Total | <u>\$ 306,363</u> |

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2021, 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, 2021 |
| Measurement Date of Net OPEB Liability: | December 31, 2021 |
| Experience Study: | January 1, 2018 - December 31, 2020 Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.06% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.17% |
| Salary Increases: | |
| Wage Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018, to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changes from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality and separation rates. The total OPEB liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the January 1, 2021, actuarial valuation.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Long-Term Expected Return on Plan Assets

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

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return %</u> |
|--------------------------------------|-----------------------------|------------------------------|---|
| U.S. Intermediate Credit Bonds | Bloomberg US Interim Credit | 45.00 | 1.68 |
| U.S. Long Credit Bonds | Bloomberg US Long Credit | 5.00 | 1.82 |
| U.S. Mortgages | Bloomberg US MBS | 50.00 | 1.94 |
| Inflation | | | 2.30 |
| Long-Term Expected Rate of Return | | | 4.25 |

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020, to 2.06% as of December 31, 2021. 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 2.17%, 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 (1.17%) or 1% higher (3.17%) than the current rate:

| | 1% Decrease to Discount Rate (1.17%) | Current Discount Rate (2.17%) | 1% Increase to Discount Rate (3.25%) |
|---|--|-------------------------------------|--|
| City's Proportionate Share of the Net OPEB Liability (Asset) | \$ 1,500,806 | \$ 1,106,268 | \$ 809,393 |

Payable to the OPEB Plan

At December 31, 2022, the City reported a payable of \$35 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2022.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either: (1) not in spendable form, or (2) legally or contractually required to be maintained intact. At December 31, 2022, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

| | |
|---------------------------------|--------------|
| Prepaid Items | \$ 747,684 |
| Long Term Receivables | 1,736,776 |
| Total Nonspendable Fund Balance | \$ 2,484,460 |

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, 2022, restricted fund balance was as follows:

Special Revenue Funds:

Restricted for:

| | |
|---|------------|
| Housing Revolving Loans | \$ 172,001 |
| Library | 18,004 |
| Library Gift Fund | 79,690 |
| WDF Administrative | 200 |
| EMS Act 102 Grant | 22,311 |
| Business and Industrial Revolving Loans | 1,325,334 |
| Affordable Housing | 141,477 |
| Medical/Hospital Equipment | 18,889 |
| ARPA Fund | 3,115 |

Capital Projects Funds:

Restricted for:

| | |
|------------------------|-----------|
| Street Construction | 547,499 |
| Bridge Construction | 94,381 |
| TIF District No. 7 | 1,022,898 |
| TIF District No. 8 | 63,832 |
| TIF District No. 9 | 153,655 |
| TIF District No. 11 | 4,378 |
| TIF District No. 12 | 1,063 |
| High School Bike Trail | 15,000 |
| Harbor Master Plan | 519,687 |

| | |
|-------------------------------|--------------|
| Total Restricted Fund Balance | \$ 4,203,414 |
|-------------------------------|--------------|

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2022, governmental fund balance was committed as follows:

Special Revenue Funds:

Committed for:

| | |
|-------------------------------|------------|
| Community Tourism | \$ 119,588 |
| Special Events Donations | 20,521 |
| Business Improvement District | 3,950 |
| Docks and Harbors | 6,914 |
| Urban Forestry | 5,813 |
| Tree Planting | 5,263 |
| Community Development | 45,054 |

Capital Projects Funds:

Committed for:

| | |
|------------------------------|---------|
| Street Construction | 85,507 |
| Bridge Construction | 4,369 |
| Public Works Equipment | 67,129 |
| Industrial Park Development | 88,329 |
| City Landfill | 96,640 |
| Central Park Renovation | 654,644 |
| High School Bike Trail | 68,148 |
| Harbor Master Plan | 968,767 |
| Library Building and Grounds | 24,237 |

| | |
|------------------------------|--------------|
| Total Committed Fund Balance | \$ 2,264,873 |
|------------------------------|--------------|

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 2022.

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 | 02/07/22 |
| TID No. 6 | 07/17/27 |
| TID No. 7 | 08/20/28 |
| TID No. 8 | 08/05/29 |
| TID No. 9 | 07/28/26 |
| TID No. 10 | 08/25/41 |
| TID No. 11 | 09/06/43 |
| TID No. 12 | 09/04/45 |
| TID No. 13 | 02/03/41 |
| TID No. 14 | 05/17/41 |
| TID No. 15 | 07/19/48 |
| TID No. 16 | 09/27/48 |
| TID No. 17 | 09/06/49 |

C. Tax Abatements

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

For the year ended December 31, 2022, the City abated property taxes totaling \$290,773 under this program, including the following amounts:

- A property tax abatement of \$270,773 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, 2022**

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 2023, the City issued the following long-term debt obligations:

- On April 3, 2023, the City issued general obligation promissory notes in the amount of \$1,165,000 to be used for various equipment and capital improvement projects.
- The City has approved and authorized the issuance of \$329,366. This will be disbursed to the City as part of the Sewerage System Clean Water Fund Project described previously in Note 3.E.
- The City incurred additional debt subsequent to December 31, 2022 in the amount of \$526,696, of which \$390,000 has been drawn. 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 |
| 2021 | 0.07368305 | (5,938,989) | 8,638,338 | 68.75 | 106.02 |

See accompanying Notes to Required Supplementary Information.

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

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

*Amounts for prior years were not available.

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

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

*Amounts for prior years were not available.

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

| Fiscal Year Ended December 31, | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|-----------------------------------|--|---|--|---------------------------------|--|
| 2018 | \$ 3,349 | \$ 3,349 | \$ - | \$ 8,182,118 | 0.04 % |
| 2019 | 3,440 | 3,440 | - | 8,168,000 | 0.04 |
| 2020 | 3,124 | 3,124 | - | 8,178,000 | 0.04 |
| 2021 | 3,420 | 3,420 | - | 8,413,000 | 0.04 |
| 2022 | 3,268 | 3,268 | - | 8,943,746 | 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*

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL OPEB LIABILITY | | | | | |
| Service Cost | \$ 180,326 | \$ 161,329 | \$ 169,825 | \$ 178,228 | \$ 178,228 |
| Interest | 155,810 | 185,026 | 227,897 | 207,851 | 209,119 |
| Differences Between Expected and Actual Experience | - | - | 832,095 | - | - |
| Changes of Assumptions | (58,196) | 216,916 | 225,508 | (187,924) | - |
| Effect of Liability Gains or Losses | (523,658) | - | - | - | - |
| Benefit Payments | <u>(356,544)</u> | <u>(395,645)</u> | <u>(444,924)</u> | <u>(425,292)</u> | <u>(421,890)</u> |
| NET CHANGE IN TOTAL OPEB LIABILITY | (602,262) | 167,626 | 1,010,401 | (227,137) | (34,543) |
| Total OPEB Liability - Beginning of Year | <u>7,013,010</u> | <u>6,845,384</u> | <u>5,834,983</u> | <u>6,062,120</u> | <u>6,096,663</u> |
| TOTAL OPEB LIABILITY - END OF YEAR | <u>\$ 6,410,748</u> | <u>\$ 7,013,010</u> | <u>\$ 6,845,384</u> | <u>\$ 5,834,983</u> | <u>\$ 6,062,120</u> |
| Covered-Employee Payroll | <u>\$ 7,766,532</u> | <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 | 82.54% | 95.81% | 93.52% | 84.86% | |

*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, 2022**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

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

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

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

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

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

**CITY OF TWO RIVERS, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The City maintains the following two OPEB plans:

Single-Employer Defined Postemployment Benefit Plan

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

Local Retiree Life Insurance Fund (LRLIF)

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|------------------|-------------------|---|
| Taxes: | | | | |
| General Property | \$ 2,230,500 | \$ 2,230,500 | \$ 2,230,500 | \$ - |
| Payments in Lieu of Taxes | 20 | 20 | 17 | (3) |
| Other Taxes | 10,000 | 10,000 | 8,881 | (1,119) |
| Interest and Taxes | 10,000 | 10,000 | 7,753 | (2,247) |
| Total Taxes | <u>2,250,520</u> | <u>2,250,520</u> | <u>2,247,151</u> | <u>(3,369)</u> |
| Special Assessments: | | | | |
| Street Paving and Construction | 160,000 | 160,000 | 137,103 | (22,897) |
| Other Special Assessments | 9,000 | 9,000 | 4,201 | (4,799) |
| Total Special Assessments | <u>169,000</u> | <u>169,000</u> | <u>141,304</u> | <u>(27,696)</u> |
| Intergovernmental: | | | | |
| State Shared Taxes | 3,781,139 | 3,781,139 | 3,784,644 | 3,505 |
| Exempt Computer Aid | 20,850 | 20,850 | 20,433 | (417) |
| Fire Insurance Tax | 25,000 | 25,000 | 26,086 | 1,086 |
| Shared Election Aid | - | - | 561 | 561 |
| Law Enforcement Training | 10,000 | 10,000 | 8,130 | (1,870) |
| Expenditure Restraint | 172,696 | 172,696 | 172,696 | - |
| Other Public Safety | 26,000 | 26,000 | 26,230 | 230 |
| Municipal Services Payment | 5,100 | 5,100 | 5,221 | 121 |
| Local Highway Aid | 456,998 | 456,998 | 456,998 | - |
| Connecting Streets | 89,913 | 89,913 | 89,913 | - |
| Total Intergovernmental | <u>4,587,696</u> | <u>4,587,696</u> | <u>4,590,912</u> | <u>3,216</u> |
| Licenses and Permits: | | | | |
| Licenses: | | | | |
| Liquor and Malt Beverage | 16,000 | 16,000 | 16,609 | 609 |
| Bar Operators | 6,000 | 6,000 | 6,010 | 10 |
| Cigarette | 1,000 | 1,000 | 1,000 | - |
| Dog | 8,000 | 8,000 | 7,580 | (420) |
| Business and Occupational | 2,500 | 2,500 | 1,532 | (968) |
| Bicycle | 600 | 600 | 950 | 350 |
| Permits: | | | | |
| Building | 70,000 | 70,000 | 63,488 | (6,512) |
| Electrical | 15,000 | 15,000 | 16,985 | 1,985 |
| Plumbing | 20,000 | 20,000 | 23,550 | 3,550 |
| Sign | 2,200 | 2,200 | 1,320 | (880) |
| Conditional Use | 3,500 | 3,500 | 1,750 | (1,750) |
| Other Permits | 5,000 | 5,000 | 9,451 | 4,451 |
| Cable Franchise Fees | 140,000 | 140,000 | 135,731 | (4,269) |
| Total Licenses and Permits | <u>289,800</u> | <u>289,800</u> | <u>285,956</u> | <u>(3,844)</u> |

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------------|----------------------------|----------------------------|---|
| Fines and Forfeits: | | | | |
| Court Penalties and Costs | \$ 80,000 | \$ 80,000 | \$ 73,274 | \$ (6,726) |
| Animal Control | 500 | 500 | 350 | (150) |
| Parking Fines | 18,400 | 18,400 | 4,561 | (13,839) |
| Total Fines and Forfeits | <u>98,900</u> | <u>98,900</u> | <u>78,185</u> | <u>(20,715)</u> |
| Public Charges for Services: | | | | |
| Publication | - | - | 556 | 556 |
| Community Center | 30,000 | 30,000 | 27,625 | (2,375) |
| Senior Center | 35,000 | 35,000 | - | (35,000) |
| General Government | 24,000 | 24,000 | 26,535 | 2,535 |
| Public Works | 260,000 | 260,000 | 203,265 | (56,735) |
| Cemetery Plots and Burials | 120,000 | 120,000 | 101,615 | (18,385) |
| Law Enforcement | 2,500 | 2,500 | 2,109 | (391) |
| Ambulance | 820,000 | 820,000 | 744,330 | (75,670) |
| Recreation | 85,000 | 85,000 | 69,537 | (15,463) |
| Fire Department | 57,000 | 57,000 | 58,642 | 1,642 |
| Total Public Charges for Services | <u>1,433,500</u> | <u>1,433,500</u> | <u>1,234,214</u> | <u>(199,286)</u> |
| Intergovernmental Charges for Services: | | | | |
| Police Liaison | 142,000 | 142,000 | 146,842 | 4,842 |
| Shared Fire Expense | 500 | 500 | - | (500) |
| Total Intergovernmental Charges for Services | <u>142,500</u> | <u>142,500</u> | <u>146,842</u> | <u>4,342</u> |
| Interdepartmental Charges for Services: | | | | |
| Public Works | 525,000 | 525,000 | 429,955 | (95,045) |
| Recreation | 30,000 | 30,000 | 31,227 | 1,227 |
| Economic Development | 20,000 | 20,000 | 10,626 | (9,374) |
| Total Interdepartmental Charges for Services | <u>575,000</u> | <u>575,000</u> | <u>471,808</u> | <u>(103,192)</u> |
| Miscellaneous: | | | | |
| Interest on Investments | 18,000 | 18,000 | 67,092 | 49,092 |
| Interest on Advances | 45,500 | 45,500 | 37,502 | (7,998) |
| Interest on Special Assessments | 20,000 | 20,000 | 22,094 | 2,094 |
| Rental Income | 65,000 | 65,000 | 80,279 | 15,279 |
| Refunds for Prior Years | 36,500 | 36,500 | 43,006 | 6,506 |
| Insurance Recovery | - | - | 594 | 594 |
| Other | 5,000 | 5,000 | 27,043 | 22,043 |
| Total Miscellaneous | <u>190,000</u> | <u>190,000</u> | <u>277,610</u> | <u>87,610</u> |
| Total Revenues | <u><u>\$ 9,736,916</u></u> | <u><u>\$ 9,736,916</u></u> | <u><u>\$ 9,473,982</u></u> | <u><u>\$ (262,934)</u></u> |

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|------------------|-------------------|---|
| General Government: | | | | |
| Council | \$ 15,820 | \$ 15,820 | \$ 14,229 | \$ 1,591 |
| Judicial | 59,548 | 59,548 | 61,046 | (1,498) |
| Clerk | 79,844 | 79,844 | 75,596 | 4,248 |
| Assessor | 111,631 | 111,631 | 109,650 | 1,981 |
| Elections | 25,100 | 25,100 | 18,404 | 6,696 |
| City Manager | 165,531 | 165,531 | 154,942 | 10,589 |
| City Hall | 80,165 | 80,165 | 91,206 | (11,041) |
| Information Systems | 106,838 | 106,838 | 104,056 | 2,782 |
| Other General Government | 15,150 | 15,150 | 10,965 | 4,185 |
| Insurance and Bonds | 340,920 | 340,920 | 326,925 | 13,995 |
| Legal | 54,433 | 54,433 | 52,485 | 1,948 |
| Accounting | 141,800 | 141,800 | 138,987 | 2,813 |
| Uncollectible Taxes and Refunds | 10,000 | 10,000 | 12,564 | (2,564) |
| Contingency | 19,373 | 19,373 | - | 19,373 |
| Total General Government | <u>1,226,153</u> | <u>1,226,153</u> | <u>1,171,055</u> | <u>55,098</u> |
| Public Safety: | | | | |
| Police and Fire Commission | 5,150 | 5,150 | 5,377 | (227) |
| Police Department | 3,281,052 | 3,281,052 | 3,338,725 | (57,673) |
| Fire Department | 2,107,913 | 2,107,913 | 2,199,907 | (91,994) |
| Ambulance | 502,550 | 502,550 | 467,520 | 35,030 |
| Inspection | 137,095 | 137,095 | 138,475 | (1,380) |
| Total Public Safety | <u>6,033,760</u> | <u>6,033,760</u> | <u>6,150,004</u> | <u>(116,244)</u> |
| Public Works: | | | | |
| Public Works Shop | 635,220 | 635,220 | 580,368 | 54,852 |
| Highway Administration | 193,587 | 193,587 | 178,312 | 15,275 |
| Bridge Repairs and Maintenance | 57,157 | 57,157 | 47,261 | 9,896 |
| Street and Highway Maintenance | 259,142 | 259,142 | 245,950 | 13,192 |
| Snow and Ice Removal | 213,419 | 213,419 | 144,730 | 68,689 |
| Traffic Control | 64,460 | 64,460 | 42,447 | 22,013 |
| Transit | 115,000 | 115,000 | 112,694 | 2,306 |
| Work Done for Others | 150,107 | 150,107 | 216,123 | (66,016) |
| Total Public Works | <u>1,688,092</u> | <u>1,688,092</u> | <u>1,567,885</u> | <u>120,207</u> |
| Health and Human Services: | | | | |
| Cemetery | 176,821 | 176,821 | 167,947 | 8,874 |
| Senior Center | 181,414 | 181,414 | 157,473 | 23,941 |
| Total Health and Human Services | <u>358,235</u> | <u>358,235</u> | <u>325,420</u> | <u>32,815</u> |

**CITY OF TWO RIVERS, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|----------------------|----------------------|----------------------|---|
| Culture and Recreation: | | | | |
| Community Center | \$ 410,854 | \$ 410,854 | \$ 390,881 | \$ 19,973 |
| Parks | 318,467 | 318,467 | 310,233 | 8,234 |
| Recreation | 298,857 | 298,857 | 274,244 | 24,613 |
| Special Events | 34,326 | 34,326 | 42,671 | (8,345) |
| Recreation Fields | 124,432 | 124,432 | 132,453 | (8,021) |
| Total Culture and Recreation | <u>1,186,936</u> | <u>1,186,936</u> | <u>1,150,482</u> | <u>36,454</u> |
| Total Expenditures | <u>\$ 10,493,176</u> | <u>\$ 10,493,176</u> | <u>\$ 10,364,846</u> | <u>\$ 128,330</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, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------|---|
| REVENUES | | | | |
| Taxes | \$ 2,380,752 | \$ 2,380,752 | \$ 2,380,752 | \$ - |
| Miscellaneous | 1,000 | 1,000 | 48,220 | 47,220 |
| Total Revenues | <u>2,381,752</u> | <u>2,381,752</u> | <u>2,428,972</u> | <u>47,220</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 2,131,191 | 2,131,191 | 2,083,731 | 47,460 |
| Interest and Fiscal Charges | 490,374 | 490,374 | 599,957 | (109,583) |
| Total Expenditures | <u>2,621,565</u> | <u>2,621,565</u> | <u>2,683,688</u> | <u>(62,123)</u> |
| DEFICIT OF REVENUES UNDER EXPENDITURES | (239,813) | (239,813) | (254,716) | (14,903) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-Term Debt Issued | - | - | 610 | 610 |
| Premium on Debt Issued | - | - | 88,474 | 88,474 |
| Transfers In | 258,463 | 258,463 | 165,963 | (92,500) |
| Transfers Out | (47,916) | (47,916) | (47,916) | - |
| Total Other Financing Sources (Uses) | <u>210,547</u> | <u>210,547</u> | <u>207,131</u> | <u>(3,416)</u> |
| NET CHANGE IN FUND BALANCE | (29,266) | (29,266) | (47,585) | (18,319) |
| Fund Balance - Beginning of Year | <u>29,314</u> | <u>29,314</u> | <u>29,314</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 48</u> | <u>\$ 48</u> | <u>\$ (18,271)</u> | <u>\$ (18,319)</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | Special Revenue | | | | |
|--|-------------------|------------------|----------------------|-----------------------------|-----------------------|
| | Library | Library Gift | Community Tourism | Special Events Donations | WDF Administrative |
| ASSETS | | | | | |
| Cash and Investments | \$ 314,921 | \$ 79,690 | \$ 120,338 | \$ 20,521 | \$ 200 |
| Receivables | | | | | |
| Taxes and Special Charges | 345,627 | - | - | - | - |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| Total Assets | <u>\$ 660,548</u> | <u>\$ 79,690</u> | <u>\$ 120,338</u> | <u>\$ 20,521</u> | <u>\$ 200</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 1,432 | \$ - | \$ 750 | \$ - | \$ - |
| Accrued and Other Current Liabilities | 9,805 | - | - | - | - |
| Due to Other Funds | - | - | - | - | - |
| Due to Other Governments | 20 | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | <u>11,257</u> | <u>-</u> | <u>750</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | 631,287 | - | - | - | - |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>631,287</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 18,004 | 79,690 | - | - | 200 |
| Committed | - | - | 119,588 | 20,521 | - |
| Unassigned | - | - | - | - | - |
| Total Fund Balances | <u>18,004</u> | <u>79,690</u> | <u>119,588</u> | <u>20,521</u> | <u>200</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 660,548</u> | <u>\$ 79,690</u> | <u>\$ 120,338</u> | <u>\$ 20,521</u> | <u>\$ 200</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Special Revenue | | | | |
|--|-------------------------------------|----------------------|-------------------|-----------------|-----------------|
| | Business Improvement District | Docks and Harbors | Urban Forestry | Senior Center | Tree Planting |
| ASSETS | | | | | |
| Cash and Investments | \$ 13,535 | \$ 7,014 | \$ 5,885 | \$ - | \$ 5,263 |
| Receivables | | | | | |
| Taxes and Special Charges | 34,843 | - | - | - | - |
| Accounts | 3,950 | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| Total Assets | <u>\$ 52,328</u> | <u>\$ 7,014</u> | <u>\$ 5,885</u> | <u>\$ -</u> | <u>\$ 5,263</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ 100 | \$ - | \$ 390 | \$ - |
| Accrued and Other Current Liabilities | - | - | 72 | 499 | - |
| Due to Other Funds | - | - | - | 11,639 | - |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | 1,819 | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>100</u> | <u>72</u> | <u>14,347</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | 48,378 | - | - | - | - |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>48,378</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | - |
| Committed | 3,950 | 6,914 | 5,813 | - | 5,263 |
| Unassigned | - | - | - | (14,347) | - |
| Total Fund Balances | <u>3,950</u> | <u>6,914</u> | <u>5,813</u> | <u>(14,347)</u> | <u>5,263</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 52,328</u> | <u>\$ 7,014</u> | <u>\$ 5,885</u> | <u>\$ -</u> | <u>\$ 5,263</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Special Revenue | | | | |
|--|----------------------|---|------------------------|-----------------------|-----------------------------------|
| | EMS Act 102 Grant | Business and Industrial Revolving Loans | Sandy Bay Highlands | Affordable Housing | Medical/ Hospital Equipment |
| ASSETS | | | | | |
| Cash and Investments | \$ 22,311 | \$ 1,325,334 | \$ - | \$ 141,477 | \$ 18,889 |
| Receivables | | | | | |
| Taxes and Special Charges | - | - | - | - | - |
| Accounts | - | - | - | - | - |
| Loans | - | 1,184,502 | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 22,311</u> | <u>\$ 2,509,836</u> | <u>\$ -</u> | <u>\$ 141,477</u> | <u>\$ 18,889</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued and Other Current Liabilities | - | - | - | - | - |
| Due to Other Funds | - | - | - | - | - |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | - |
| Loans Receivable | - | 1,184,502 | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>1,184,502</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 22,311 | 1,325,334 | - | 141,477 | 18,889 |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total Fund Balances | <u>22,311</u> | <u>1,325,334</u> | <u>-</u> | <u>141,477</u> | <u>18,889</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 22,311</u> | <u>\$ 2,509,836</u> | <u>\$ -</u> | <u>\$ 141,477</u> | <u>\$ 18,889</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Special Revenue | | Capital Projects | | |
|--|--------------------------|-------------------|------------------------|------------------------|--------------------------------------|
| | Community Development | ARPA Fund | Street Construction | Bridge Construction | Park and Cemetery Construction |
| ASSETS | | | | | |
| Cash and Investments | \$ 47,213 | \$ 853,804 | \$ 633,006 | \$ 98,750 | \$ - |
| Receivables | | | | | |
| Taxes and Special Charges | - | - | - | - | - |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| Total Assets | \$ 47,213 | \$ 853,804 | \$ 633,006 | \$ 98,750 | \$ - |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ 3,782 |
| Accrued and Other Current Liabilities | 2,159 | - | - | - | - |
| Due to Other Funds | - | - | - | - | 54,105 |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | 850,689 | - | - | - |
| Total Liabilities | 2,159 | 850,689 | - | - | 57,887 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | - |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | - | 3,115 | 547,499 | 94,381 | - |
| Committed | 45,054 | - | 85,507 | 4,369 | - |
| Unassigned | - | - | - | - | (57,887) |
| Total Fund Balances | 45,054 | 3,115 | 633,006 | 98,750 | (57,887) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 47,213 | \$ 853,804 | \$ 633,006 | \$ 98,750 | \$ - |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Capital Projects | | | | |
|--|-------------------|---------------------------|------------------------|---------------------------|---------------------|
| | Fire Equipment | Public Works Equipment | City Hall Equipment | Management Information | Police Equipment |
| ASSETS | | | | | |
| Cash and Investments | \$ - | \$ 67,129 | \$ - | \$ - | \$ 43,325 |
| Receivables | | | | | |
| Taxes and Special Charges | - | - | - | - | - |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| Total Assets | \$ - | \$ 67,129 | \$ - | \$ - | \$ 43,325 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 260 | \$ - | \$ - | \$ 7,461 | \$ - |
| Accrued and Other Current Liabilities | - | - | - | - | - |
| Due to Other Funds | 29,295 | - | 8,095 | 11,271 | 118,389 |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | 29,555 | - | 8,095 | 18,732 | 118,389 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | - |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | - |
| Committed | - | 67,129 | - | - | - |
| Unassigned | (29,555) | - | (8,095) | (18,732) | (75,064) |
| Total Fund Balances | (29,555) | 67,129 | (8,095) | (18,732) | (75,064) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ - | \$ 67,129 | \$ - | \$ - | \$ 43,325 |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | 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 | \$ 26,862 | \$ - | \$ 395,235 | \$ 166,623 | \$ 237,933 |
| Receivables | | | | | |
| Taxes and Special Charges | - | 12,670 | 41,617 | 124,368 | 101,970 |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | 662,060 | - | - |
| | <u>-</u> | <u>-</u> | <u>662,060</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 26,862</u> | <u>\$ 12,670</u> | <u>\$ 1,098,912</u> | <u>\$ 290,991</u> | <u>\$ 339,903</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 4,805 | \$ - | \$ - | \$ - | \$ - |
| Accrued and Other Current Liabilities | - | - | - | - | - |
| Due to Other Funds | - | 165,705 | - | - | - |
| Due to Other Governments | 22,057 | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | <u>26,862</u> | <u>165,705</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | - | 23,141 | 76,014 | 227,159 | 186,248 |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>23,141</u> | <u>76,014</u> | <u>227,159</u> | <u>186,248</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | 1,022,898 | 63,832 | 153,655 |
| Committed | - | - | - | - | - |
| Unassigned | - | (176,176) | - | - | - |
| Total Fund Balances | <u>-</u> | <u>(176,176)</u> | <u>1,022,898</u> | <u>63,832</u> | <u>153,655</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 26,862</u> | <u>\$ 12,670</u> | <u>\$ 1,098,912</u> | <u>\$ 290,991</u> | <u>\$ 339,903</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Capital Projects | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | TIF District No. 10 | TIF District No. 11 | TIF District No. 12 | TIF District No. 13 | TIF District No. 14 |
| ASSETS | | | | | |
| Cash and Investments | \$ - | \$ 17,760 | \$ 47,918 | \$ - | \$ 1,860 |
| Receivables | | | | | |
| Taxes and Special Charges | 5,941 | 16,191 | 56,691 | 13,764 | 5,365 |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - |
| Total Assets | \$ 5,941 | \$ 33,951 | \$ 104,609 | \$ 13,764 | \$ 7,225 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued and Other Current Liabilities | - | - | - | - | - |
| Due to Other Funds | 157,988 | - | - | 4,527 | 108 |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | - | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | 157,988 | - | - | 4,527 | 108 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | 10,852 | 29,573 | 103,546 | 25,140 | 9,798 |
| Loans Receivable | - | - | - | - | - |
| Total Deferred Inflows of Resources | 10,852 | 29,573 | 103,546 | 25,140 | 9,798 |
| FUND BALANCES | | | | | |
| Restricted | - | 4,378 | 1,063 | - | - |
| Committed | - | - | - | - | - |
| Unassigned | (162,899) | - | - | (15,903) | (2,681) |
| Total Fund Balances | (162,899) | 4,378 | 1,063 | (15,903) | (2,681) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 5,941 | \$ 33,951 | \$ 104,609 | \$ 13,764 | \$ 7,225 |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Capital Projects | | | | |
|--|------------------------|------------------------|------------------------|--------------------------------|------------------|
| | TIF District No. 15 | TIF District No. 16 | TIF District No. 17 | Industrial Park Development | City Landfill |
| ASSETS | | | | | |
| Cash and Investments | \$ - | \$ - | \$ - | \$ 92,809 | \$ 96,708 |
| Receivables | | | | | |
| Taxes and Special Charges | 161 | 462 | - | - | - |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | 4,125 | - |
| Due from Other Funds | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 161</u> | <u>\$ 462</u> | <u>\$ -</u> | <u>\$ 96,934</u> | <u>\$ 96,708</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ 68 |
| Accrued and Other Current Liabilities | - | - | - | - | - |
| Due to Other Funds | 6,685 | 5,190 | 1,030 | - | - |
| Due to Other Governments | - | - | - | - | - |
| Special Deposits | - | - | - | 4,480 | - |
| Unearned Revenues | - | - | - | - | - |
| Total Liabilities | <u>6,685</u> | <u>5,190</u> | <u>1,030</u> | <u>4,480</u> | <u>68</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | 293 | 843 | - | - | - |
| Loans Receivable | - | - | - | 4,125 | - |
| Total Deferred Inflows of Resources | <u>293</u> | <u>843</u> | <u>-</u> | <u>4,125</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | 88,329 | 96,640 |
| Unassigned | (6,817) | (5,571) | (1,030) | - | - |
| Total Fund Balances | <u>(6,817)</u> | <u>(5,571)</u> | <u>(1,030)</u> | <u>88,329</u> | <u>96,640</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 161</u> | <u>\$ 462</u> | <u>\$ -</u> | <u>\$ 96,934</u> | <u>\$ 96,708</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2022**

| | Capital Projects | | | | Totals |
|--|-------------------------------|---------------------------|-----------------------|---------------------------------|---------------------|
| | Central Park Renovation | High School Bike Trail | Harbor Master Plan | Library Building and Grounds | |
| ASSETS | | | | | |
| Cash and Investments | \$ 859,444 | \$ 83,148 | \$ 1,488,454 | \$ 24,237 | \$ 7,357,596 |
| Receivables | | | | | |
| Taxes and Special Charges | - | - | - | - | 759,670 |
| Accounts | - | - | - | - | 3,950 |
| Loans | - | - | - | - | 1,188,627 |
| Due from Other Funds | - | - | - | - | 662,060 |
| | <u>859,444</u> | <u>83,148</u> | <u>1,488,454</u> | <u>24,237</u> | <u>9,971,903</u> |
| Total Assets | <u>\$ 859,444</u> | <u>\$ 83,148</u> | <u>\$ 1,488,454</u> | <u>\$ 24,237</u> | <u>\$ 9,971,903</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 204,800 | \$ - | \$ - | \$ - | \$ 223,848 |
| Accrued and Other Current Liabilities | - | - | - | - | 12,535 |
| Due to Other Funds | - | - | - | - | 574,027 |
| Due to Other Governments | - | - | - | - | 22,077 |
| Special Deposits | - | - | - | - | 6,299 |
| Unearned Revenues | - | - | - | - | 850,689 |
| Total Liabilities | <u>204,800</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,689,475</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | 1,372,272 |
| Loans Receivable | - | - | - | - | 1,188,627 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,560,899</u> |
| FUND BALANCES | | | | | |
| Restricted | - | 15,000 | 519,687 | - | 4,031,413 |
| Committed | 654,644 | 68,148 | 968,767 | 24,237 | 2,264,873 |
| Unassigned | - | - | - | - | (574,757) |
| Total Fund Balances | <u>654,644</u> | <u>83,148</u> | <u>1,488,454</u> | <u>24,237</u> | <u>5,721,529</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 859,444</u> | <u>\$ 83,148</u> | <u>\$ 1,488,454</u> | <u>\$ 24,237</u> | <u>\$ 9,971,903</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | Special Revenue | | | | |
|---|------------------|------------------|----------------------|-----------------------------|-----------------------|
| | Library | Library Gift | Community Tourism | Special Events Donations | WDF Administrative |
| REVENUES | | | | | |
| Taxes | \$ 631,287 | \$ - | \$ 291,714 | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | 171,601 | - | - | - | - |
| Public Charges for Services | 7,403 | - | 26,633 | 36,786 | - |
| Miscellaneous | 65,039 | (12,870) | - | 20,693 | - |
| Total Revenues | <u>875,330</u> | <u>(12,870)</u> | <u>318,347</u> | <u>57,479</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | 854,123 | 3,782 | - | 47,376 | - |
| Conservation and Development | - | - | 157,217 | - | - |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | 11,832 | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>865,955</u> | <u>3,782</u> | <u>157,217</u> | <u>47,376</u> | <u>-</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 9,375 | (16,652) | 161,130 | 10,103 | - |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | 2,388 | - | - | - | - |
| Transfers In | - | - | 218,016 | - | - |
| Transfers Out | (1,440) | (20,000) | (276,537) | - | - |
| Total Other Financing Sources (Uses) | <u>948</u> | <u>(20,000)</u> | <u>(58,521)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 10,323 | (36,652) | 102,609 | 10,103 | - |
| Fund Balances - Beginning of Year | <u>7,681</u> | <u>116,342</u> | <u>16,979</u> | <u>10,418</u> | <u>200</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 18,004</u> | <u>\$ 79,690</u> | <u>\$ 119,588</u> | <u>\$ 20,521</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, 2022**

| | Special Revenue | | | | |
|---|-------------------------------------|----------------------|-------------------|--------------------|-----------------|
| | Business Improvement District | Docks and Harbors | Urban Forestry | Senior Center | Tree Planting |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | 38,491 | - | - | - | - |
| Intergovernmental | - | - | - | 6,300 | - |
| Public Charges for Services | - | 7,118 | - | 166,574 | - |
| Miscellaneous | - | - | - | 6,816 | 21,008 |
| Total Revenues | <u>38,491</u> | <u>7,118</u> | <u>-</u> | <u>179,690</u> | <u>21,008</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | 6,267 | - | - | - |
| Health and Human Services | - | - | - | 153,148 | - |
| Culture and Recreation | - | - | - | 671 | - |
| Conservation and Development | 40,579 | - | 24,657 | - | 28,232 |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | 8,317 | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>40,579</u> | <u>14,584</u> | <u>24,657</u> | <u>153,819</u> | <u>28,232</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | (2,088) | (7,466) | (24,657) | 25,871 | (7,224) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| 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 | (2,088) | (7,466) | (5,157) | 25,871 | (26,724) |
| Fund Balances - Beginning of Year | <u>6,038</u> | <u>14,380</u> | <u>10,970</u> | <u>(40,218)</u> | <u>31,987</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 3,950</u> | <u>\$ 6,914</u> | <u>\$ 5,813</u> | <u>\$ (14,347)</u> | <u>\$ 5,263</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Special Revenue | | | | |
|---|----------------------|---|------------------------|-----------------------|-----------------------------------|
| | EMS Act 102 Grant | Business and Industrial Revolving Loans | Sandy Bay Highlands | Affordable Housing | Medical/ Hospital Equipment |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | 81,904 | 6,000 | - | - | - |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | - | 1,339,920 | 3,838 | - | 14,191 |
| Total Revenues | <u>81,904</u> | <u>1,345,920</u> | <u>3,838</u> | <u>-</u> | <u>14,191</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | 69,701 | - | - | - | 14,778 |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | 223,439 | 9,181 | - | - |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>69,701</u> | <u>223,439</u> | <u>9,181</u> | <u>-</u> | <u>14,778</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 12,203 | 1,122,481 | (5,343) | - | (587) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | 103,577 | - | - |
| Transfers In | - | - | - | 49,647 | - |
| Transfers Out | - | (103,000) | (98,234) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(103,000)</u> | <u>5,343</u> | <u>49,647</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 12,203 | 1,019,481 | - | 49,647 | (587) |
| Fund Balances - Beginning of Year | <u>10,108</u> | <u>305,853</u> | <u>-</u> | <u>91,830</u> | <u>19,476</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 22,311</u> | <u>\$ 1,325,334</u> | <u>\$ -</u> | <u>\$ 141,477</u> | <u>\$ 18,889</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Special Revenue | | Capital Projects | | |
|---|--------------------------|--------------|------------------------|------------------------|--------------------------------------|
| | Community Development | ARPA Fund | Street Construction | Bridge Construction | Park and Cemetery Construction |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | - | 304,956 | - | - | 60,217 |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | 1,000 | 3,115 | - | - | - |
| Total Revenues | 1,000 | 308,071 | - | - | 60,217 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | 6,466 |
| Conservation and Development | 129,794 | 304,956 | - | - | - |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | 440,932 | 8,622 | - |
| Culture and Recreation | - | - | - | - | 312,926 |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | 129,794 | 304,956 | 440,932 | 8,622 | 319,392 |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | (128,794) | 3,115 | (440,932) | (8,622) | (259,175) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | 950,000 | - | 235,000 |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| Transfers In | 175,000 | - | - | - | 28,000 |
| Transfers Out | - | - | (14,000) | - | (355,715) |
| Total Other Financing Sources (Uses) | 175,000 | - | 936,000 | - | (92,715) |
| NET CHANGE IN FUND BALANCES | 46,206 | 3,115 | 495,068 | (8,622) | (351,890) |
| Fund Balances - Beginning of Year | (1,152) | - | 137,938 | 107,372 | 294,003 |
| FUND BALANCES - END OF YEAR | \$ 45,054 | \$ 3,115 | \$ 633,006 | \$ 98,750 | \$ (57,887) |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Capital Projects | | | | |
|---|--------------------|---------------------------|------------------------|---------------------------|---------------------|
| | Fire Equipment | Public Works Equipment | City Hall Equipment | Management Information | Police Equipment |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | 11,089 | 35,791 | 3,000 | - | 13,415 |
| Total Revenues | <u>11,089</u> | <u>35,791</u> | <u>3,000</u> | <u>-</u> | <u>13,415</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | 13,817 | - | - | - | 188 |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Capital Outlay: | | | | | |
| General Government | - | - | 99,285 | 91,583 | - |
| Public Safety | 800,198 | - | - | - | 159,862 |
| Public Works | - | 346,184 | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>814,015</u> | <u>346,184</u> | <u>99,285</u> | <u>91,583</u> | <u>160,050</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | (802,926) | (310,393) | (96,285) | (91,583) | (146,635) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | 550,000 | 200,000 | 97,790 | - | 51,600 |
| Lease Proceeds | - | 105,182 | - | - | - |
| Proceeds from Sale of Capital Assets | 31,500 | 23,203 | - | - | 300 |
| Transfers In | - | - | - | 52,000 | 47,916 |
| Transfers Out | - | (14,000) | - | - | - |
| Total Other Financing Sources (Uses) | <u>581,500</u> | <u>314,385</u> | <u>97,790</u> | <u>52,000</u> | <u>99,816</u> |
| NET CHANGE IN FUND BALANCES | (221,426) | 3,992 | 1,505 | (39,583) | (46,819) |
| Fund Balances - Beginning of Year | <u>191,871</u> | <u>63,137</u> | <u>(9,600)</u> | <u>20,851</u> | <u>(28,245)</u> |
| FUND BALANCES - END OF YEAR | <u>\$ (29,555)</u> | <u>\$ 67,129</u> | <u>\$ (8,095)</u> | <u>\$ (18,732)</u> | <u>\$ (75,064)</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Capital Projects | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | TIF District No. 4 | TIF District No. 6 | TIF District No. 7 | TIF District No. 8 | TIF District No. 9 |
| REVENUES | | | | | |
| Taxes | \$ 49,647 | \$ 22,900 | \$ 103,096 | \$ 189,866 | \$ 12,885 |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | 1,444 | 5 | 822 | - | 3,681 |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | - | - | 22,845 | - | - |
| Total Revenues | <u>51,091</u> | <u>22,905</u> | <u>126,763</u> | <u>189,866</u> | <u>16,566</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | 27,807 | 150 | 1,594 | 150 | 149 |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | 24,889 | 119,570 | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | 6,003 | - | - | - |
| Total Expenditures | <u>27,807</u> | <u>6,153</u> | <u>26,483</u> | <u>119,720</u> | <u>149</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 23,284 | 16,752 | 100,280 | 70,146 | 16,417 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| Transfers In | - | - | - | 4,500 | - |
| Transfers Out | (49,647) | - | (72,149) | (166,836) | - |
| Total Other Financing Sources (Uses) | <u>(49,647)</u> | <u>-</u> | <u>(72,149)</u> | <u>(162,336)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (26,363) | 16,752 | 28,131 | (92,190) | 16,417 |
| Fund Balances - Beginning of Year | <u>26,363</u> | <u>(192,928)</u> | <u>994,767</u> | <u>156,022</u> | <u>137,238</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ (176,176)</u> | <u>\$ 1,022,898</u> | <u>\$ 63,832</u> | <u>\$ 153,655</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Capital Projects | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | TIF District No. 10 | TIF District No. 11 | TIF District No. 12 | TIF District No. 13 | TIF District No. 14 |
| REVENUES | | | | | |
| Taxes | \$ 5,302 | \$ 26,843 | \$ 100,752 | \$ 8,756 | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | 100 | 16,125 | - | - | - |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | 27,500 | - | - | - | - |
| Total Revenues | <u>32,902</u> | <u>42,968</u> | <u>100,752</u> | <u>8,756</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | 24,327 | 43,117 | 151 | 151 | 1,573 |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | 4,685 | - | - | 463 | 78 |
| Total Expenditures | <u>29,012</u> | <u>43,117</u> | <u>151</u> | <u>614</u> | <u>1,651</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 3,890 | (149) | 100,601 | 8,142 | (1,651) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| Transfers In | - | - | - | - | - |
| Transfers Out | (22,850) | - | (30,803) | - | - |
| Total Other Financing Sources (Uses) | <u>(22,850)</u> | <u>-</u> | <u>(30,803)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (18,960) | (149) | 69,798 | 8,142 | (1,651) |
| Fund Balances - Beginning of Year | <u>(143,939)</u> | <u>4,527</u> | <u>(68,735)</u> | <u>(24,045)</u> | <u>(1,030)</u> |
| FUND BALANCES - END OF YEAR | <u>\$ (162,899)</u> | <u>\$ 4,378</u> | <u>\$ 1,063</u> | <u>\$ (15,903)</u> | <u>\$ (2,681)</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Capital Projects | | | | |
|---|------------------------|------------------------|------------------------|--------------------------------|------------------|
| | TIF District No. 15 | TIF District No. 16 | TIF District No. 17 | Industrial Park Development | City Landfill |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Public Charges for Services | - | - | - | - | - |
| Miscellaneous | - | - | - | 145,920 | 165,065 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>145,920</u> | <u>165,065</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | 95,931 |
| Health and Human Services | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | 4,420 | 4,460 | 1,000 | 3,263 | - |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Public Works | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Conservation and Development | - | - | - | 480 | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | 141 | 81 | 30 | - | - |
| Total Expenditures | <u>4,561</u> | <u>4,541</u> | <u>1,030</u> | <u>3,743</u> | <u>95,931</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | (4,561) | (4,541) | (1,030) | 142,177 | 69,134 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | - | - | - | - | - |
| Lease Proceeds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| Transfers In | - | - | - | - | - |
| Transfers Out | - | - | - | (150,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(150,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (4,561) | (4,541) | (1,030) | (7,823) | 69,134 |
| Fund Balances - Beginning of Year | <u>(2,256)</u> | <u>(1,030)</u> | <u>-</u> | <u>96,152</u> | <u>27,506</u> |
| FUND BALANCES - END OF YEAR | <u>\$ (6,817)</u> | <u>\$ (5,571)</u> | <u>\$ (1,030)</u> | <u>\$ 88,329</u> | <u>\$ 96,640</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Capital Projects | | | | Totals |
|---|-------------------------------|------------------|-----------------------|---------------------------------|---------------------|
| | Central Park Renovation | Bike Trail | Harbor Master Plan | Library Building and Grounds | |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 1,443,048 |
| Special Assessments | - | - | - | - | 38,491 |
| Intergovernmental | - | - | - | - | 653,155 |
| Public Charges for Services | - | - | - | - | 244,514 |
| Miscellaneous | 518,986 | 10,000 | - | 180,408 | 2,596,769 |
| Total Revenues | <u>518,986</u> | <u>10,000</u> | <u>-</u> | <u>180,408</u> | <u>4,975,977</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | 212,450 | 212,450 |
| Public Safety | - | - | - | - | 98,484 |
| Public Works | - | - | - | - | 102,198 |
| Health and Human Services | - | - | - | - | 153,148 |
| Culture and Recreation | 426,454 | 5,488 | - | - | 1,344,360 |
| Conservation and Development | - | - | - | - | 1,030,367 |
| Capital Outlay: | | | | | |
| General Government | - | - | - | - | 190,868 |
| Public Safety | - | - | - | - | 960,060 |
| Public Works | - | - | - | - | 804,055 |
| Culture and Recreation | - | - | - | - | 312,926 |
| Conservation and Development | - | - | - | - | 144,939 |
| Debt Service: | | | | | |
| Principal | - | - | - | - | 11,832 |
| Interest and Fiscal Charges | - | - | - | - | 11,481 |
| Total Expenditures | <u>426,454</u> | <u>5,488</u> | <u>-</u> | <u>212,450</u> | <u>5,377,168</u> |
| EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES | 92,532 | 4,512 | - | (32,042) | (401,191) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-Term Debt Issued | 205,000 | 15,000 | - | - | 2,304,390 |
| Lease Proceeds | - | - | - | - | 105,182 |
| Proceeds from Sale of Capital Assets | - | - | - | - | 160,968 |
| Transfers In | 351,215 | - | - | 20,000 | 965,794 |
| Transfers Out | - | - | - | - | (1,394,711) |
| Total Other Financing Sources (Uses) | <u>556,215</u> | <u>15,000</u> | <u>-</u> | <u>20,000</u> | <u>2,141,623</u> |
| NET CHANGE IN FUND BALANCES | 648,747 | 19,512 | - | (12,042) | 1,740,432 |
| Fund Balances - Beginning of Year | <u>5,897</u> | <u>63,636</u> | <u>1,488,454</u> | <u>36,279</u> | <u>3,981,097</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 654,644</u> | <u>\$ 83,148</u> | <u>\$ 1,488,454</u> | <u>\$ 24,237</u> | <u>\$ 5,721,529</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2022**

| | Telecommunication <u>Utility</u> | <u>Solid Waste</u> | <u>Total</u> |
|--|-------------------------------------|--------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 92,460 | \$ 129,171 | \$ 221,631 |
| Receivables | | | |
| Taxes and Special Charges | - | 1,684 | 1,684 |
| Other | - | 66,617 | 66,617 |
| Total Current Assets | <u>92,460</u> | <u>197,472</u> | <u>289,932</u> |
| Other Assets: | | | |
| Net Pension Asset | - | 35,517 | 35,517 |
| Capital Assets: | | | |
| Depreciable, Net | <u>25,005</u> | - | <u>25,005</u> |
| Total Assets | <u>117,465</u> | <u>232,989</u> | <u>350,454</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Amounts | - | 69,008 | 69,008 |
| Other Postemployment Related Amounts | - | 10,460 | 10,460 |
| Total Deferred Outflows of Resources | <u>-</u> | <u>79,468</u> | <u>79,468</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | - | 471 | 471 |
| Accrued and Other Current Liabilities | - | 549 | 549 |
| Accrued Interest Payable | - | 314 | 314 |
| Current Portion of Long-Term Debt | - | 1,722 | 1,722 |
| Total Current Liabilities | <u>-</u> | <u>3,056</u> | <u>3,056</u> |
| Long-Term Obligations, Less Current Portion: | | | |
| Revenue Bonds | - | 7,604 | 7,604 |
| Other Postemployment Benefits | - | 46,424 | 46,424 |
| Total Long-Term Obligations, Less Current Portion | <u>-</u> | <u>54,028</u> | <u>54,028</u> |
| Total Liabilities | <u>-</u> | <u>57,084</u> | <u>57,084</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Related Amounts | - | 83,648 | 83,648 |
| Other Postemployment Related Amounts | - | 3,507 | 3,507 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>87,155</u> | <u>87,155</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 25,005 | - | 25,005 |
| Restricted for Pension Benefits | - | 35,517 | 35,517 |
| Unrestricted | <u>92,460</u> | <u>132,701</u> | <u>225,161</u> |
| Total Net Position | <u>\$ 117,465</u> | <u>\$ 168,218</u> | <u>\$ 285,683</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | Telecommunication <u>Utility</u> | <u>Solid Waste</u> | <u>Total</u> |
|---|-------------------------------------|--------------------|-------------------|
| OPERATING REVENUES | | | |
| Charges for Services | \$ - | \$ 498,714 | \$ 498,714 |
| Other | - | 235,196 | 235,196 |
| Total Operating Revenues | <u>-</u> | <u>733,910</u> | <u>733,910</u> |
| OPERATING EXPENSES | | | |
| Operation and Maintenance | - | 775,456 | 775,456 |
| Depreciation | 9,641 | - | 9,641 |
| Total Operating Expenses | <u>9,641</u> | <u>775,456</u> | <u>785,097</u> |
| OPERATING LOSS | (9,641) | (41,546) | (51,187) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Nonoperating Grants | - | 81,988 | 81,988 |
| Interest and Fiscal Charges | - | (354) | (354) |
| Other Nonoperating Revenues | 15,885 | - | 15,885 |
| Total Nonoperating Revenues (Expenses) | <u>15,885</u> | <u>81,634</u> | <u>97,519</u> |
| INCOME BEFORE TRANSFERS | 6,244 | 40,088 | 46,332 |
| TRANSFERS OUT | <u>-</u> | <u>(1,440)</u> | <u>(1,440)</u> |
| CHANGE IN NET POSITION | 6,244 | 38,648 | 44,892 |
| Net Position - Beginning of Year | <u>111,221</u> | <u>129,570</u> | <u>240,791</u> |
| NET POSITION - END OF YEAR | <u>\$ 117,465</u> | <u>\$ 168,218</u> | <u>\$ 285,683</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | Telecommunication Utility | Solid Waste | Total |
|---|------------------------------|-------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ - | \$ 732,728 | \$ 732,728 |
| Cash Received from Rent | 15,885 | - | 15,885 |
| Cash Paid for Employee Wages and Benefits | - | (115,390) | (115,390) |
| Cash Paid to Suppliers | - | (684,200) | (684,200) |
| Net Cash Provided (Used) by Operating Activities | 15,885 | (66,862) | (50,977) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Nonoperating Grants | - | 81,988 | 81,988 |
| Transfer Out | - | (1,440) | (1,440) |
| Net Cash Provided by Noncapital Financing Activities | - | 80,548 | 80,548 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal Paid on Long-Term Debt | - | (1,656) | (1,656) |
| Interest Paid on Long-Term Debt | - | (439) | (439) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (2,095) | (2,095) |
| CHANGE IN CASH AND CASH EQUIVALENTS | 15,885 | 11,591 | 27,476 |
| Cash and Cash Equivalents - Beginning of Year | 76,575 | 117,580 | 194,155 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 92,460 | \$ 129,171 | \$ 221,631 |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

| | Telecommunication Utility | Solid Waste | Total |
|--|------------------------------|-------------|-------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Loss | \$ (9,641) | \$ (41,546) | \$ (51,187) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 9,641 | - | 9,641 |
| Rental Income | 15,885 | - | 15,885 |
| Change in Asset, Liability, and Deferred Outflows and Inflows of Resources: | | | |
| Net Pension Asset | - | (9,360) | (9,360) |
| Deferred Outflows - Pension Related | - | (25,481) | (25,481) |
| Deferred Inflows - Pension Related | - | 26,330 | 26,330 |
| Deferred Outflows - OPEB Related | - | (77) | (77) |
| OPEB Liability | - | (1,438) | (1,438) |
| Deferred Inflows - OPEB Related | - | 1,898 | 1,898 |
| Change in Operating Assets and Liabilities: | | | |
| Accounts Receivable | - | (1,182) | (1,182) |
| Accounts Payable | - | (16,006) | (16,006) |
| Net Cash Provided (Used) by Operating Activities | \$ 15,885 | \$ (66,862) | \$ (50,977) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | | |
| Cash and Cash Equivalents in Current Assets | \$ 92,460 | \$ 129,171 | \$ 221,631 |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

| | Custodial Funds | | | | Total |
|--|----------------------------|---------------------|---------------------|--------------------|-------------------|
| | Property Tax Collection | Smongeski Health | Crime Prevention | TRIAD Committee | |
| ASSETS | | | | | |
| Cash and Investments | \$ 3,450,022 | \$ 166,769 | \$ 669 | \$ 1,268 | \$ 3,618,728 |
| Receivables | | | | | |
| Taxes | 4,174,265 | - | - | - | 4,174,265 |
| Total Assets | <u>7,624,287</u> | <u>166,769</u> | <u>669</u> | <u>1,268</u> | <u>7,792,993</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property Taxes Levied for Subsequent Year | <u>7,624,287</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,624,287</u> |
| NET POSITION | | | | | |
| Restricted | <u>\$ -</u> | <u>\$ 166,769</u> | <u>\$ 669</u> | <u>\$ 1,268</u> | <u>\$ 168,706</u> |

**CITY OF TWO RIVERS, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2022**

| | Custodial Funds | | | | Total |
|--|----------------------------|--------------------------|----------------------|------------------------|--------------------------|
| | Property Tax Collection | Smongeski Health | Crime Prevention | TRIAD Committee | |
| ADDITIONS | | | | | |
| Interest on Investments | \$ - | \$ 1,390 | \$ 607 | \$ 2,228 | \$ 4,225 |
| Taxes and Special Charges Collected | 7,758,654 | - | - | - | 7,758,654 |
| Total Additions | <u>7,758,654</u> | <u>1,390</u> | <u>607</u> | <u>2,228</u> | <u>7,762,879</u> |
| DEDUCTIONS | | | | | |
| Payments to Others | <u>7,758,654</u> | <u>-</u> | <u>100</u> | <u>2,282</u> | <u>7,761,036</u> |
| CHANGE IN NET POSITION | - | 1,390 | 507 | (54) | 1,843 |
| Net Position - Beginning of Year | <u>-</u> | <u>165,379</u> | <u>162</u> | <u>1,322</u> | <u>166,863</u> |
| NET POSITION - END OF YEAR | <u><u>\$ -</u></u> | <u><u>\$ 166,769</u></u> | <u><u>\$ 669</u></u> | <u><u>\$ 1,268</u></u> | <u><u>\$ 168,706</u></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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 1, 2023.

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 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

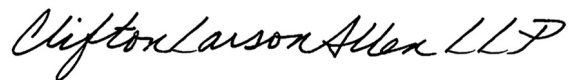
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's 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
October 1, 2023

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

Section I – Internal Control Over Financial Reporting

| FINDING NO. | CONTROL DEFICIENCIES |
|-----------------------------------|--|
| 2022-001 | Preparation of Annual Financial Report Repeat of Finding 2021-001 |
| Type of Finding: | Significant Deficiency in Internal Control over Financial Reporting |
| Condition: | Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and relies on our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the City had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. |
| Criteria or Specific Requirement: | The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes. |
| Cause: | City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits. |
| Effect: | Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America. |
| Recommendation: | We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understand of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report. |

**CITY OF TWO RIVERS, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section I – Internal Control Over Financial Reporting (Continued)

| FINDING NO. | CONTROL DEFICIENCIES |
|--|---|
| 2022-001 | Preparation of Annual Financial Report (Continued) Repeat of Finding 2021-001 |
| 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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