



**CITY OF WAUPACA, WISCONSIN**  
**AUDITED FINANCIAL STATEMENTS**  
Including Independent Auditor's Report  
As of and for the year ended December 31, 2023

Johnson Block & Company, Inc.  
Certified Public Accountants  
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(608) 987-2206

**CITY OF WAUPACA, WISCONSIN**  
**DECEMBER 31, 2023**  
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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Waupaca  
Waupaca, Wisconsin

### Opinions

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

In our opinion, the accompanying financial statements 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 of Waupaca, Wisconsin, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

## **Auditor's 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 auditor's 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 generally accepted 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 general accepted 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 budgetary comparison information, the Wisconsin Retirement System Schedules, and the Local Retiree Life Insurance Fund Schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Required Supplementary Information (Continued)**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Information**

The miscellaneous financial data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
July 22, 2024

## BASIC FINANCIAL STATEMENTS

Exhibit A-1  
 City of Waupaca, Wisconsin  
 Statement of Net Position  
 December 31, 2023

|   | Governmental<br>Activities  | Business-Type<br>Activities | Total                       |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                   |                             |                             |                             |
| Current assets:                                 |                             |                             |                             |
| Cash and investments                            | \$ 6,165,487                | \$ 4,284,749                | \$ 10,450,236               |
| Receivables:                                    |                             |                             |                             |
| Taxes   | 5,525,629                   |                             | 5,525,629                   |
| Due from other governments                      | 107,573                     |                             | 107,573                     |
| Customer  |                             | 382,811                     | 382,811                     |
| Leases  | 34,732                      | 19,098                      | 53,830                      |
| Other   | 149,390                     | 30,048                      | 179,438                     |
| Internal balances                               | (6,602,888)                 | 6,602,888                   |                             |
| Inventories                                     | 62,747                      | 131,391                     | 194,138                     |
| Total current assets                            | <u>5,442,670</u>            | <u>11,450,985</u>           | <u>16,893,655</u>           |
| Noncurrent assets:                              |                             |                             |                             |
| Restricted assets:                              |                             |                             |                             |
| Cash and investments                            | 4,484,108                   | 2,209,717                   | 6,693,825                   |
| Other assets:                                   |                             |                             |                             |
| Long-term notes receivable                      | 464,900                     |                             | 464,900                     |
| Less: discount on long-term notes receivable    | (79,731)                    |                             | (79,731)                    |
| Special assessments receivable                  | 37,969                      | 297,570                     | 335,539                     |
| Lease receivable                                | 44,349                      | 19,679                      | 64,028                      |
| Capital assets:                                 |                             |                             |                             |
| Property and plant                              | 52,202,991                  | 40,857,772                  | 93,060,763                  |
| Less: accumulated provision for depreciation    | (15,939,680)                | (22,748,192)                | (38,687,872)                |
| Total noncurrent assets                         | <u>41,214,906</u>           | <u>20,636,546</u>           | <u>61,851,452</u>           |
| Total assets                                    | <u>46,657,576</u>           | <u>32,087,531</u>           | <u>78,745,107</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                             |                             |                             |
| Pension outflows                                | 4,483,171                   | 853,938                     | 5,337,109                   |
| OPEB - group life insurance plan outflows       | 113,283                     | 28,320                      | 141,603                     |
| Unamortized major repairs                       |                             | 47,640                      | 47,640                      |
| Total deferred outflows of resources            | <u>4,596,454</u>            | <u>929,898</u>              | <u>5,526,352</u>            |
| Total assets and deferred outflows of resources | <u><u>\$ 51,254,030</u></u> | <u><u>\$ 33,017,429</u></u> | <u><u>\$ 84,271,459</u></u> |

Exhibit A-1 (Continued)  
 City of Waupaca, Wisconsin  
 Statement of Net Position  
 December 31, 2023

|   | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|---|----------------------------|-----------------------------|---------------|
| <b>LIABILITIES</b>  |                            |                             |               |
| Current liabilities:  |                            |                             |               |
| Accounts payable  | \$ 1,087,101               | \$ 42,769                   | \$ 1,129,870  |
| Developer payable   | 23,519                     |                             | 23,519        |
| Due to other governments  | 673                        |                             | 673           |
| Accrued liabilities   | 174,617                    | 15,151                      | 189,768       |
| Unearned revenue  | 136,425                    |                             | 136,425       |
| Accrued interest  | 330,312                    | 15,547                      | 345,859       |
| Current portion of long-term debt                                 | 1,725,000                  | 608,555                     | 2,333,555     |
| Total current liabilities   | 3,477,647                  | 682,022                     | 4,159,669     |
| Current liabilities (payable from restricted assets):             |                            |                             |               |
| Accrued interest  |                            | 19,232                      | 19,232        |
| Current portion of mortgage revenue bonds                         |                            | 415,000                     | 415,000       |
| Total current liabilities (payable from restricted assets)        |                            | 434,232                     | 434,232       |
| Long-term liabilities:  |                            |                             |               |
| Mortgage revenue bonds  |                            | 5,186,918                   | 5,186,918     |
| Bonds and notes payable   | 18,720,000                 |                             | 18,720,000    |
| Net pension liability   | 1,191,866                  | 227,022                     | 1,418,888     |
| Debt premium  | 224,454                    |                             | 224,454       |
| OPEB - group life insurance plan                                  | 209,199                    | 52,300                      | 261,499       |
| Compensated absences  | 579,951                    | 101,439                     | 681,390       |
| Less: current portion   | (1,725,000)                | (1,023,555)                 | (2,748,555)   |
| Total long-term liabilities                                       | 19,200,470                 | 4,544,124                   | 23,744,594    |
| Total liabilities   | 22,678,117                 | 5,660,378                   | 28,338,495    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                              |                            |                             |               |
| Deferred lease inflows  | 72,301                     | 37,743                      | 110,044       |
| Pension inflows   | 2,512,527                  | 478,576                     | 2,991,103     |
| OPEB - group life insurance plan inflows                          | 145,327                    | 36,332                      | 181,659       |
| Deferred revenues   | 5,506,921                  |                             | 5,506,921     |
| Total deferred inflows of resources                               | 8,237,076                  | 552,651                     | 8,789,727     |
| <b>NET POSITION</b>   |                            |                             |               |
| Net investment in capital assets                                  | 23,693,311                 | 12,922,662                  | 36,615,973    |
| Restricted for:   |                            |                             |               |
| Debt Service  | 443,348                    |                             | 443,348       |
| TIF #4  | 1,515,338                  |                             | 1,515,338     |
| Inland lakes  | 35,944                     |                             | 35,944        |
| Transit system  | 41,146                     |                             | 41,146        |
| Revolving loans   | 424,071                    |                             | 424,071       |
| Adult recreation center   | 38,646                     |                             | 38,646        |
| Donation and grants   | 78,441                     |                             | 78,441        |
| Library   | 57,735                     |                             | 57,735        |
| Perpetual care  | 6,751                      |                             | 6,751         |
| Water   |                            | 622,959                     | 622,959       |
| Sewer   |                            | 1,567,526                   | 1,567,526     |
| Unrestricted  | (5,995,894)                | 11,691,253                  | 5,695,359     |
| Total net position  | 20,338,837                 | 26,804,400                  | 47,143,237    |
| Total liabilities, deferred inflows of resources and net position | \$ 51,254,030              | \$ 33,017,429               | \$ 84,271,459 |

Exhibit A-2  
 City of Waupaca, Wisconsin  
 Statement of Activities  
 For the Year Ended December 31, 2023

| Functions/Programs   | Expenses             | Program Revenues     |                                    |                                  |                               | Net (Expenses) Revenue and Changes in Net Position |                      |                      |  |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------|--|----------------------|----------------------|--|
|  |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities | Business Type Activities                           | Total                |                      |  |
|  |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| <b>Primary Government:</b>                                 |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| <b>Governmental activities:</b>                            |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| General government   | \$ 1,308,287         | \$ 139,511           | \$ 60,001                          | \$ (1,168,776)                   | \$ (1,168,776)                |  |                      |                      |  |
| Public safety  | 2,622,841            | 565,519              |                                    | (1,997,321)                      |                               |  |                      | (1,997,321)          |  |
| Health and social services                                 | 326,029              | 27,055               | 10,639                             | (288,335)                        |                               |  |                      | (288,335)            |  |
| Public works   | 2,978,890            | 805,120              | 382,743                            | 10,429                           | (1,780,598)                   |  |                      | (1,780,598)          |  |
| Culture, recreation and education                          | 2,088,676            | 280,227              | 1,034,035                          |                                  | (774,414)                     |  |                      | (774,414)            |  |
| Conservation and development                               | 657,298              |                      | 177                                |                                  | (657,121)                     |  |                      | (657,121)            |  |
| Interest and fiscal charges                                | 698,571              |                      |                                    |                                  | (698,571)                     |  |                      | (698,571)            |  |
| <b>Total governmental activities</b>                       | <b>10,680,592</b>    | <b>1,817,609</b>     | <b>1,487,418</b>                   | <b>10,429</b>                    | <b>(7,365,136)</b>            |  |                      | <b>(7,365,136)</b>   |  |
| <b>Business-type activities:</b>                           |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| Water utility  | 1,205,965            | 1,394,614            |                                    |                                  |                               | 188,649  |                      | 188,649              |  |
| Sewer utility  | 1,922,033            | 2,150,351            |                                    | 76,395                           |                               | 304,713  |                      | 304,713              |  |
| Telecommunication utility                                  | 277,538              | 331,142              |                                    |                                  |                               | 53,604   |                      | 53,604               |  |
| <b>Total business-type activities</b>                      | <b>3,405,536</b>     | <b>3,876,107</b>     |                                    | <b>76,395</b>                    |                               | <b>546,966</b>                                     |                      | <b>546,966</b>       |  |
| <b>Total primary government</b>                            | <b>\$ 14,086,128</b> | <b>\$ 5,693,716</b>  | <b>\$ 1,487,418</b>                | <b>\$ 86,824</b>                 | <b>(7,365,136)</b>            | <b>546,966</b>                                     |                      | <b>(6,818,170)</b>   |  |
| <b>General Revenues and Transfers:</b>                     |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| Property taxes   |                      |                      |                                    |                                  |                               |  |                      |                      |  |
| General purposes   |                      |                      |                                    | 4,733,980                        |                               |  | 4,733,980            |                      |  |
| Other taxes  |                      |                      |                                    | 54,399                           |                               |  | 54,399               |                      |  |
| Federal and state aid not restricted for specific purposes |                      |                      |                                    | 2,546,755                        |                               |  | 2,546,755            |                      |  |
| Interest and investment earnings                           |                      |                      |                                    | 371,287                          |                               | 99,377   | 470,664              |                      |  |
| Proceeds from insurance                                    |                      |                      |                                    | 34,180                           |                               |  | 34,180               |                      |  |
| Gain on sale of fixed assets                               |                      |                      |                                    | 41,354                           |                               |  | 41,354               |                      |  |
| Miscellaneous  |                      |                      |                                    | 477,043                          |                               | 121,123  | 598,166              |                      |  |
| Transfers  |                      |                      |                                    | 427,084                          |                               | (427,084)  |                      |                      |  |
| <b>Total general revenues and transfers</b>                |                      |                      |                                    | <b>8,686,082</b>                 |                               | <b>(206,584)</b>                                   |                      | <b>8,479,498</b>     |  |
| Change in net position                                     |                      |                      |                                    |                                  |                               | 1,320,946  | 340,382              | 1,661,328            |  |
| Net position - beginning of year                           |                      |                      |                                    |                                  |                               | 19,017,891   | 26,464,018           | 45,481,909           |  |
| <b>Net position - end of year</b>                          |                      |                      |                                    |                                  |                               | <b>\$ 20,338,837</b>                               | <b>\$ 26,804,400</b> | <b>\$ 47,143,237</b> |  |

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-3  
 City of Waupaca, Wisconsin  
 Balance Sheet  
 Governmental Funds  
 December 31, 2023

|  | General             | Debt Service      | Capital Improvements | TIF #4              | TIF #8             | Other Governmental Funds |                      | Total     |
|--|---------------------|-------------------|----------------------|---------------------|--------------------|--------------------------|----------------------|-----------|
|  |                     |                   |                      |                     |                    |                          |                      |           |
| <b>ASSETS</b>  |                     |                   |                      |                     |                    |                          |                      |           |
| Cash and investments   | \$ 2,374,087        | \$ 773,660        | \$ 979,151           | \$ 1,515,338        | \$                 | \$ 523,251               | \$ 6,165,487         |           |
| Cash and investments - restricted  |                     |                   | 4,484,108            |                     |                    |                          |                      | 4,484,108 |
| Receivables:   |                     |                   |                      |                     |                    |                          |                      |           |
| Taxes  | 4,198,862           |                   |                      | 742,914             | 448,783            | 135,070                  | 5,525,629            |           |
| Due from other governments   |                     |                   |                      |                     |                    | 107,573                  | 107,573              |           |
| Special assessments  |                     |                   | 37,969               |                     |                    |                          | 37,969               |           |
| Due from other funds   | 118,721             |                   |                      |                     |                    |                          |                      | 118,721   |
| Leases   | 58,152              |                   |                      |                     |                    | 20,930                   | 79,082               |           |
| Other  | 57,678              |                   | 14,705               |                     |                    | 77,007                   | 149,390              |           |
| Long-term notes receivable, net of discount of \$79,731                    | 120,269             |                   |                      |                     |                    | 264,900                  | 385,169              |           |
| Inventory  |                     |                   |                      |                     |                    | 62,747                   | 62,747               |           |
| Advance from other funds   |                     |                   |                      |                     | 910,612            |                          |                      | 910,612   |
| <b>Total assets</b>  | <b>\$ 6,927,769</b> | <b>\$ 773,660</b> | <b>\$ 5,515,933</b>  | <b>\$ 3,168,864</b> | <b>\$ 448,783</b>  | <b>\$ 1,191,478</b>      | <b>\$ 18,026,487</b> |           |
| <b>LIABILITIES</b>   |                     |                   |                      |                     |                    |                          |                      |           |
| Accounts payable   | \$ 46,744           | \$                | \$ 946,293           | \$                  | \$                 | \$ 94,064                | \$ 1,087,101         |           |
| Developer payable  |                     |                   | 23,519               |                     |                    |                          | 23,519               |           |
| Accrued liabilities  | 159,699             |                   |                      |                     |                    | 14,918                   | 174,617              |           |
| Unearned revenue   |                     |                   |                      |                     |                    | 136,425                  | 136,425              |           |
| Due to other governments   | 673                 |                   |                      |                     |                    |                          |                      | 673       |
| Due to other funds   |                     |                   |                      |                     |                    | 118,721                  | 118,721              |           |
| Advances due to other funds  |                     |                   |                      |                     | 7,513,501          |                          |                      | 7,513,501 |
| <b>Total liabilities</b>   | <b>207,116</b>      |                   | <b>969,812</b>       |                     | <b>7,513,501</b>   | <b>364,128</b>           | <b>9,054,557</b>     |           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                     |                   |                      |                     |                    |                          |                      |           |
| Deferred revenues  | 4,299,607           |                   | 41,891               | 742,914             | 448,783            | 399,970                  | 5,933,165            |           |
| Deferred lease inflows   | 51,929              |                   |                      |                     |                    | 20,372                   | 72,301               |           |
| <b>Total deferred inflows of resources</b>                                 | <b>4,351,536</b>    |                   | <b>41,891</b>        | <b>742,914</b>      | <b>448,783</b>     | <b>420,342</b>           | <b>6,005,466</b>     |           |
| <b>Total liabilities and deferred inflows of resources</b>                 | <b>4,558,652</b>    |                   | <b>1,011,703</b>     | <b>742,914</b>      | <b>7,962,284</b>   | <b>784,470</b>           | <b>15,060,023</b>    |           |
| <b>FUND BALANCES</b>   |                     |                   |                      |                     |                    |                          |                      |           |
| Nonspendable   | 120,269             |                   |                      | 910,612             |                    | 7,109                    | 1,037,990            |           |
| Restricted   |                     | 773,660           |                      | 1,515,338           |                    | 417,834                  | 2,706,832            |           |
| Assigned   |                     |                   | 4,504,230            |                     |                    |                          | 4,504,230            |           |
| Unassigned (deficit)   | 2,248,848           |                   |                      | (7,513,501)         |                    | (17,935)                 | (5,282,588)          |           |
| <b>Total fund balances</b>   | <b>2,369,117</b>    | <b>773,660</b>    | <b>4,504,230</b>     | <b>2,425,950</b>    | <b>(7,513,501)</b> | <b>407,008</b>           | <b>2,966,464</b>     |           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 6,927,769</b> | <b>\$ 773,660</b> | <b>\$ 5,515,933</b>  | <b>\$ 3,168,864</b> | <b>\$ 448,783</b>  | <b>\$ 1,191,478</b>      | <b>\$ 18,026,487</b> |           |

Exhibit A-4  
 City of Waupaca, Wisconsin  
 Reconciliation of the Governmental Funds Balance Sheet  
 with the Statement of Net Position  
 December 31, 2023

Total fund balances-governmental funds: \$ 2,966,464

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

|                                       |                     |
|---------------------------------------|---------------------|
| Governmental capital asset            | 52,202,991          |
| Governmental accumulated depreciation | <u>(15,939,680)</u> |
|                                       | 36,263,311          |

Pension and OPEB deferred outflows and inflows of resources are actuarially determined by the plans.

These items are reflected in the statement of net position and are being

amortized with pension and OPEB expense in the statement of activities.

The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore, are not reported in the fund statements.

|                                |             |
|--------------------------------|-------------|
| Deferred outflows of resources | 4,596,454   |
| Deferred inflows of resources  | (2,657,854) |

Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.

|                              |          |
|------------------------------|----------|
| Special assessments          | 41,075   |
| Long-term notes receivable   | 464,900  |
| Discount on notes receivable | (79,731) |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

|   |                  |
|---|------------------|
| Bonds and notes payable                     | (18,720,000)     |
| Debt premium                                | (224,454)        |
| Accrued interest on general obligation debt | (330,312)        |
| Net pension liability                       | (1,191,866)      |
| OPEB - group life insurance plan            | (209,199)        |
| Compensated absences                        | <u>(579,951)</u> |

Total net position of governmental activities \$ 20,338,837

**Exhibit A-5**  
**City of Waupaca, Wisconsin**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2023**

|   | General      | Debt Service | Capital Improvements | TIF #4       | TIF #8         | Other Governmental Funds | Total        |
|---|--------------|--------------|----------------------|--------------|----------------|--------------------------|--------------|
| <b>REVENUES</b>                                 |              |              |                      |              |                |                          |              |
| Taxes   | \$ 3,703,464 | \$           | \$ 26,385            | \$ 666,830   | \$ 348,687     | \$ 67,800                | \$ 4,786,781 |
| Special assessments                             |              |              |                      |              |                |                          | 26,385       |
| Licenses and permits                            | 416,925      |              |                      |              |                |                          | 416,925      |
| Fines, forfeits and penalties                   | 58,390       |              |                      |              |                |                          | 58,390       |
| Intergovernmental                               | 1,720,976    |              | 280,188              | 5,882        | 4,255          | 1,507,875                | 3,519,176    |
| Public charges for services                     | 179,702      |              |                      |              |                | 873,470                  | 1,053,172    |
| Miscellaneous:                                  |              |              |                      |              |                |                          |              |
| Interest  | 361,745      |              | 55                   |              |                | 7,987                    | 369,787      |
| Other   | 424,463      |              | 687,989              |              |                | 313,837                  | 1,426,289    |
| Total revenues                                  | 6,865,665    |              | 994,617              | 672,712      | 352,942        | 2,771,178                | 11,657,114   |
| <b>EXPENDITURES</b>                             |              |              |                      |              |                |                          |              |
| General government                              | 1,191,398    |              |                      |              |                |                          | 1,191,398    |
| Public safety                                   | 2,224,753    |              |                      |              |                | 62,306                   | 2,287,059    |
| Health and social services                      | 196,792      |              |                      |              |                | 81,314                   | 278,106      |
| Public works                                    | 993,153      |              |                      |              |                | 1,259,979                | 2,253,132    |
| Culture, recreation and education               | 662,903      |              |                      |              |                | 1,207,421                | 1,870,324    |
| Conservation and development                    | 881          |              |                      |              |                | 481,680                  | 482,561      |
| Capital outlay                                  |              |              | 9,051,479            | 2,725        | 2,335          | 305,212                  | 9,361,751    |
| Debt service:                                   |              |              |                      |              |                |                          |              |
| Principal retirement                            | 1,450,000    |              | 70,000               | 470,000      |                |                          | 1,990,000    |
| Interest and fiscal charges                     | 509,207      |              | 801                  | 36,896       |                |                          | 546,904      |
| Debt issuance costs                             |              |              | 103,015              |              |                |                          | 103,015      |
| Total expenditures                              | 5,269,880    | 1,959,207    | 9,154,494            | 73,526       | 509,231        | 3,397,912                | 20,364,250   |
| Excess of revenues over<br>(under) expenditures | 1,595,785    | (1,959,207)  | (8,159,877)          | 599,186      | (156,289)      | (626,734)                | (8,707,136)  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |              |              |                      |              |                |                          |              |
| Transfers in                                    | 482,593      | 1,165,500    | 93,745               |              | 193,298        | 631,268                  | 2,566,404    |
| Transfers out                                   | (1,683,752)  |              |                      | (314,564)    | (37,009)       | (103,996)                | (2,139,321)  |
| Proceeds from sale of capital assets            |              |              | 38,258               |              |                | 5,420                    | 43,678       |
| Debt proceeds and debt premiums                 |              |              | 4,587,123            |              |                |                          | 4,587,123    |
| Total other financing sources (uses)            | (1,201,159)  | 1,165,500    | 4,719,126            | (314,564)    | 156,289        | 532,692                  | 5,057,884    |
| Net change in fund balances                     | 394,626      | (793,707)    | (3,440,751)          | 284,622      |                | (94,042)                 | (3,649,252)  |
| Fund balances - beginning of year               | 1,974,491    | 1,567,367    | 7,944,981            | 2,141,328    | (7,513,501)    | 501,050                  | 6,615,716    |
| Fund balances - end of year                     | \$ 2,369,117 | \$ 773,660   | \$ 4,504,230         | \$ 2,425,950 | \$ (7,513,501) | \$ 407,008               | \$ 2,966,464 |

**Exhibit A-6**  
**City of Waupaca, Wisconsin**  
**Reconciliation of Statement of Revenues, Expenditures and Changes**  
**in Fund Balance of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2023**

Net change in fund balances-total governmental funds \$ (3,649,252)

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

|   |                    |
|---|--------------------|
| Capital outlay reported in governmental fund statements       | 9,103,772          |
| Depreciation expenses reported in the statement of activities | <u>(1,194,755)</u> |

|   |           |
|---|-----------|
| Amount by which capital outlays and donations are greater (less) than depreciation in the current period. | 7,909,017 |
|---|-----------|

The cost of capital assets disposed of during the current year is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balances by the undepreciated cost of the disposed assets.

(2,386)

Vested employee benefits and the OPEB liability are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year.

|  |          |
|--|----------|
| Change in OPEB -group life insurance plan liability and related deferred outflows and inflows of resources | (31,587) |
| Change in compensated absences   | 131,870  |

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities

|   |           |
|---|-----------|
| The amount of long-term debt principal payments in the current year is: | 1,990,000 |
|---|-----------|

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities

(4,565,000)

Exhibit A-6 (Continued)  
 City of Waupaca, Wisconsin  
 Reconciliation of Statement of Revenues, Expenditures and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2023

In governmental funds, special assessment collections are reflected as revenue when received.

In the statement of activities, revenue is recognized when assessed.

Amount assessed is greater (less) than collected by:

(15,959)

Long-term notes receivable loans are reflected as expenditures in governmental funds, but are reported as additions to notes receivable in statement of net position and does not affect the statement of activities.

Net amount of new loans versus loan repayments was:

(74,585)

The amortization of a discount on notes receivable does not involve current financial resources and, therefore, is not reported as revenue in the governmental funds. In the statement of activities, the discount on notes receivable is being amortized as interest income over the life of the note.

3,503

Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as interest income in the statement of activities.

Amount of debt premium amortized in the current year

20,773

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period

545,565

The amount of interest accrued during the current period

(637,111)

(91,546)

Interest paid is greater (less) than interest expensed by

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.

Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension asset between years, with adjustments.

(303,902)

Change in net position-governmental activities

\$ 1,320,946

Exhibit A-7

City of Waupaca, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2023

|   | Water<br>Utility | Sewer<br>Utility | Nonmajor                      |               |  |
|---|------------------|------------------|-------------------------------|---------------|--|
|   |                  |                  | Telecommunications<br>Utility | Total         |  |
| <b>ASSETS</b>                                   |                  |                  |                               |               |  |
| Current assets:                                 |                  |                  |                               |               |  |
| Cash and investments                            | \$ 1,015,272     | \$ 3,011,880     | \$ 257,597                    | \$ 4,284,749  |  |
| Receivables:                                    |                  |                  |                               |               |  |
| Customer  | 143,817          | 209,923          | 29,071                        | 382,811       |  |
| Lease   | 19,098           |                  |                               | 19,098        |  |
| Other   | 606              | 23,345           | 6,097                         | 30,048        |  |
| Inventories                                     | 99,011           | 32,380           |                               | 131,391       |  |
| Total current assets                            | 1,277,804        | 3,277,528        | 292,765                       | 4,848,097     |  |
| Restricted assets:                              |                  |                  |                               |               |  |
| Equipment replacement                           |                  | 438,000          |                               | 438,000       |  |
| Maintenance                                     |                  | 256,500          |                               | 256,500       |  |
| Debt reserves                                   | 642,191          | 873,026          |                               | 1,515,217     |  |
| Total restricted assets                         | 642,191          | 1,567,526        |                               | 2,209,717     |  |
| Other assets:                                   |                  |                  |                               |               |  |
| Lease   | 19,679           |                  |                               | 19,679        |  |
| Special assessments receivable                  | 290,611          | 6,959            |                               | 297,570       |  |
| Advance due from other funds                    | 2,942,888        | 3,660,000        |                               | 6,602,888     |  |
| Total other assets                              | 3,253,178        | 3,666,959        |                               | 6,920,137     |  |
| Capital assets:                                 |                  |                  |                               |               |  |
| Property and plant                              | 14,243,495       | 26,320,430       | 293,847                       | 40,857,772    |  |
| Less: accumulated provision for depreciation    | (6,138,740)      | (16,348,581)     | (260,871)                     | (22,748,192)  |  |
| Total capital assets                            | 8,104,755        | 9,971,849        | 32,976                        | 18,109,580    |  |
| Total assets                                    | 13,277,928       | 18,483,862       | 325,741                       | 32,087,531    |  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                  |                  |                               |               |  |
| Pension outflows                                | 373,598          | 426,969          | 53,371                        | 853,938       |  |
| OPEB - group life insurance plan outflows       | 11,328           | 16,992           |                               | 28,320        |  |
| Unamortized major repairs                       | 47,640           |                  |                               | 47,640        |  |
| Total deferred outflows of resources            | 432,566          | 443,961          | 53,371                        | 929,898       |  |
| Total assets and deferred outflows of resources | \$ 13,710,494    | \$ 18,927,823    | \$ 379,112                    | \$ 33,017,429 |  |

Exhibit A-7 (Continued)  
 City of Waupaca, Wisconsin  
 Statement of Net Position  
 Proprietary Funds  
 December 31, 2023

|   | Water<br>Utility  | Sewer<br>Utility  | Nonmajor                      |                   | Total |  |  |  |
|---|-------------------|-------------------|-------------------------------|-------------------|-------|--|--|--|
|   |                   |                   | Telecommunications<br>Utility |                   |       |  |  |  |
| <b>LIABILITIES</b>  |                   |                   |                               |                   |       |  |  |  |
| Current liabilities:  |                   |                   |                               |                   |       |  |  |  |
| Accounts payable  | \$ 7,829          | \$ 25,547         | \$ 9,393                      | \$ 42,769         |       |  |  |  |
| Accrued liabilities   | 6,220             | 7,403             | 1,528                         | 15,151            |       |  |  |  |
| Accrued interest  |                   | 15,547            |                               | 15,547            |       |  |  |  |
| Current portion of revenue bonds  | 9,903             | 598,652           |                               | 608,555           |       |  |  |  |
| <br>Total current liabilities   | <br>23,952        | <br>647,149       | <br>10,921                    | <br>682,022       |       |  |  |  |
| Current liabilities (payable from restricted assets):                     |                   |                   |                               |                   |       |  |  |  |
| Accrued interest  | 19,232            |                   |                               | 19,232            |       |  |  |  |
| Current portion of revenue bonds  | 415,000           |                   |                               | 415,000           |       |  |  |  |
| <br>Total current liabilities<br>(payable from restricted assets)         | <br>434,232       |                   |                               | <br>434,232       |       |  |  |  |
| Long-term liabilities:  |                   |                   |                               |                   |       |  |  |  |
| Revenue bonds   | 2,203,981         | 2,982,937         |                               | 5,186,918         |       |  |  |  |
| Net pension liability   | 99,322            | 113,511           | 14,189                        | 227,022           |       |  |  |  |
| OPEB - group life insurance plan  | 20,920            | 31,380            |                               | 52,300            |       |  |  |  |
| Compensated absences  | 51,333            | 50,106            |                               | 101,439           |       |  |  |  |
| Less: current portion   | (424,903)         | (598,652)         |                               | (1,023,555)       |       |  |  |  |
| <br>Total long-term liabilities   | <br>1,950,653     | <br>2,579,282     | <br>14,189                    | <br>4,544,124     |       |  |  |  |
| <br>Total liabilities   | <br>2,408,837     | <br>3,226,431     | <br>25,110                    | <br>5,660,378     |       |  |  |  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                   |                   |                               |                   |       |  |  |  |
| Deferred lease inflows  | 37,743            |                   |                               | 37,743            |       |  |  |  |
| Pension inflows   | 209,377           | 239,288           | 29,911                        | 478,576           |       |  |  |  |
| OPEB - group life insurance plan inflows                                  | 14,533            | 21,799            |                               | 36,332            |       |  |  |  |
| <br>Total deferred inflows of resources                                   | <br>261,653       | <br>261,087       | <br>29,911                    | <br>552,651       |       |  |  |  |
| <b>NET POSITION</b>   |                   |                   |                               |                   |       |  |  |  |
| Net investment in capital assets  | 5,900,774         | 6,988,912         | 32,976                        | 12,922,662        |       |  |  |  |
| Restricted  | 622,959           | 1,567,526         |                               | 2,190,485         |       |  |  |  |
| Unrestricted  | 4,516,271         | 6,883,867         | 291,115                       | 11,691,253        |       |  |  |  |
| <br>Total net position  | <br>11,040,004    | <br>15,440,305    | <br>324,091                   | <br>26,804,400    |       |  |  |  |
| <br>Total liabilities, deferred inflows of resources,<br>and net position | <br>\$ 13,710,494 | <br>\$ 18,927,823 | <br>\$ 379,112                | <br>\$ 33,017,429 |       |  |  |  |

Exhibit A-8  
 City of Waupaca, Wisconsin  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2023

|   | Water<br>Utility  | Sewer<br>Utility  | Nonmajor<br>Telecommunications<br>Utility | Totals            |
|---|-------------------|-------------------|---|-------------------|
| <b>OPERATING REVENUES</b>                     |                   |                   |   |                   |
| Sales of water                                | \$ 1,394,614      | \$                | \$ 1,394,614                              |                   |
| Measured sewer service                        |                   | 2,150,351         |   | 2,150,351         |
| Telecommunications revenues                   |                   |                   | 331,142                                   | 331,142           |
| <br>Total operating revenues                  | <br>1,394,614     | <br>2,150,351     | <br>331,142                               | <br>3,876,107     |
| <b>OPERATING EXPENSES</b>                     |                   |                   |   |                   |
| Operation and maintenance                     | 893,908           | 1,038,402         | 273,484                                   | 2,205,794         |
| Depreciation                                  | 230,715           | 739,670           | 4,054                                     | 974,439           |
| Taxes   | 23,460            | 6,093             |   | 29,553            |
| <br>Total operating expenses                  | <br>1,148,083     | <br>1,784,165     | <br>277,538                               | <br>3,209,786     |
| <br>Operating income                          | <br>246,531       | <br>366,186       | <br>53,604                                | <br>666,321       |
| <b>NONOPERATING REVENUES (EXPENSES)</b>       |                   |                   |   |                   |
| Investment income                             | 17,896            | 81,481            |   | 99,377            |
| Investment gain (loss)                        | 60,478            | 60,645            |   | 121,123           |
| Interest expense                              | (57,882)          | (137,868)         |   | (195,750)         |
| <br>Total nonoperating revenues (expenses)    | <br>20,492        | <br>4,258         |   | <br>24,750        |
| <br>Income before contributions and transfers | <br>267,023       | <br>370,444       | <br>53,604                                | <br>691,071       |
| <br>Capital contributions                     |                   | 76,395            |   | 76,395            |
| Transfer of tax equivalent                    | (177,076)         | (250,008)         |   | (427,084)         |
| <br>Change in net position                    | <br>89,947        | <br>196,831       | <br>53,604                                | <br>340,382       |
| <br>Net position - beginning of year          | <br>10,950,057    | <br>15,243,474    | <br>270,487                               | <br>26,464,018    |
| <br>Net position - end of year                | <br>\$ 11,040,004 | <br>\$ 15,440,305 | <br>\$ 324,091                            | <br>\$ 26,804,400 |

Exhibit A-9  
 City of Waupaca, Wisconsin  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended December 31, 2023

|  | Water<br>Utility    | Sewer<br>Utility    | Nonmajor<br>Telecommunications<br>Utility | Totals              |
|--|---------------------|---------------------|---|---------------------|
| <b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>                                    |                     |                     |   |                     |
| Received from customers  | \$ 1,456,063        | \$ 2,135,971        | \$ 323,817                                | \$ 3,915,851        |
| Payments to employees  | (484,251)           | (555,800)           | (103,094)                                 | (1,143,145)         |
| Payments to suppliers  | (433,928)           | (512,802)           | (162,310)                                 | (1,109,040)         |
| Net cash flows from (used by) operating activities                                       | 537,884             | 1,067,369           | 58,413                                    | 1,663,666           |
| <b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>                              |                     |                     |   |                     |
| Paid to municipality for tax equivalent  | (177,076)           | (250,008)           |   | (427,084)           |
| Net cash flows from (used by) noncapital financing activities                            | (177,076)           | (250,008)           |   | (427,084)           |
| <b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>                |                     |                     |   |                     |
| Payments for capital acquisitions  | (180,019)           | (265,300)           | (28,335)                                  | (473,654)           |
| Proceeds from sale of capital assets   |                     | 15,175              |   | 15,175              |
| Loan proceeds  | 480,000             | 1,090,000           |   | 1,570,000           |
| Principal payments   | (404,774)           | (581,572)           |   | (986,346)           |
| Interest paid  | (47,373)            | (133,239)           |   | (180,612)           |
| Investment gain (loss)   | 60,478              | 60,645              |   | 121,123             |
| Contributed capital  |                     | 76,395              |   | 76,395              |
| Net cash flows from (used by) capital and related financing activities                   | (91,688)            | 262,104             | (28,335)                                  | 142,081             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |   |                     |
| Receipts of interest   | 17,896              | 81,481              |   | 99,377              |
| Net cash flows from investing activities   | 17,896              | 81,481              |   | 99,377              |
| Net change in cash and cash equivalents  | 287,016             | 1,160,946           | 30,078                                    | 1,478,040           |
| Cash and cash equivalents - beginning of year  | 1,370,447           | 3,418,460           | 227,519                                   | 5,016,426           |
| Cash and cash equivalents - end of year  | <u>\$ 1,657,463</u> | <u>\$ 4,579,406</u> | <u>\$ 257,597</u>                         | <u>\$ 6,494,466</u> |
| <b>Reconciliation of cash and cash equivalents to statement of net position accounts</b> |                     |                     |   |                     |
| Cash and investments   | \$ 1,015,272        | \$ 3,011,880        | \$ 257,597                                | \$ 4,284,749        |
| Cash and investments (restricted assets)   | 642,191             | 1,567,526           |   | 2,209,717           |
| Cash and cash equivalents  | <u>\$ 1,657,463</u> | <u>\$ 4,579,406</u> | <u>\$ 257,597</u>                         | <u>\$ 6,494,466</u> |

Exhibit A-9 (Continued)  
 City of Waupaca, Wisconsin  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended December 31, 2023

|   | Water<br>Utility  | Sewer<br>Utility    | Nonmajor                      |                     |        |
|---|-------------------|---------------------|-------------------------------|---------------------|--------|
|   |                   |                     | Telecommunications<br>Utility | Utility             | Totals |
| <b>Reconciliation of operating income to net cash provided<br/>by operating activities:</b> |                   |                     |                               |                     |        |
| Operating income  | \$ 246,531        | \$ 366,186          | \$ 53,604                     | \$ 666,321          |        |
| Noncash items in operating income:  |                   |                     |                               |                     |        |
| Depreciation expense  | 257,514           | 712,871             | 4,054                         | 974,439             |        |
| Pension expense   | 25,325            | 28,942              | 3,618                         | 57,885              |        |
| Life insurance expense  | (66)              | 1,245               |                               | 1,179               |        |
| Amortization of major repair  | 15,880            |                     |                               | 15,880              |        |
| Deferred lease inflows  | (18,872)          |                     |                               | (18,872)            |        |
| Changes in assets and liabilities:  |                   |                     |                               |                     |        |
| Customer accounts receivable  | (4,304)           | 4,230               | (4,890)                       | (4,964)             |        |
| Lease receivable  | 18,534            |                     |                               | 18,534              |        |
| Other accounts receivable   | 1,994             | (18,610)            | (2,435)                       | (19,051)            |        |
| Special assessments receivable  | 45,225            |                     |                               | 45,225              |        |
| Inventories   | (3,329)           | (686)               |                               | (4,015)             |        |
| Accounts payable  | (30,053)          | (7,135)             | 3,669                         | (33,519)            |        |
| Customer deposits   |                   | (9,572)             |                               | (9,572)             |        |
| Accrued liabilities   | (116)             | 871                 | 793                           | 1,548               |        |
| Compensated absences  | (16,379)          | (10,973)            |                               | (27,352)            |        |
| Net cash provided by operating activities   | <u>\$ 537,884</u> | <u>\$ 1,067,369</u> | <u>\$ 58,413</u>              | <u>\$ 1,663,666</u> |        |

Exhibit A-10  
City of Waupaca, Wisconsin  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2023

|                                    | Custodial Fund          |
|------------------------------------|-------------------------|
|                                    | Hotel/Motel             |
|                                    | Tax Fund                |
| <b>ASSETS</b>                      |                         |
| Cash and investments               | \$ 55,061               |
| Other receivables                  | <u>35,528</u>           |
| Total assets                       | <u><u>\$ 90,589</u></u> |
| <b>LIABILITIES</b>                 |                         |
| Accounts payable                   | <u>\$ 67,876</u>        |
| <b>NET POSITION</b>                |                         |
| Restricted                         | <u>22,713</u>           |
| Total liabilities and net position | <u><u>\$ 90,589</u></u> |

Exhibit A-11  
 City of Waupaca, Wisconsin  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended December 31, 2023

|   | Custodial Fund          |
|---|-------------------------|
|   | Hotel/Motel             |
|   | Tax Fund                |
| <b>ADDITIONS</b>                                  |                         |
| Taxes   | <u>\$ 318,993</u>       |
| <b>DEDUCTIONS</b>                                 |                         |
| Conservation and development                      | <u>390,450</u>          |
| Net increase (decrease) in fiduciary net position | (71,457)                |
| Net position - beginning of year                  | <u>94,170</u>           |
| Net position - end of year                        | <u><u>\$ 22,713</u></u> |

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**City of Waupaca, Wisconsin**  
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**December 31, 2023**

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**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Waupaca conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**A. Reporting Entity**

The City of Waupaca, Wisconsin was incorporated under the provisions of Chapter 131, Laws of Wisconsin, 1981. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter; public safety (police and fire), highways and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning, and general administrative services.

The basic criterion for including a legally separate organization as a Component Unit is the degree of financial accountability the City has with the organization. The following circumstances set forth the City's financial accountability for a legally separate organization:

- a. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.
- b. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

**B. Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Eliminations have been made to minimize the double-counting of internal activities of the City.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide Financial Statements (Continued)**

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

**Fund Financial Statements**

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major fund within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the city believes is particularly important to financial statement users may be reported as a major fund.

**Major Governmental Funds:**

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide Financial Statements (Continued)**

Debt Service – Used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. (Designated as a major fund per management.)

Capital Improvements – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

TIF No. 4 and 8 Capital Projects Funds – Accounts for the activity of Tax Incremental District No. 4 and No. 8, including any payment of long-term debt principal, interest and related costs.

**Major Enterprise Funds:**

The City reports the following major enterprise funds:

Water – All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.076, permit municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

**Non-Major Governmental Funds:**

The City reports the following non-major governmental funds:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Inland Lakes  
Transit System  
Revolving Loans  
Adult Recreation Center  
Airport  
Donations and Grants  
Library  
Youth Programs  
South Park Trust  
Local Fiscal Recovery Fund

TIF No. 10, 11 & 12 Capital Projects Funds – Accounts for the activity of Tax Incremental Districts, including any payment of long-term debt principal, interest and related costs.

Permanent Funds – Are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

- Cemetery Perpetual Care

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide Financial Statements (Continued)**

**Non-Major Enterprise Fund:**

The City reports the following non-major enterprise fund:

Telecommunications— This fund accounts for the activities of the City’s communication utility. This utility offers broadband services to businesses and individuals. Expenditures are recovered through user fees.

**Fiduciary Funds (Not included in Government-Wide Statements):**

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) the government controls the assets that finance the activity, b) assets are not generated from the government’s own-source revenues or from government-mandated or voluntary nonexchange transactions, c) assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government’s delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government’s reporting entity.

The City reports the following fiduciary fund:

Custodial Funds – used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for room tax collections payable to other governmental and tourism agencies in a Hotel/Motel tax fund.

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

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources. Resources (typically cash) received before all eligibility requirements have been met are reported as assets and offset by unearned revenue (a liability) unless only a time requirement has not been met. In this case, deferred inflows of resources are reported rather than a liability.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**D. Cash and Cash Equivalents**

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major funds.

All deposits of the City are made in board designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

For purposes of the statement of cash flows, all cash and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

**E. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying agency fund balance sheet.

Property tax calendar - 2023 tax roll:

|                                 |                   |
|---------------------------------|-------------------|
| Lien date and levy date         | December 2023     |
| Payment in full, or             | January 31, 2024  |
| First installment due           | January 31, 2024  |
| Second installment due          | July 31, 2024     |
| January settlement              | January 15, 2024  |
| February settlement             | February 20, 2024 |
| August settlement               | August 20, 2024   |
| Personal property taxes in full | January 31, 2024  |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Receivables (Continued)**

No provision for uncollectible accounts receivable has been made for the City and the utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds," Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

*Lease Receivable*

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Leases – in the governmental funds, when the year-end receivable balance exceeds the deferred inflow of resources, the difference is presented as nonspendable fund balance.

**F. Inventories and Prepaid Items**

Inventories of governmental fund types consist of fuel and expendable supplies held for consumption. Expendable supplies, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet- Governmental Funds.

Inventories of proprietary fund types are valued at the lower-of-cost or market using the first-in, first-out method and are initially capitalized and then charged to expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**G. Restricted Assets**

Certain proceeds of the Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond special redemption" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond depreciation" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Restricted Assets (Continued)**

Other restricted assets include a “DNR Replacement Fund” which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the Wastewater Utility plant and (if applicable) the net pension asset related to the Wisconsin Retirement System. “Customer Deposits” are deposits made by the customer which are due to the customers unless their bills are not paid.

**H. Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost if actual cost is not available. Contributed assets are reported at acquisition value. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset’s lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction are capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives are as follows:

| Capital Asset Category  | Capitalization Threshold | Estimated Useful Life |
|-------------------------|--------------------------|-----------------------|
| Infrastructure          | \$ 5,000                 | 20-35                 |
| Land                    |                          | N/A                   |
| Improvements            | 5,000                    | 5-15                  |
| Buildings               | 5,000                    | 50-100                |
| Machinery and equipment | 5,000                    | 5-20                  |

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**I. Unearned Revenue**

The City reports unearned revenue on its governmental funds balance sheet. Unearned revenue arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences**

Vacation pay is earned based on length of service (5-30 days per year). Vacation days are not cumulative and are based on the calendar year.

Regular full-time employees can accrue sick leave to a maximum of 150 days. For regular full-time employees hired after 2011, sick leave shall be eligible for a maximum accrual of 90 days. Employees earn 12 sick days per year. Accumulated unused sick leave is placed in a bank for the employee. All full-time employees leaving employment with the City in good standing will receive a lump sum payment of unused sick leave (paid at a pre-determined percentage based on years of service). An employee that is retiring also has the option to use unused sick leave as credit towards the City's health insurance plan. The City health insurance program is not available to retirees beyond COBRA requirements.

Compensated absence expenditures and liabilities are recorded and adjusted to December 31 salaries/wages at the close of each fiscal year.

**K. Bond Premiums, Discounts, Issuance Costs, and Conduit Debt**

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

Deferred amounts from refunding resulting in a debit are reported as deferred outflows. Deferred amounts from refunding resulting in a credit are reported as deferred inflows.

Industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no industrial revenue bonds for 2023.

**L. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Equity Classifications**

**Government-Wide Statements**

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

**Fund Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the City Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

The City has passed a fund balance policy to preserve working capital and to adequately prepare for unforeseen events which will require ready access to funds. The City requires that the unassigned fund balance be maintained between 20% and 25% of the General Fund budget. Amounts exceeding 30% shall be transferred to the Rainy-Day Fund. As of December 31, 2023, the unassigned fund balance of the general fund was 30.7% of the current year general fund budgeted expenditures.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Equity Classifications (Continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

**N. Transfers**

Transfers include the payment in lieu of taxes from the water, sewer, and telecommunications utilities to the general fund. The debt service fund transferred property tax levies to the TIF funds for shortfalls between the tax increments and their debt payments. TIF District No. 4 is a donor to TIF District No. 8 and 10. A transfer of positive tax increment after satisfying current year debt service and project costs was made to TIF District No. 8 and 10 in the amount of \$193,298 and \$113,016, respectively.

**O. Encumbrances**

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year-end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. The City does not use encumbrance accounting.

**P. Risk Management**

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Q. Advances to Other Funds**

Noncurrent portions of long-term interfund loan receivables are reported as advances.

**R. Regulation of Municipal Utilities**

The Waupaca Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission. The Sewer and Telecommunications Utilities are not regulated.

**S. State and Federal Aids**

State general and categorical aids are recognized as revenue in the entitlement year. Federal aids and certain state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows of resources.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 1

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Interfund Transactions**

Quasi-external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund and as revenue in the fund that is reimbursed.

**U. Discount on Long-Term Notes Receivable**

A long-term receivable is discounted at a rate of 3%. The discount is recognized and being amortized to interest income in the statement of activities over the course of the loan using the effective interest method.

**V. Debt Policy**

The City's General Guidelines per Debt Policy:

- a. The City shall assess the fiscal impact of the debt prior to issuance.
- b. Tax supported general obligation debt of the City will not exceed 2.5 percent (2.5%) of the equalized valuation, including tax incremental value, of the taxable property of the City ("TID-In"). Total general obligation debt for the City shall not exceed 3.75 percent (3.75%) of TID-In equalized valuation.
- c. Total annual debt service payments on tax-supported debt, excluding tax increment finance debt, of the City will not exceed 25 percent (25%) of total general government operating revenue.
- d. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

**W. Pensions**

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

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

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

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**X. Other Postemployment Benefits**

*Group life insurance plan*

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

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits, and
- OPEB Expense (Revenue)

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

**Y. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has items that qualify for reporting in this category. The deferred outflows of resources were derived from the WRS pension system and OPEB plan. The deferred outflows of resources for the WRS pension system are discussed in Note 7. The deferred outflows of resources for the OPEB plan are discussed in Note 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The City has items that qualify for reporting in this category. Deferred inflows of resources related to the WRS pension system are discussed in Note 7, deferred inflows of resources related to the OPEB plan are discussed in Note 8, and the remaining deferred inflows of resources are discussed in Note 17.

Unamortized Major Repairs – The Water Utility incurred \$79,400 of water tower painting costs in 2023. This amount is being amortized to expense over five years per authorization from the Public Service Commission. The balance at December 31, 2023 was \$47,640.

**Z. Change in Accounting Principle**

Effective January 1, 2023, the City adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The City does not have any material SBITAs requiring disclosure in the financial statements.

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

**NOTE 3**

**CASH AND INVESTMENTS**

At December 31, 2023, cash and investments included the following:

|                                      |                             |
|--------------------------------------|-----------------------------|
| Petty cash/cash on hand              | \$ 692                      |
| Deposits with financial institutions | 15,393,697                  |
| Certificates of deposit              | 1,782,955                   |
| Mutual Fund                          | 21,778                      |
| <b>Total cash and investments</b>    | <b><u>\$ 17,199,122</u></b> |

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

**Exhibit A-1:**

|                                 |               |
|---------------------------------|---------------|
| Cash and investments            | \$ 10,450,236 |
| Cash and investments-restricted | 6,693,825     |

**Exhibit A-10:**

|                                   |                             |
|-----------------------------------|-----------------------------|
| Cash and investments              | 55,061                      |
| <b>Total cash and investments</b> | <b><u>\$ 17,199,122</u></b> |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 3

**CASH AND INVESTMENTS (CONTINUED)**

**Investments Authorized by Wisconsin State Statutes**

Investment of City funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds are securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

**Income Allocation** – Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

**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.

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              | 12 months<br>or less | 13 to 24<br>months |
|-------------------------|---------------------|----------------------|--------------------|
| Certificates of deposit | \$ 1,782,955        | \$ 1,183,779         | \$ 599,176         |
| Mutual Fund             | 21,778              | 21,778               |                    |
| Total                   | <u>\$ 1,804,733</u> | <u>\$ 1,205,557</u>  | <u>\$ 599,176</u>  |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 3

**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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to those authorized by State Statutes. At December 31, 2023 the City's investments were rated as follows:

|             | <u>Amount</u> | <u>Rating</u>           |
|-------------|---------------|-------------------------|
| Mutual Fund | \$ 21,778     | (4) Stars (Morningstar) |

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

*Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

*Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 3

**CASH AND INVESTMENTS (CONTINUED)**

The City's investment policy requires all certificates of deposits and other time deposits be collateralized in an amount equal to 102% of the investment less the amount insured by the State of Wisconsin and the FDIC.

As of December 31, 2023, \$1,309,670 of the City deposits were insured by FDIC, \$931,601 was collateralized by securities pledged by financial institutions, and \$1,579,461 of the City's deposits with financial institutions were in excess of federal depository insurance limits. \$900,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss, and \$679,461 were in excess of federal depository insurance limits, pledged collateral, and Wisconsin State Guarantee Fund coverage.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

**Concentration of Credit Risk**

The City places no limit on the amount the City may invest in any one issuer.

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

**Fair Value Measurement**

The City uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the City's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The City uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

| Assets at Fair Value<br>as of December 31, 2023 |                  |                  |
|---|------------------|------------------|
|   | Fair Value       | Level 1          |
| Mutual Fund                                     | <u>\$ 21,778</u> | <u>\$ 21,778</u> |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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**NOTE 4**

**CAPITAL ASSETS**

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

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Removals</u>     | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| <b>Governmental Activities:</b>                   |                              |                     |                     |                           |
| <i>Capital assets not being depreciated:</i>      |                              |                     |                     |                           |
| Construction work in progress                     | \$ 889,565                   | \$ 7,579,369        | \$ (836,822)        | \$ 7,632,112              |
| Land  | 4,533,196                    |                     | (2,448)             | 4,530,748                 |
| <b>Total capital assets not being depreciated</b> | <b>5,422,761</b>             | <b>7,579,369</b>    | <b>(839,270)</b>    | <b>12,162,860</b>         |
| <i>Capital assets, being depreciated:</i>         |                              |                     |                     |                           |
| Building  | 12,724,753                   | 144,950             |                     | 12,869,703                |
| Infrastructure                                    | 19,125,624                   | 110,893             |                     | 19,236,517                |
| Improvements other than buildings                 | 1,230,139                    | 1,030,921           |                     | 2,261,060                 |
| Machinery and equipment                           | 1,905,084                    | 913,503             |                     | 2,818,587                 |
| Vehicles  | 2,714,870                    | 160,959             | (21,565)            | 2,854,264                 |
| <b>Total capital assets, being depreciated</b>    | <b>37,700,470</b>            | <b>2,361,226</b>    | <b>(21,565)</b>     | <b>40,040,131</b>         |
| <b>Total capital assets</b>                       | <b>43,123,231</b>            | <b>9,940,595</b>    | <b>(860,835)</b>    | <b>52,202,991</b>         |
| <br>Less accumulated depreciation:                |                              |                     |                     |                           |
| Building  | (3,541,052)                  | (165,724)           |                     | (3,706,776)               |
| Infrastructure                                    | (8,252,198)                  | (581,868)           |                     | (8,834,066)               |
| Improvements other than buildings                 | (677,293)                    | (75,958)            | 62                  | (753,189)                 |
| Machinery and equipment                           | (987,071)                    | (128,164)           |                     | (1,115,235)               |
| Vehicles  | (1,308,938)                  | (243,041)           | 21,565              | (1,530,414)               |
| <b>Total accumulated depreciation</b>             | <b>(14,766,552)</b>          | <b>(1,194,755)</b>  | <b>21,627</b>       | <b>(15,939,680)</b>       |
| <b>Total net capital assets</b>                   | <b>\$ 28,356,679</b>         | <b>\$ 8,745,840</b> | <b>\$ (839,208)</b> | <b>\$ 36,263,311</b>      |

Depreciation expense for governmental activities was charged to functions as follows:

|   |                     |
|---|---------------------|
| General government  | \$ 76,107           |
| Public safety   | 130,041             |
| Public works  | 763,902             |
| Culture, recreation and education                         | 176,782             |
| Health and human services                                 | 47,923              |
| <b>Total governmental activities depreciation expense</b> | <b>\$ 1,194,755</b> |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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**NOTE 4**

**CAPITAL ASSETS (CONTINUED)**

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Salvage</u>     | <u>Removals</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|--------------------|-----------------|---------------------------|
| <b>Business-type Activities:</b>   |                              |                     |                    |                 |                           |
| <i>Capital assets not being depreciated:</i>   |                              |                     |                    |                 |                           |
| Land   | \$ 72,639                    | \$                  | \$                 | \$              | 72,639                    |
| Non-utility property   | 13,563                       |                     |                    |                 | 13,563                    |
| Construction Work in Progress  | 9,300                        | 163,480             |                    |                 | 172,780                   |
| Property held for future use   | 100,000                      |                     |                    |                 | 100,000                   |
| Total capital assets not being depreciated   | <u>195,502</u>               | <u>163,480</u>      |                    |                 | <u>358,982</u>            |
| <i>Capital assets, being depreciated:</i>  |                              |                     |                    |                 |                           |
| Building   | 6,894,195                    |                     |                    |                 | 6,894,195                 |
| Infrastructure/systems/equipment   | 33,338,973                   | 310,174             |                    | (44,552)        | 33,604,595                |
| Total capital assets, being depreciated  | <u>40,233,168</u>            | <u>310,174</u>      |                    | <u>(44,552)</u> | <u>40,498,790</u>         |
| Total capital assets   | <u>40,428,670</u>            | <u>473,654</u>      |                    | <u>(44,552)</u> | <u>40,857,772</u>         |
| <b>Less accumulated depreciation:</b>  |                              |                     |                    |                 |                           |
| Building   | (6,102,823)                  | (285,577)           |                    |                 | (6,388,400)               |
| Infrastructure/systems/equipment   | (15,700,307)                 | (688,862)           | (15,175)           | 44,552          | (16,359,792)              |
| Total accumulated depreciation   | <u>(21,803,130)</u>          | <u>(974,439)</u>    | <u>(15,175)</u>    | <u>44,552</u>   | <u>(22,748,192)</u>       |
| Total net capital assets   | <u>\$ 18,625,540</u>         | <u>\$ (500,785)</u> | <u>\$ (15,175)</u> | <u>\$</u>       | <u>\$ 18,109,580</u>      |
| <br>Depreciation expense for business-type activities was charged to functions as follows: |                              |                     |                    |                 |                           |
| <b>Business-type activities</b>  |                              |                     |                    |                 |                           |
| Water  |                              | \$ 230,715          |                    |                 |                           |
| Wastewater   |                              | 739,670             |                    |                 |                           |
| Telecommunication  |                              | 4,054               |                    |                 |                           |
| Total depreciation expense per exhibit A-8   |                              | <u>\$ 974,439</u>   |                    |                 |                           |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 5

**LEASES**

**Lease Receivable**

The City has entered into lease arrangements where the City leases land, building, and water tower space for commercial use. In the statement of activities, lease revenue for the year ended December 31, 2023 was as follows:

| Lease-related revenue | Year Ending             |
|-----------------------|-------------------------|
|                       | December 31, 2023       |
| Lease revenue:        |                         |
| Land                  | \$ 10,186               |
| Building              | 35,963                  |
| Water tower           | <u>18,872</u>           |
| Total lease revenue   | 65,021                  |
| Interest revenue      | 4,602                   |
| <b>Total</b>          | <b><u>\$ 69,623</u></b> |

Aggregate cash flows for the revenue generated by the leases receivable and interest at December 31, 2023 are as follows:

| <b>Governmental Activities</b> |                         |                        |                         |  |
|--------------------------------|-------------------------|------------------------|-------------------------|--|
| Years Ended                    |                         |                        |                         |  |
| December 31,                   | Principal               | Interest               | Total                   |  |
| 2024                           | \$ 34,732               | \$ 1,897               | \$ 36,629               |  |
| 2025                           | 35,789                  | 841                    | 36,630                  |  |
| 2026                           | 8,560                   | 54                     | 8,614                   |  |
| <b>Totals</b>                  | <b><u>\$ 79,081</u></b> | <b><u>\$ 2,792</u></b> | <b><u>\$ 81,873</u></b> |  |

  

| <b>Business-type Activities</b> |                         |                        |                         |  |
|---------------------------------|-------------------------|------------------------|-------------------------|--|
| Years Ended                     |                         |                        |                         |  |
| December 31,                    | Principal               | Interest               | Total                   |  |
| 2024                            | \$ 19,098               | \$ 902                 | \$ 20,000               |  |
| 2025                            | 19,679                  | 321                    | 20,000                  |  |
| <b>Totals</b>                   | <b><u>\$ 38,777</u></b> | <b><u>\$ 1,223</u></b> | <b><u>\$ 40,000</u></b> |  |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 6

**LONG-TERM OBLIGATIONS**

The following is a summary of debt transactions of the City for the year ended December 31, 2023.

|                                       | Beginning<br>Balance | Increases           | Decreases             | Ending<br>Balance    | Amounts<br>Due Within<br>One Year |
|---------------------------------------|----------------------|---------------------|-----------------------|----------------------|-----------------------------------|
| <b><u>Governmental Activities</u></b> |                      |                     |                       |                      |                                   |
| General obligation bonds              | \$ 8,515,000         | \$                  | \$ (405,000)          | \$ 8,110,000         | \$ 190,000                        |
| General obligation notes              | 7,630,000            | 4,565,000           | (1,585,000)           | 10,610,000           | 1,535,000                         |
| Debt Premium                          | 245,227              |                     | (20,773)              | 224,454              |                                   |
| Total general obligation debt         | <u>16,390,227</u>    | <u>4,565,000</u>    | <u>(2,010,773)</u>    | <u>18,944,454</u>    | <u>1,725,000</u>                  |
| Other long-term obligations:          |                      |                     |                       |                      |                                   |
| Compensated absences                  | 711,821              |                     | (131,870)             | 579,951              |                                   |
| Total governmental activities         |                      |                     |                       |                      |                                   |
| Long-term liabilities                 | <u>\$ 17,102,048</u> | <u>\$ 4,565,000</u> | <u>\$ (2,142,643)</u> | <u>\$ 19,524,405</u> | <u>\$ 1,725,000</u>               |

The compensated absences liability attributed to governmental activities are typically liquidated in the general fund.

The City had an open Line of Credit with a local financial institution for \$500,000 with a final maturity of December 15, 2023. The City did not borrow anything on the line of credit during 2023. No interest was paid in 2023. This line of credit was closed as of December 31, 2023.

Interest costs incurred during the year totaled \$637,111. Total interest paid during the year aggregated \$545,565.

|  | Beginning<br>Balance | Increases           | Decreases             | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|--|----------------------|---------------------|-----------------------|---------------------|-----------------------------------|
| <b><u>Business-type Activities</u></b>               |                      |                     |                       |                     |                                   |
| Mortgage Revenue bonds                               | \$ 2,175,000         | \$ 1,090,000        | \$ (730,000)          | \$ 2,535,000        | \$ 760,000                        |
| Debt from direct borrowings and<br>direct placements | 2,428,264            | 480,000             | (256,346)             | 2,651,918           | 263,555                           |
| Other long-term obligations:                         |                      |                     |                       |                     |                                   |
| Compensated absences                                 | 128,791              |                     | (27,352)              | 101,439             |                                   |
| Total business-type activities                       |                      |                     |                       |                     |                                   |
| Long-term liabilities                                | <u>\$ 4,732,055</u>  | <u>\$ 1,570,000</u> | <u>\$ (1,013,698)</u> | <u>\$ 5,288,357</u> | <u>\$ 1,023,555</u>               |

Interest costs incurred during the year totaled \$144,159. Total interest paid during the year aggregated \$129,021.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 6

**LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Debt**

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, and tax increments. General obligation debt at December 31, 2023, is comprised of the following issues:

| Description                   | Issue Dates | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/23           |
|-------------------------------|-------------|----------------|----------------|-----------------------|----------------------------|
| <b><u>Notes payable</u></b>   |             |                |                |                       |                            |
| G.O. promissory notes         | 03/05/18    | 03/01/25       | 3.00%          | \$ 3,960,000          | \$ 955,000                 |
| G.O. promissory notes         | 03/26/19    | 03/01/29       | 3.00-4.00%     | 1,555,000             | 945,000                    |
| G.O. promissory notes         | 11/23/20    | 03/01/30       | 2.00-3.00%     | 5,935,000             | 4,145,000                  |
| G.O. promissory notes         | 04/11/23    | 09/01/33       | 3.00-4.00%     | 1,300,000             | 1,300,000                  |
| Note anticipation note        | 04/11/23    | 03/01/28       | 3.61%          | 3,265,000             | <u>3,265,000</u>           |
|                               |             |                |                |                       | <u>\$ 10,610,000</u>       |
| <b><u>Refunding bonds</u></b> |             |                |                |                       |                            |
| G.O. promissory bonds         | 04/05/22    | 03/01/42       | 2.65-4.0%      | \$ 8,445,000          | <u>\$ 8,110,000</u>        |
|                               |             |                |                |                       | <u><u>\$ 8,110,000</u></u> |

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. The mortgage revenue bonds are expected to be repaid with water and wastewater revenue. Enterprise Fund debt at December 31, 2023, is comprised of the following:

| Description                                 | Date of Issue | Final Maturity | Interest Rates | Original Amount | Balance 12/31/23           |
|---|---------------|----------------|----------------|-----------------|----------------------------|
| <b><u>Revenue bonds</u></b>                 |               |                |                |                 |                            |
| Sewerage system revenue bond                | 11/01/04      | 05/01/24       | 2.37%          | \$ 454,008      | \$ 31,329                  |
| Sewerage system revenue bond                | 01/01/05      | 05/01/25       | 2.37%          | 437,107         | 53,593                     |
| Sewerage system revenue bond                | 07/11/07      | 05/01/27       | 2.48%          | 502,814         | 128,016                    |
| Sewerage system revenue bond                | 03/05/18      | 05/01/28       | 3.00-4.00%     | 2,740,000       | 635,000                    |
| Sewerage system revenue bond                | 11/23/20      | 05/01/30       | 2.00-3.00%     | 1,095,000       | 810,000                    |
| Sewerage system revenue bond                | 04/11/23      | 05/01/33       | 4.00%          | 1,090,000       | 1,090,000                  |
| Water system revenue bond                   | 03/05/18      | 05/01/28       | 3.00-4.00%     | 2,160,000       | 1,045,000                  |
| Water system revenue bond                   | 06/13/12      | 05/01/32       | 1.32%          | 194,758         | 93,980                     |
| Water system revenue bond                   | 11/23/20      | 05/01/30       | 1.1- 2.0%      | 1,150,000       | 820,000                    |
| Note anticipation note                      | 04/11/23      | 03/01/28       | 3.61%          | 480,000         | <u>480,000</u>             |
| Total business-type activities revenue debt |               |                |                |                 | <u><u>\$ 5,186,918</u></u> |

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

The sewerage system and water system revenue bonds require that the following requirements:

**Debt Service Fund Requirement:** The Bond covenants require the utility to establish and maintain a Debt Service Fund Account, deposits to be made monthly equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source). This requirement was met for both the sewer utility and the water utility for the year ended December 31, 2023. The debt service fund requirement for the sewer utility is \$407,382 and the Debt Service Fund Account had a balance of \$407,382 at December 31, 2023. The debt service fund requirement for the water utility is \$213,512 and the Debt Service Fund Account had a balance of \$213,512 at December 31, 2023.

**Bond Reserve Requirement:** The City covenants to establish and maintain a Reserve Account in an amount equal to the least of (a) 10% of the principal of the Bonds and the Parity Bonds; (b) maximum amount of principal and interest due on the outstanding Bonds and Parity Bonds in any Fiscal Year; or (c) 125% of average annual debt service on the outstanding Bonds and the Parity Bonds requirement will be deposited in the Reserve Account. This requirement was met for both the sewer utility and the water utility for the year ended December 31, 2023. The reserve requirement for the sewer utility is \$63,500 and the Bond Reserve Account had a balance of \$465,644 at December 31, 2023. The reserve requirement for the water utility is \$81,000 and the Bond Reserve Account had a balance of \$428,679 at December 31, 2023.

**Annual Debt Service Requirement:** The City covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Sewerage and Water System so that net revenues (i.e. gross revenues less all costs of operation and maintenance, exclusive of debt service, depreciation, or local tax equivalents) will be at least 1.10 times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenues of the Sewerage and Water System each year. This requirement was not met for the year ended December 31, 2023. The net earnings for the sewer utility were \$1,187,337 or 2.51 times the annual principal and interest amount of \$473,056. The net earnings for the water utility were \$495,142 or 1.52 times the annual principal and interest amount of \$324,900.

General Obligation Debt Limit Calculation

The 2023 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$608,889,800. The legal debt limit and margin of indebtedness as of December 31, 2023 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

|                                     |                             |
|-------------------------------------|-----------------------------|
| Debt limit (5% of \$608,889,800)    | \$ 30,444,490               |
| General obligation debt outstanding | (15,455,000)                |
| Margin of indebtedness              | <u><u>\$ 14,989,490</u></u> |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 6

**LONG-TERM OBLIGATIONS (CONTINUED)**

**Maturities of Long-Term Obligations**

Maturities of the long-term debt to maturity for Governmental Activities, at December 31, 2023, are:

| Years     | Governmental Activities |                     |  | Notes                |                   |
|-----------|-------------------------|---------------------|--|----------------------|-------------------|
|           | Principal               | Interest            |  | Principal            | Interest          |
| 2024      | \$ 190,000              | \$ 241,600          |  | \$ 1,535,000         | \$ 146,475        |
| 2025      | 200,000                 | 235,750             |  | 1,425,000            | 104,875           |
| 2026      | 200,000                 | 229,750             |  | 780,000              | 74,350            |
| 2027      | 205,000                 | 223,675             |  | 810,000              | 53,875            |
| 2028      | 285,000                 | 214,900             |  | 4,095,000            | 27,950            |
| 2029-2033 | 655,000                 | 972,600             |  | 1,965,000            | 22,650            |
| 2034-2038 | 2,955,000               | 773,000             |  |                      |                   |
| 2039-2043 | 3,420,000               | 205,200             |  |                      |                   |
| Totals    | <b>\$ 8,110,000</b>     | <b>\$ 3,096,475</b> |  | <b>\$ 10,610,000</b> | <b>\$ 430,175</b> |

Maturities of the long-term debt to maturity for Enterprise Activities, at December 31, 2023, are:

| Years     | Enterprise Fund Debt        |                   |                       |                   |  |
|-----------|-----------------------------|-------------------|-----------------------|-------------------|--|
|           | Debt from Direct Borrowings |                   |                       |                   |  |
|           | Bonds                       |                   | and Direct Placements |                   |  |
| Years     | Principal                   | Interest          | Principal             | Interest          |  |
| 2024      | \$ 760,000                  | \$ 125,156        | \$ 263,555            | \$ 63,592         |  |
| 2025      | 265,000                     | 106,356           | 283,747               | 51,677            |  |
| 2026      | 280,000                     | 91,297            | 287,552               | 45,751            |  |
| 2027      | 285,000                     | 75,878            | 293,487               | 39,532            |  |
| 2028      | 295,000                     | 60,059            | 785,434               | 24,952            |  |
| 2029-2033 | 650,000                     | 134,000           | 738,143               | 14,138            |  |
| Totals    | <b>\$ 2,535,000</b>         | <b>\$ 592,746</b> | <b>\$ 2,651,918</b>   | <b>\$ 239,642</b> |  |

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 7

DEFINED BENEFIT PENSION PLAN

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) 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 annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

**Post-Retirement 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:

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 7

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Post-Retirement 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:

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

***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, and 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, the WRS recognized \$326,197 in contributions from the employer.

Contribution rates as of December 31, 2023 are:

| <b>Employee Category</b>                                       | <b>Employee</b> | <b>Employer</b> |
|--|-----------------|-----------------|
| General (including teachers, executives and elected officials) | 6.80%           | 6.80%           |
| Protective with Social Security                                | 6.80%           | 13.20%          |
| Protective without Social Security                             | 6.80%           | 18.10%          |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 7

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2023, the City reported a liability (asset) of \$1,418,888 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (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, 2022, the City's proportion was 0.02678309%, which was an increase of 0.00108412% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense (revenue) of \$716,542.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

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

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 2,259,850                              | \$ (2,968,935)                           |
| Net differences between projected and actual earnings on pension plan investments                             | 2,410,365                                 |  |
| Changes in assumptions  | 279,012                                   |  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 4,295                                     | (22,168)                                 |
| Employer contributions subsequent to the measurement date   | 383,587                                   |  |
| <b>Total</b>  | <b>\$ 5,337,109</b>                       | <b>\$ (2,991,103)</b>                    |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 7

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

\$383,587 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <b>Year Ended<br/>December 31:</b> | <b>Net Deferred Outflows<br/>(Inflows)<br/>of Resources</b> |           |
|------------------------------------|---|-----------|
|                                    | 2024  | \$ 77,388 |
| 2025                               | 405,498   |           |
| 2026                               | 414,913   |           |
| 2027                               | 1,064,623   |           |
| <b>Total</b>                       | <b>\$ 1,962,422</b>   |           |

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

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

\* No post-retirement 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 post-retirement discount rate.

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

***Long-term expected 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:

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

NOTE 7

**DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Asset Allocation Targets and Expected Returns<sup>1</sup>

As of December 31, 2022

| Core Fund Asset Class        | Asset Allocation % | Long-Term<br>Expected Nominal<br>Rate of Return % | Long-Term<br>Expected Real Rate<br>of Return % <sup>2</sup> |
|------------------------------|--------------------|---|---|
| Public Equity                | 48                 | 7.6   | 5.0   |
| Public Fixed Income          | 25                 | 5.3   | 2.7   |
| Inflation Sensitive          | 19                 | 3.6   | 1.1   |
| Real Estate                  | 8                  | 5.2   | 2.6   |
| Private Equity/Debt          | 15                 | 9.6   | 6.9   |
| Total Core Fund <sup>3</sup> | <u>115</u>         | 7.4   | 4.8   |
| <br>                         |                    |   |   |
| Variable Fund Asset Class    |                    |   |   |
| U.S. Equities                | 70                 | 7.2   | 4.6   |
| International Equities       | <u>30</u>          | 8.1   | 5.5   |
| Total Variable Fund          | <u>100</u>         | 7.7   | 5.1   |

<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup> New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

<sup>3</sup> 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, as asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

***Single Discount rate.*** A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Sensitivity of the City of Waupaca'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 percent, 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 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

|   | <b>1% Decrease to<br/>Discount Rate<br/>(5.80%)</b> | <b>Current Discount<br/>Rate (6.80%)</b> | <b>1% Increase to<br/>Discount Rate<br/>(7.80%)</b> |
|---|---|--|---|
| City's proportionate share of the net pension liability (asset) | \$ 4,709,245  | \$ 1,418,888                             | \$ (844,594)  |

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

NOTE 8

OTHER POSTEMPLOYMENT BENEFITS

**Plan description.** The Local Retiree Life Insurance Fund (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 post-employment life insurance benefits for all eligible members.

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

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

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees 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 post-retirement benefit.

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

Contribution rates as of December 31, 2023 are:

| Coverage Type                | Employer Contribution      |
|------------------------------|----------------------------|
| 25% Post Retirement Coverage | 20% of Member Contribution |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 8

**OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

| Life Insurance                       |        |              |
|--------------------------------------|--------|--------------|
| Employee Contribution Rates*         |        |              |
| For the year ended December 31, 2022 |        |              |
| Attained Age                         | Basic  | Supplemental |
| Under 30                             | \$0.05 | \$0.05       |
| 30-34                                | 0.06   | 0.06         |
| 35-39                                | 0.07   | 0.07         |
| 40-44                                | 0.08   | 0.08         |
| 45-49                                | 0.12   | 0.12         |
| 50-54                                | 0.22   | 0.22         |
| 55-59                                | 0.39   | 0.39         |
| 60-64                                | 0.49   | 0.49         |
| 65-69                                | 0.57   | 0.57         |

\*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$1,377 in contributions from the employer.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At December 31, 2023, the LRLIF Employer reported a liability (asset) of \$261,499 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.06863800%, which was an increase of 0.004289% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense (revenue) of \$34,100.

OPEB amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 8

**OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$                                   | (25,593)                            |
| Net differences between projected and actual earnings on plan investments                                     | 4,907                                |                                     |
| Changes in actuarial assumptions  | 93,950                               | (154,356)                           |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 41,396                               | (1,710)                             |
| Employer contributions subsequent to the measurement date   | 1,350                                |                                     |
| <b>Totals</b>   | <b>\$ 141,603</b>                    | <b>\$ (181,659)</b>                 |

\$1,350 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>December 31: | Net Deferred<br>Outflows (Inflows) of<br>Resources |  |
|----------------------------|--|--|
| 2024                       | \$ 2,599   |  |
| 2025                       | 169  |  |
| 2026                       | 3,966  |  |
| 2027                       | (8,204)  |  |
| 2028                       | (18,988)   |  |
| Thereafter                 | <u>(20,947)</u>                                    |  |
| <b>Total</b>               | <b>\$ (41,405)</b>                                 |  |

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

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

\*Based on Bond Buyers GO index.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 8

**OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

**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 Seurian, 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.

| Local OPEB Life Insurance<br>Asset Allocation Targets and Expected Returns<br>As of December 31, 2022 |                             |                   |  |
|---|-----------------------------|-------------------|--|
| Asset Class   | Index                       | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
| US Intermediate Credit Bonds  | Bloomberg US Interim Credit | 50%               | 2.45%  |
| US Mortgages  | Bloomberg US MBS            | 50%               | 2.83%  |
| Inflation   |                             |                   | 2.30%  |
| Long-Term Expected Rate of Return   |                             |                   | 4.25%  |

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

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

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

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 8

**OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

|  | 1% Decrease to<br>Discount Rate<br>(2.76%) | Current<br>Discount Rate<br>(3.76%) | 1% Increase to<br>Discount Rate<br>(4.76%) |
|--|--|-------------------------------------|--|
| City's proportionate share of the net OPEB liability (asset) | \$ 356,526                                 | \$ 261,499                          | \$ 188,672                                 |

NOTE 9

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables and payables as of December 31, 2023 were as follows:

| Receivable Fund          | Payable Fund   | Amount                   |
|--------------------------|----------------|--------------------------|
| <b>Government Funds:</b> |                |                          |
| General                  | TIF #11        | \$ 7,556                 |
| General                  | TIF #12        | 9,750                    |
| General                  | Adult Rec      | 23,980                   |
| General                  | Transit Fund   | 2,790                    |
| General                  | Youth Programs | 10,593                   |
| General                  | Airport        | 64,052                   |
|                          |                | <b><u>\$ 118,721</u></b> |

The following is a schedule of interfund advances at December 31, 2023:

| Receivable Fund | Payable Fund | Amount                     |
|-----------------|--------------|----------------------------|
| Water utility   | TIF #8       | \$ 2,942,889               |
| Sewer utility   | TIF #8       | 3,660,000                  |
| TIF #4          | TIF #8       | 910,612                    |
|                 | Total        | <b><u>\$ 7,513,501</u></b> |

No repayment schedule has been prepared for the advance to the TIF District and no interest is being charged on the advance.

For the statement of net assets, interfund balances which are owned within the government activities or business-type activities are netted and eliminated.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 9

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

The following is a schedule of interfund transfers:

| <u>Fund Transfer To</u>  | <u>Fund Transferred From</u> | <u>Amount</u>       |
|--------------------------|------------------------------|---------------------|
| <b>Government Funds:</b> |                              |                     |
| General                  | Water utility-tax equivalent | \$ 177,076          |
| General                  | Sewer utility-tax equivalent | 250,008             |
| Airport                  | General                      | 60,000              |
| Transit system           | General                      | 10,000              |
| Library                  | General                      | 346,554             |
| Youth Program            | General                      | 101,698             |
| Capital Projects         | South Park Trust             | 93,745              |
| Debt service fund        | General                      | 1,165,500           |
| TIF #8                   | TIF #4                       | 193,298             |
| TIF #10                  | TIF #4                       | 113,016             |
| General                  | TIF #4                       | 8,250               |
| General                  | TIF #8                       | 37,009              |
| General                  | TIF #10                      | 10,250              |
|                          | <b>Total</b>                 | <b>\$ 2,566,404</b> |

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Cumulative transfers from the Debt Service fund to the TIF Districts due to a shortfall of the increment versus the required debt payments are:

|         |                     |
|---------|---------------------|
| TIF #8  | \$ 1,647,546        |
| TIF #10 | 36,063              |
|         | <b>\$ 1,683,609</b> |

Repayment by the TIF Districts was determined to be unlikely, and as such, a transfer has been recorded.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 10

**GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES**

Governmental activities net position reported on the government wide statement of net position at December 31, 2023 includes the following:

**GOVERNMENTAL ACTIVITIES**

|   |                      |
|---|----------------------|
| Net investment in capital assets                      |                      |
| Land  | \$ 4,530,748         |
| Other capital assets, net of accumulated depreciation | 31,732,563           |
| Less: related long-term debt outstanding              | <u>(12,570,000)</u>  |
| Total net investment in capital assets                | <u>23,693,311</u>    |
|   |                      |
| Restricted:   |                      |
| Debt service  | 443,348              |
| TIF #4  | 1,515,338            |
| Inland Lakes  | 35,944               |
| Transit system  | 41,146               |
| Revolving loans                                       | 424,071              |
| Adult Recreation Center                               | 38,646               |
| Donation and Grants                                   | 78,441               |
| Library   | 57,735               |
| Perpetual care  | <u>6,751</u>         |
| Total restricted                                      | <u>2,641,420</u>     |
|   |                      |
| Unrestricted  | (5,995,894)          |
| Total governmental activities net assets              | <u>\$ 20,338,837</u> |

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 10 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

**GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2023 includes the following:

| <b>Major Funds</b>                         |              |
|--|--------------|
| <b>General Fund:</b>                       |              |
| <b>Nonspendable:</b>                       |              |
| Long-term receivable                       | \$ 120,269   |
|  |              |
| <b>Unassigned:</b>                         |              |
|  | \$ 2,248,848 |
|  |              |
| <b>Debt Service Fund:</b>                  |              |
| <b>Restricted:</b>                         |              |
| Restricted for future debt payments        | \$ 773,660   |
|  |              |
| <b>Capital Improvements Fund:</b>          |              |
| <b>Assigned:</b>                           |              |
| Assigned for future capital projects       | \$ 4,504,230 |
|  |              |
| <b>TIF District #4 Fund:</b>               |              |
| <b>Nonspendable:</b>                       |              |
| Advance                                    | \$ 910,612   |
|  |              |
| <b>Restricted:</b>                         |              |
| Restricted for TIF purposes                | \$ 1,515,338 |
|  |              |
| <b>Other Non-major Governmental Funds:</b> |              |
| <b>Nonspendable:</b>                       |              |
| Airport fund:                              |              |
| Inventories                                | \$ 7,109     |
|  |              |

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 10

**GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)**

**Restricted:**

Inland Lakes fund:

|                                    |    |        |
|------------------------------------|----|--------|
| Restricted for future expenditures | \$ | 35,944 |
|------------------------------------|----|--------|

Transit System Fund

|                        |        |
|------------------------|--------|
| Restricted for transit | 41,146 |
|------------------------|--------|

Revolving loan fund:

|                                     |         |
|-------------------------------------|---------|
| Restricted for economic development | 159,171 |
|-------------------------------------|---------|

Adult Recreation Center:

|                                    |        |
|------------------------------------|--------|
| Restricted for future expenditures | 38,646 |
|------------------------------------|--------|

Donations and Grants fund:

|                                    |        |
|------------------------------------|--------|
| Restricted for future expenditures | 78,441 |
|------------------------------------|--------|

Library fund:

|                                    |        |
|------------------------------------|--------|
| Restricted for future expenditures | 57,735 |
|------------------------------------|--------|

Perpetual care fund:

|   |       |
|---|-------|
| Restricted for future cemetery expenditures | 6,751 |
|---|-------|

|                                  |                          |
|----------------------------------|--------------------------|
| Total restricted non-major funds | <u><u>\$ 417,834</u></u> |
|----------------------------------|--------------------------|

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

**Unassigned fund balance (deficit)**

TIF Districts Fund:

|        |                |
|--------|----------------|
| TIF #8 | \$ (7,513,501) |
|--------|----------------|

|         |         |
|---------|---------|
| TIF #11 | (7,556) |
|---------|---------|

|         |         |
|---------|---------|
| TIF #12 | (9,750) |
|---------|---------|

|                          |                              |
|--------------------------|------------------------------|
| Total TIF Districts Fund | <u><u>\$ (7,530,807)</u></u> |
|--------------------------|------------------------------|

Nonmajor Funds:

|                    |                        |
|--------------------|------------------------|
| Youth program fund | <u><u>\$ (629)</u></u> |
|--------------------|------------------------|

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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**NOTE 11**

**NET POSITION RESTRICTION – PROPRIETARY FUNDS**

Portions of net position are restricted and are not available for current expenses as follows:

| <b><u>Proprietary Funds</u></b> |                            |
|---------------------------------|----------------------------|
| Water Utility:                  |                            |
| Restricted for:                 |                            |
| Debt reserves                   | \$ 622,959                 |
| Total                           | <u><u>\$ 622,959</u></u>   |
| Sewer Utility:                  |                            |
| Restricted for:                 |                            |
| Equipment                       | \$ 438,000                 |
| Maintenance                     | 256,500                    |
| Debt reserves                   | <u>873,026</u>             |
| Total                           | <u><u>\$ 1,567,526</u></u> |

**NOTE 12**

**JOINT VENTURES**

The Waupaca Area Fire District was established in 1991 for the purpose of furnishing firefighting services to the territory included within the district. The municipalities participating in the fire district and their percentage shares are as follows: City of Waupaca – 31.119%; Town of Waupaca – 6.439%; Town of Dayton – 22.939%; Town of Farmington – 29.475%; Town of Lind – 6.175%; Town of Belmont – 0.539%; and Town of Lanark – 3.315%.

The percentage shares of each municipality are based on their 2023 share of equalized value within the district. The governing body consists of five voting members, those being the four town chairpersons and the chairperson of the Police and Fire Committee of the City of Waupaca. Budgets and expenditures must be approved by at least 80% of the shares. Fire district dues are based on the percentages above, and all shortfalls in revenue are allocated to each participating municipality in the same percentage. The Fire District does not have authority to borrow funds and participating municipalities do not have any equity interest in the assets of the district. The City accounts for its share of the operation in the general fund. The City believes that the district will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Area Fire District may be obtained at City Clerk's Office, 111 South Main Street, Waupaca, WI 54981.

The Waupaca Regional Recycling/Composting Center was established in July of 1990 for the purpose of joining together in the recycling of items in the waste stream that can be recycled. Additionally, the other purposes of the center are to protect the interests of the taxpayers and to ensure that solid wastes generated within the district are properly recycled or disposed of in accordance with the applicable laws. The municipalities currently participating in the recycling district and their percentage shares are as follows: City of Waupaca – 38.92%; Town of Farmington – 25.53%; Town of Dayton – 17.70%; Town of Waupaca – 7.65%; and Town of Lind – 10.20%.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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NOTE 12

**JOINT VENTURES (CONTINUED)**

The percentage shares of each municipality are based on the 2022 census of all municipalities of Waupaca County. The budgeted costs are paid by each municipality in proportion to their share of ownership. The governing body consists of two delegates appointed from each municipality included in the center. The chairman of the center will be elected from the two delegates of the municipality having the largest population. Budgets and expenditures must be approved by two-thirds of the members present. Shortfalls in revenues or deficits will be paid pro-rata by all participating municipalities. The Center does not have the authority to borrow funds and participating municipalities do not have any equity interest assets of the Center. The City accounts for its share of the operation in the general fund. The City believes that the Center will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Regional Recycling/Composting Center may be obtained at the City Clerk's Office, 111 South Main Street, Waupaca, WI 54981.

The City contracts for EMS Services with Gold Cross Ambulance Services a non-profit. The following municipalities share in part of the annual cost: Cities of Waupaca, New London, Weyauwega, Villages of Hortonville, Ogdensburg, and Towns of Farmington, Dayton, Lind, Waupaca, Weyauwega, Royalton, Mukwa, Hortonville, Caldenoia, Maple Creek, Lebanon, Liberty, Ellington, and Dale.

The municipalities share in the annual subsidy based on population. City of Waupaca share was \$82,458 or 16.2% of the total 2023 subsidy \$510,299

NOTE 13

**LANDFILL POST CLOSURE CARE COST**

The City of Waupaca has an old landfill that is no longer accepting waste and is being monitored. State and federal laws and regulations require the City to monitor, document and report the condition of the City's closed landfill site in perpetuity. City officials are unable to estimate the total cost of closing the landfill and post closure monitoring at this time. \$727,812, including current year costs of \$4,436 have been incurred to date in closing and monitoring the landfill. Actual post closure care costs will be paid as incurred. No escrow accounts are required as a part of the current closure agreement and annual costs are paid from property tax revenues.

NOTE 14

**TAX INCREMENTAL FINANCE DISTRICTS**

Tax increment financing, as authorized by Section 66.46 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its TIF primarily through the issuance of long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures. Tax increments will be used to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The District is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the District. The City becomes liable for any cost not recovered by the termination date.

During 2010, the City declared TIF District Numbers 8 and 10 to be distressed Districts. The City also declared TIF District Number 4 to be a donor to TIF District Number 8 and 10. As such, the donor Districts can use cumulative excess revenues over expenditures to aid in paying the costs of the distressed Districts. This could potentially add ten years to the life of the distressed Districts.

The City has five active Tax Incremental Financing Districts. Project summaries of the activity and status of the districts through December 31, 2023 are provided as supplemental financial information.

City of Waupaca, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2023

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NOTE 15

WASTEWATER REVENUE CONTRIBUTIONS - OTHER GOVERNMENTS

The Wastewater Utility provides treatment services to the Chain O'Lakes Sanitary District. During 2023, the following amounts were received:

|                                    |                          |
|------------------------------------|--------------------------|
| Contributed capital:               |                          |
| Replacement component              | \$ 28,215                |
| Customer charges:                  |                          |
| Flow component (net of overcharge) | 150,191                  |
| Total                              | <u><u>\$ 178,406</u></u> |

NOTE 16

CONTINGENCIES

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City's 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.

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

NOTE 17

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2023 the various components of deferred inflows of resources were as follows:

|  |                            |
|--|----------------------------|
| Property tax receivable                                  | \$ 5,506,105               |
| Special assessments                                      | 41,891                     |
| Long-term notes receivable – CDBG                        | 264,900                    |
| Leases   | 72,301                     |
| Long-term notes receivable – Townhouse Land              | 120,269                    |
| Total deferred inflows of resources for government funds | <u><u>\$ 6,005,466</u></u> |

Postponed special assessments are generally collectible in annual installments over five years while the CDBG notes receivable have been deferred until the property is sold or homeowner becomes deceased.

The long-term notes receivable for the townhouse land is for a principal sum of \$200,000, payable in one installment on March 15, 2041. The note carries an interest rate of 0%. The note has been discounted at a rate of 3% in these financial statements. The discount as of December 31, 2023 was \$79,731.

NOTE 18

CONCENTRATION OF RISK

Approximately 27% of the water utility operating revenues and approximately 18% of the sewer utility operating revenues are provided by two customers.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
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**NOTE 19**

**TAX LEVY LIMIT**

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, and street sweeping.

**NOTE 20**

**TAX ABATEMENTS**

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Waupaca, through one of its TID districts, has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plan. The developers pay property taxes as they become due, and if they generate the guaranteed increment, a percentage of property tax generated based on a certain tax base is returned to developers.

For the year ended December 31, 2023, the City abated property taxes totaling \$0 related to TID developer agreements.

**NOTE 21**

**COMMITMENTS/SUBSEQUENT EVENTS**

The City approved \$9,318,180 for the Public Works Facility and, as of December 31, 2023, the City had incurred approximately \$7,300,000 in construction costs.

Subsequent to December 31, 2023, the City approved the following purchases or projects:

- A street project for \$229,100 to be financed by general obligation bonds.
- A tower project was approved with an estimated cost of \$189,377.
- A backup generator was approved with a cost not to exceed \$46,440.
- A 2020 freightliner truck for \$158,000.
- 2024 GMC Sierra truck for \$49,174
- A 2024 Ram 2500 truck for \$46,956.
- Lift station for \$216,032.
- Airport sanitary sewer extension project for \$1,424,665 with an administration contract not to exceed \$33,000 and electrical costs for \$73,264.

**City of Waupaca, Wisconsin**  
**Notes to Basic Financial Statements**  
**December 31, 2023**

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**NOTE 21**

**COMMITMENTS/SUBSEQUENT EVENTS (CONTINUED)**

Subsequent to December 31, 2023, the City authorized issuance of \$1,585,000 sewage system revenue bonds and \$1,030,000 of general obligation promissory notes. Repayment schedules are as follows:

| Years         | Governmental Activities  |                   |                     |
|---------------|--------------------------|-------------------|---------------------|
|               | General Obligation Notes |                   |                     |
|               | Principal                | Interest          | Total               |
| 2024          | \$ 225,000               | \$ 61,721         | \$ 286,721          |
| 2025          | 75,000                   | 35,075            | 110,075             |
| 2026          | 75,000                   | 31,325            | 106,325             |
| 2027          | 75,000                   | 27,575            | 102,575             |
| 2028          | 465,000                  | 77,500            | 542,500             |
| 2029-2033     | 115,000                  | 2,300             | 117,300             |
| <b>Totals</b> | <b>\$ 1,030,000</b>      | <b>\$ 235,496</b> | <b>\$ 1,265,496</b> |

| Years         | Business-Type Activities |                   |                     |
|---------------|--------------------------|-------------------|---------------------|
|               | Revenue Bonds            |                   |                     |
|               | Principal                | Interest          | Total               |
| 2024          | \$ 75,000                | \$ 39,162         | \$ 39,162           |
| 2025          | 80,000                   | 67,575            | 142,575             |
| 2026          | 80,000                   | 63,700            | 143,700             |
| 2027          | 85,000                   | 59,700            | 139,700             |
| 2028          | 500,000                  | 209,375           | 709,375             |
| 2029-2033     | 625,000                  | 92,500            | 717,500             |
| 2034-2038     | 140,000                  | 2,800             | 142,800             |
| <b>Totals</b> | <b>\$ 1,585,000</b>      | <b>\$ 590,387</b> | <b>\$ 2,175,387</b> |

**NOTE 22**

**EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023, and GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023. When these become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit B-1  
 Required Supplementary Information  
 City of Waupaca, Wisconsin  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended December 31, 2023

|   | Budgeted Amounts |                  |                  | Variances-<br>Positive (Negative) |                    |  |
|---|------------------|------------------|------------------|-----------------------------------|--------------------|--|
|   | Original         | Final            | Actual           | Original<br>to Actual             | Final<br>to Actual |  |
|   |                  |                  |                  |                                   |                    |  |
| <b>REVENUES</b>                                     |                  |                  |                  |                                   |                    |  |
| Taxes   | \$ 3,702,945     | \$ 3,702,945     | \$ 3,703,464     | \$ 519                            | \$ 519             |  |
| Licenses and permits                                | 346,451          | 346,451          | 416,925          | 70,474                            | 70,474             |  |
| Fines, forfeits and penalties                       | 68,500           | 68,500           | 58,390           | (10,110)                          | (10,110)           |  |
| Public charges for services                         | 118,100          | 118,100          | 179,702          | 61,602                            | 61,602             |  |
| Intergovernmental                                   | 1,661,978        | 1,661,978        | 1,720,976        | 58,998                            | 58,998             |  |
| Interest  | 160,839          | 160,839          | 361,745          | 200,906                           | 200,906            |  |
| Miscellaneous                                       | 122,305          | 122,305          | 424,463          | 302,158                           | 302,158            |  |
| <br>Total revenues                                  | <br>6,181,118    | <br>6,181,118    | <br>6,865,665    | <br>684,547                       | <br>684,547        |  |
| <b>EXPENDITURES</b>                                 |                  |                  |                  |                                   |                    |  |
| General government                                  | 1,333,542        | 1,333,542        | 1,191,398        | 142,144                           | 142,144            |  |
| Public safety                                       | 2,213,792        | 2,213,792        | 2,224,753        | (10,961)                          | (10,961)           |  |
| Health and social services                          | 185,709          | 185,709          | 196,792          | (11,083)                          | (11,083)           |  |
| Public works  | 1,257,845        | 1,257,845        | 993,153          | 264,692                           | 264,692            |  |
| Conservation and development                        | 2,000            | 2,000            | 881              | 1,119                             | 1,119              |  |
| Culture, recreation and education                   | 654,794          | 654,794          | 662,903          | (8,109)                           | (8,109)            |  |
| <br>Total expenditures                              | <br>5,647,682    | <br>5,647,682    | <br>5,269,880    | <br>377,802                       | <br>377,802        |  |
| <br>Excess of revenues over<br>(under) expenditures | <br>533,436      | <br>533,436      | <br>1,595,785    | <br>1,062,349                     | <br>1,062,349      |  |
| <b>OTHER FINANCIAL SOURCES (USES)</b>               |                  |                  |                  |                                   |                    |  |
| Transfers in  | 682,663          | 682,663          | 482,593          | (200,070)                         | (200,070)          |  |
| Transfers out                                       | (1,683,752)      | (1,683,752)      | (1,683,752)      |                                   |                    |  |
| <br>Total other financing sources (uses)            | <br>(1,001,089)  | <br>(1,001,089)  | <br>(1,201,159)  | <br>(200,070)                     | <br>(200,070)      |  |
| <br>Net change in fund balance                      | <br>(467,653)    | <br>(467,653)    | <br>394,626      | <br>862,279                       | <br>862,279        |  |
| <br>Fund balance - beginning of year                | <br>1,974,491    | <br>1,974,491    | <br>1,974,491    |                                   |                    |  |
| Fund balance - end of year                          | <br>\$ 1,506,838 | <br>\$ 1,506,838 | <br>\$ 2,369,117 | <br>\$ 862,279                    | <br>\$ 862,279     |  |

**Exhibit B-2**  
**City of Waupaca, Wisconsin**  
**Wisconsin Retirement System Schedules**  
**December 31, 2023**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
Last 10 Calendar Years\*

| Year ended<br>December 31, | Proportion of the<br>net pension<br>liability (asset) | Proportionate<br>share of the net<br>pension liability<br>(asset) | Covered-employee<br>payroll | Collective net<br>pension liability<br>(asset) as a<br>percentage of its<br>covered-employee<br>payroll | Plan fiduciary net<br>position as a<br>percentage of the<br>total pension<br>liability (asset) |
|----------------------------|---|---|-----------------------------|---|--|
| 2022                       | 0.02678309%   | \$ 1,418,888  | \$ 3,945,361                | 35.96%  | 95.72%   |
| 2021                       | 0.02569897%   | (2,071,384)   | 3,750,968                   | (55.22%)  | 106.02%  |
| 2020                       | 0.02508923%   | (1,566,355)   | 3,476,351                   | (45.06%)  | 105.26%  |
| 2019                       | 0.02486362%   | (801,716)   | 3,272,899                   | (24.50%)  | 102.96%  |
| 2018                       | 0.02476867%   | 881,191   | 3,236,938                   | 27.22%  | 96.45%   |
| 2017                       | 0.02444423%   | (725,778)   | 3,176,272                   | (22.85%)  | 102.93%  |
| 2016                       | 0.02392902%   | 197,232   | 3,042,669                   | 6.48%   | 99.12%   |
| 2015                       | 0.02391266%   | 388,576   | 3,068,385                   | 12.66%  | 98.20%   |
| 2014                       | 0.02371278%   | (582,291)   | 2,935,377                   | (19.84%)  | 102.74%  |

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Calendar Years\*\*

| Year ended<br>December 31, | Contractually<br>required<br>contributions | Contributions in<br>relation to<br>the contractually<br>required<br>contributions | Contribution<br>deficiency<br>(excess) | Covered-employee<br>payroll | Contributions as a<br>percentage of<br>covered-<br>employee payroll |
|----------------------------|--|---|--|-----------------------------|---|
| 2023                       | \$ 383,587                                 | \$ (383,587)  | \$                                     | \$ 4,092,373                | 9.37%   |
| 2022                       | 355,354                                    | (355,354)   |  | 3,945,361                   | 9.01%   |
| 2021                       | 324,924                                    | (324,924)   |  | 3,750,968                   | 8.66%   |
| 2020                       | 298,878                                    | (298,878)   |  | 3,476,351                   | 8.60%   |
| 2019                       | 283,162                                    | (283,162)   |  | 3,272,899                   | 9.02%   |
| 2018                       | 306,525                                    | (306,525)   |  | 3,236,938                   | 9.47%   |
| 2017                       | 294,186                                    | (294,186)   |  | 3,176,272                   | 9.26%   |
| 2016                       | 259,551                                    | (259,551)   |  | 3,042,669                   | 8.53%   |
| 2015                       | 269,909                                    | (269,909)   |  | 3,068,385                   | 8.80%   |

\*\*The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

**Exhibit B-3**  
**City of Waupaca, Wisconsin**  
**Local Retiree Life Insurance Fund Schedules**  
**December 31, 2023**

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**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

Last 10 Calendar Years\*

| Year ended<br>December 31, | Proportion of the<br>net OPEB<br>liability (asset) | Proportionate<br>share of the net<br>OPEB liability<br>(asset) | Covered-<br>employee payroll | Collective net<br>OPEB liability<br>(asset) as a<br>percentage of its<br>covered-employee<br>payroll | Plan fiduciary net<br>position as a<br>percentage of the<br>total OPEB<br>liability (asset) |
|----------------------------|--|--|------------------------------|--|---|
| 2022                       | 0.06863800%  | \$ 261,499   | \$ 3,754,000                 | 6.97%  | 38.81%  |
| 2021                       | 0.06434900%  | 380,326  | 3,501,000                    | 10.86%   | 29.57%  |
| 2020                       | 0.05790600%  | 318,525  | 3,185,000                    | 10.00%   | 31.36%  |
| 2019                       | 0.05552100%  | 236,419  | 3,112,000                    | 7.60%  | 37.58%  |
| 2018                       | 0.05666700%  | 146,220  | 2,846,000                    | 5.14%  | 48.69%  |
| 2017                       | 0.05694800%  | 171,333  | 2,394,826                    | 7.15%  | 44.81%  |

\*The proportionate share of the net OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Calendar Years\*\*

| Year ended<br>December 31, | Contractually<br>required<br>contributions | Contributions in<br>relation to<br>the contractually<br>required<br>contributions | Contribution<br>deficiency<br>(excess) | Covered-employee<br>payroll | Contributions as a<br>percentage of<br>covered-<br>employee payroll |
|----------------------------|--|---|--|-----------------------------|---|
| 2023                       | \$ 1,350                                   | \$ (1,350)  | \$                                     | \$ 3,932,489                | 0.03%   |
| 2022                       | 1,389                                      | (1,389)   |  | 3,754,000                   | 0.04%   |
| 2021                       | 1,200                                      | (1,200)   |  | 3,501,000                   | 0.03%   |
| 2020                       | 1,171                                      | (1,171)   |  | 3,185,000                   | 0.04%   |
| 2019                       | 1,083                                      | (1,083)   |  | 3,112,000                   | 0.03%   |
| 2018                       | 8,761                                      | (8,761)   |  | 2,846,000                   | 0.31%   |

\*\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The tables will be built prospectively as the information becomes available.

**City of Waupaca, Wisconsin**  
**Notes to Required Supplementary Information**  
**December 31, 2023**

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**NOTE 1**

**BUDGET SCHEDULE**

**General Policies** – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C to the financial statements.

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution, designated carryovers from prior years, and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision, which states that no expenditures can be made from an expired appropriation. The statutes also require publication of the budget revisions. Revisions require a majority vote of the Common Council. Appropriations for the general fund lapse at year end unless specifically carried forward by council action.

Annual budgets, as required by state statutes, are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. Budgets have not been formally adopted for certain special revenue and capital projects funds, since effective control is achieved through alternative means.

The budgeted amounts presented include both the original and amended budgets. The City council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year. Appropriations lapse at year-end unless assigned. Budgets are adopted at the broad functional category level of expenditures in the general fund and total expenditures level for other funds.

Although there are adopted budgets for the enterprise funds, budget to actual data is not shown since there is no requirement under U.S. generally accepted accounting principles to present budget to actual comparisons for enterprise funds as part of the financial statements, even if annual budgets are legally adopted for these funds.

**Encumbrances** – Encumbrance accounting is not used.

**Excess of Expenditures Over Appropriations** – For the year ended December 31, 2023, expenditures exceeded budgeted amounts for the following:

|                                   |           |
|-----------------------------------|-----------|
| Public safety                     | \$ 10,961 |
| Health and social services        | 11,083    |
| Culture, recreation and education | 8,109     |

**City of Waupaca, Wisconsin**  
**Notes to Required Supplementary Information**  
**December 31, 2023**

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NOTE 2

**WISCONSIN RETIREMENT SYSTEM SCHEDULES**

***Changes in Benefit Terms and Assumptions related to Pension Liabilities (Assets)***

*Changes of benefit terms:* There were no changes of benefit terms for any participating employer in 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-ended 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.

**City of Waupaca, Wisconsin**  
**Notes to Required Supplementary Information**  
**December 31, 2023**

NOTE 2

**WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)**

| <b>Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:</b> |   |   |   |   |   |
|--|---|---|---|---|---|
|  | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   |
| Valuation Date:  | December 31, 2020   | December 31, 2019   | December 31, 2018   | December 31, 2017   | December 31, 2016   |
| Actuarial Cost Method:   | Frozen Entry Age  |
| Amortization Method:   | Level Percent of Payroll-Closed Amortization Period   |
| Amortization Period:   | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  | 30 Year closed from date of participation in WRS  |
| Asset Valuation Method:  | Five Year Smoothed Market (Closed)  |
| <b>Actuarial Assumptions</b>   |   |   |   |   |   |
| Net Investment Rate of Return:   | 5.4%  | 5.4%  | 5.4%  | 5.5%  | 5.5%  |
| Weighted based on assumed rate for:  |   |   |   |   |   |
| Pre-retirement:  | 7.0%  | 7.0%  | 7.0%  | 7.2%  | 7.2%  |
| Post-retirement:   | 5.0%  | 5.0%  | 5.0%  | 5.0%  | 5.0%  |
| <b>Salary Increases</b>  |   |   |   |   |   |
| Wage Inflation:  | 3.0%  | 3.0%  | 3.0%  | 3.2%  | 3.2%  |
| Seniority/Merit:   | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   | 0.1%-5.6%   |
| Post-retirement Benefit Adjustments*:  | 1.9%  | 1.9%  | 1.9%  | 2.1%  | 2.1%  |
| Retirement Age:  | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.          | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.          | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.        | Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.         | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.        |
| Mortality:   | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**City of Waupaca, Wisconsin**  
**Notes to Required Supplementary Information**  
**December 31, 2023**

NOTE 2

**WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)**

| <b>Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:</b> |   |  |  |  |  |
|--|---|--|--|--|--|
|  | <b>2017</b>   | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  | <b>2013</b>  |
| Valuation Date:  | December 31, 2015   | December 31, 2014  | December 31, 2013  | December 31, 2012  | December 31, 2011  |
| Actuarial Cost Method:   | Frozen Entry Age  | Frozen Entry Age   | Frozen Entry Age   | Frozen Entry Age   | Frozen Entry Age   |
| Amortization Method:   | Level Percent of Payroll-Closed   | Level Percent of Payroll-Closed  | Level Percent of Payroll-Closed  | Level Percent of Payroll-Closed  | Level Percent of Payroll-Closed  |
| Amortization Period:   | 30 Year closed from date of participation in  | 30 Year closed from date of participation in   | 30 Year closed from date of participation in   | 30 Year closed from date of participation in   | 30 Year closed from date of participation in   |
| Asset Valuation Method:  | Five Year Smoothed Market (Closed)  | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   | Five Year Smoothed Market (Closed)   |
| Actuarial Assumptions  |   |  |  |  |  |
| Net Investment Rate of Return:   | 5.5%  | 5.5%   | 5.5%   | 5.5%   | 5.5%   |
| Weighted based on assumed rate for:  |   |  |  |  |  |
| Pre-retirement:  | 7.2%  | 7.2%   | 7.2%   | 7.2%   | 7.2%   |
| Post-retirement:   | 5.0%  | 5.0%   | 5.0%   | 5.0%   | 5.0%   |
| Salary Increases   |   |  |  |  |  |
| Wage Inflation:  | 3.2%  | 3.2%   | 3.2%   | 3.2%   | 3.2%   |
| Seniority/Merit:   | 0.1%-5.6%   | 0.1%-5.6%  | 0.1%-5.6%  | 0.1%-5.6%  | 0.1%-5.6%  |
| Post-retirement Benefit Adjustments*:  | 2.1%  | 2.1%   | 2.1%   | 2.1%   | 2.1%   |
| Retirement Age:  | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.        | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008. |
| Mortality:   | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality                          | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality                          | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality                          | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.  |

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

City of Waupaca, Wisconsin  
Notes to Required Supplementary Information  
December 31, 2023

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NOTE 3

LOCAL RETIREE LIFE INSURANCE SCHEDULES

***Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets)***

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

**Assumptions:** In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. 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.

SUPPLEMENTARY INFORMATION

Exhibit C-1  
 City of Waupaca, Wisconsin  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2023

|  | Inland Lakes | Transit System | Revolving Loans | Adult Recreation Center | Airport   | Donations and Grants | Library    | Youth Programs | TIF Districts | Local Fiscal Recovery Fund | Permanent Fund Perpetual Care | Total Nonmajor Governmental Funds |
|--|--------------|----------------|-----------------|-------------------------|-----------|----------------------|------------|----------------|---------------|----------------------------|-------------------------------|-----------------------------------|
| <b>ASSETS</b>  |              |                |                 |                         |           |                      |            |                |               |                            |                               |                                   |
| Cash and investments   | \$ 24,383    | \$ 159,171     | \$ 34,645       | \$ 79,490               | \$ 82,386 | \$ 136,425           | \$ 6,751   | \$ 523,251     |               |                            |                               |                                   |
| Receivables:   |              |                |                 |                         |           |                      |            |                |               |                            |                               |                                   |
| Taxes  | 10,000       |                |                 |                         |           |                      |            |                | 125,070       |                            |                               | 135,070                           |
| Notes  |              | 264,900        |                 |                         |           |                      |            |                |               |                            |                               | 264,900                           |
| Due from other governments   |              | 96,661         |                 |                         |           |                      |            | 10,912         |               |                            |                               | 107,573                           |
| Leases   |              |                | 20,930          |                         |           |                      |            |                |               |                            |                               | 20,930                            |
| Other  | 11,851       |                | 28,719          | 11,968                  | 24,469    |                      |            |                |               |                            |                               | 77,007                            |
| Inventory  |              |                |                 | 62,747                  |           |                      |            |                |               |                            |                               | 62,747                            |
| Total assets   | \$ 46,234    | \$ 96,661      | \$ 424,071      | \$ 63,364               | \$ 95,645 | \$ 79,490            | \$ 106,855 | \$ 10,912      | \$ 125,070    | \$ 136,425                 | \$ 6,751                      | \$ 1,191,478                      |
| <b>LIABILITIES</b>   |              |                |                 |                         |           |                      |            |                |               |                            |                               |                                   |
| Accounts payable   | \$ 290       | \$ 52,725      | \$ 425          | \$ 4,112                | \$ 1,049  | \$ 35,113            | \$ 350     | \$             | \$            | \$                         | \$                            | 94,064                            |
| Accrued liabilities  |              |                | 313             |                         |           | 14,007               | 598        |                |               |                            |                               | 14,918                            |
| Unearned revenue   |              |                |                 |                         |           |                      |            |                |               | 136,425                    |                               | 136,425                           |
| Due to other funds   |              | 2,790          |                 | 23,980                  | 64,052    |                      | 10,593     |                | 17,306        |                            |                               | 118,721                           |
| Total liabilities  | 290          | 55,515         |                 | 24,718                  | 68,164    | 1,049                | 49,120     | 11,541         | 17,306        | 136,425                    |                               | 364,128                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |              |                |                 |                         |           |                      |            |                |               |                            |                               |                                   |
| Deferred revenue   | 10,000       | 264,900        |                 |                         |           |                      |            |                | 125,070       |                            |                               | 399,970                           |
| Deferred lease inflows   |              |                | 20,372          |                         |           |                      |            |                |               |                            |                               | 20,372                            |
| Total deferred inflows of resources                                | 10,000       | 264,900        |                 | 20,372                  |           |                      |            |                | 125,070       |                            |                               | 420,342                           |
| Total liabilities and deferred inflows of resources                | 10,290       | 55,515         | 264,900         | 24,718                  | 88,536    | 1,049                | 49,120     | 11,541         | 142,376       | 136,425                    |                               | 784,470                           |
| <b>FUND BALANCES</b>   |              |                |                 |                         |           |                      |            |                |               |                            |                               |                                   |
| Nonspendable   |              |                |                 | 7,109                   |           |                      |            |                |               |                            |                               | 7,109                             |
| Restricted   | 35,944       | 41,146         | 159,171         | 38,646                  |           | 78,441               | 57,735     |                |               |                            | 6,751                         | 417,834                           |
| Unassigned (deficit)   |              |                |                 |                         |           |                      | (629)      |                | (17,306)      |                            |                               | (17,935)                          |
| Total fund balances  | 35,944       | 41,146         | 159,171         | 38,646                  | 7,109     | 78,441               | 57,735     | (629)          | (17,306)      |                            | 6,751                         | 407,008                           |
| Total liabilities, deferred inflows of resources and fund balances | \$ 46,234    | \$ 96,661      | \$ 424,071      | \$ 63,364               | \$ 95,645 | \$ 79,490            | \$ 106,855 | \$ 10,912      | \$ 125,070    | \$ 136,425                 | \$ 6,751                      | \$ 1,191,478                      |

**Exhibit C-2**  
**City of Waupaca, Wisconsin**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2023**

|  | Inland Lakes | Transit System | Revolving Loans | Adult Recreation Center | Airport  | Donations and Grants | Library   | Youth Programs | South Park Trust | TIF Districts | Local Fiscal Recovery Fund | Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------|----------------|-----------------|-------------------------|----------|----------------------|-----------|----------------|------------------|---------------|----------------------------|----------------|-----------------------------------|
| REVENUES                                     |              |                |                 |                         |          |                      |           |                |                  |               |                            | Perpetual Care |                                   |
| Taxes  | \$ 10,194    | \$             | \$              | \$ 209                  | \$       | \$                   | \$        | \$             | \$               | \$ 57,606     | \$                         | \$             | \$ 67,800                         |
| Fines, forfeits and penalties                |              |                |                 |                         |          |                      |           |                |                  |               |                            |                | 209                               |
| Intergovernmental                            | 15,412       | 382,606        |                 |                         |          | 166,448              | 424,712   | 128,423        |                  | 1,304         | 388,970                    |                | 1,507,875                         |
| Public charges for services                  |              | 189,002        |                 | 329,485                 | 252,731  |                      | 8,809     | 83,668         |                  |               |                            |                | 873,470                           |
| Miscellaneous:                               |              |                |                 |                         |          |                      |           |                |                  |               |                            | 9,775          |                                   |
| Interest                                     |              |                | 6,230           |                         | 791      |                      |           |                |                  |               |                            | 966            | 7,987                             |
| Other  |              | 3,570          | 74,585          |                         | 40,730   | 91,298               | 84,813    | 4,467          | 4,820            | 7,278         |                            | 2,276          | 313,837                           |
| Total revenues                               | 25,606       | 575,178        | 80,815          | 329,694                 | 294,252  | 257,746              | 518,334   | 216,558        | 4,820            | 66,188        | 388,970                    | 13,017         | 2,771,178                         |
| EXPENDITURES                                 |              |                |                 |                         |          |                      |           |                |                  |               |                            |                |                                   |
| Public safety                                |              |                |                 |                         |          | 62,306               |           |                |                  |               |                            |                | 62,306                            |
| Health and social services                   |              |                |                 |                         |          | 81,314               |           |                |                  |               |                            |                | 81,314                            |
| Public works                                 |              | 574,833        |                 | 298,778                 | 351,123  | 35,245               |           |                |                  |               |                            |                | 1,259,979                         |
| Culture, recreation and education            |              |                |                 | 12,074                  |          | 7,332                | 851,684   | 336,331        |                  |               |                            |                | 1,207,421                         |
| Conservation and development                 | 4,831        |                | 1,431           |                         |          | 86,448               |           |                |                  |               | 388,970                    |                | 481,680                           |
| Capital outlay:                              |              |                |                 |                         |          |                      |           |                |                  |               |                            |                |                                   |
| Conservation and development                 |              |                |                 |                         |          |                      |           |                |                  |               | 169,588                    |                | 169,588                           |
| Health and social services                   |              |                |                 |                         |          |                      |           |                |                  |               |                            | 135,624        | 135,624                           |
| Total expenditures                           | 4,831        | 574,833        | 1,431           | 310,852                 | 351,123  | 272,645              | 851,684   | 336,331        |                  | 169,588       | 388,970                    | 135,624        | 3,397,912                         |
| Excess of revenues over (under) expenditures | 20,775       | 345            | 79,384          | 18,842                  | (56,871) | (14,899)             | (333,350) | (119,773)      | 4,820            | (103,400)     |                            | (122,607)      | (626,734)                         |
| OTHER FINANCIAL SOURCES (USES)               |              |                |                 |                         |          |                      |           |                |                  |               |                            |                |                                   |
| Transfers in                                 |              | 10,000         |                 |                         | 60,000   |                      | 346,554   | 101,698        |                  |               | 113,016                    |                | 631,268                           |
| Transfers out                                |              |                |                 |                         |          |                      |           |                |                  | (93,746)      | (10,250)                   |                | (103,996)                         |
| Proceeds from sale of capital assets         |              | 5,420          |                 |                         |          |                      |           |                |                  |               |                            |                | 5,420                             |
| Total other financing sources (uses)         |              | 15,420         |                 |                         | 60,000   |                      | 346,554   | 101,698        | (93,746)         | 102,766       |                            |                | 532,692                           |
| Net change in fund balances                  | 20,775       | 15,765         | 79,384          | 18,842                  | 3,129    | (14,899)             | 13,204    | (18,075)       | (88,926)         | (634)         |                            | (122,607)      | (94,042)                          |
| Fund balances - beginning of year            | 15,169       | 25,381         | 79,787          | 19,804                  | 3,980    | 93,340               | 44,531    | 17,446         | 88,926           | (16,672)      |                            | 129,358        | 501,050                           |
| Fund balances - end of year                  | \$ 35,944    | \$ 41,146      | \$ 159,171      | \$ 38,646               | \$ 7,109 | \$ 78,441            | \$ 57,735 | \$ (629)       | \$ (17,306)      | \$ (17,306)   | \$ 6,751                   | \$ 407,008     |                                   |

Exhibit C-3  
 City of Waupaca, Wisconsin  
 Combining Balance Sheet  
 TIF Districts  
 December 31, 2023

|  | TIF #10          | TIF #11          | TIF #12         | Total             |
|--|------------------|------------------|-----------------|-------------------|
| <b>ASSETS</b>  |                  |                  |                 |                   |
| Receivables:   |                  |                  |                 |                   |
| Taxes  | \$ 62,165        | \$ 60,890        | \$ 2,015        | <u>\$ 125,070</u> |
| Total assets   | <u>\$ 62,165</u> | <u>\$ 60,890</u> | <u>\$ 2,015</u> | <u>\$ 125,070</u> |
| <b>LIABILITIES</b>   |                  |                  |                 |                   |
| Due to other funds   | \$               | \$ 7,556         | \$ 9,750        | <u>\$ 17,306</u>  |
| Total liabilities  | <u>7,556</u>     | <u>9,750</u>     | <u>17,306</u>   |                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                  |                  |                 |                   |
| Deferred revenue   | 62,165           | 60,890           | 2,015           | <u>125,070</u>    |
| Total liabilities and deferred inflows of resources                | <u>62,165</u>    | <u>68,446</u>    | <u>11,765</u>   | <u>142,376</u>    |
| <b>FUND BALANCES</b>   |                  |                  |                 |                   |
| Unassigned (deficit)   | (7,556)          | (9,750)          | (17,306)        |                   |
| Total fund balances  | <u>(7,556)</u>   | <u>(9,750)</u>   | <u>(17,306)</u> |                   |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 62,165</u> | <u>\$ 60,890</u> | <u>\$ 2,015</u> | <u>\$ 125,070</u> |

**Exhibit C-4**  
**City of Waupaca, Wisconsin**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**TIF Districts**  
**For the Year Ended December 31, 2023**

|   | TIF #10         | TIF #11    | TIF #12     | Total           |
|---|-----------------|------------|-------------|-----------------|
| <b>REVENUES</b>                           |                 |            |             |                 |
| Taxes                                     | \$ 57,606       | \$         | \$          | 57,606          |
| Intergovernmental                         | 1,304           |            |             | 1,304           |
| Miscellaneous:                            |                 |            |             |                 |
| Other                                     |                 | 7,278      |             | 7,278           |
| <br>Total revenues                        | <br>58,910      | <br>7,278  |             | <br>66,188      |
| <b>EXPENDITURES</b>                       |                 |            |             |                 |
| Capital outlay:                           |                 |            |             |                 |
| Conservation and development              | 161,676         | 5,912      | 2,000       | 169,588         |
| <br><b>OTHER FINANCING SOURCES (USES)</b> | <br>            |            |             |                 |
| Transfers in                              | 113,016         |            |             | 113,016         |
| Transfers out                             | <u>(10,250)</u> |            |             | <u>(10,250)</u> |
| <br>Total other financing sources (uses)  | <br>102,766     |            |             | <br>102,766     |
| <br>Net change in fund balance            |                 | 1,366      | (2,000)     | (634)           |
| <br>Fund balances - beginning of year     |                 | (8,922)    | (7,750)     | (16,672)        |
| <br>Fund balances - end of year           | <br>\$ (7,556)  | \$ (9,750) | \$ (17,306) |                 |

#### **MISCELLANEOUS FINANCIAL DATA**

City of Waupaca, Wisconsin  
 Historical Sources, Uses and Status of Funds - Tax Incremental Financing Districts  
 From Dates of Creation Through December 31, 2023

|   | TIF #4             | TIF #8             | TIF #10       | TIF #11        | TIF #12        | Totals             |
|---|--------------------|--------------------|---------------|----------------|----------------|--------------------|
| <b>SOURCES OF FUNDS</b>                                 |                    |                    |               |                |                |                    |
| Taxes   | \$ 12,595,919      | \$ 2,119,942       | \$ 1,286,144  | \$             | \$             | \$ 16,002,005      |
| Intergovernmental                                       | 1,033,691          | 553,447            | 6,705         |                |                | 1,593,843          |
| Other revenue   | 175,783            | 552,001            | 440,142       |                |                | 1,167,926          |
| Sale of capital assets                                  |                    | 536,835            | 108,098       | 7,277          |                | 652,210            |
| Proceeds of long-term debt                              | 8,565,985          | 23,345,000         | 1,919,915     |                |                | 33,830,900         |
| Transfers   |                    | 4,360,013          | 1,086,967     |                |                | 5,446,980          |
| <br>Total sources                                       | <br>22,371,378     | <br>31,467,238     | <br>4,847,971 | <br>7,277      |                | <br>58,693,864     |
| <b>USES OF FUNDS</b>                                    |                    |                    |               |                |                |                    |
| Capital expenditures                                    | 9,259,729          | 27,877,995         | 2,068,720     | 14,833         | 9,750          | 39,231,027         |
| Debt service:   |                    |                    |               |                |                |                    |
| Principal retirement                                    | 5,713,854          | 6,239,870          | 1,015,130     |                |                | 12,968,854         |
| Interest and fiscal charges                             | 2,264,048          | 2,425,563          | 305,234       |                |                | 4,994,845          |
| Transfers   | 2,707,798          | 2,437,313          | 1,458,887     |                |                | 6,603,998          |
| <br>Total uses  | <br>19,945,429     | <br>38,980,741     | <br>4,847,971 | <br>14,833     | <br>9,750      | <br>63,798,724     |
| <br>Fund balance at December 31                         | <br>\$ 2,425,949   | <br>\$ (7,513,503) | <br>\$        | <br>\$ (7,556) | <br>\$ (9,750) | <br>\$ (5,104,860) |
| <br>Cash  | <br>\$ (1,515,337) | <br>\$             | <br>\$        | <br>\$         | <br>\$         | <br>\$ (1,515,337) |
| Accounts payable  |                    |                    | 985,000       |                |                | 985,000            |
| Debt outstanding  |                    | (910,612)          |               |                |                | (910,612)          |
| Advance due from other funds                            |                    |                    | 6,528,503     |                | 7,556          | 9,750              |
| Advance Due to other funds                              |                    |                    |               |                |                | 6,545,809          |
| <br>Balance to be collected<br>(surplus) at December 31 | <br>\$ (2,425,949) | <br>\$ 7,513,503   | <br>\$        | <br>\$ 7,556   | <br>\$ 9,750   | <br>\$ 5,104,860   |

**CITY OF WAUPACA, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS  
TO THE MAYOR AND MEMBERS  
OF THE CITY COUNCIL**

**Year Ended December 31, 2023**

**Johnson Block & Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206**

**CITY OF WAUPACA, WISCONSIN**

**Year Ended December 31, 2023**

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#### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the City Council  
City of Waupaca  
Waupaca, Wisconsin

Dear City Council:

We have audited the financial statements of the City of Waupaca, Wisconsin ("City") for the year ended December 31, 2023, and have issued our report thereon dated July 22, 2024. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 29, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses over financial reporting and other matters noted during our audit in a separate letter to you dated July 22, 2024.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## Significant Risks Identified

We have identified the following significant risks:

- Material audit adjustments were required in the prior year.
- Possibility of management override of controls – presumed risk that there is a possibility that management could circumvent proper procedures and controls.
- Possibility of improper revenue recognition due to fraud – presumed risk that manipulation of revenues could occur by overstating receivables to improve bottom line or meet budget requirements.
- Unrecorded capital assets – the City does not always capture all capital asset additions and removals.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

## Qualitative Aspects of the Entity's Significant Accounting Practices (Continued)

### *Significant Accounting Estimates (Continued)*

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension asset or liability and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator.
- Management's estimates of the right to use leased assets and lease liabilities are based on applicable lease terms, projected future payments, and a discount rate.
- Management's estimate of vested sick leave is based on the probability of employees meeting the requirements to receive future benefits at the time of retirement.
- Management's estimate of depreciable lives of capital assets was based on the estimated useful life of the related capital asset.
- Management's estimates of the other postemployment benefits and deferred outflows and inflows of resources are based on various factors. The estimated liability was computed by an actuarial study.

We evaluated the factors and assumptions used to develop these amounts and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- Fair value estimates of the City's investments
- Long-term obligations
- Capital assets for governmental and business-type activities

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached Appendix 2 summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Appendix 1 for the misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached management representation letter dated July 22, 2024.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.



This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
July 22, 2024



#### COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the City Council  
City of Waupaca  
Waupaca, Wisconsin

In planning and performing our audit of the basic financial statements of the City of Waupaca, Wisconsin ("City") as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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 combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiency in internal control to be a material weakness:

#### Material Audit Adjustments

Material audit adjustments were required to adjust several account balances. Financial reports generated by the accounting system may not provide an accurate reflection of the City's financial position or activities. The City should have a monthly and year-end closing process to ensure the records are correct, reliable, and properly reconciled. Management should then review the financial information 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.



The purpose of this communication, which is an integral part of our audit, is to describe for management, the City Council, and others within the administration the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
July 22, 2024



## MANAGEMENT LETTER

To the City Council  
City of Waupaca  
Waupaca, Wisconsin

In planning and performing our audit of the financial statements of the City of Waupaca, Wisconsin for the year ended December 31, 2023, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following pages that accompany this letter summarize our comments and suggestions regarding those matters. This letter does not affect our report dated July 22, 2024, on the financial statements of the City.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the City's personnel during the course of our work.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
July 22, 2024

**CITY OF WAUPACA, WISCONSIN**  
**Year Ended December 31, 2023**

**ADJUSTING JOURNAL ENTRIES**

We are frequently requested by our clients to discuss the overall condition of their accounting records and what our role is as your audit firm. We believe that these matters should be discussed at each audit. The following section describes your accounting process in general terms and the ways in which we work with your staff.

The City of Waupaca processes accounting transactions based on the type of transaction involved. Money coming in is processed using a cash receipt system. The payment of bills is done through an accounts payable system. Employees' salaries are paid using a payroll system. Customer billing and accounts receivable are processed through a billing system. These systems are responsible for recording and summarizing the vast majority of your financial statements.

Beyond the systems described in the preceding paragraph, another system is used to make corrections and to record non-cash transactions. This system involves preparing general journal entries. Journal entries provide the ability to make changes to the financial data entered in the other systems. As your auditor, our role is to substantiate year-end financial balances and information presented by your accounting personnel, and compare it to supporting information and outside confirmations. When information in your records does not agree with audit evidence, an adjusting entry is necessary to correct your records. Sometimes these entries are identified by your staff as they get ready for the audit. Other adjustments are prepared by us as we discover that your general ledger balances need to be changed to reflect the correct balances.

For the 2023 audit, we proposed material adjustments and reclassifications to your records. The proposed entries were accepted by the City of Waupaca's management. All of these changes are reflected properly in your audited financial statements.

Because we are providing assistance to your staff by proposing changes to correct your financial information, you should be aware of these processes. Many of our clients rely on us to make year-end adjustments as we have described. In many cases, we have the experience or expertise to compute, and identify, corrections to your records. We work with many clients on similar issues, so it may be more efficient for you to have us do some of the one-time adjustments, rather than your staff spending hours researching the proper adjustment.

Due to the technical nature of financial reporting and complying with financial reporting standards, most clients have their CPA firm prepare the year-end financial statements and note disclosures. We have provided these services to the City of Waupaca.

We are communicating this information to you to give you a better understanding of what we do and how the year-end process works. Our job as auditors is to bring in an outside perspective and provide a level of comfort that your financial reporting system is materially correct and accurately reflects the financial activity for the year.

We hope that by providing this information on what we do, you will have a better understanding of our role, and the various ways that we work with your staff.

**PASSED JOURNAL ENTRIES**

Passed journal entries may occur due to transaction timing, industry practices or lack of overall significance. See Appendix 2 for passed journal entries.

**CITY OF WAUPACA, WISCONSIN**  
**Year Ended December 31, 2023**

**OTHER COMMENTS ON OPERATIONS AND INTERNAL CONTROL**

Uncollateralized Cash Deposits

The City's investment policy requires deposits to be collateralized in an amount equal to 102% of the City's investments less the amount insured by the State of Wisconsin and the FDIC.

As of December 31, 2023, the City had \$679,461 of deposits in excess of FDIC insurance, bank collateral and the amount insured by the State Deposit Guarantee Fund. Act 128 increased the State Deposit Guarantee Fund increased coverage effective March of 2024 from \$400,000 to \$1,000,000. With this new increase in coverage, the City's deposits would be fully covered.

Cybersecurity

Currently, the City does not have established security practices and policies for employees to protect sensitive information. The City also currently does not have any training courses in place for employees to learn about cyber-threats. We recommend the City create security practices and policies for its employees and make training about cybersecurity available to all employees. We also recommend cyber insurance be reviewed annually to ensure coverage is adequate.

We understand that the City completed employee training for Cybersecurity in 2024 and implemented additional procedures for security. In addition, cyber insurance coverage was increased in 2024.

GASB #101

Compensated absences standard is effective after December 15, 2023. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

American Rescue Plan Grant Advances

As disclosed in the notes to the financial statements, the City received funds under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The City has chosen to follow funding compliance under the Final Rule allowing streamlined reporting under the standard allowance option. This option allows for additional flexibility in use of the funds to be in compliance with the allowable use of funds received.

As of December 31, 2023, it is our understanding that the City has \$136,425 reported as unused funds under the allowable cost guidance and these funds are still available to be used on future expenditures. We are summarizing this information to remind you of the timeline allowed for use of these funds. Under the SLFRF, funds must be used for costs incurred on or after March 3, 2021. Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.

**CITY OF WAUPACA, WISCONSIN**  
**Year Ended December 31, 2023**

**OTHER COMMENTS ON OPERATIONS AND INTERNAL CONTROL (CONTINUED)**

American Rescue Plan Grant Advances (Continued)

More information specific to the SLFRF including the flexibility under the standard allowance and examples of allowable uses of funds considered “government services” can be found here: <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>.

Water Utility – Rate of Return

Water rates were increased January 22, 2023 through a simplified rate case.

We recommend filing another simplified rate case to be effective February, 2025. Simplified rate increases with the Public Service Commission are 4.1% currently.

This increase would amount to approximately \$55,000 in additional revenue.

In addition, the water utility should consider a full rate case option at some point in the future. The last full rate case was effective April 15, 2008, sixteen years ago.

**CONCLUDING REMARKS**

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the City of Waupaca and our comments are intended to draw to your attention issues which need to be addressed by the City to meet its goals and responsibilities.

The comments and suggestions in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the City of Waupaca. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The City of Waupaca’s staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of these comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.

## **Appendix 1 – Adjusting Journal Entries**

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| <b>Account</b>   | <b>Description</b>                    | <b>Debit</b>             | <b>Credit</b>            |
|--|---------------------------------------|--------------------------|--------------------------|
| <b>Adjusting Journal Entries JE # 1001</b>                                       |                                       |                          |                          |
| To combine fund balance accounts. A/c 300-33000 balance hasn't changed in years. |                                       |                          |                          |
| 300-31141-000-000  | DEBT SERVICE FUND BALANCE             | 338,310.52               |                          |
| 300-33000-000-000  | UNRESERVED FUND EQUITY                |                          | 338,310.52               |
| <b>Total</b>   |                                       | <b><u>338,310.52</u></b> | <b><u>338,310.52</u></b> |
| <b>Adjusting Journal Entries JE # 1002</b>                                       |                                       |                          |                          |
| To adjust beginning balances for leases that were late adjustments               |                                       |                          |                          |
| 100-14800-000-000  | Lease Receivable                      | 93,537.02                |                          |
| 220-14800-000-000  | Lease Receivable                      | 30,933.35                |                          |
| 610-14803-000-000  | Lease Receivable                      | 57,310.91                |                          |
| 100-28800-000-000  | Deferred Inflow of Resources - Leases |                          | 87,891.88                |
| 100-33100-000-000  | FUND BALANCING ACCOUNT                |                          | 5,645.14                 |
| 220-28800-000-000  | Deferred Inflow of Resources - Leases |                          | 30,557.61                |
| 220-33000-000-000  | UNRESERVED FUND EQUITY                |                          | 375.74                   |
| 610-28800-000-000  | Deferred Inflow of Resources - Leases |                          | 56,614.66                |
| 610-33000-000-000  | UNRESERVED FUND EQUITY                |                          | 696.25                   |
| <b>Total</b>   |                                       | <b><u>181,781.28</u></b> | <b><u>181,781.28</u></b> |
| <b>Adjusting Journal Entries JE # 1003</b>                                       |                                       |                          |                          |
| To record additional accounts payable as of 12/31/2023. Reverse 1/1/2024.        |                                       |                          |                          |
| 400-74121-503-000  | C/O GARAGE: LAND & IMPRVMTS           | 721,982.17               |                          |
| 620-95000-607-000  | SEWER C/O: SEWER MAINS                | 17,642.56                |                          |
| 400-21211-000-000  | VOUCHERS PAYABLE                      |                          | 721,982.17               |
| 620-21211-000-000  | VOUCHERS PAYABLE                      |                          | 17,642.56                |
| <b>Total</b>   |                                       | <b><u>739,624.73</u></b> | <b><u>739,624.73</u></b> |
| <b>Adjusting Journal Entries JE # 1004</b>                                       |                                       |                          |                          |
| To record retainage in accounts payable as of 12/31/2023. Reverse 1/1/2024.      |                                       |                          |                          |
| 400-74121-503-000  | C/O GARAGE: LAND & IMPRVMTS           | 218,687.35               |                          |
| 400-21211-000-000  | VOUCHERS PAYABLE                      |                          | 218,687.35               |
| <b>Total</b>   |                                       | <b><u>218,687.35</u></b> | <b><u>218,687.35</u></b> |
| <b>Adjusting Journal Entries JE # 1005</b>                                       |                                       |                          |                          |
| Reclassify deferred taxes and tax receivables.                                   |                                       |                          |                          |
| 100-25500-000-000  | DEFERRED REVENUE                      | 5,995.27                 |                          |
| 404-25500-000-000  | DEFERRED REVENUE                      | 1,203.35                 |                          |
| 408-25500-000-000  | DEFERRED REVENUE                      | 629.23                   |                          |
| 410-25500-000-000  | DEFERRED REVENUE                      | 103.96                   |                          |
| 100-12111-000-000  | TAXES RECEIVABLE                      |                          | 5,995.27                 |
| 404-12111-000-000  | TAXES RECEIVABLE                      |                          | 1,203.35                 |
| 408-12111-000-000  | TAXES RECEIVABLE                      |                          | 629.23                   |
| 410-12111-000-000  | TAXES RECEIVABLE                      |                          | 103.96                   |
| <b>Total</b>   |                                       | <b><u>7,931.81</u></b>   | <b><u>7,931.81</u></b>   |

**City of Waupaca  
For the Year Ended December 31, 2023  
Adjusting Journal Entries**

| Account  | Description                                | Debit            | Credit           |
|--|--|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1006</b>   |  |                  |                  |
| Record 2023 special assessments.   |  |                  |                  |
| 400-12613-000-000  | SPECIAL ASSESSMENTS: SIDEWLK               | 11,520.00        |                  |
| 400-25500-000-000  | DEFERRED REVENUE                           |                  | 11,520.00        |
| <b>Total</b>   |  | <b>11,520.00</b> | <b>11,520.00</b> |
| <b>Adjusting Journal Entries JE # 1007</b>   |  |                  |                  |
| Adjust sidewalk special assessment to actual and record revenue for special assessments collected. |  |                  |                  |
| 400-25500-000-000  | DEFERRED REVENUE                           | 27,283.49        |                  |
| 400-25501-000-000  | DEFERRED REV INT SP ASSESS                 | 356.93           |                  |
| 400-12613-000-000  | SPECIAL ASSESSMENTS: SIDEWLK               |                  | 1,255.38         |
| 400-46131-000-000  | SIDEWALKS & CROSSWALKS                     |                  | 26,385.04        |
| <b>Total</b>   |  | <b>27,640.42</b> | <b>27,640.42</b> |
| <b>Adjusting Journal Entries JE # 1008</b>   |  |                  |                  |
| To record amounts to correct expense accounts for Form C   |  |                  |                  |
| 400-74312-502-000  | Capital Projects - Street Equipment outlay | 51,298.00        |                  |
| 411-51479-211-000  | TIF 11: CONTRACT SERVICES                  | 500.00           |                  |
| 400-71711-503-000  | C/O CITY HALL: BUILDINGS                   |                  | 51,298.00        |
| 411-51479-210-000  | TIF 11: PROF SERVICES                      |                  | 500.00           |
| <b>Total</b>   |  | <b>51,798.00</b> | <b>51,798.00</b> |
| <b>Adjusting Journal Entries JE # 1009</b>   |  |                  |                  |
| To reverse JE for Donation amount across funds   |  |                  |                  |
| 251-48550-000-000  | DONATIONS: LIBRARY                         | 1,014.86         |                  |
| 251-48550-000-000  | DONATIONS: LIBRARY                         | 23,454.32        |                  |
| 100-21211-000-000  | VOUCHERS PAYABLE                           |                  | 1,014.86         |
| 100-21211-000-000  | VOUCHERS PAYABLE                           |                  | 23,454.32        |
| <b>Total</b>   |  | <b>24,469.18</b> | <b>24,469.18</b> |
| <b>Adjusting Journal Entries JE # 1010</b>   |  |                  |                  |
| To reclassify accounts receivable coded in general fund to the library.                            |  |                  |                  |
| 251-13998-000-000  | REVENUES RECEIVABLE                        | 1,014.86         |                  |
| 251-13998-000-000  | REVENUES RECEIVABLE                        | 23,454.32        |                  |
| 251-48550-000-000  | DONATIONS: LIBRARY                         |                  | 24,469.18        |
| <b>Total</b>   |  | <b>24,469.18</b> | <b>24,469.18</b> |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| <b>Account</b>  | <b>Description</b>             | <b>Debit</b>            | <b>Credit</b>           |
|---|--------------------------------|-------------------------|-------------------------|
| <b>Adjusting Journal Entries JE # 1011</b>                            |                                |                         |                         |
| To reverse prior year A/P amounts recorded during TIF closeout audit. |                                |                         |                         |
| 100-10001-000-000   | TREASURER'S REPORT             | 1,000.00                |                         |
| 403-21211-000-000   | VOUCHERS PAYABLE               | 500.00                  |                         |
| 406-21211-000-000   | VOUCHERS PAYABLE               | 500.00                  |                         |
| 100-48900-000-000   | OTHER: REVENUE MISCELLANEOUS   |                         | 1,000.00                |
| 403-10001-000-000   | TREASURER'S REPORT             |                         | 500.00                  |
| 406-10001-000-000   | TREASURER'S REPORT             |                         | 500.00                  |
| <b>Total</b>  |                                | <b><u>2,000.00</u></b>  | <b><u>2,000.00</u></b>  |
| <b>Adjusting Journal Entries JE # 1012</b>                            |                                |                         |                         |
| To adjust water inventory to actual as of 12/31/2023.                 |                                |                         |                         |
| 610-16300-000-000   | PLANT MATERIALS & SUPPL        | 3,328.32                |                         |
| 610-66300-207-000   | METER EXP: MAINT OF EQUIP      |                         | 3,328.32                |
| <b>Total</b>  |                                | <b><u>3,328.32</u></b>  | <b><u>3,328.32</u></b>  |
| <b>Adjusting Journal Entries JE # 1013</b>                            |                                |                         |                         |
| To remove Delinquent PP amounts set up in other AR.                   |                                |                         |                         |
| 100-25505-000-000   | DEFERRED REVENUE-DELQ PP TAXES | 16,142.93               |                         |
| 100-12311-000-000   | DELINQUENT PERS PROP TAX       |                         | 16,142.93               |
| <b>Total</b>  |                                | <b><u>16,142.93</u></b> | <b><u>16,142.93</u></b> |
| <b>Adjusting Journal Entries JE # 1014</b>                            |                                |                         |                         |
| To adjust sewer inventory to actual.                                  |                                |                         |                         |
| 620-16110-000-000   | MATERIALS & SUPPLIES IN        | 685.51                  |                         |
| 620-82110-307-000   | OP PLANT: CHEMICALS            |                         | 685.51                  |
| <b>Total</b>  |                                | <b><u>685.51</u></b>    | <b><u>685.51</u></b>    |
| <b>Adjusting Journal Entries JE # 1015</b>                            |                                |                         |                         |
| To adjust balance to summary provided by client.                      |                                |                         |                         |
| 100-25505-000-000   | DEFERRED REVENUE-DELQ PP TAXES | 69.07                   |                         |
| 100-12311-000-000   | DELINQUENT PERS PROP TAX       |                         | 69.07                   |
| <b>Total</b>  |                                | <b><u>69.07</u></b>     | <b><u>69.07</u></b>     |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account  | Description                    | Debit            | Credit           |
|--|--------------------------------|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1016</b>   |                                |                  |                  |
| To adjust airport inventory to actual as of 12/31/2023.  |                                |                  |                  |
| 220-15000-000-000  | INVENTORY                      | 7,047.68         |                  |
| 220-53510-315-000  | AIRPORT: FUEL                  |                  | 7,047.68         |
| <b>Total</b>   |                                | <b>7,047.68</b>  | <b>7,047.68</b>  |
| <b>Adjusting Journal Entries JE # 1017</b>   |                                |                  |                  |
| Reclassify principal payments from Gusmer and First Baptist against special assessment receivable account. |                                |                  |                  |
| 610-36060-000-000  | WORK IN PROCESS                | 64,798.55        |                  |
| 610-47410-000-000  | OTHER WATER REVENUES           | 5,426.04         |                  |
| 610-14320-000-000  | SPECIAL ASSESSMENTS RECEI      |                  | 45,224.59        |
| 610-14900-000-000  | ADVANCE - FIRST BAPTIST CHURCH |                  | 23,377.58        |
| 610-47520-000-000  | INTEREST ON SPECIAL ASSES      |                  | 1,622.42         |
| <b>Total</b>   |                                | <b>70,224.59</b> | <b>70,224.59</b> |
| <b>Adjusting Journal Entries JE # 1018</b>   |                                |                  |                  |
| To record additional taxi accounts payable.  |                                |                  |                  |
| 225-54551-237-000  | TRANS SYS: CONTRACT SERVICES   | 342.00           |                  |
| 225-54551-237-000  | TRANS SYS: CONTRACT SERVICES   | 45,288.93        |                  |
| 225-54551-238-000  | TRANS SYS: VETS HOME DELIVERY  | 462.50           |                  |
| 225-21211-000-000  | VOUCHERS PAYABLE               |                  | 30,871.68        |
| 225-46350-000-000  | FEES: TAXI RIDER FARES         |                  | 15,221.75        |
| <b>Total</b>   |                                | <b>46,093.43</b> | <b>46,093.43</b> |
| <b>Adjusting Journal Entries JE # 1019</b>   |                                |                  |                  |
| To record additional room tax payable.   |                                |                  |                  |
| 215-51580-295-000  | ROOM TAX: TOWNS DISTRIBUTION   | 38,014.89        |                  |
| 215-21211-000-000  | VOUCHERS PAYABLE               |                  | 38,014.89        |
| <b>Total</b>   |                                | <b>38,014.89</b> | <b>38,014.89</b> |
| <b>Adjusting Journal Entries JE # 1020</b>   |                                |                  |                  |
| To record annual water tower amortization.   |                                |                  |                  |
| 610-93500-615-000  | WTR C/O: WATER TOWERS          | 15,880.00        |                  |
| 610-18610-000-000  | MISC DEFERRED DE               |                  | 15,880.00        |
| <b>Total</b>   |                                | <b>15,880.00</b> | <b>15,880.00</b> |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| <b>Account</b>   | <b>Description</b>                     | <b>Debit</b>      | <b>Credit</b>     |
|--|--|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1021</b>                   |  |                   |                   |
| To record change in accrued interest for utilities           |  |                   |                   |
| 610-94100-404-000  | LTD: PRINCIPAL: INTEREST               | 10,509.00         |                   |
| 620-94100-404-000  | LTD: PRINCIPAL: INTEREST               | 4,629.00          |                   |
| 610-23211-000-000  | ACCRUED INTEREST REVENUE               |                   | 10,509.00         |
| 620-23211-000-000  | ACCRUED INTEREST REVENUE               |                   | 4,629.00          |
| <b>Total</b>   |  | <b>15,138.00</b>  | <b>15,138.00</b>  |
| <b>Adjusting Journal Entries JE # 1023</b>                   |  |                   |                   |
| To clear balance from state and federal withholding accounts |  |                   |                   |
| 100-51211-102-000  | ADMIN: WAGES                           | 1,689.14          |                   |
| 100-51411-102-000  | CLERK: WAGES                           | 1,689.14          |                   |
| 100-51551-102-000  | FINANCE: WAGES                         | 1,689.15          |                   |
| 100-21311-000-000  | FEDERAL WITHHOLDING TAXES              |                   | 5,051.94          |
| 100-21312-000-000  | STATE WITHHOLDING                      |                   | 15.49             |
| <b>Total</b>   |  | <b>5,067.43</b>   | <b>5,067.43</b>   |
| <b>Adjusting Journal Entries JE # 1024</b>                   |  |                   |                   |
| To record change in unbilled revenue for 2023.               |  |                   |                   |
| 610-14801-000-000  | UNBILLED CUSTOMER A/R DEC              | 1,117.87          |                   |
| 620-62101-000-000  | SEWER CHARGES: RESIDENTIAL             | 3,147.20          |                   |
| 610-46110-000-000  | SALES OF WATER: RESIDENTIAL            |                   | 1,117.87          |
| 620-14801-000-000  | UNBILLED CUSTOMER A/R DEC              |                   | 3,147.20          |
| <b>Total</b>   |  | <b>4,265.07</b>   | <b>4,265.07</b>   |
| <b>Adjusting Journal Entries JE # 1025</b>                   |  |                   |                   |
| To capitalize sewer costs to fixed assets.                   |  |                   |                   |
| 620-36060-000-000  | WORK IN PROCESS - Waste Water Facility | 79,499.99         |                   |
| 620-36061-000-000  | WORK IN PROCESS: Airport Sewer         | 72,052.85         |                   |
| 620-36111-000-000  | LATERAL SEWERS                         | 30,555.00         |                   |
| 620-36311-000-000  | TRANSPORTATION EQU                     | 19,475.82         |                   |
| 620-36311-000-000  | TRANSPORTATION EQU                     | 63,716.00         |                   |
| 620-95000-604-000  | SEWER C/O: PROCESS CONTROL/PU          |                   | 79,499.99         |
| 620-95000-605-000  | SEWER C/O: TREATMENT AND DISTR         |                   | 63,716.00         |
| 620-95000-606-000  | SEWER C/O: TRANSPORTATION EQUI         |                   | 19,475.82         |
| 620-95000-607-000  | SEWER C/O: SEWER MAINS                 |                   | 102,607.85        |
| <b>Total</b>   |  | <b>265,299.66</b> | <b>265,299.66</b> |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account   | Description                   | Debit                    | Credit                   |
|---|-------------------------------|--------------------------|--------------------------|
| <b>Adjusting Journal Entries JE # 1026</b>  |                               |                          |                          |
| To record water fixed asset additions.  |                               |                          |                          |
| 610-34310-000-000   | T&D PLANT: MAIN:              | 108,625.32               |                          |
| 610-34510-000-000   | TRANS & DIST PLANT SERVICE    | 9,764.50                 |                          |
| 610-34610-000-000   | TRANS & DIST PLANT: METERS    | 5,169.81                 |                          |
| 610-34810-000-000   | TRANS & DIST PLANT: HYDRAN    | 14,200.00                |                          |
| 610-36060-000-000   | WORK IN PROCESS               | 11,927.45                |                          |
| 610-93500-607-000   | WTR C/O: WATER/SEWER MAINS    |                          | 144,517.27               |
| 610-93500-611-000   | WTR C/O: MISC. EQUIP          |                          | 5,169.81                 |
| <b>Total</b>  |                               | <b><u>149,687.08</u></b> | <b><u>149,687.08</u></b> |
| <b>Adjusting Journal Entries JE # 1027</b>  |                               |                          |                          |
| To capitalize equipment costs per Online department head.                               |                               |                          |                          |
| 650-38100-000-000   | CAPITAL - EQUIPMENT           | 28,335.48                |                          |
| 650-95000-610-000   | GRANT: MISCELLANEOUS EQUIP    |                          | 28,335.48                |
| <b>Total</b>  |                               | <b><u>28,335.48</u></b>  | <b><u>28,335.48</u></b>  |
| <b>Adjusting Journal Entries JE # 1028</b>  |                               |                          |                          |
| To record services added/replaced and Hyrdants also replaced per Water utility summary. |                               |                          |                          |
| 610-34510-000-000   | TRANS & DIST PLANT SERVICE    | 17,331.92                |                          |
| 610-34810-000-000   | TRANS & DIST PLANT: HYDRAN    | 13,000.00                |                          |
| 610-67300-208-000   | T&D: MAINT OF FACILITIES      |                          | 17,331.92                |
| 610-67700-208-000   | HYDRANTS: MAINT OF FACILITIES |                          | 5,932.34                 |
| 610-67700-301-000   | HYDRANTS: SUPPLIES            |                          | 7,067.66                 |
| <b>Total</b>  |                               | <b><u>30,331.92</u></b>  | <b><u>30,331.92</u></b>  |
| <b>Adjusting Journal Entries JE # 1029</b>  |                               |                          |                          |
| To record change in compensated absences for Water & Sewer at 12/31/2023.               |                               |                          |                          |
| 610-26310-000-000   | ACCUMULATED UNPAID SICK P     | 29,703.38                |                          |
| 610-92000-108-000   | ADM & GEN: VACATION PAY       | 13,323.73                |                          |
| 620-26310-000-000   | ACCUMULATED UNPAID SICK P     | 24,927.39                |                          |
| 620-83310-108-000   | FRINGE: VACATION PAY          | 13,954.23                |                          |
| 610-29611-000-000   | ACCRUED VACATION PAY          |                          | 13,323.73                |
| 610-92000-107-000   | ADM & GEN: SICK PAY           |                          | 29,703.38                |
| 620-29611-000-000   | ACCRUED VACATION PAY          |                          | 13,954.23                |
| 620-83310-107-000   | FRINGE: SICK PAY              |                          | 24,927.39                |
| <b>Total</b>  |                               | <b><u>81,908.73</u></b>  | <b><u>81,908.73</u></b>  |
| <b>Adjusting Journal Entries JE # 1030</b>  |                               |                          |                          |
| To adjust group health insurance and income protection insurance to \$0.                |                               |                          |                          |
| Adjust FSA liability to actual as of 12/31/2023.  |                               |                          |                          |
| 100-21341-000-000   | GRP HLTH INS                  | 15,124.51                |                          |
| 100-21342-000-000   | INC PROTECT INSURAN           | 10,720.40                |                          |
| 100-21347-000-000   | FLEX SAVINGS PLAN - FSA       | 6,935.71                 |                          |
| 100-54111-121-000   | MACH & EQUIP: GRP HLTH INS    |                          | 17,656.11                |
| 100-54211-121-000   | ENG & ADMIN: GRP HLTH INS     |                          | 15,124.51                |
| <b>Total</b>  |                               | <b><u>32,780.62</u></b>  | <b><u>32,780.62</u></b>  |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account  | Description                 | Debit                   | Credit                  |
|--|-----------------------------|-------------------------|-------------------------|
| <b>Adjusting Journal Entries JE # 1031</b>                     |                             |                         |                         |
| To clear debit balances in payroll liability accounts.         |                             |                         |                         |
| 100-51211-118-000  | ADMIN: SOCIAL SECURITY      | 171.42                  |                         |
| 100-52111-123-000  | POLICE ADMIN : INC PROTECT  | 145.00                  |                         |
| 100-21331-000-000  | SOCIAL SECURITY DEDUCTION   |                         | 171.42                  |
| 100-21363-000-000  | UNION DUES POLICE           |                         | 145.00                  |
| <b>Total</b>   |                             | <b><u>316.42</u></b>    | <b><u>316.42</u></b>    |
| <b>Adjusting Journal Entries JE # 1032</b>                     |                             |                         |                         |
| To record 2023 removals.                                       |                             |                         |                         |
| 610-11343-000-000  | RESERVE: TRANSMISSION & DI  | 5,460.60                |                         |
| 610-11343-200-000  | RESERVE: CONTRIB T&D MAINS  | 1,379.40                |                         |
| 610-11345-000-000  | RESERVE: SERVICES           | 1,792.58                |                         |
| 610-11345-200-000  | RESERVE: CONTRIB SERVICES   | 767.42                  |                         |
| 610-11346-000-000  | RESERVE : METERS            | 1,800.00                |                         |
| 610-11348-000-000  | RESERVE : HYDRANTS          | 1,454.88                |                         |
| 610-11348-200-000  | RESERVE : CONTRIB HYDRANTS  | 445.12                  |                         |
| 610-34310-000-000  | T&D PLANT: MAIN:            |                         | 5,460.60                |
| 610-34310-200-000  | CONTRIBUTED MAINS           |                         | 1,379.40                |
| 610-34510-000-000  | TRANS & DIST PLANT SERVICE  |                         | 1,792.58                |
| 610-34510-200-000  | CONTRIBUTED SERVICES        |                         | 767.42                  |
| 610-34610-000-000  | TRANS & DIST PLANT: METERS  |                         | 1,800.00                |
| 610-34810-000-000  | TRANS & DIST PLANT: HYDRAN  |                         | 1,454.88                |
| 610-34810-200-000  | CONTRIBUTED HYDRANTS        |                         | 445.12                  |
| <b>Total</b>   |                             | <b><u>13,100.00</u></b> | <b><u>13,100.00</u></b> |
| <b>Adjusting Journal Entries JE # 1033</b>                     |                             |                         |                         |
| To true up year depreciation from estimate recorded by client. |                             |                         |                         |
| 610-11314-000-000  | RESERVE: WELLS & SPRINGS    | 16,400.00               |                         |
| 610-11316-000-000  | RESERVE : SUPPLY MAINS      | 23.30                   |                         |
| 610-11321-000-000  | RESERVE STRUCTS & IMPR      | 4,130.99                |                         |
| 610-11323-000-000  | RESERVE: OTHER POWER EQUIP  | 65.78                   |                         |
| 610-11325-200-000  | RESERVE: CONTRIB ELEC PUMP  | 0.40                    |                         |
| 610-11342-000-000  | RESERVE: DISTRIBUTION STA   | 5.38                    |                         |
| 610-11390-000-000  | RESERVE: STRUCTS & IMPR     | 8.39                    |                         |
| 610-11392-000-000  | RESERVE: TRANSPORTATION: EQ | 47.50                   |                         |
| 620-50310-299-000  | DEPRECIATION                | 8,045.70                |                         |
| 610-11343-000-000  | RESERVE: TRANSMISSION & DI  |                         | 1,751.07                |
| 610-11343-200-000  | RESERVE: CONTRIB T&D MAINS  |                         | 589.59                  |
| 610-11345-000-000  | RESERVE: SERVICES           |                         | 1,263.42                |
| 610-11345-200-000  | RESERVE: CONTRIB SERVICES   |                         | 1,902.93                |
| 610-11346-000-000  | RESERVE : METERS            |                         | 3,348.36                |
| 610-11348-000-000  | RESERVE : HYDRANTS          |                         | 713.84                  |
| 610-11348-200-000  | RESERVE : CONTRIB HYDRANTS  |                         | 241.41                  |
| 610-50310-399-000  | DEPRECIATION                |                         | 10,871.12               |
| 620-30111-000-000  | ACCUMULATED DEPRECIATION    |                         | 8,045.70                |
| <b>Total</b>   |                             | <b><u>28,727.44</u></b> | <b><u>28,727.44</u></b> |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account   | Description                 | Debit             | Credit            |
|---|-----------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1034</b>  |                             |                   |                   |
| To adjust WRS liability to actual as of 12/31/2023.                                       |                             |                   |                   |
| 100-52112-120-000   | POL PATROL: RETIREMENT (P)  | 2,868.52          |                   |
| 100-21321-000-000   | RETIREMENT DEDUCTIONS       |                   | 2,868.52          |
| <b>Total</b>  |                             | <b>2,868.52</b>   | <b>2,868.52</b>   |
| <b>Adjusting Journal Entries JE # 1035</b>  |                             |                   |                   |
| To true up Online depreciation for current year - for current year addition.              |                             |                   |                   |
| 650-51600-299-000   | END POINT: DEPRECIATION EXP | 2,833.55          |                   |
| 650-30111-000-000   | ACCUMULATED DEPRECIATION    |                   | 2,833.55          |
| <b>Total</b>  |                             | <b>2,833.55</b>   | <b>2,833.55</b>   |
| <b>Adjusting Journal Entries JE # 1036</b>  |                             |                   |                   |
| To record sale of Sewer truck to A/D as salvage.  |                             |                   |                   |
| 620-63302-000-000   | SALES & CLAIMS & MISC       | 15,175.00         |                   |
| 620-30111-000-000   | ACCUMULATED DEPRECIATION    |                   | 15,175.00         |
| <b>Total</b>  |                             | <b>15,175.00</b>  | <b>15,175.00</b>  |
| <b>Adjusting Journal Entries JE # 1037</b>  |                             |                   |                   |
| To remove old sewer truck that was sold - 2008 Ford, with crane, plow, etc. .             |                             |                   |                   |
| 620-30111-000-000   | ACCUMULATED DEPRECIATION    | 31,452.00         |                   |
| 620-36311-000-000   | TRANSPORTATION EQU          |                   | 31,452.00         |
| <b>Total</b>  |                             | <b>31,452.00</b>  | <b>31,452.00</b>  |
| <b>Adjusting Journal Entries JE # 1038</b>  |                             |                   |                   |
| To record shared meter costs & amortization of sewer investment & to correct client entry |                             |                   |                   |
| 610-10001-000-000   | TREASURER'S REPORT          | 44,832.61         |                   |
| 610-43901-000-000   | APPROPRIATIONS TO SEWER     | 7,675.59          |                   |
| 610-47410-000-000   | OTHER WATER REVENUES        | 7,675.59          |                   |
| 620-50310-299-000   | DEPRECIATION                | 26,799.18         |                   |
| 620-50810-299-000   | TAXES                       | 6,093.32          |                   |
| 620-82630-207-000   | MAINT MTRS: MAINT OF EQUIP  | 11,940.11         |                   |
| 610-43901-000-000   | APPROPRIATIONS TO SEWER     |                   | 7,675.59          |
| 610-47410-000-000   | OTHER WATER REVENUES        |                   | 19,615.70         |
| 610-50310-399-000   | DEPRECIATION                |                   | 26,799.18         |
| 610-50810-399-000   | TAXES                       |                   | 6,093.32          |
| 620-10001-000-000   | TREASURER'S REPORT          |                   | 44,832.61         |
| <b>Total</b>  |                             | <b>105,016.40</b> | <b>105,016.40</b> |
| <b>Adjusting Journal Entries JE # 1039</b>  |                             |                   |                   |
| Record customer receivable for under payment by Chain O'Lakes in 2023. Reverse 1/1/2024.  |                             |                   |                   |
| 620-13114-000-000   | CHAIN RECEIVABLE            | 5,886.37          |                   |
| 620-62302-000-000   | CHAIN: OTHER MUM. REV.      |                   | 5,886.37          |
| <b>Total</b>  |                             | <b>5,886.37</b>   | <b>5,886.37</b>   |

**City of Waupaca  
For the Year Ended December 31, 2023  
Adjusting Journal Entries**

| <b>Account</b>  | <b>Description</b> | <b>Debit</b>     | <b>Credit</b>    |
|---|--------------------|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1040</b>  |                    |                  |                  |
| To adjust park deposits to amount rec'd in Dec 2023. Difference due to Oct activity   |                    |                  |                  |
| 100-55411-301-000 PARKS: SUPPLIES   |                    | 723.44           |                  |
| 100-23160-000-000 PARKS SHELTER RENTAL DEPOSITS   |                    |                  | 723.44           |
| <b>Total</b>  |                    | <b>723.44</b>    | <b>723.44</b>    |
| <b>Adjusting Journal Entries JE # 1041</b>  |                    |                  |                  |
| To correct period 13 entry for Library health insurance charge. entry 46.0001 & 46.0002 & Andrew Dane wage allocation 1 & 2, & Wage |                    |                  |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 32.90            |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 735.00           |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 750.00           |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 2,210.75         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 2,443.13         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 8,901.76         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 10,376.29        |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 10,969.10        |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 14,433.00        |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 30,427.76        |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 182.00           |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 592.50           |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 1,953.22         |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 2,519.01         |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 4,200.10         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 182.00           |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 592.50           |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 1,953.22         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 2,519.01         |                  |
| 100-10001-000-000 TREASURER'S REPORT  |                    | 4,200.10         |                  |
| 210-10001-000-000 TREASURER'S REPORT  |                    | 735.00           |                  |
| 210-10001-000-000 TREASURER'S REPORT  |                    | 2,210.75         |                  |
| 211-10001-000-000 TREASURER'S REPORT  |                    | 8,901.76         |                  |
| 251-10001-000-000 TREASURER'S REPORT  |                    | 750.00           |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 10,376.29        |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 10,969.10        |                  |
| 254-10001-000-000 TREASURER'S REPORT  |                    | 30,427.76        |                  |
| 400-10001-000-000 TREASURER'S REPORT  |                    | 2,443.13         |                  |
| 610-10001-000-000 TREASURER'S REPORT  |                    | 32.90            |                  |
| 650-10001-000-000 TREASURER'S REPORT  |                    | 14,433.00        |                  |
| <b>Total</b>  |                    | <b>90,726.52</b> | <b>90,726.52</b> |
| <b>Adjusting Journal Entries JE # 1042</b>  |                    |                  |                  |
| To adjust cemetery investments to actual as of 12/31/2023.  |                    |                  |                  |
| 810-48000-000-000 INVESTMENT GAIN/LOSS CEMETERY   |                    | 436.09           |                  |
| 810-11122-000-000 INVEST: CEMETERY: MUTUAL FUND   |                    |                  | 436.09           |
| <b>Total</b>  |                    | <b>436.09</b>    | <b>436.09</b>    |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account  | Description                    | Debit            | Credit           |
|--|--------------------------------|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1043</b>   |                                |                  |                  |
| Adjust tax items to actual per statements.   |                                |                  |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  | 26.54            |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  | 103.96           |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  | 150.95           |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  | 629.23           |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  | 1,203.35         |                  |
| 100-10001-000-000  | TREASURER'S REPORT             | 177.49           |                  |
| 100-12311-000-000  | DELINQUENT PERS PROP TAX       | 8,117.20         |                  |
| 100-13000-000-000  | DUCE FROM CTY - DEL SPECIALS   | 35.23            |                  |
| 400-13000-000-000  | DUCE FROM CTY - DEL SPECIALS   | 26.54            |                  |
| 404-10001-000-000  | TREASURER'S REPORT             | 1,203.35         |                  |
| 408-10001-000-000  | TREASURER'S REPORT             | 629.23           |                  |
| 410-10001-000-000  | TREASURER'S REPORT             | 103.96           |                  |
| 610-13000-000-000  | DUCE FROM CTY - DEL SPECIALS   | 150.95           |                  |
| 610-14802-000-000  | REC. APPLIED TO TAX ROLL       | 2,716.38         |                  |
| 620-14802-000-000  | REC. APPLIED TO TAX ROLL       | 4,872.24         |                  |
| 001-10001-000-000  | CASH ALLOCATED TO OTHER FUNDS  |                  | 2,114.03         |
| 100-12111-000-000  | TAXES RECEIVABLE               |                  | 828.78           |
| 100-41110-000-000  | TAXES: GENERAL PROPERTY TAXES  |                  | 5,995.27         |
| 100-41810-000-000  | TAXES: INTEREST PROPERTY TAXES |                  | 1,505.87         |
| 400-10001-000-000  | TREASURER'S REPORT             |                  | 26.54            |
| 404-41111-000-000  | GENERAL PROPERTY TAXES         |                  | 1,203.35         |
| 408-41111-000-000  | GENERAL PROPERTY TAXES         |                  | 629.23           |
| 410-41111-000-000  | GENERAL PROPERTY TAXES         |                  | 103.96           |
| 610-10001-000-000  | TREASURER'S REPORT             |                  | 150.95           |
| 610-46110-000-000  | SALES OF WATER: RESIDENTIAL    |                  | 2,716.38         |
| 620-62101-000-000  | SEWER CHARGES: RESIDENTIAL     |                  | 4,872.24         |
| <b>Total</b>   |                                | <b>20,146.60</b> | <b>20,146.60</b> |
| <b>Adjusting Journal Entries JE # 1044</b>   |                                |                  |                  |
| Adjust long term note receivable and related deferred revenue.   |                                |                  |                  |
| 100-13850-000-000  | ACCT REC CAP SERVICES          | 3,503.00         |                  |
| 100-25510-000-000  | DEFERRED REV CAP SERVICES      |                  | 3,503.00         |
| <b>Total</b>   |                                | <b>3,503.00</b>  | <b>3,503.00</b>  |
| <b>Adjusting Journal Entries JE # 1045</b>   |                                |                  |                  |
| To adjust tax equivalent as of 12/31/2023 - true up additional amount per estimate originally recorded by client. Also to move PSC rate costs to |                                |                  |                  |
| 100-10001-000-000  | TREASURER'S REPORT             | 1,489.14         |                  |
| 610-50810-399-000  | TAXES                          | 1,489.14         |                  |
| 610-93000-299-000  | MISC GEN EXP: MISCELLANEOUS    | 243.25           |                  |
| 100-41310-000-000  | TAXES: WATER TAX EQUIVALENT    |                  | 1,489.14         |
| 610-10001-000-000  | TREASURER'S REPORT             |                  | 1,489.14         |
| 610-50810-399-000  | TAXES                          | 243.25           |                  |
| <b>Total</b>   |                                | <b>3,221.53</b>  | <b>3,221.53</b>  |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account   | Description                   | Debit             | Credit            |
|---|-------------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1046</b>                                    |                               |                   |                   |
| Record 2023 activity on RLF loans.  |                               |                   |                   |
| 265-10009-000-000   | CDBG CHECKING - BANK FIRST    | 78,075.99         |                   |
| 265-25920-000-000   | DEFERRED REVENUE              | 74,585.11         |                   |
| 265-14000-000-000   | CDBG LOANS RECEIVABLE         |                   | 74,585.11         |
| 265-47961-000-000   | OTHER REVENUES GENERAL GO     |                   | 74,585.11         |
| 265-48111-000-000   | INTEREST                      |                   | 3,490.88          |
| <b>Total</b>  |                               | <b>152,661.10</b> | <b>152,661.10</b> |
| <b>Adjusting Journal Entries JE # 1047</b>                                    |                               |                   |                   |
| To adjust accounts payable to actual as of 12/31/2023.                        |                               |                   |                   |
| 251-21211-000-000   | VOUCHERS PAYABLE              | 834.32            |                   |
| 400-21211-000-000   | VOUCHERS PAYABLE              | 581.60            |                   |
| 251-55115-301-000   | LIBRARY: SUPPLIES             |                   | 834.32            |
| 400-75411-508-000   | C/O PARKS: TRAILS             |                   | 581.60            |
| <b>Total</b>  |                               | <b>1,415.92</b>   | <b>1,415.92</b>   |
| <b>Adjusting Journal Entries JE # 1048</b>                                    |                               |                   |                   |
| To reverse PY A/R rec'd for PD scanner and move 12.31. Oak Manor amount.      |                               |                   |                   |
| 100-13998-000-000   | REVENUES RECEIVABLE           | 256.68            |                   |
| 100-43523-000-000   | STATE AID: POLICE OTHER       | 4,600.00          |                   |
| 100-13998-000-000   | REVENUES RECEIVABLE           |                   | 4,600.00          |
| 100-21211-000-000   | VOUCHERS PAYABLE              |                   | 256.68            |
| <b>Total</b>  |                               | <b>4,856.68</b>   | <b>4,856.68</b>   |
| <b>Adjusting Journal Entries JE # 1049</b>                                    |                               |                   |                   |
| Adjut 2022 payment reversal to actual in 2023.                                |                               |                   |                   |
| 215-41243-000-000   | ROOM TAX 8% - AIRBNB          | 3,365.08          |                   |
| 215-41241-000-000   | ROOM TAX 8%-CITY              |                   | 3,365.08          |
| <b>Total</b>  |                               | <b>3,365.08</b>   | <b>3,365.08</b>   |
| <b>Adjusting Journal Entries JE # 1050</b>                                    |                               |                   |                   |
| To record room tax collections AR. Reverse 1/1/2024.                          |                               |                   |                   |
| 215-13998-000-000   | REVENUES RECEIVABLE           | 35,471.19         |                   |
| 215-41241-000-000   | ROOM TAX 8%-CITY              |                   | 24,309.40         |
| 215-41243-000-000   | ROOM TAX 8% - AIRBNB          |                   | 11,161.79         |
| <b>Total</b>  |                               | <b>35,471.19</b>  | <b>35,471.19</b>  |
| <b>Adjusting Journal Entries JE # 1051</b>                                    |                               |                   |                   |
| Clear unapplied balance for farmers market that didn't get applied correctly. |                               |                   |                   |
| 100-10005-000-000   | UNAPPLIED ACCOUNTS RECEIVABLE | 7,892.10          |                   |
| 100-14166-000-000   | AR: FARMERS MARKET            |                   | 5,271.51          |
| 100-48900-000-000   | OTHER: REVENUE MISCELLANEOUS  |                   | 2,620.59          |
| <b>Total</b>  |                               | <b>7,892.10</b>   | <b>7,892.10</b>   |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account  | Description                    | Debit             | Credit            |
|--|--------------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1052</b>                                       |                                |                   |                   |
| Reclass revenue against prior year receivable.                                   |                                |                   |                   |
| 260-42923-000-000  | STATE GRANT: CDBG-CV           | 436,528.99        |                   |
| 260-13998-000-000  | REVENUES RECEIVABLE            |                   | 436,528.99        |
| <b>Total</b>   |                                | <b>436,528.99</b> | <b>436,528.99</b> |
| <b>Adjusting Journal Entries JE # 1053</b>                                       |                                |                   |                   |
| Reclass revenue out of expense account.  |                                |                   |                   |
| 100-52111-211-000  | POLICE ADMI: CONTRACT SERVICES | 13,016.00         |                   |
| 210-55212-235-000  | YOUTH PROG: DONATION EXPENSES  | 5,000.00          |                   |
| 210-56700-210-000  | COMM DEV: FED GRANT PROF SERV  | 48,448.24         |                   |
| 100-43610-000-000  | STATE AID: MUNICIPAL SERVICES  |                   | 13,016.00         |
| 210-43271-000-000  | FEDERAL: 21-23 EDA GRANT       |                   | 48,448.24         |
| 210-43510-000-000  | STATE AID: GEN ADMIN GRANTS    |                   | 5,000.00          |
| <b>Total</b>   |                                | <b>66,464.24</b>  | <b>66,464.24</b>  |
| <b>Adjusting Journal Entries JE # 1054</b>                                       |                                |                   |                   |
| To clear debit balances in sales tax payable and net to fund 100.                |                                |                   |                   |
| 100-21581-000-000  | SALES TAX DUE STATE            | 2,733.28          |                   |
| 251-10001-000-000  | TREASURER'S REPORT             | 137.06            |                   |
| 254-10001-000-000  | TREASURER'S REPORT             | 2,596.22          |                   |
| 650-47110-000-000  | MISC SERVICE REVENUE           | 1,397.88          |                   |
| 100-10001-000-000  | TREASURER'S REPORT             |                   | 2,733.28          |
| 251-21581-000-000  | SALES TAX DUE STATE            |                   | 137.06            |
| 254-21581-000-000  | SALES TAX DUE STATE            |                   | 2,596.22          |
| 650-21581-000-000  | SALES TAX DUE STATE            |                   | 1,397.88          |
| <b>Total</b>   |                                | <b>6,864.44</b>   | <b>6,864.44</b>   |
| <b>Adjusting Journal Entries JE # 1055</b>                                       |                                |                   |                   |
| To adjust sales tax due to state to actual as of 12/31/2023.                     |                                |                   |                   |
| 100-21581-000-000  | SALES TAX DUE STATE            | 3,252.77          |                   |
| 100-46135-000-000  | FEES: CLERK/TREASURER          |                   | 3,252.77          |
| <b>Total</b>   |                                | <b>3,252.77</b>   | <b>3,252.77</b>   |
| <b>Adjusting Journal Entries JE # 1056</b>                                       |                                |                   |                   |
| To adjust cash for PMA activity moved to revenue, but cash wasn't adjusted also. |                                |                   |                   |
| 610-10001-000-000  | TREASURER'S REPORT             | 8,653.89          |                   |
| 620-10001-000-000  | TREASURER'S REPORT             | 45,934.45         |                   |
| 100-10001-000-000  | TREASURER'S REPORT             |                   | 54,588.34         |
| <b>Total</b>   |                                | <b>54,588.34</b>  | <b>54,588.34</b>  |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account   | Description                           | Debit            | Credit           |
|---|---------------------------------------|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1057</b>                        |                                       |                  |                  |
| To net amounts.   |                                       |                  |                  |
| 400-23160-000-000   | PRE-DEV AGREEMT DEPOSITS              | 852.25           |                  |
| 400-23160-122-000   | PRE-DEV AGREEMENT- SCHUELKE           |                  | 852.25           |
| <b>Total</b>  |                                       | <b>852.25</b>    | <b>852.25</b>    |
| <b>Adjusting Journal Entries JE # 1058</b>                        |                                       |                  |                  |
| Record additional receivable for reimbursement for 2023 expenses. |                                       |                  |                  |
| Provided by client. Reverse 1/1/2024.                             |                                       |                  |                  |
| 254-13911-000-000   | ACCOUNTS RECEIVABLE: OTHER            | 4,467.00         |                  |
| 254-48550-130-000   | DONATIONS: YOUTH PROGRAMS             |                  | 4,467.00         |
| <b>Total</b>  |                                       | <b>4,467.00</b>  | <b>4,467.00</b>  |
| <b>Adjusting Journal Entries JE # 1059</b>                        |                                       |                  |                  |
| to reclassify lease payments received.                            |                                       |                  |                  |
| 100-48214-000-000   | RENT: CITY PROPERTY: FIRE             | 14,105.04        |                  |
| 100-48220-000-000   | RENT: 219 W FULTON                    | 23,624.00        |                  |
| 220-48215-000-000   | RENT: CITY PROPERTY: HANGAR           | 10,794.96        |                  |
| 610-47430-000-000   | WATER REVENUES: CELLULINK             | 20,000.04        |                  |
| 100-14800-000-000   | Lease Receivable                      |                  | 13,878.49        |
| 100-14800-000-000   | Lease Receivable                      |                  | 21,506.23        |
| 100-48101-000-000   | Interest Income - Leases              |                  | 226.55           |
| 100-48101-000-000   | Interest Income - Leases              |                  | 2,117.77         |
| 220-14800-000-000   | Lease Receivable                      |                  | 10,003.77        |
| 220-48101-000-000   | Interst Income - Leases               |                  | 791.19           |
| 610-14803-000-000   | Lease Receivable                      |                  | 18,534.17        |
| 610-48101-000-000   | Interest Income - Leases              |                  | 1,465.87         |
| <b>Total</b>  |                                       | <b>68,524.04</b> | <b>68,524.04</b> |
| <b>Adjusting Journal Entries JE # 1060</b>                        |                                       |                  |                  |
| To record reduction in deferred inflows of resources.             |                                       |                  |                  |
| 100-28800-000-000   | Deferred Inflow of Resources - Leases | 13,707.84        |                  |
| 100-28800-000-000   | Deferred Inflow of Resources - Leases | 22,255.20        |                  |
| 220-28800-000-000   | Deferred Inflow of Resources - Leases | 10,185.84        |                  |
| 610-28800-000-000   | Deferred Inflow of Resources - Leases | 18,871.56        |                  |
| 100-48214-000-000   | RENT: CITY PROPERTY: FIRE             |                  | 13,707.84        |
| 100-48220-000-000   | RENT: 219 W FULTON                    |                  | 22,255.20        |
| 220-48215-000-000   | RENT: CITY PROPERTY: HANGAR           |                  | 10,185.84        |
| 610-47430-000-000   | WATER REVENUES: CELLULINK             |                  | 18,871.56        |
| <b>Total</b>  |                                       | <b>65,020.44</b> | <b>65,020.44</b> |

**City of Waupaca  
For the Year Ended December 31, 2023  
Adjusting Journal Entries**

| <b>Account</b>   | <b>Description</b>            | <b>Debit</b>      | <b>Credit</b>     |
|--|-------------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1061</b>                                     |                               |                   |                   |
| Record reclassification of accrued salaries and benefits to the correct funds. |                               |                   |                   |
| 100-21211-000-000  | VOUCHERS PAYABLE              | 66,984.61         |                   |
| 236-10001-000-000  | TREASURER'S REPORT            | 626.10            |                   |
| 251-10001-000-000  | TREASURER'S REPORT            | 28,014.68         |                   |
| 254-10001-000-000  | TREASURER'S REPORT            | 1,195.48          |                   |
| 610-10001-000-000  | TREASURER'S REPORT            | 12,439.38         |                   |
| 620-10001-000-000  | TREASURER'S REPORT            | 14,806.84         |                   |
| 650-10001-000-000  | TREASURER'S REPORT            | 3,056.56          |                   |
| 100-10001-000-000  | TREASURER'S REPORT            | 60,139.04         |                   |
| 100-21212-000-000  | ACCRUED SALARIES              | 6,845.57          |                   |
| 236-21212-000-000  | ACCRUED SALARIES              | 626.10            |                   |
| 251-21212-000-000  | ACCRUED SALARIES              | 28,014.68         |                   |
| 254-21212-000-000  | ACCRUED SALARIES              | 1,195.48          |                   |
| 610-21212-000-000  | ACCRUED SALARIES              | 12,439.38         |                   |
| 620-21212-000-000  | ACCRUED SALARIES              | 14,806.84         |                   |
| 650-21212-000-000  | ACCRUED SALARIES              | 3,056.56          |                   |
| <b>Total</b>   |                               | <b>127,123.65</b> | <b>127,123.65</b> |
| <b>Adjusting Journal Entries JE # 1062</b>                                     |                               |                   |                   |
| Adjust receivable to actual.   |                               |                   |                   |
| 100-13911-000-000  | ACCOUNTS RECEIVABLE: OTHER    | 1,761.17          |                   |
| 100-48900-000-000  | OTHER: REVENUE MISCELLANEOUS  |                   | 1,761.17          |
| <b>Total</b>   |                               | <b>1,761.17</b>   | <b>1,761.17</b>   |
| <b>Adjusting Journal Entries JE # 1063</b>                                     |                               |                   |                   |
| Adjust CDBG receivable to actual.  |                               |                   |                   |
| 260-13998-000-000  | REVENUES RECEIVABLE           | 4,166.03          |                   |
| 260-10001-000-000  | TREASURER'S REPORT            |                   | 4,166.03          |
| <b>Total</b>   |                               | <b>4,166.03</b>   | <b>4,166.03</b>   |
| <b>Adjusting Journal Entries JE # 1064</b>                                     |                               |                   |                   |
| Reclassify unearned revenue to revenue for ARPA funds spent in 2023.           |                               |                   |                   |
| 211-24100-000-000  | UNEARNED REVENUE -            | 388,969.57        |                   |
| 211-43110-100-000  | FEDERAL: AMER RESCUE PLAN ACT |                   | 388,969.57        |
| <b>Total</b>   |                               | <b>388,969.57</b> | <b>388,969.57</b> |
| <b>Adjusting Journal Entries JE # 1065</b>                                     |                               |                   |                   |
| Reclass County grant to correct account for Form C.                            |                               |                   |                   |
| 400-42821-000-000  | STATE GRANT PARKS             | 7,300.00          |                   |
| 400-43790-000-000  | County Grants: Park           |                   | 7,300.00          |
| <b>Total</b>   |                               | <b>7,300.00</b>   | <b>7,300.00</b>   |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| <b>Account</b>   | <b>Description</b> | <b>Debit</b>     | <b>Credit</b>    |
|--|--------------------|------------------|------------------|
| <b>Adjusting Journal Entries JE # 1066</b>   |                    |                  |                  |
| To record Nov & Dec Propeiiitary card airport fuel sales but not collected until 2024. (Reverse in 2024) |                    |                  |                  |
| 220-13998-000-000 REVENUES RECEIVABLE  |                    | 11,967.81        |                  |
| 220-46345-000-000 FEES: AIRPORT FUEL-PROP CARD   |                    |                  | 11,967.81        |
| <b>Total</b>   |                    | <b>11,967.81</b> | <b>11,967.81</b> |
| <b>Adjusting Journal Entries JE # 1067</b>   |                    |                  |                  |
| Record additional accounts receivable for 2023. Reverse 1/1/2024.  |                    |                  |                  |
| 100-13911-000-000 ACCOUNTS RECEIVABLE: OTHER   |                    | 14,850.82        |                  |
| 100-13911-000-000 ACCOUNTS RECEIVABLE: OTHER   |                    | 24,036.74        |                  |
| 240-13911-000-000 Accounts Receivable: Other   |                    | 11,851.00        |                  |
| 254-13911-000-000 ACCOUNTS RECEIVABLE: OTHER   |                    | 6,444.86         |                  |
| 400-13911-000-000 ACCOUNTS RECEIVABLE: OTHER   |                    | 14,704.50        |                  |
| 100-47220-000-000 INTERGOVT CHRG:SCHOOL LIAISON  |                    |                  | 23,349.00        |
| 100-47225-000-000 INTERGOVT CHRG:CROSSING GUAR   |                    |                  | 687.74           |
| 100-55411-208-000 PARKS: MAINT OF FACILITIES   |                    |                  | 1,500.00         |
| 100-55411-211-000 PARKS: CONTRACT SERVICES   |                    |                  | 765.00           |
| 100-55411-253-000 PARKS: CONCESSIONS   |                    |                  | 5,399.75         |
| 100-55411-253-000 PARKS: CONCESSIONS   |                    |                  | 7,125.08         |
| 100-55411-301-000 PARKS: SUPPLIES  |                    |                  | 60.99            |
| 240-42923-000-000 GRANT: DNR   |                    |                  | 11,851.00        |
| 254-55212-255-000 YOUTH PROGS: YOUTH PROGRAM FEE   |                    |                  | 200.00           |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    |                  | 15.21            |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    |                  | 99.15            |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    |                  | 626.95           |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    |                  | 5,503.55         |
| 400-48510-000-000 REBATES  |                    |                  | 14,704.50        |
| <b>Total</b>   |                    | <b>71,887.92</b> | <b>71,887.92</b> |
| <b>Adjusting Journal Entries JE # 1068</b>   |                    |                  |                  |
| Reclassify revenues from baseball concession receivable to correct revenue accounts.                     |                    |                  |                  |
| 100-55411-208-000 PARKS: MAINT OF FACILITIES   |                    | 1,500.00         |                  |
| 100-55411-211-000 PARKS: CONTRACT SERVICES   |                    | 765.00           |                  |
| 100-55411-253-000 PARKS: CONCESSIONS   |                    | 5,399.75         |                  |
| 100-55411-253-000 PARKS: CONCESSIONS   |                    | 7,125.08         |                  |
| 100-55411-301-000 PARKS: SUPPLIES  |                    | 60.99            |                  |
| 254-55212-255-000 YOUTH PROGS: YOUTH PROGRAM FEE   |                    | 200.00           |                  |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    | 15.21            |                  |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    | 99.15            |                  |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    | 626.95           |                  |
| 254-55212-301-000 YOUTH PROGS: SUPPLIES  |                    | 5,503.55         |                  |
| 100-46725-000-000 FEES: CONCESSIONS SWAN PARK  |                    |                  | 14,850.82        |
| 254-46740-000-000 FEES: REC DEPT: YOUTH PROGRAMS   |                    |                  | 6,444.86         |
| <b>Total</b>   |                    | <b>21,295.68</b> | <b>21,295.68</b> |

**City of Waupaca**  
**For the Year Ended December 31, 2023**  
**Adjusting Journal Entries**

| Account   | Description                   | Debit             | Credit            |
|---|-------------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1069</b>  |                               |                   |                   |
| To record transfers from TIF #4 to TIF 8 & 10 for current year deficits.<br>(Note ending net income should be \$0 for #8 & #10 after this transfer) |                               |                   |                   |
| 404-59235-000-000   | TRANSFER TO TIF #10           | 113,016.19        |                   |
| 408-49440-000-000   | TRANSFERS FROM TIF 4          | 111,863.93        |                   |
| 410-10001-000-000   | TREASURER'S REPORT            | 113,016.19        |                   |
| 404-10001-000-000   | TREASURER'S REPORT            |                   | 1,152.26          |
| 404-59230-000-000   | TRANSFER TO TIF #8            |                   | 111,863.93        |
| 408-10001-000-000   | TREASURER'S REPORT            |                   | 111,863.93        |
| 410-49404-000-000   | TRANSFER FROM TIF #4          |                   | 113,016.19        |
| <b>Total</b>  |                               | <b>337,896.31</b> | <b>337,896.31</b> |
| <b>Adjusting Journal Entries JE # 1070</b>  |                               |                   |                   |
| To adjust non-lapsing account to summary provided by client.  |                               |                   |                   |
| 400-34311-000-000   | NON LAPSING: STREETS (2)      | 3,095.29          |                   |
| 400-31432-000-000   | NON-LAPSING: COMM DEV         |                   | 1,919.30          |
| 400-31551-000-000   | NON-LAPSING: FINANCE          |                   |                   |
| 400-31552-000-000   | NON LAPSING : TECHNOLOGY      |                   |                   |
| 400-32112-000-000   | NON LAPSING: POLICE           |                   | 396.75            |
| 400-33000-000-000   | UNRESERVED FUND EQUITY        |                   | 779.24            |
| 400-35210-000-000   | NON LAPSING: PARKS & REC      |                   |                   |
| <b>Total</b>  |                               | <b>3,095.29</b>   | <b>3,095.29</b>   |
| <b>Adjusting Journal Entries JE # 1071</b>  |                               |                   |                   |
| To adjust BMO cash balance to actual as of 12/31/2023.  |                               |                   |                   |
| 001-11030-000-000   | TREASURER'S CASH: BMO HARRIS  | 9,535.25          |                   |
| 100-10001-000-000   | TREASURER'S REPORT            | 9,535.25          |                   |
| 001-10001-000-000   | CASH ALLOCATED TO OTHER FUNDS |                   | 9,535.25          |
| 100-48110-000-000   | INTEREST: INTEREST GENERAL    |                   | 9,535.25          |
| <b>Total</b>  |                               | <b>19,070.50</b>  | <b>19,070.50</b>  |
| <b>Adjusting Journal Entries JE # 1072</b>  |                               |                   |                   |
| Remove CAP services refund received in 2023 but recognized in 2022.   |                               |                   |                   |
| 260-42923-000-000   | STATE GRANT: CDBG-CV          | 35,950.14         |                   |
| 260-13998-000-000   | REVENUES RECEIVABLE           |                   | 35,950.14         |
| <b>Total</b>  |                               | <b>35,950.14</b>  | <b>35,950.14</b>  |
| <b>Adjusting Journal Entries JE # 1073</b>  |                               |                   |                   |
| Correct entry done by client in January 2023 for AirBnB room tax.   |                               |                   |                   |
| 215-13998-000-000   | REVENUES RECEIVABLE           | 57.45             |                   |
| 215-41241-000-000   | ROOM TAX 8%-CITY              | 1,555.28          |                   |
| 215-41243-000-000   | ROOM TAX 8% - AIRBNB          |                   | 57.45             |
| 215-41243-000-000   | ROOM TAX 8% - AIRBNB          |                   | 1,555.28          |
| <b>Total</b>  |                               | <b>1,612.73</b>   | <b>1,612.73</b>   |

**City of Waupaca  
For the Year Ended December 31, 2023  
Adjusting Journal Entries**

| <b>Account</b>  | <b>Description</b>            | <b>Debit</b>      | <b>Credit</b>     |
|---|-------------------------------|-------------------|-------------------|
| <b>Adjusting Journal Entries JE # 1074</b>  |                               |                   |                   |
| To adjust 001 account to actual as of 12/31/2023.   |                               |                   |                   |
| 001-10001-000-000   | CASH ALLOCATED TO OTHER FUNDS | 617.17            |                   |
| 100-10001-000-000   | TREASURER'S REPORT            | 16,904.16         |                   |
| 100-48111-000-000   | INTEREST                      |                   | 617.17            |
| 100-48111-000-000   | INTEREST                      |                   | 16,904.16         |
| <b>Total</b>  |                               | <b>17,521.33</b>  | <b>17,521.33</b>  |
| <b>Adjusting Journal Entries JE # 1075</b>  |                               |                   |                   |
| To close fund for park additions paid for by the Capital Projects fund.<br>(New accounts for the transfers) |                               |                   |                   |
| 400-10001-000-000   | TREASURER'S REPORT            | 93,745.39         |                   |
| 815-59210-000-000   | Transfer to General fund      | 93,745.39         |                   |
| 400-49950-000-000   | Transfer in from South Park   |                   | 93,745.39         |
| 815-10001-000-000   | TREASURER'S REPORT            |                   | 93,745.39         |
| <b>Total</b>  |                               | <b>187,490.78</b> | <b>187,490.78</b> |

## **Appendix 2 – Passed Journal Entries**

**City of Waupaca  
For the Year Ended December 31, 2023  
Passed Journal Entries**

| <b>Account</b>                               | <b>Description</b> | <b>Debit</b>            | <b>Credit</b>           |
|--|--------------------|-------------------------|-------------------------|
| <b>Proposed JE # 6001</b>                    |                    |                         |                         |
| To record accrued interest as of 12/31/2023. |                    |                         |                         |
| 100-10001-000-000                            | TREASURER'S REPORT | 17,879.04               |                         |
| 100-48113-000-000                            | INTEREST: CD       |                         | 17,879.04               |
| <b>Total</b>                                 |                    | <b><u>17,879.04</u></b> | <b><u>17,879.04</u></b> |

### **Appendix 3 – Management Representation Letter**



**City of Waupaca**  
111 S. Main Street • Waupaca, WI 54981  
[www.cityofwaupaca.org](http://www.cityofwaupaca.org)  
715.258.4411

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July 22, 2024

Johnson Block and Company, Inc.  
2500 Business Park Road  
Mineral Point, WI 53565

Dear Johnson Block and Company:

This representation letter is provided in connection with your audit of the financial statements of the City of Waupaca, which comprise the statement of financial position as of December 31, 2023 and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

Except where otherwise stated below, immaterial matters collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 22, 2024.

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## **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 29, 2024 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. With respect to the financial statement preparation, fixed asset depreciation schedules, calculation of lease receivables and deferred inflows of resources, preparation of schedules of expenditures of federal and state awards, and the data collection form, we have performed the following:
  - a. Made all management decisions and performed all management functions;
  - b. Assigned a competent individual to oversee the services;
  - c. Evaluated the adequacy of the services performed;
  - d. Evaluated and accepted responsibility for the result of the service performed; and
  - e. Established and maintained internal controls, including monitoring ongoing activities.
6. Significant assumptions used by us in making accounting estimates are reasonable.
7. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both



**City of Waupaca**  
111 S. Main Street • Waupaca, WI 54981  
[www.cityofwaupaca.org](http://www.cityofwaupaca.org)  
715.258.4411

individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.

**Proposed JE # 6001**

To record accrued interest as of 12/31/2023.

**4100.15**

|                   |                    |                         |
|-------------------|--------------------|-------------------------|
| 100-10001-000-000 | TREASURER'S REPORT | 17,879.04               |
| 100-48113-000-000 | INTEREST: CD       | <u>17,879.04</u>        |
| <b>Total</b>      |                    | <b><u>17,879.04</u></b> |

a.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All net position components and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.



17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
24. With regard to pension and OPEBs:
  - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - b. We are unable to determine the possibility of a withdrawal liability from the Wisconsin Retirement System pension plan or the City's OPEB plans of which we are a sponsor and are not currently contemplating withdrawing from the Wisconsin Retirement System pension plan or the City's OPEB plans.
  - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation or disclosed as a subsequent event.
25. With respect to preparation of financial statements, capital asset depreciation schedules, lease schedules, and compiling financial reports for the PSC and DOR,
  - a. Made all management decisions and performed all management functions;
  - b. Assigned a competent individual to oversee the services;
  - c. Evaluated the adequacy of services performed;
  - d. Evaluated and accepted responsibility for the result of the service performed; and



- e. Established and maintained controls, including a process to monitor the system of internal control.
- 26. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

### **Information Provided**

- 27. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- 28. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 29. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 30. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- 31. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
- 32. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant



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to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.

33. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
34. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
35. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
36. We have a process to track the status of audit findings and recommendations.
37. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
38. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
39. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
40. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
41. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
42. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
43. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
44. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on



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financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

45. There are no:

- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

46. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

47. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

48. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

## **Cybersecurity**

49. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

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## **Accounting Estimates and Related Disclosures**

50. We have taken into account all relevant information of which we are aware for significant accounting estimates.
51. We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
52. The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the City of Waupaca.
53. The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
54. We have obtained and applied appropriate specialized skills and expertise in making accounting estimates.
55. We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.

## **Use of a Specialist**

56. We agree with the findings of specialists in evaluating the Wisconsin Retirement System Plan and the life insurance OPEB plan and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.



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### **Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the combining nonmajor fund financial statements accompanying the financial statements:

57. We acknowledge our responsibility for the presentation of the combining nonmajor fund financial statements in accordance with accounting principles generally accepted in the United States of America.
58. We believe the combining nonmajor fund financial statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
59. The methods of measurement or presentation have not changed from those used in the prior period.

### **Required Supplementary Information**

With respect to the budgetary comparison schedule, the local retiree life insurance fund schedules, the schedule of changes in the City's total OPEB liability and related ratios, and the Wisconsin Retirement System schedules accompanying the financial statements:

60. We acknowledge our responsibility for the presentation of the budgetary comparison schedules in accordance with U.S. GAAP, the local retiree life insurance fund schedules and the schedule of changes in the City's total OPEB liability and related ratios in accordance with GASB Statement No. 75 (GASB-75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and the Wisconsin Retirement System schedules in accordance with GASB Statement 68 (GASB-68), *Accounting and Financial Reporting for Pensions*.
61. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP, GASB-75, and GASB-68.
62. The methods of measurement or presentation have not changed from those used in the prior period.



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*Brian Smith*  
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Mayor

*Clayton Jenson*  
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City Administrator