



CITY OF WAUPACA, WISCONSIN
AUDITED FINANCIAL STATEMENTS
Including Independent Auditor's Report
As of and for the year ended December 31, 2024

Johnson Block & Company, Inc.
Certified Public Accountants
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CITY OF WAUPACA, WISCONSIN
DECEMBER 31, 2024

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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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.
May 20, 2025

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Waupaca, Wisconsin
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 3,680,081	\$ 4,968,756	\$ 8,648,837
Receivables:			
Taxes	5,604,735		5,604,735
Due from other governments	254,355		254,355
Customer		393,832	393,832
Leases	48,475	19,679	68,154
Other	110,017	44,770	154,787
Internal balances	(6,602,889)	6,602,888	(1)
Inventories	48,394	140,546	188,940
Total current assets	3,143,168	12,170,471	15,313,639
Noncurrent assets:			
Restricted assets:			
Cash and investments	5,526,029	1,937,048	7,463,077
Other assets:			
Long-term notes receivable	457,400		457,400
Less: discount on long-term notes receivable	(76,123)		(76,123)
Special assessments receivable	43,152	473,602	516,754
Lease receivable	48,978		48,978
Capital assets:			
Property and plant	55,130,437	42,413,666	97,544,103
Less: accumulated provision for depreciation	(17,374,046)	(23,714,029)	(41,088,075)
Total noncurrent assets	43,755,827	21,110,287	64,866,114
Total assets	46,898,995	33,280,758	80,179,753
DEFERRED OUTFLOWS OF RESOURCES			
Pension outflows	3,062,638	583,360	3,645,998
OPEB - group life insurance plan outflows	97,463	27,489	124,952
Unamortized major repairs		31,760	31,760
Total deferred outflows of resources	3,160,101	642,609	3,802,710
Total assets and deferred outflows of resources	\$ 50,059,096	\$ 33,923,367	\$ 83,982,463

Exhibit A-1 (Continued)
City of Waupaca, Wisconsin
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 239,656	\$ 133,108	\$ 372,764
Developer payable	26,286		26,286
Due to other governments	1,157		1,157
Accrued liabilities	257,728	26,303	284,031
Accrued interest	205,887		205,887
Current portion of long-term debt	1,850,000	68,747	1,918,747
Current portion of debt premium	23,367	4,306	27,673
Current portion of compensated absences	276,696	38,834	315,530
Total current liabilities	2,880,777	271,298	3,152,075
Current liabilities (payable from restricted assets):			
Accrued interest		35,255	35,255
Current portion of mortgage revenue bonds		555,000	555,000
Total current liabilities (payable from restricted assets)		590,255	590,255
Long-term liabilities:			
Mortgage revenue bonds		5,748,363	5,748,363
Bonds and notes payable	18,025,000		18,025,000
Net pension liability	340,626	64,880	405,506
Debt premium	264,061	60,280	324,341
OPEB - group life insurance plan	217,855	61,446	279,301
Compensated absences	788,175	110,620	898,795
Less: current portion	(2,150,063)	(666,887)	(2,816,950)
Total long-term liabilities	17,485,654	5,378,702	22,864,356
Total liabilities	20,366,431	6,240,255	26,606,686
DEFERRED INFLOWS OF RESOURCES			
Deferred lease inflows	92,322	18,872	111,194
Pension inflows	1,839,645	350,409	2,190,054
OPEB - group life insurance plan inflows	132,313	37,319	169,632
Deferred revenues	5,549,079		5,549,079
Total deferred inflows of resources	7,613,359	406,600	8,019,959
NET POSITION			
Net investment in capital assets	24,781,391	12,890,994	37,672,385
Restricted for:			
Debt Service	395,347		395,347
TIF #4	2,148,784		2,148,784
Inland lakes	37,469		37,469
Revolving loans	423,023		423,023
Adult recreation center	36,320		36,320
Garbage and recycling	5,397		5,397
Donation and grants	148,923		148,923
Library	64,246		64,246
South Park Trust	2,846		2,846
Perpetual care	20,548		20,548
TIF #11	31,056		31,056
Water		522,799	522,799
Sewer		1,378,994	1,378,994
Unrestricted	(6,016,044)	12,483,725	6,467,681
Total net position	22,079,306	27,276,512	49,355,818
Total liabilities, deferred inflows of resources and net position	\$ 50,059,096	\$ 33,923,367	\$ 83,982,463

Exhibit A-2
City of Waupaca, Wisconsin
Statement of Activities
For the Year Ended December 31, 2024

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
Primary Government:							
Governmental activities:							
General government	\$ 1,329,528	\$ 191,998	\$	\$	\$ (1,137,530)	\$	\$ (1,137,530)
Public safety	2,600,686	721,909	62,278		(1,816,499)		(1,816,499)
Health and social services	285,501	29,780	9,407		(246,314)		(246,314)
Public works	3,682,573	940,641	485,692	16,596	(2,239,644)		(2,239,644)
Culture, recreation and education	2,269,788	329,573	664,271		(1,275,944)		(1,275,944)
Conservation and development	311,289	2,080			(309,209)		(309,209)
Interest and fiscal charges	520,083				(520,083)		(520,083)
Total governmental activities	10,999,448	2,215,981	1,221,648	16,596	(7,545,223)		(7,545,223)
Business-type activities:							
Water utility	1,329,525	1,513,281		72,609		256,365	256,365
Sewer utility	2,116,479	2,133,854		292,261		309,636	309,636
Telecommunication utility	275,510	334,682				59,172	59,172
Total business-type activities	3,721,514	3,981,817		364,870		625,173	625,173
Total primary government	\$ 14,720,962	\$ 6,197,798	\$ 1,221,648	\$ 381,466	(7,545,223)	625,173	(6,920,050)
General Revenues and Transfers:							
Property taxes							
General purposes					5,490,629		5,490,629
Other taxes					122,868		122,868
Federal and state aid not restricted for specific purposes					2,433,514		2,433,514
Interest and investment earnings					462,957	126,467	589,424
Proceeds from insurance					41,032		41,032
Gain on sale of fixed assets					43,807	475	44,282
Miscellaneous					269,208	141,674	410,882
Transfers					421,677	(421,677)	
Total general revenues and transfers					9,285,692	(153,061)	9,132,631
Change in net position					1,740,469	472,112	2,212,581
Net position - beginning of year					20,338,837	26,804,400	47,143,237
Net position - end of year					\$ 22,079,306	\$ 27,276,512	\$ 49,355,818

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, 2024

	General	Debt Service	Capital Improvements	TIF #4	TIF #8	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 397,240	\$ 601,709	\$	\$ 2,148,784	\$	\$ 532,349	\$ 3,680,082
Cash and investments - restricted			5,526,029				5,526,029
Receivables:							
Taxes	4,182,434			801,605	473,600	147,096	5,604,735
Due from other governments						254,355	254,355
Special assessments			43,152				43,152
Due from other funds	2,880,668						2,880,668
Leases	86,831					10,622	97,453
Other	54,794		1,200			54,022	110,016
Long-term notes receivable, net of discount of \$76,123	123,877					257,400	381,277
Inventory						48,394	48,394
Advance from other funds				910,612			910,612
Total assets	<u>\$ 7,725,844</u>	<u>\$ 601,709</u>	<u>\$ 5,570,381</u>	<u>\$ 3,861,001</u>	<u>\$ 473,600</u>	<u>\$ 1,304,238</u>	<u>\$19,536,773</u>
LIABILITIES							
Accounts payable	\$ 62,190	\$ 475	\$ 193	\$	\$	\$ 176,798	\$ 239,656
Developer payable			26,286				26,286
Accrued liabilities	239,438					18,290	257,728
Due to other governments	1,157						1,157
Due to other funds			2,612,229			268,439	2,880,668
Advances due to other funds					7,513,501		7,513,501
Total liabilities	<u>302,785</u>	<u>475</u>	<u>2,638,708</u>		<u>7,513,501</u>	<u>463,527</u>	<u>10,918,996</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	4,249,839		48,054	801,605	473,600	404,496	5,977,594
Deferred lease inflows	82,136					10,186	92,322
Total deferred inflows of resources	<u>4,331,975</u>		<u>48,054</u>	<u>801,605</u>	<u>473,600</u>	<u>414,682</u>	<u>6,069,916</u>
Total liabilities and deferred inflows of resources	<u>4,634,760</u>	<u>475</u>	<u>2,686,762</u>	<u>801,605</u>	<u>7,987,101</u>	<u>878,209</u>	<u>16,988,912</u>
FUND BALANCES							
Nonspendable	123,877			910,612		8,755	1,043,244
Restricted		601,234		2,148,784		512,428	3,262,446
Assigned			2,883,619				2,883,619
Unassigned (deficit)	2,967,207				(7,513,501)	(95,154)	(4,641,448)
Total fund balances	<u>3,091,084</u>	<u>601,234</u>	<u>2,883,619</u>	<u>3,059,396</u>	<u>(7,513,501)</u>	<u>426,029</u>	<u>2,547,861</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,725,844</u>	<u>\$ 601,709</u>	<u>\$ 5,570,381</u>	<u>\$ 3,861,001</u>	<u>\$ 473,600</u>	<u>\$ 1,304,238</u>	<u>\$19,536,773</u>

Exhibit A-4
City of Waupaca, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2024

Total fund balances-governmental funds: \$ 2,547,861

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	55,130,437	
Governmental accumulated depreciation	<u>(17,374,046)</u>	37,756,391

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	3,160,101	
Deferred inflows of resources	(1,971,959)	

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	47,239	
Long-term notes receivable	457,400	
Discount on notes receivable	(76,123)	

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	(18,025,000)	
Debt premium	(264,061)	
Accrued interest on general obligation debt	(205,887)	
Net pension liability	(340,626)	
OPEB - group life insurance plan	(217,855)	
Compensated absences	<u>(788,175)</u>	

Total net position of governmental activities	<u>\$ 22,079,306</u>	
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Exhibit A-5
City of Waupaca, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Debt Service	Capital Improvements	TIF #4	TIF #8	Other Governmental Funds	Total
REVENUES							
Taxes	\$4,249,269	\$	\$	\$ 742,914	\$ 448,783	\$ 170,827	\$ 5,611,793
Special assessments			10,434				10,434
Licenses and permits	546,364						546,364
Fines, forfeits and penalties	72,148					175	72,323
Intergovernmental	2,073,463		209,161	5,882	4,256	1,217,179	3,509,941
Public charges for services	231,648					969,449	1,201,097
Miscellaneous:							
Interest	450,493		123			8,932	459,548
Other	494,744		195,151			170,772	860,667
Total revenues	8,118,129		414,869	748,796	453,039	2,537,334	12,272,167
EXPENDITURES							
General government	1,255,017						1,255,017
Public safety	2,449,933					14,433	2,464,366
Health and social services	206,163					39,563	245,726
Public works	1,170,255					1,455,086	2,625,341
Culture, recreation and education	605,890					1,228,904	1,834,794
Conservation and development						227,232	227,232
Capital outlay			3,121,157	3,670	4,803	74,247	3,203,877
Debt service:							
Principal retirement		1,240,000			485,000		1,725,000
Interest and fiscal charges		594,548			22,275		616,823
Debt issuance costs			51,052				51,052
Total expenditures	5,687,258	1,834,548	3,172,209	3,670	512,078	3,039,465	14,249,228
Excess (deficiency) of revenues over expenditures	2,430,871	(1,834,548)	(2,757,340)	745,126	(59,039)	(502,131)	(1,977,061)
OTHER FINANCING SOURCES (USES)							
Transfers in	492,436	1,662,122			96,048	546,602	2,797,208
Transfers out	(2,201,342)			(111,680)	(37,009)	(25,500)	(2,375,531)
Proceeds from sale of capital assets	2		43,755			50	43,807
Debt proceeds and debt premiums			1,092,974				1,092,974
Total other financing sources (uses)	(1,708,904)	1,662,122	1,136,729	(111,680)	59,039	521,152	1,558,458
Net change in fund balances	721,967	(172,426)	(1,620,611)	633,446		19,021	(418,603)
Fund balances - beginning of year	2,369,117	773,660	4,504,230	2,425,950	(7,513,501)	407,008	2,966,464
Fund balances - end of year	\$3,091,084	\$ 601,234	\$ 2,883,619	\$3,059,396	\$ (7,513,501)	\$ 426,029	\$ 2,547,861

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, 2024

Net change in fund balances-total governmental funds	\$ (418,603)
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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	2,943,246	
Depreciation expenses reported in the statement of activities	(1,450,166)	
Amount by which capital outlays and donations are greater (less) than depreciation in the current period.		1,493,080

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	(11,462)
Change in compensated absences	(208,224)

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:	1,725,000
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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

(1,030,000)

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:	6,160
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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:	(7,500)
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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.

3,608

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, 2024

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	\$	23,367
Amount of debt premium received in the current year		(62,974)

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	613,973	
The amount of interest accrued during the current period	<u>(489,548)</u>	
Interest paid is greater (less) than interest expensed by		124,425

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.		<u>103,592</u>
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Change in net position-governmental activities	\$	<u><u>1,740,469</u></u>
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Exhibit A-7
City of Waupaca, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2024

	Water Utility	Sewer Utility	Nonmajor Telecommunications Utility	Total
ASSETS				
Current assets:				
Cash and investments	\$ 904,388	\$ 3,814,031	\$ 250,337	\$ 4,968,756
Receivables:				
Customer	156,853	207,221	29,758	393,832
Lease	19,679			19,679
Other	584	44,186		44,770
Inventories	99,913	40,633		140,546
Total current assets	1,181,417	4,106,071	280,095	5,567,583
Restricted assets:				
Equipment replacement		438,000		438,000
Maintenance		256,500		256,500
Debt reserves	533,753	708,795		1,242,548
Total restricted assets	533,753	1,403,295		1,937,048
Other assets:				
Special assessments receivable	250,777	222,825		473,602
Advance due from other funds	2,942,888	3,660,000		6,602,888
Total other assets	3,193,665	3,882,825		7,076,490
Capital assets:				
Property and plant	14,515,992	27,541,163	356,511	42,413,666
Less: accumulated provision for depreciation	(6,378,632)	(17,069,147)	(266,250)	(23,714,029)
Total capital assets	8,137,360	10,472,016	90,261	18,699,637
Total assets	13,046,195	19,864,207	370,356	33,280,758
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows	255,220	255,220	72,920	583,360
OPEB - group life insurance plan outflows	9,996	17,493		27,489
Unamortized major repairs	31,760			31,760
Total deferred outflows of resources	296,976	272,713	72,920	642,609
Total assets and deferred outflows of resources	\$ 13,343,171	\$ 20,136,920	\$ 443,276	\$ 33,923,367

Exhibit A-7 (Continued)
City of Waupaca, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2024

	Water Utility	Sewer Utility	Nonmajor Telecommunications Utility	Total
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 51,439	\$ 76,726	\$ 4,943	\$ 133,108
Accrued liabilities	11,497	12,122	2,684	26,303
Current portion of revenue bonds	10,034	58,713		68,747
Current portion of debt premium		4,306		4,306
Current portion of compensated absences	19,417	19,417		38,834
Total current liabilities	92,387	171,284	7,627	271,298
Current liabilities (payable from restricted assets):				
Accrued interest	10,954	24,301		35,255
Current portion of revenue bonds	235,000	320,000		555,000
Total current liabilities (payable from restricted assets)	245,954	344,301		590,255
Long-term liabilities:				
Revenue bonds	1,779,078	3,969,285		5,748,363
Debt premium		60,280		60,280
Net pension liability	28,385	28,385	8,110	64,880
OPEB - group life insurance plan	22,344	39,102		61,446
Compensated absences	55,310	55,310		110,620
Less: current portion	(264,451)	(402,436)		(666,887)
Total long-term liabilities	1,620,666	3,749,926	8,110	5,378,702
Total liabilities	1,959,007	4,265,511	15,737	6,240,255
DEFERRED INFLOWS OF RESOURCES				
Deferred lease inflows	18,872			18,872
Pension inflows	153,304	153,304	43,801	350,409
OPEB - group life insurance plan inflows	13,571	23,748		37,319
Total deferred inflows of resources	185,747	177,052	43,801	406,600
NET POSITION				
Net investment in capital assets	6,358,282	6,442,451	90,261	12,890,994
Restricted	522,799	1,378,994		1,901,793
Unrestricted	4,317,336	7,872,912	293,477	12,483,725
Total net position	11,198,417	15,694,357	383,738	27,276,512
Total liabilities, deferred inflows of resources, and net position	\$ 13,343,171	\$ 20,136,920	\$ 443,276	\$ 33,923,367

Exhibit A-8
City of Waupaca, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Water Utility	Sewer Utility	Nonmajor Telecommunications Utility	Totals
OPERATING REVENUES				
Sales of water	\$ 1,513,281	\$	\$	\$ 1,513,281
Measured sewer service		2,133,854		2,133,854
Telecommunications revenues			334,682	334,682
Total operating revenues	1,513,281	2,133,854	334,682	3,981,817
OPERATING EXPENSES				
Operation and maintenance	1,014,671	1,154,764	267,030	2,436,465
Depreciation	233,833	756,799	8,480	999,112
Taxes	27,547	6,080		33,627
Total operating expenses	1,276,051	1,917,643	275,510	3,469,204
Operating income	237,230	216,211	59,172	512,613
NONOPERATING REVENUES (EXPENSES)				
Investment income	18,873	107,594		126,467
Investment gain (loss)	54,844	82,524		137,368
Amortization of debt premium		4,306		4,306
Sale of fixed assets			475	475
Interest expense and debt issuance costs	(53,474)	(198,836)		(252,310)
Total nonoperating revenues (expenses)	20,243	(4,412)	475	16,306
Income before contributions and transfers	257,473	211,799	59,647	528,919
Capital contributions	72,609	292,261		364,870
Transfer of tax equivalent	(171,669)	(250,008)		(421,677)
Change in net position	158,413	254,052	59,647	472,112
Net position - beginning of year	11,040,004	15,440,305	324,091	26,804,400
Net position - end of year	\$ 11,198,417	\$ 15,694,357	\$ 383,738	\$ 27,276,512

Exhibit A-9
City of Waupaca, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Water Utility	Sewer Utility	Nonmajor Tele- communications Utility	Totals
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Received from customers	\$1,559,199	\$1,899,849	\$ 340,092	\$ 3,799,140
Payments to employees	(528,709)	(576,850)	(107,085)	(1,212,644)
Payments to suppliers	(444,221)	(548,490)	(174,978)	(1,167,689)
Net cash flows from (used by) operating activities	586,269	774,509	58,029	1,418,807
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(171,669)	(250,008)		(421,677)
Net cash flows from (used by) noncapital financing activities	(171,669)	(250,008)		(421,677)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for capital acquisitions	(293,593)	(1,229,812)	(67,664)	(1,591,069)
Proceeds from sale of capital assets			2,375	2,375
Loan proceeds		1,585,000		1,585,000
Premium from debt issue		64,586		64,586
Principal payments	(424,903)	(598,652)		(1,023,555)
Interest and debt issuance costs paid	(61,752)	(190,082)		(251,834)
Investment gain (loss)	54,844	82,524		137,368
Contributed capital	72,609	292,261		364,870
Net cash flows from (used by) capital and related financing activities	(652,795)	5,825	(65,289)	(712,259)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of interest	18,873	107,594		126,467
Net cash flows from investing activities	18,873	107,594		126,467
Net change in cash and cash equivalents	(219,322)	637,920	(7,260)	411,338
Cash and cash equivalents - beginning of year	1,657,463	4,579,406	257,597	6,494,466
Cash and cash equivalents - end of year	\$1,438,141	\$5,217,326	\$ 250,337	\$6,905,804
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 904,388	\$ 3,814,031	\$ 250,337	\$ 4,968,756
Cash and investments (restricted assets)	533,753	1,403,295		1,937,048
Cash and cash equivalents	\$1,438,141	\$ 5,217,326	\$ 250,337	\$ 6,905,804

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

Exhibit A-9 (Continued)
City of Waupaca, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Water Utility	Sewer Utility	Nonmajor Tele- communications Utility	Totals
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 237,230	\$ 216,211	\$ 59,172	\$ 512,613
Noncash items in operating income:				
Depreciation expense	260,988	729,645	8,479	999,112
Pension expense	(8,632)	639	(11,738)	(19,731)
Life insurance expense	1,794	9,170		10,964
Amortization of major repair	15,880			15,880
Deferred lease inflows	(18,871)			(18,871)
Changes in assets and liabilities:				
Customer accounts receivable	(13,036)	2,702	(687)	(11,021)
Lease receivable	19,098			19,098
Other accounts receivable	22	(20,841)	6,097	(14,722)
Special assessments receivable	39,834	(215,866)		(176,032)
Inventories	(902)	(8,253)		(9,155)
Accounts payable	43,610	51,179	(4,450)	90,339
Accrued liabilities	5,277	4,719	1,156	11,152
Compensated absences	3,977	5,204		9,181
 Net cash provided by operating activities	 \$ 586,269	 \$ 774,509	 \$ 58,029	 \$ 1,418,807

Exhibit A-10
City of Waupaca, Wisconsin
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	<u>Custodial Fund</u>
	<u>Hotel/Motel</u>
	<u>Tax Fund</u>
ASSETS	
Cash and investments	\$ 49,529
Other receivables	<u>63,303</u>
Total assets	<u><u>\$ 112,832</u></u>
LIABILITIES	
Accounts payable	<u>\$ 97,607</u>
NET POSITION	
Restricted	<u>15,225</u>
Total liabilities and net position	<u><u>\$ 112,832</u></u>

Exhibit A-11
City of Waupaca, Wisconsin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

	<u>Custodial Fund</u>
	<u>Hotel/Motel</u>
	<u>Tax Fund</u>
ADDITIONS	
Taxes	<u>\$ 308,570</u>
DEDUCTIONS	
Conservation and development	<u>316,058</u>
Net increase (decrease) in fiduciary net position	(7,488)
Net position - beginning of year	<u>22,713</u>
Net position - end of year	<u><u>\$ 15,225</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Waupaca, Wisconsin
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December 31, 2024

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City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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. 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, 2024

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 nonmajor 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, 2024

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.

Nonmajor Governmental Funds:

The City reports the following nonmajor 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
Garbage and Recycling
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, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial Statements (Continued)

Nonmajor Enterprise Fund:

The City reports the following nonmajor 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, 2024

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, 2024

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 nonmajor 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 - 2024 tax roll:

Lien date and levy date	December 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
January settlement	January 15, 2025
February settlement	February 20, 2025
August settlement	August 20, 2025

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024

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	\$ 10,000	20-35
Land		N/A
Improvements	10,000	5-15
Buildings	10,000	50-100
Machinery and equipment	10,000	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, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

Vacation pay is earned based on length of service (5-33 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 2024.

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, 2024

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 15% and 25% of the subsequent year's General Fund budgeted expenditures. Amounts exceeding 30% shall be transferred to the Rainy-Day Fund. As of December 31, 2024, the unassigned fund balance of the general fund was 36.4% of the current year general fund budgeted expenditures.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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 \$96,048 and \$7,382, 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, 2024

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, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Other Postemployment Benefits

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

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

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.

The net position of the City is significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

Unamortized Major Repairs – The Water Utility incurred \$79,400 of water tower painting costs in 2022. This amount is being amortized to expense over five years per authorization from the Public Service Commission. The balance at December 31, 2024 was \$31,760.

Z. Change in Accounting Principles

Effective January 1, 2024, the City adopted GASB Statement No. 100, Accounting Changes and Error Corrections. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City did not have any accounting changes or error corrections requiring disclosure in the financial statements.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Change in Accounting Principles (Continued)

Effective January 1, 2024, the City adopted GASB Statement No. 101, Compensated Absences. GASB 101 issued to provide guidance on the accounting and financial reporting for compensated absences. The City's calculation of the compensated absences liability did not change as a result of implementing this standard.

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, 2024, cash and investments included the following:

Petty cash/cash on hand	\$ 692
Deposits with financial institutions	1,944,344
Wisconsin Investment Series Cooperative	12,372,792
Certificates of deposit	1,817,936
Mutual Fund	25,679
Total cash and investments	<u>\$ 16,161,443</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 8,648,837
Cash and investments-restricted	7,463,077
Exhibit A-10:	
Cash and investments	49,529
Total cash and investments	<u>\$ 16,161,443</u>

The Wisconsin Investment Series Cooperative investment consists of the following:

U.S. Treasury securities	\$ 2,787,610
Money market	3,530,779
Fixed income	3,894,696
Certificates of deposit	2,159,707
Total	<u>\$ 12,372,792</u>

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.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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:

<u>Investment Type</u>	<u>Amount</u>	<u>12 months or less</u>	<u>13 to 24 months</u>
Certificates of deposit	\$ 1,817,936	\$ 1,018,360	\$ 799,576
Mutual Fund	25,679	25,679	
Total	<u>\$ 1,843,615</u>	<u>\$ 1,044,039</u>	<u>\$ 799,576</u>

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, 2024 the City's investments were rated as follows:

	<u>Amount</u>	<u>Rating</u>
Mutual Fund	\$ 25,679	(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.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Wisconsin Investment Series Cooperative

The City has investments in WISC consisted of the Investment Series Fund (IS) and Cash Management Class (CMS). The IS are pooled funds investing in U.S. government obligations, agencies and commercial paper. The CMS has no minimum balance requirements and no minimum amount requirements for deposits or withdrawals. The IS requires a 14-day minimum investment period and one business day withdrawal notice. Permitted Investments are in such a manner as to result in an average dollar weighted maturity for the Portfolio of no greater than sixty (60) days. The Permitted Investments are selected by the Fund's investment advisor, US Bank National Association (the "Investment Advisor") and its sub-advisor, Prudent Man Advisors, LLC (the "Subadvisor"), and consist of money market instruments having a maximum of maturity of 397 days.

WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests City Funds in accordance with Wisconsin Law. Investment income is distributed to participants based on their relative participation during the period. Participants in WISC have the right to withdraw their funds in total on one day's notice.

A separate financial report for WISC is prepared in accordance with GASB. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

WISC are exempt from fair value disclosure due to investments being valued at amortized cost.

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 \$1,000,000. 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.

The City's investment policy requires all certificates of deposits and other time deposits be collateralized in an amount equal to 110% of the investment less the amount insured by the State of Wisconsin and the FDIC.

As of December 31, 2024, \$1,364,236 of the City deposits were insured by FDIC, \$703,598 was collateralized by securities pledged by financial institutions, and \$1,844,375 of the City's deposits with financial institutions were in excess of federal depository insurance limits. \$1,000,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss, and \$154,172 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.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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 as of December 31, 2023	
	Fair Value	Level 1
Mutual Fund	<u>\$ 25,679</u>	<u>\$ 25,679</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Construction work in progress	\$ 7,632,112	\$ 30,957	\$ (7,610,093)	\$ 52,976
Land	4,530,748	30,379		4,561,127
Total capital assets not being depreciated	<u>12,162,860</u>	<u>61,336</u>	<u>(7,610,093)</u>	<u>4,614,103</u>
<i>Capital assets, being depreciated:</i>				
Building	12,869,703	8,368,555		21,238,258
Infrastructure	19,236,517	238,335		19,474,852
Improvements other than buildings	2,261,060	569,957		2,831,017
Machinery and equipment	2,818,587	1,032,329	(15,800)	3,835,116
Vehicles	2,854,264	282,827		3,137,091
Total capital assets, being depreciated	<u>40,040,131</u>	<u>10,492,003</u>	<u>(15,800)</u>	<u>50,516,334</u>
Total capital assets	<u>52,202,991</u>	<u>10,553,339</u>	<u>(7,625,893)</u>	<u>55,130,437</u>
Less accumulated depreciation:				
Building	(3,706,776)	(277,938)		(3,984,714)
Infrastructure	(8,834,066)	(584,532)		(9,418,598)
Improvements other than buildings	(753,189)	(108,560)		(861,749)
Machinery and equipment	(1,115,235)	(241,663)	15,800	(1,341,098)
Vehicles	(1,530,414)	(237,473)		(1,767,887)
Total accumulated depreciation	<u>(15,939,680)</u>	<u>(1,450,166)</u>	<u>15,800</u>	<u>(17,374,046)</u>
Total net of all capital assets	<u>\$ 36,263,311</u>	<u>\$ 9,103,173</u>	<u>\$ (7,610,093)</u>	<u>\$ 37,756,391</u>

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

General government	\$ 86,820
Public safety	158,190
Public works	946,420
Culture, recreation and education	218,961
Health and human services	39,775
Total governmental activities depreciation expense	<u>\$ 1,450,166</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 4

CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Salvage</u>	<u>Removals</u>	<u>Ending Balance</u>
Business-type Activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 72,639	\$	\$	\$	\$ 72,639
Non-utility property	13,563				13,563
Construction Work in Progress	172,780	162,261			335,041
Property held for future use	100,000				100,000
Total capital assets not being depreciated	358,982	162,261			521,243
<i>Capital assets, being depreciated:</i>					
Building	6,894,195	28,269			6,922,464
Infrastructure/systems/equipment	33,604,595	1,472,592		(107,228)	34,969,959
Total capital assets, being depreciated	40,498,790	1,500,861		(107,228)	41,892,423
Total capital assets	40,857,772	1,663,122		(107,228)	42,413,666
Less accumulated depreciation:					
Building	(6,388,400)	(272,056)			(6,660,456)
Infrastructure/systems/equipment	(16,359,792)	(727,056)		33,275	(17,053,573)
Total accumulated depreciation	(22,748,192)	(999,112)		33,275	(23,714,029)
Total net of all capital assets	\$ 18,109,580	\$ 664,010	\$	\$ (73,953)	\$ 18,699,637

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

Business-type activities	
Water	\$ 233,833
Wastewater	756,799
Telecommunication	8,480
Total depreciation expense per exhibit A-8	<u>\$ 999,112</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 5

LEASES

Lease Receivable

The City has entered into lease arrangements where the City leases land, buildings, and water tower space for commercial use. In the statement of activities, lease revenue for the year ended December 31, 2024 was as follows:

Lease-related revenue	Year Ending December 31, 2024
Lease revenue:	
Land	\$ 10,186
Building	35,371
Water tower	18,872
Total lease revenue	64,429
Interest revenue	4,430
Total	<u>\$ 68,859</u>

Aggregate cash flows for the revenue that will be generated by the leases receivable and interest at December 31, 2024 are as follows:

Governmental Activities				
Years Ended December 31,	Principal	Interest	Total	
2025	\$ 48,475	\$ 2,261	\$ 50,736	
2026	21,630	1,087	22,717	
2027	13,469	636	14,105	
2028	13,879	226	14,105	
Totals	<u>\$ 97,453</u>	<u>\$ 4,210</u>	<u>\$ 101,663</u>	

Business-type Activities				
Years Ended December 31,	Principal	Interest	Total	
2025	\$ 19,679	\$ 321	\$ 20,000	
Totals	<u>\$ 19,679</u>	<u>\$ 321</u>	<u>\$ 20,000</u>	

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 6

LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the City for the year ended December 31, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 8,110,000	\$	\$ (190,000)	\$ 7,920,000	\$ 200,000
General obligation notes	10,610,000	1,030,000	(1,535,000)	10,105,000	1,650,000
Debt Premium	224,454	125,948	(23,367)	327,035	23,367
Total general obligation debt	<u>18,944,454</u>	<u>1,155,948</u>	<u>(1,748,367)</u>	<u>18,352,035</u>	<u>1,873,367</u>
Other long-term obligations:					
Compensated absences*	<u>579,951</u>	<u>208,224</u>		<u>788,175</u>	<u>276,696</u>
Total governmental activities					
Long-term liabilities	<u>\$ 19,524,405</u>	<u>\$ 1,364,172</u>	<u>\$ (1,748,367)</u>	<u>\$ 19,140,210</u>	<u>\$ 2,150,063</u>

Interest costs incurred during the year totaled \$489,548. Total interest paid during the year aggregated \$613,973.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities</u>					
Mortgage Revenue bonds	\$ 2,535,000	\$ 1,585,000	\$ (760,000)	\$ 3,360,000	\$ 340,000
Debt from direct borrowings and direct placements	2,651,918		(263,555)	2,388,363	283,747
Debt Premium		64,586	(4,306)	60,280	4,306
Other long-term obligations:					
Compensated absences*	<u>101,439</u>	<u>9,181</u>		<u>110,620</u>	<u>38,834</u>
Total business-type activities					
Long-term liabilities	<u>\$ 5,288,357</u>	<u>\$ 1,658,767</u>	<u>\$ (1,027,861)</u>	<u>\$ 5,919,263</u>	<u>\$ 666,887</u>

Interest costs incurred during the year totaled \$184,785. Total interest paid during the year aggregated \$184,309.

* Increases and decreases are presented as a net increase or decrease for the year.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024, is comprised of the following issues:

Description	Issue Dates	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
<u>Notes payable</u>					
G.O. promissory notes	03/05/18	03/01/25	3.00%	\$ 3,960,000	\$ 485,000
G.O. promissory notes	03/26/19	03/01/29	3.00-4.00%	1,555,000	800,000
G.O. promissory notes	11/23/20	03/01/30	2.00-3.00%	5,935,000	3,400,000
G.O. promissory notes	04/11/23	09/01/33	3.00-4.00%	1,300,000	1,125,000
Note anticipation note	04/11/23	03/01/28	3.61%	3,265,000	3,265,000
G.O. promissory notes	04/08/24	09/01/34	4.00-5.00%	1,030,000	1,030,000
					<u>10,105,000</u>
<u>Refunding bonds</u>					
G.O. promissory bonds	04/05/22	03/01/42	2.65-4.0%	8,445,000	7,920,000
					<u>\$ 7,920,000</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, 2024, is comprised of the following:

Description	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/24
<u>Revenue bonds</u>					
Sewerage system revenue bond	01/01/05	05/01/25	2.37%	\$ 437,107	\$ 27,110
Sewerage system revenue bond	07/11/07	05/01/27	2.48%	502,814	97,175
Sewerage system revenue bond	03/05/18	05/01/28	3.00-4.00%	2,740,000	175,000
Sewerage system revenue bond	11/23/20	05/01/30	2.00-3.00%	1,095,000	510,000
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	995,000
Water system revenue bond	06/13/12	05/01/32	1.32%	194,758	84,078
Water system revenue bond	11/23/20	05/01/30	1.1- 2.0%	1,150,000	705,000
Note anticipation note	04/11/23	03/01/28	3.61%	480,000	480,000
Sewerage system revenue bond	04/08/24	11/01/39	4.00-5.00%	1,585,000	1,585,000
Total business-type activities revenue debt					<u>\$ 5,748,363</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024. The debt service fund requirement for the sewer utility is \$199,509 and the Debt Service Fund Account had a balance of \$199,509 at December 31, 2024. The debt service fund requirement for the water utility is \$91,867 and the Debt Service Fund Account had a balance of \$91,867 at December 31, 2024.

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, 2024. The reserve requirement for the sewer utility is \$384,500 and the Bond Reserve Account had a balance of \$509,286 at December 31, 2024. The reserve requirement for the water utility is \$121,500 and the Bond Reserve Account had a balance of \$441,886 at December 31, 2024.

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 met for the year ended December 31, 2024. The net earnings for the sewer utility were \$1,080,604 or 2.09 times the annual principal and interest amount of \$517,527. The net earnings for the water utility were \$49,936 or 3.55 times the annual principal and interest amount of \$300,300.

General Obligation Debt Limit Calculation

The 2024 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$647,283,200. The legal debt limit and margin of indebtedness as of December 31, 2024 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$647,283,200)	\$ 32,364,160
General obligation debt outstanding	(14,760,000)
Margin of indebtedness	<u><u>\$ 17,604,160</u></u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024, are:

Governmental Activities				
Years	Bonds		Notes	
	Principal	Interest	Principal	Interest
2025	\$ 200,000	\$ 235,750	\$ 1,650,000	\$ 339,890
2026	200,000	229,750	855,000	278,869
2027	205,000	223,675	885,000	251,270
2028	285,000	214,900	4,170,000	150,473
2029	255,000	204,100	925,000	64,450
2030-2034	500,000	953,000	1,620,000	106,575
2035-2039	3,710,000	678,275		
2040-2044	2,565,000	115,425		
Totals	\$ 7,920,000	\$ 2,854,875	\$ 10,105,000	\$ 1,191,527

Maturities of the long-term debt to maturity for Enterprise Activities, at December 31, 2024, are:

Enterprise Fund Debt				
Years	Bonds		Debt from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 340,000	\$ 132,431	\$ 283,747	\$ 51,677
2026	360,000	117,797	287,552	45,751
2027	365,000	102,778	293,487	39,532
2028	380,000	87,334	785,436	24,952
2029	210,000	74,800	355,574	10,230
2030-2034	1,055,000	229,875	382,567	3,908
2035-2039	650,000	67,001		
Totals	\$ 3,360,000	\$ 812,016	\$ 2,388,363	\$ 176,050

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024

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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2023	1.6	(21.0)

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 \$360,280 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024, the City reported a liability (asset) of \$405,507 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.02727376%, which was an increase of 0.00049067% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$272,711.

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, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,635,003	\$ (2,165,572)
Net differences between projected and actual earnings on pension plan investments	1,413,129	
Changes in assumptions	176,749	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,169	(24,482)
Employer contributions subsequent to the measurement date	418,948	
Total	<u>\$ 3,645,998</u>	<u>\$ (2,190,054)</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$418,948 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ 209,873
2026	219,482
2027	881,052
2028	(273,411)
Total	<u>\$ 1,036,996</u>

Actuarial assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
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, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 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, 2024

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Allocation Targets and Expected Returns ¹ As of December 31, 2023			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
Variable Fund Asset Class			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount rate. A single discount rate of 6.8% 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 3.77% (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, 2023. 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, 2024

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:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 3,919,429	\$ 405,507	\$ (2,053,331)

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, 2024 are:

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

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2023 are as listed below:

Life Insurance		
Member Contribution Rates*		
For the year ended December 31, 2023		
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 \$1,237 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, 2024, the LRLIF Employer reported a liability (asset) of \$279,301 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.060709%, which was a decrease of 0.007929% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized OPEB expense (revenue) of \$23,579.

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, 2024

NOTE 8

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (24,718)
Net differences between projected and actual earnings on plan investments	3,773	
Changes in actuarial assumptions	87,368	(109,982)
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,546	(34,932)
Employer contributions subsequent to the measurement date	1,265	
Totals	<u>\$ 124,952</u>	<u>\$ (169,632)</u>

\$1,265 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, 2025. 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 December 31:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (682)
2026	2,610
2027	(8,102)
2028	(17,774)
2029	(20,248)
Thereafter	(1,749)
Total	<u>\$ (45,945)</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyer GO 20-Bond Municipal index.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2023			
Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount rate. A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2021 to 3.26% as of December 31, 2023. 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, 2024

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 3.32 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 (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
City's proportionate share of the net OPEB liability (asset)	\$ 375,280	\$ 279,301	\$ 206,038

NOTE 9

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31, 2024 were as follows:

Receivable Fund	Payable Fund	Amount
Government Funds:		
General	TIF #12	\$ 10,215
General	Garbage and Recycling	24,595
General	Transit Fund	170,691
General	Youth Programs	8,438
General	Airport	54,500
General	Capital Improvements	2,612,229
		<u>\$ 2,880,668</u>

The following is a schedule of interfund advances at December 31, 2024:

Receivable Fund	Payable Fund	Amount
Water utility	TIF #8	\$ 2,942,888
Sewer utility	TIF #8	3,660,000
TIF #4	TIF #8	910,613
	Total	<u>\$ 7,513,501</u>

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, 2024

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>
Government Funds:		
General	Water utility-tax equivalent	\$ 171,669
General	Sewer utility-tax equivalent	250,008
Airport	General	60,000
Transit system	General	10,000
Library	General	367,522
Youth Program	General	101,698
Debt service fund	General	1,662,122
TIF #8	TIF #4	96,048
TIF #10	TIF #4	7,382
General	TIF #4	8,250
General	TIF #8	37,009
General	TIF #10	10,500
General	TIF #11	15,000
	Total	<u>\$ 2,797,208</u>

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
	<u>\$ 1,683,609</u>

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, 2024

NOTE 10

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2024 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets

Land	\$ 4,561,127
Other capital assets, net of accumulated depreciation	33,195,264
Less: related long-term debt outstanding	<u>(12,975,000)</u>
Total net investment in capital assets	<u>24,781,391</u>

Restricted:

Debt service	395,347
TIF #4	2,148,784
Inland Lakes	37,469
Revolving loans	423,023
Adult Recreation Center	36,320
Garbage and recycling	5,397
Donation and Grants	148,923
Library	64,246
South Park Trust	2,846
Perpetual care	20,548
TIF #11	<u>31,056</u>
Total restricted	<u>3,313,959</u>

Unrestricted

	<u>(6,016,044)</u>
Total governmental activities net assets	<u>\$ 22,079,306</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2024 includes the following:

Major Funds

General Fund:

Nonspendable:

Long-term receivable	\$ 123,877
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Unassigned:	\$ 2,967,206
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Debt Service Fund:

Restricted:

Restricted for future debt payments	\$ 601,234
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Capital Improvements Fund:

Assigned:

Assigned for future capital projects	\$ 2,883,619
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TIF District #4 Fund:

Nonspendable:

Advance	\$ 909,876
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Restricted:

Restricted for TIF purposes	\$ 2,148,681
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Other Non-major Governmental Funds:

Nonspendable:

Airport fund:

Inventories	\$ 8,755
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City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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

Restricted:

Inland Lakes fund:		
Restricted for future expenditures	\$	37,469
Revolving loan fund:		
Restricted for economic development		165,623
Adult Recreation Center:		
Restricted for future expenditures		36,320
Garbage and recycling:		
Restricted for future expenditures		5,397
Donations and Grants fund:		
Restricted for future expenditures		148,923
Library fund:		
Restricted for future expenditures		64,246
South Park trust:		
Restricted for future expenditures		2,846
Perpetual care fund:		
Restricted for future cemetery expenditures		20,548
TIF District #11:		
Restricted for TIF purposes		31,056
Total restricted non-major funds	\$	<u>512,428</u>

The following funds had deficit balances as of December 31, 2024:

Unassigned fund balance (deficit)

TIF Districts Fund:	
TIF #8	\$ (7,513,501)
TIF #12	(10,211)
Total TIF Districts Fund	<u>\$ (7,523,712)</u>
Nonmajor Funds:	
Transit system	\$ (75,500)
Youth program fund	(9,443)
Total nonmajor funds	<u>\$ (84,943)</u>

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 11

NET POSITION RESTRICTION – PROPRIETARY FUNDS

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

<u>Proprietary Funds</u>	
Water Utility:	
Restricted for:	
Debt reserves	\$ 522,799
Total	<u>\$ 522,799</u>
Sewer Utility:	
Restricted for:	
Equipment	\$ 438,000
Maintenance	256,500
Debt reserves	684,494
Total	<u>\$ 1,378,994</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 – 29.999%; Town of Waupaca – 7.069%; Town of Dayton – 22.532%; Town of Farmington – 30.440%; Town of Lind – 6.132%; Town of Belmont – 0.508%; and Town of Lanark – 3.320%.

The percentage shares of each municipality are based on their 2024 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, 2024

NOTE 12

JOINT VENTURES (CONTINUED)

The percentage shares of each municipality are based on the 2023 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/Compositing 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, Hortonia, Caldenoia, Maple Creek, Lebanon, Liberty, Ellington, and Dale.

The municipalities share in the annual subsidy based on population. City of Waupaca share was \$84,183 or 16.2% of the total 2024 subsidy \$519,121.

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. \$732,101, including current year costs of \$4,289 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 primary 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, 2024 are provided as supplemental financial information.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 15 WASTEWATER REVENUE CONTRIBUTIONS - OTHER GOVERNMENTS

The Wastewater Utility provides treatment services to the Chain O'Lakes Sanitary District. During 2024, the following amounts were received:

Contributed capital:	
Replacement component	\$ 28,215
Customer charges:	
Flow component (net of overcharge)	153,898
Total	<u>\$ 182,113</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, 2024 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 5,548,263
Special assessments	48,054
Long-term notes receivable – CDBG	257,400
Leases	92,322
Long-term notes receivable – Townhouse Land	123,877
Total deferred inflows of resources for government funds	<u>\$ 6,069,916</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, 2024 was \$76,123.

NOTE 18 CONCENTRATION OF RISK

Approximately 24% of the water utility operating revenues and approximately 16% of the sewer utility operating revenues are provided by two customers.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

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, 2024, the City abated property taxes totaling \$2,128 related to TID developer agreements.

NOTE 21

COMMITMENTS/SUBSEQUENT EVENTS

Prior to December 31, 2024, the City approved the purchase of a plow truck for \$310,830.

Subsequent to December 31, 2024, the City approved the following purchases or projects:

- A lift station design project for \$258,300.
- A street construction project for \$1,073,344.
- A recreation center expansion project for about \$3,965,000.
- A pedestrian bridge design project for \$477,800.

City of Waupaca, Wisconsin
Notes to Basic Financial Statements
December 31, 2024

NOTE 21

COMMITMENTS/SUBSEQUENT EVENTS (CONTINUED)

Subsequent to December 31, 2024, the City authorized issuance of \$3,995,000 sewage system revenue bonds and \$3,965,000 of general obligation promissory notes. Repayment schedules are as follows:

Years	Governmental Activities		
	General Obligation Notes		
	Principal	Interest	Total
2025	\$	\$	\$
2026	200,000	247,827	447,827
2027	300,000	163,450	463,450
2028	175,000	151,575	326,575
2029	175,000	142,825	317,825
2030-2034	1,960,000	489,875	2,449,875
2035-2039	580,000	146,000	726,000
2040-2044	475,000	69,500	544,500
2045	100,000	2,000	102,000
Totals	\$3,965,000	\$ 1,413,052	\$ 5,378,052

Years	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2025	\$	\$	\$
2026	175,000	167,975	342,975
2027	200,000	158,600	358,600
2028	200,000	148,600	348,600
2029	200,000	138,600	338,600
2030-2034	1,230,000	521,850	1,751,850
2035-2039	1,525,000	226,300	1,751,300
2040	345,000	6,900	351,900
Totals	\$3,875,000	\$ 1,466,011	\$ 5,341,011

NOTE 22

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025. 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, 2024

	Budgeted Amounts			Variances-	
				Positive (Negative)	
	Original	Final	Actual	Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 4,243,071	\$ 4,243,071	\$ 4,249,269	\$ 6,198	\$ 6,198
Licenses and permits	302,133	302,133	546,364	244,231	244,231
Fines, forfeits and penalties	55,600	55,600	72,148	16,548	16,548
Public charges for services	132,600	132,600	231,648	99,048	99,048
Intergovernmental	1,960,468	1,960,468	2,073,463	112,995	112,995
Interest	75,000	75,000	450,493	375,493	375,493
Miscellaneous	355,728	355,728	494,744	139,016	139,016
Total revenues	7,124,600	7,124,600	8,118,129	993,529	993,529
EXPENDITURES					
General government	1,581,974	1,581,974	1,255,017	326,957	326,957
Public safety	2,295,830	2,295,830	2,449,933	(154,103)	(154,103)
Health and social services	197,945	197,945	206,163	(8,218)	(8,218)
Public works	1,312,827	1,312,827	1,170,255	142,572	142,572
Culture, recreation and education	559,391	559,391	605,890	(46,499)	(46,499)
Total expenditures	5,947,967	5,947,967	5,687,258	260,709	260,709
Excess (deficiency) of revenues over expenditures	1,176,633	1,176,633	2,430,871	1,254,238	1,254,238
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets			2	2	2
Transfers in	595,500	595,500	492,436	(103,064)	(103,064)
Transfers out	(2,201,342)	(2,201,342)	(2,201,342)		
Total other financing sources (uses)	(1,605,842)	(1,605,842)	(1,708,904)	(103,062)	(103,062)
Net change in fund balance	(429,209)	(429,209)	721,967	1,151,176	1,151,176
Fund balance - beginning of year	2,369,117	2,369,117	2,369,117		
Fund balance - end of year	\$ 1,939,908	\$ 1,939,908	\$ 3,091,084	\$ 1,151,176	\$ 1,151,176

Exhibit B-2
City of Waupaca, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2024

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.02727376%	\$ 405,507	\$ 4,092,373	9.91%	98.85%
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 December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 418,948	\$ (418,948)		\$ 4,306,909	9.73%
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, 2024

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

Last 10 Calendar Years*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Collective net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2023	0.06070900%	\$ 279,301	\$ 3,677,000	7.60%	33.90%
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 December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 1,265	\$ (1,265)		\$ 4,203,139	0.03%
2023	1,350	(1,350)		3,677,000	0.04%
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, 2024

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, 2024, expenditures exceeded budgeted amounts for the following:

Public safety	\$ 154,103
Health and social services	8,218
Culture, recreation and education	46,499

City of Waupaca, Wisconsin
Notes to Required Supplementary Information
December 31, 2024

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, 2024

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:					
	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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 Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	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)	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:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	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*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020	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.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	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%).
*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, 2024

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:					
	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
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 Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	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)	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 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.
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 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
*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, 2024

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, 2024

	Inland Lakes	Transit System	Revolving Loans	Adult Recreation Center	Garbage and Recycling	Airport	Donations and Grants	Library	Youth Programs	South Park Trust	TIF Districts	Local Fiscal Recovery Fund	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
ASSETS														
Cash and investments	\$ 37,469	\$	\$ 165,623	\$ 36,345	\$ 851	\$ 12,670	\$ 149,889	\$ 73,366	\$ 1,682	\$ 2,846	\$ 31,060	\$	\$ 20,548	\$ 532,349
Receivables:														
Taxes	10,000										137,096			147,096
Notes			257,400											257,400
Due from other governments		132,355					122,000							254,355
Leases						10,622								10,622
Other					29,702	6,508		17,812						54,022
Inventory						48,394								48,394
Total assets	\$ 47,469	\$ 132,355	\$ 423,023	\$ 36,345	\$ 30,553	\$ 78,194	\$ 271,889	\$ 91,178	\$ 1,682	\$ 2,846	\$ 168,156	\$	\$ 20,548	\$ 1,304,238
LIABILITIES														
Accounts payable	\$	\$ 37,164	\$	\$ 25	\$	\$ 4,753	\$ 122,966	\$ 10,531	\$ 1,359	\$	\$	\$	\$	\$ 176,798
Accrued liabilities					561			16,401	1,328					18,290
Due to other funds		170,691			24,595	54,500			8,438		10,215			268,439
Total liabilities		207,855		25	25,156	59,253	122,966	26,932	11,125		10,215			463,527
DEFERRED INFLOWS OF RESOURCES														
Deferred revenue	10,000		257,400								137,096			404,496
Deferred lease inflows						10,186								10,186
Total deferred inflows of resources	10,000		257,400			10,186					137,096			414,682
Total liabilities and deferred inflows of resources	10,000	207,855	257,400	25	25,156	69,439	122,966	26,932	11,125		147,311			878,209
FUND BALANCES														
Nonspendable						8,755								8,755
Restricted	37,469		165,623	36,320	5,397		148,923	64,246		2,846	31,056		20,548	512,428
Unassigned (deficit)		(75,500)							(9,443)		(10,211)			(95,154)
Total fund balances	37,469	(75,500)	165,623	36,320	5,397	8,755	148,923	64,246	(9,443)	2,846	20,845		20,548	426,029
Total liabilities, deferred inflows of resources and fund balances	\$ 47,469	\$ 132,355	\$ 423,023	\$ 36,345	\$ 30,553	\$ 78,194	\$ 271,889	\$ 91,178	\$ 1,682	\$ 2,846	\$ 168,156	\$	\$ 20,548	\$ 1,304,238

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, 2024

	Inland Lakes	Transit System	Revolving Loans	Adult Recreation Center	Garbage and Recycling	Airport	Donations and Grants	Library	Youth Programs	South Park Trust	TIF Districts	Local Fiscal Recovery Fund	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
REVENUES														
Taxes	\$ 10,000	\$	\$	\$	\$	\$ 35,757	\$	\$	\$	\$	\$ 125,070	\$	\$	\$ 170,827
Fines, forfeits and penalties					175									175
Intergovernmental		375,022					220,264	408,915	123,786		1,304	87,888		1,217,179
Public charges for services		189,213		31,064	326,305	285,858		14,686	112,748				9,575	969,449
Miscellaneous:														
Interest			7,821			791							320	8,932
Other		3,543	7,500			54,055	46,739	47,551	494	2,846	4,142		3,902	170,772
Total revenues	10,000	567,778	15,321	31,064	326,480	376,461	267,003	471,152	237,028	2,846	130,516	87,888	13,797	2,537,334
EXPENDITURES														
Public safety							14,433							14,433
Health and social services							39,563							39,563
Public works		694,424			325,509	434,815	338							1,455,086
Culture, recreation and education				28,964			20,187	832,213	347,540					1,228,904
Conservation and development	8,475		8,869				122,000					87,888		227,232
Capital outlay:														
Conservation and development											74,247			74,247
Total expenditures	8,475	694,424	8,869	28,964	325,509	434,815	196,521	832,213	347,540		74,247	87,888		3,039,465
Excess (deficiency) of revenues over expenditures	1,525	(126,646)	6,452	2,100	971	(58,354)	70,482	(361,061)	(110,512)	2,846	56,269		13,797	(502,131)
OTHER FINANCING SOURCES (USES)														
Transfers in		10,000				60,000		367,522	101,698		7,382			546,602
Transfers out											(25,500)			(25,500)
Proceeds from sale of capital assets								50						50
Total other financing sources (uses)		10,000				60,000		367,572	101,698		(18,118)			521,152
Net change in fund balances	1,525	(116,646)	6,452	2,100	971	1,646	70,482	6,511	(8,814)	2,846	38,151		13,797	19,021
Fund balances - beginning of year	35,944	41,146	159,171	34,220	4,426	7,109	78,441	57,735	(629)		(17,306)		6,751	407,008
Fund balances - end of year	\$ 37,469	\$ (75,500)	\$ 165,623	\$ 36,320	\$ 5,397	\$ 8,755	\$ 148,923	\$ 64,246	\$ (9,443)	\$ 2,846	\$ 20,845	\$	\$ 20,548	\$ 426,029

Exhibit C-3
City of Waupaca, Wisconsin
Combining Balance Sheet
TIF Districts
December 31, 2024

	TIF #10	TIF #11	TIF #12	Total
ASSETS				
Cash and investments	\$	\$ 31,056	\$ 4	\$ 31,060
Receivables:				
Taxes	77,126	59,348	622	137,096
Total assets	\$ 77,126	\$ 90,404	\$ 626	\$ 168,156
LIABILITIES				
Due to other funds	\$	\$	\$ 10,215	\$ 10,215
Total liabilities			10,215	10,215
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	77,126	59,348	622	137,096
Total liabilities and deferred inflows of resources	77,126	59,348	10,837	147,311
FUND BALANCES				
Restricted		31,056		31,056
Unassigned (deficit)			(10,211)	(10,211)
Total fund balances		31,056	(10,211)	20,845
Total liabilities, deferred inflows of resources and fund balances	\$ 77,126	\$ 90,404	\$ 626	\$ 168,156

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, 2024

	TIF #10	TIF #11	TIF #12	Total
REVENUES				
Taxes	\$ 62,165	\$ 60,890	\$ 2,015	\$ 125,070
Intergovernmental	1,304			1,304
Miscellaneous:				
Other		4,142		4,142
Total revenues	63,469	65,032	2,015	130,516
EXPENDITURES				
Capital outlay:				
Conservation and development	60,351	11,420	2,476	74,247
OTHER FINANCING SOURCES (USES)				
Transfers in	7,382			7,382
Transfers out	(10,500)	(15,000)		(25,500)
Total other financing sources (uses)	(3,118)	(15,000)		(18,118)
Net change in fund balance		38,612	(461)	38,151
Fund balances - beginning of year		(7,556)	(9,750)	(17,306)
Fund balances - end of year	\$	\$ 31,056	\$ (10,211)	\$ 20,845

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, 2024

	TIF #4	TIF #8	TIF #10	TIF #11	TIF #12	Totals
SOURCES OF FUNDS						
Taxes	\$ 13,338,833	\$ 2,568,725	\$ 1,348,309	\$ 60,890	\$ 2,015	\$ 17,318,772
Intergovernmental	1,039,573	557,701	8,009	4,142		1,609,425
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		4,456,062	1,094,349			5,550,411
Total sources	23,120,174	32,016,324	4,918,822	72,309	2,015	60,129,644
USES OF FUNDS						
Capital expenditures	9,263,398	27,882,795	2,129,071	26,253	12,226	39,313,743
Debt service:						
Principal retirement	5,713,854	6,724,870	1,015,130			13,453,854
Interest and fiscal charges	2,264,048	2,447,838	305,234			5,017,120
Transfers	2,819,478	2,474,322	1,469,387	15,000		6,778,187
Total uses	20,060,778	39,529,825	4,918,822	41,253	12,226	64,562,904
Fund balance at December 31	\$ 3,059,396	\$ (7,513,501)	\$	\$ 31,056	\$ (10,211)	\$ (4,433,260)
Cash	\$ (2,148,784)	\$	\$	\$ (31,056)	\$	\$ (2,179,840)
Debt outstanding		500,000				500,000
Advance due from other funds	(910,612)					(910,612)
Advance Due to other funds		7,013,501			10,211	7,023,712
Balance to be collected (surplus) at December 31	\$ (3,059,396)	\$ 7,513,501	\$	\$ (31,056)	\$ 10,211	\$ 4,433,260