

City of Park Falls

Financial Statements and
Supplementary Information

December 31, 2024

City of Park Falls

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Independent Auditors' Report

To the City Council of
City of Park Falls

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Park Falls, Wisconsin (the 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
June 18, 2025

City of Park FallsStatement of Net Position
December 31, 2024

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
		Activities	
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 1,910,063	\$ 400,914	\$ 2,310,977
Taxes receivable	1,823,513	-	1,823,513
Delinquent special assessments receivable	11,832	-	11,832
Notes receivable, net	937,549	-	937,549
Other receivables, net	45,033	556,025	601,058
Due from other governments	2,418,352	-	2,418,352
Internal balances	(119,917)	119,917	-
Inventories and prepaid items	172,224	69,526	241,750
Restricted assets, cash and investments	-	165,221	165,221
Capital assets:			
Land and right of way	416,175	159,318	575,493
Other capital assets, net of depreciation	16,957,906	16,906,965	33,864,871
Total assets	24,572,730	18,377,886	42,950,616
Deferred Outflows of Resources			
Pension related amounts	1,084,078	221,198	1,305,276
Total deferred outflows of resources	1,084,078	221,198	1,305,276
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,105,350	32,203	1,137,553
Accrued liabilities and deposits	131,819	32,681	164,500
Unearned revenue	366,095	-	366,095
Noncurrent liabilities:			
Due within one year	456,064	637,548	1,093,612
Due in more than one year	8,065,623	5,080,784	13,146,407
Net pension liability	116,813	29,203	146,016
Total liabilities	10,241,764	5,812,419	16,054,183
Deferred Inflows of Resources			
Unearned revenues	1,849,203	-	1,849,203
Pension related amounts	626,458	156,611	783,069
Total deferred inflows of resources	2,475,661	156,611	2,632,272
Net Position			
Net investment in capital assets	9,081,570	11,412,479	20,494,049
Restricted:			
Loan programs, CDBG	290,653	-	290,653
TIF districts	1,908,927	-	1,908,927
Special project, DARE	18,858	-	18,858
Fair housing fund	54,070	-	54,070
Equipment replacement fund	-	152,226	152,226
Unrestricted	1,585,305	1,065,349	2,650,654
Total net position	\$ 12,939,383	\$ 12,630,054	\$ 25,569,437

See notes to financial statements

City of Park Falls

Statement of Activities

Year Ended December 31, 2024

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
						Total
Functions/Programs						
Primary government:						
Governmental activities:						
General government	\$ 1,111,595	\$ 22,262	\$ 17,812	\$ -	\$ (1,071,521)	\$ -
Public safety	1,131,204	21,327	9,325	-	(1,100,552)	-
Public works	1,137,451	30,117	469,812	-	(637,522)	-
Health and human services	34,005	27,593	-	-	(6,412)	-
Leisure activities	6,136,696	50,480	-	6,583,141	496,925	-
Conservation and development	176,586	-	-	3,429,182	3,252,596	-
Interest and fiscal charges	364,415	-	-	-	(364,415)	-
Depreciation, unallocated	608,088	-	-	-	(608,088)	-
Total governmental activities	10,700,040	151,779	496,949	10,012,323	(38,989)	-
Business-type activities:						
Water utility	936,521	1,193,976	-	-	-	257,455
Sewer utility	711,984	724,890	-	-	-	12,906
Refuse utility	227,205	223,906	8,926	-	-	5,627
Economic Redevelopment Authority	10,490	-	-	-	-	(10,490)
Total business-type activities	1,886,200	2,142,772	8,926	-	-	265,498
Total primary government	\$ 12,586,240	\$ 2,294,551	\$ 505,875	\$ 10,012,323	(38,989)	265,498
General Revenues						
Taxes:						
Property taxes, levied for general purposes					1,502,704	-
Property taxes, levied for TIF districts					420,385	-
Other taxes					81,340	-
Intergovernmental revenues not restricted to specific programs					2,058,638	-
Interest and investment income					41,918	43,956
Miscellaneous					66,300	-
Total general revenues					4,171,285	43,956
Transfers					(2,910,237)	2,910,237
Change in net position					1,222,059	3,219,691
Net Position, Beginning					11,717,324	9,410,363
Net Position, Ending					\$ 12,939,383	\$ 12,630,054
						\$ 25,569,437

See notes to financial statements

City of Park Falls

Balance Sheet -
Governmental Funds
December 31, 2024

		Capital Projects				
	General Fund	Capital Projects	TIF #5	YMCA Grant	Nonmajor Governmental Funds	Total
Assets						
Cash and investments	\$ 678,763	\$ 38,932	\$ 624,291	\$ 207,979	\$ 360,098	\$ 1,910,063
Receivables:						
Taxes	1,561,364	-	262,064	-	85	1,823,513
Accounts, net	20,204	-	24,829	-	-	45,033
Notes, net	753,728	-	-	-	183,821	937,549
Delinquent special assessments, net	11,832	-	-	-	-	11,832
Due from other governments	144,000	-	1,490,196	784,156	-	2,418,352
Due from other funds	534,059	-	-	-	-	534,059
Advances to other funds	509,775	-	-	-	-	509,775
Inventories and prepaid items	31,881	140,343	-	-	-	172,224
Total assets	\$ 4,245,606	\$ 179,275	\$ 2,401,380	\$ 992,135	\$ 544,004	\$ 8,362,400
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)						
Liabilities						
Accounts payable	\$ 53,047	\$ 175,569	\$ 73,496	\$ 783,056	\$ 20,182	\$ 1,105,350
Accrued liabilities	74,635	-	-	-	-	74,635
Due to other funds	23,074	-	-	-	100	23,174
Unearned revenue	-	-	-	366,095	-	366,095
Advances from other funds	334,361	-	296,441	-	509,775	1,140,577
Total liabilities	485,117	175,569	369,937	1,149,151	530,057	2,709,831
Deferred Inflows of Resources						
Unearned revenues	1,561,364	-	287,754	-	85	1,849,203
Unavailable revenues	765,560	-	-	784,156	183,821	1,733,537
Total deferred inflows of resources	2,326,924	-	287,754	784,156	183,906	3,582,740
Fund Balances (Deficit)						
Nonspendable	553,488	140,343	-	-	-	693,831
Restricted	-	-	1,743,689	-	344,998	2,088,687
Assigned	2,792	-	-	-	-	2,792
Unassigned (deficit)	877,285	(136,637)	-	(941,172)	(514,957)	(715,481)
Total fund balances (deficit)	1,433,565	3,706	1,743,689	(941,172)	(169,959)	2,069,829
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 4,245,606	\$ 179,275	\$ 2,401,380	\$ 992,135	\$ 544,004	\$ 8,362,400

See notes to financial statements

City of Park Falls

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total Fund Balance, Governmental Funds	\$ 2,069,829
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:

Capital assets	\$ 29,140,260	
Accumulated depreciation	<u>(11,766,179)</u>	17,374,081

Special assessments, certain grant receivables, loan receivables and various other receivables are reported as unavailable revenues in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note 3 for details.

1,733,537

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

1,084,078

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

(626,458)

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences:

Premium on debt	(267,511)
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Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.

Long-term liabilities at year end consist of:

General obligation debt	(8,102,576)	
Accrued interest on general obligation debt	(57,184)	
Net pension liability	(116,813)	
Compensated absences	<u>(151,600)</u>	<u>(8,428,173)</u>

Total Net Position, Governmental Activities	\$ 12,939,383
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City of Park Falls

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2024

	Capital Projects Funds				Nonmajor Governmental Funds	Total
	General Fund	Capital Projects	TIF #5	YMCA Grant		
Revenues						
Taxes	\$ 1,583,569	\$ -	\$ 277,159	\$ -	\$ 143,226	\$ 2,003,954
Special assessments	20,292	-	-	-	-	20,292
Intergovernmental	1,772,669	1,355,753	4,040,730	4,443,232	69	11,612,453
Licenses and permits	18,760	-	-	-	-	18,760
Fines, forfeitures and penalties	19,038	-	-	-	-	19,038
Public charges for services	93,691	-	-	-	-	93,691
Intergovernmental charges for services	214,978	-	-	-	-	214,978
Investment income	41,799	-	-	-	119	41,918
Miscellaneous	49,883	13,725	25,130	-	-	88,738
Total revenues	3,814,679	1,369,478	4,343,019	4,443,232	143,414	14,113,822
Expenditures						
Current:						
General government	605,203	-	-	-	-	605,203
Public safety	1,141,666	-	-	-	373	1,142,039
Public works	771,864	-	-	-	-	771,864
Health and human services	34,444	-	-	-	-	34,444
Leisure activities	689,287	28,418	-	5,415,599	-	6,133,304
Conservation and development	76,541	-	64,175	-	55,987	196,703
Capital outlay	51,322	3,149,341	3,432,402	-	500,000	7,133,065
Debt service:						
Principal retirement	-	-	4,100,000	-	400,000	4,500,000
Interest and fiscal charges	6,364	48,844	144,156	-	170,968	370,332
Total expenditures	3,376,691	3,226,603	7,740,733	5,415,599	1,127,328	20,886,954
Excess (deficiency) of revenues over expenditures	437,988	(1,857,125)	(3,397,714)	(972,367)	(983,914)	(6,773,132)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	-	-	5,175,000	5,175,000
Premium on long-term debt	-	-	-	-	198,637	198,637
Proceeds from sale of capital assets	117,038	-	-	-	-	117,038
Transfers in	116,329	108,128	5,690,156	-	437,487	6,352,100
Transfers out	(545,615)	-	-	-	(5,690,156)	(6,235,771)
Total other financing sources (uses)	(312,248)	108,128	5,690,156	-	120,968	5,607,004
Net change in fund balances	125,740	(1,748,997)	2,292,442	(972,367)	(862,946)	(1,166,128)
Fund Balances (Deficit), Beginning	1,307,825	1,752,703	(548,753)	31,195	692,987	3,235,957
Fund Balances (Deficit), Ending	\$ 1,433,565	\$ 3,706	\$ 1,743,689	\$ (941,172)	\$ (169,959)	\$ 2,069,829

See notes to financial statements

City of Park Falls

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2024

Net Change in Fund Balances, Total Governmental Funds \$ (1,166,128)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The following differ in their presentation in the two statements:

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	7,133,065
Some items reported as capital outlay were not capitalized	(51,323)
Capital assets contributed to the business-type activities	(3,026,566)
Depreciation/amortization is reported in the government-wide statements	(994,423)
Book value of capital assets disposed of in the current year	(575,222)

Grant and accounts receivables are reported as unavailable revenues in the fund financial statements if not collected within 60 days of year end but are recognized as revenue when earned in the government-wide financial statements.	701,473
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Debt issued	(5,175,000)
Principal payments paid	4,500,000

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

Change in compensated absences	15,736
Change in accrued interest payable	(25,437)
Change in net pension liability (and pension related deferred inflows and outflows of resources)	33,250

Governmental funds report repayments of economic development and housing loans and notes receivables as revenue and issuing new loans as expenditures. However, in the Statement of Activities, these amounts are not reported as revenue and expenses; they are reported as changes in the receivables balances.

20,117

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the Statement of Net Position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense.

Premium issued	(198,637)
Change in/Amortization of premium	31,154

Change in Net Position of Governmental Activities \$ 1,222,059

City of Park Falls

Statement of Net Position -
Proprietary Funds
December 31, 2024

	Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Funds	Total
Assets and Deferred Outflows of Resources				
Assets				
Current assets:				
Cash and investments	\$ -	\$ 400,388	\$ 526	\$ 400,914
Restricted assets, construction account	-	12,995	-	12,995
Customer accounts receivable	309,590	188,911	-	498,501
Other accounts receivable	-	-	57,524	57,524
Due from other funds	13,213	7,697	2,164	23,074
Current portion of advances to other funds	-	46,868	-	46,868
Inventories and prepaid items	62,209	7,317	-	69,526
Total current assets	385,012	664,176	60,214	1,109,402
Noncurrent assets:				
Restricted assets:				
Equipment replacement	-	152,226	-	152,226
Capital assets:				
Land	99,318	60,000	-	159,318
Capital assets being depreciated	16,460,069	11,503,312	2,098,996	30,062,377
Accumulated depreciation	(6,505,047)	(4,551,369)	(2,098,996)	(13,155,412)
Other assets:				
Advances to other funds	-	925,816	-	925,816
Total noncurrent assets	10,054,340	8,089,985	-	18,144,325
Total assets	10,439,352	8,754,161	60,214	19,253,727
Deferred Outflows of Resources				
Pension related amounts	110,598	88,484	22,116	221,198
Total deferred outflows of resources	110,598	88,484	22,116	221,198
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	9,342	14,051	8,810	32,203
Accrued interest	11,271	5,321	-	16,592
Accrued expenses	9,818	6,056	215	16,089
Due to other funds	519,411	-	14,548	533,959
Current portion of advances from other funds	17,098	-	-	17,098
Current portion of accrued compensated absences	1,080	981	-	2,061
Current portion of long-term debt	476,876	158,611	-	635,487
Total current liabilities	1,044,896	185,020	23,573	1,253,489
Noncurrent liabilities:				
Long-term debt	2,544,299	2,487,013	-	5,031,312
Advances from other funds	324,784	-	-	324,784
Accrued compensated absences	25,932	23,540	-	49,472
Net pension liability	14,602	11,681	2,920	29,203
Total noncurrent liabilities	2,909,617	2,522,234	2,920	5,434,771
Total liabilities	3,954,513	2,707,254	26,493	6,688,260
Deferred Inflows of Resources				
Pension related amounts	78,305	62,647	15,659	156,611
Total deferred inflow of resources	78,305	62,647	15,659	156,611
Net Position				
Net investment in capital assets	7,033,166	4,379,313	-	11,412,479
Restricted for:				
Equipment replacement	-	152,226	-	152,226
Unrestricted (deficit)	(516,034)	1,541,205	40,178	1,065,349
Total net position	\$ 6,517,132	\$ 6,072,744	\$ 40,178	\$ 12,630,054

See notes to financial statements

City of Park Falls**Statement of Revenues, Expenses and Changes in Net Position -****Proprietary Funds**

Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Funds	Total
Operating Revenues	<u>\$ 1,193,976</u>	<u>\$ 724,890</u>	<u>\$ 232,832</u>	<u>\$ 2,151,698</u>
Operating Expenses				
Operation and maintenance	485,075	454,187	227,205	1,166,467
Depreciation	390,070	239,977	10,490	640,537
Taxes	8,977	-	-	8,977
Total operating expenses	<u>884,122</u>	<u>694,164</u>	<u>237,695</u>	<u>1,815,981</u>
Operating income (loss)	<u>309,854</u>	<u>30,726</u>	<u>(4,863)</u>	<u>335,717</u>
Nonoperating Revenues (Expenses)				
Investment income	33,534	10,422	-	43,956
Interest and fiscal charges	(52,399)	(17,820)	-	(70,219)
Total nonoperating revenue (expenses)	<u>(18,865)</u>	<u>(7,398)</u>	<u>-</u>	<u>(26,263)</u>
Income (loss) before contributions and transfers	<u>290,989</u>	<u>23,328</u>	<u>(4,863)</u>	<u>309,454</u>
Contributions and Transfers				
Capital contributions	1,829,289	1,197,277	-	3,026,566
Transfers out	(116,329)	-	-	(116,329)
Total contributions and transfers	<u>1,712,960</u>	<u>1,197,277</u>	<u>-</u>	<u>2,910,237</u>
Change in net position	<u>2,003,949</u>	<u>1,220,605</u>	<u>(4,863)</u>	<u>3,219,691</u>
Net Position, Beginning	<u>4,513,183</u>	<u>4,852,139</u>	<u>45,041</u>	<u>9,410,363</u>
Net Position, Ending	<u><u>\$ 6,517,132</u></u>	<u><u>\$ 6,072,744</u></u>	<u><u>\$ 40,178</u></u>	<u><u>\$ 12,630,054</u></u>

See notes to financial statements

City of Park Falls

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Funds	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 1,201,120	\$ 700,811	\$ 227,797	\$ 2,129,728
Cash paid to suppliers for goods and services	(298,892)	(384,041)	(207,128)	(890,061)
Cash paid to employees for services	(219,537)	(137,938)	(20,669)	(378,144)
Net cash flows from operating activities	682,691	178,832	-	861,523
Cash Flows From Noncapital Financing Activities				
Transfers to other funds	(116,329)	-	-	(116,329)
Net cash flows from noncapital financing activities	(116,329)	-	-	(116,329)
Cash Flows From Investing Activities				
Investment income	33,534	10,422	-	43,956
Net cash flows from investing activities	33,534	10,422	-	43,956
Cash Flows From Capital and Related Financing Activities				
Debt proceeds	-	296,441	-	296,441
Debt retired	(465,695)	(203,329)	-	(669,024)
Interest paid	(52,399)	(17,820)	-	(70,219)
Advances (to) from other funds	(16,892)	(263,028)	-	(279,920)
Acquisition and construction of capital assets	(64,910)	(47,564)	-	(112,474)
Net cash flows from capital and related financing activities	(599,896)	(235,300)	-	(835,196)
Net increase (decrease) in cash and cash equivalents	-	(46,046)	-	(46,046)
Cash and Cash Equivalents, Beginning	-	611,655	526	612,181
Cash and Cash Equivalents, Ending	<u>\$ -</u>	<u>\$ 565,609</u>	<u>\$ 526</u>	<u>\$ 566,135</u>
Reconciliation of Cash and Cash Equivalents				
Cash and cash equivalents per statement of net position:				
Cash and investments	\$ -	\$ 400,388	\$ 526	\$ 400,914
Restricted cash and investments:				
Bond proceeds account	-	12,995	-	12,995
Replacement account	-	152,226	-	152,226
Cash and cash equivalents per statement of cash flows	<u>\$ -</u>	<u>\$ 565,609</u>	<u>\$ 526</u>	<u>\$ 566,135</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	\$ 309,854	\$ 30,726	\$ (4,863)	\$ 335,717
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Noncash items included in income:				
Depreciation	390,070	239,977	10,490	640,537
Depreciation charged to other accounts	11,033	(11,033)	-	-
Change in assets and liabilities:				
Customer accounts receivable	9,324	(5,349)	-	3,975
Other accounts receivable	-	-	(2,871)	(2,871)
Receivable from Municipality	(13,213)	(7,697)	(2,164)	(23,074)
Inventories and prepaid items	16,743	2,478	-	19,221
Accounts payable	(26,972)	(67,733)	(12,950)	(107,655)
Payable to Municipality	(11,260)	-	13,036	1,776
Other current liabilities	(3,588)	(3,711)	154	(7,145)
Accrued compensated absences	4,855	4,501	-	9,356
Pension related deferrals and asset	(4,155)	(3,327)	(832)	(8,314)
Net cash flows from operating activities	<u>\$ 682,691</u>	<u>\$ 178,832</u>	<u>\$ -</u>	<u>\$ 861,523</u>
Noncash Capital, Investing and Financing Activities				
Capital assets contributed from TIF #5	<u>\$ 1,829,289</u>	<u>\$ 1,197,277</u>	<u>\$ -</u>	

See notes to financial statements

City of Park Falls

Statement of Fiduciary Net Position -
Fiduciary Fund
December 31, 2024

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Assets	
Cash and investments	\$ 680,612
Taxes receivable	<u>1,289,020</u>
Total assets	<u>1,969,632</u>
Liabilities	
Due to other governments	<u>1,969,632</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

City of Park Falls

Statement of Changes in Fiduciary Net Position -
Fiduciary Fund
Year Ended December 31, 2024

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Additions	
Property taxes collected for other governments	<u>\$ 1,254,158</u>
Deductions	
Property taxes distributed to other governments	<u>1,254,158</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Park Falls

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December 31, 2024

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1. Summary of Significant Accounting Policies

The accounting policies of the City of Park Falls, Wisconsin (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Redevelopment Authority of the City of Park Falls (RDA) serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for any user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Authority is reported as an enterprise fund. The Authority does not issue separate financial statements.

Component Unit Not Presented

Park Falls Public Library Memorial Trust

The Park Falls Public Library Memorial Trust is a legally separate organization. The bylaws of the Park Falls Public Library Memorial Trust establish the purpose of the organization. The resources held by the organization are for the benefit of the City's library. The Park Falls Public Library Memorial Trust does not issue separate financial statements. The City has elected to exclude the Park Falls Public Library Memorial Trust from these financial statement as the amounts are not significant to the City as a whole.

Government-Wide and Fund Financial Statements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The impact of implementation was not material.

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 City 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 balance, revenues and expenditures/expenses.

City of Park Falls

Notes to Financial Statements
December 31, 2024

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

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.

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Capital Projects Funds

The Capital Projects Fund is used to account for and report financial resources that are restricted or assigned to expenditures for the acquisition or construction of the City's capital improvement plan projects.

TIF #5, Capital Projects Fund, is used to account for and report financial resources that are committed for expenditures in accordance with the TIF District plan.

YMCA Grant, Capital Projects Fund, is used to account for and report financial resources that are restricted to expenditures for the acquisition and construction of the YMCA project.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Wastewater Utility accounts for operations of the wastewater system.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

DARE
CDBG
Fair Housing

Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.

TIF #3 Development
TIF #6 Development

Enterprise Funds

Enterprise Funds are used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Refuse
Redevelopment Authority, Blended
Component Unit

In addition, the City reports the following fund types:

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

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. 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 wastewater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. 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 unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable revenues.

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.

Proprietary and Fiduciary Funds

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 Park Falls

Notes to Financial Statements

December 31, 2024

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 wastewater utilities, refuse fund and redevelopment authority are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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

Deposits and Investments

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

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

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

The City has adopted an investment policy. That policy contains the following guidelines:

Custodial Credit Risk - The policy states investments shall be collateralized with a written agreement for amounts above and beyond coverage provided by FDIC. Collateral is limited to securities of the U.S. Treasury and its agencies and AAA rated irrevocable letters of credit.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note 3 for further information.

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 county government 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 on the accompanying statement of fiduciary net position.

Property tax calendar - 2024 tax roll:

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
Tax sale, 2024 delinquent real estate taxes	October 2027

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. Therefore, no provision has been made for uncollectible real estate taxes.

The water and wastewater utilities have the right, by law, to place substantially all delinquent bills on the tax roll. Therefore, no provision for has been made for uncollectible utility bills.

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 nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

City of Park Falls

Notes to Financial Statements

December 31, 2024

Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at average cost based on FIFO and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Furniture and equipment	5-10 Years
Vehicles	5-10 Years
Infrastructure	10-50 Years

Fund Financial Statements

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

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts.

Vacation and sick leave pay is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2024, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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 (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances 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. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **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.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3 for further information.

Pension

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 (Revenue).

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

Basis for Existing Rates

Water and Wastewater Utilities

Current water rates were approved by the Public Service Commission order 4550-WQ-104 and were in effect for services rendered on or after September 17, 2023.

Current wastewater rates were approved by the City Council and were in effect for services rendered on or after January 1, 2023.

2. Stewardship, Compliance and Accountability

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2024, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Projects Fund - YMCA Fund	\$ 941,172	Expenditures in excess of grant revenues
Capital Projects Fund - TIF #6 Development	514,957	Expenditures in excess of increment

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with grant revenues.

Budgetary Information

A budget has been adopted for the general fund, capital projects fund, refuse utility, water utility and wastewater utility. A budget has not been formally adopted for the redevelopment authority fund, YMCA grant, TIF #3 Development, TIF #5 and TIF #6 Development capital projects funds, debt service fund and special revenue funds - DARE, CDBG and Fair housing. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Violation of Finance-Related Legal or Contractual Provisions

At December 31, 2024, the City was not in compliance with the provisions of the 2008, 2013, 2016, 2017, 2022, 2023 and 2024 water and wastewater revenue bond covenants that require assets to be accumulated in a restricted account for the payment of future debt service. The covenants require, at a minimum, that an amount equivalent to the next debt service payments be always maintained in a segregated cash account. As of year-end, the City had no restricted cash and investments available related to debt service and had not set up segregated debt service bank accounts.

In addition, as of year-end, the water utility did not have sufficient cash available to pay for operation and maintenance expenses, as required by the revenue bond agreement.

The City was in compliance with the provisions of its water and wastewater revenue bond covenants that require that the net revenues in the water utility equal or exceed 110% of the total principal and interest paid on the revenue bonds during the year. The actual coverage as of December 31, 2024, was approximately 223% and 157%, respectively.

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$ 2,234,374	\$ 2,183,180	Custodial credit risk
Cash on hand and petty cash	75	-	N/A
Certificate of deposit	<u>922,361</u>	<u>922,361</u>	Custodial credit risk
Total cash and investments	<u>\$ 3,156,810</u>	<u>\$ 3,105,541</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 2,310,977		
Restricted cash and investments	165,221		
Per statement of net position, fiduciary funds:			
Tax collection fund	<u>680,612</u>		
Total cash and investments	<u>\$ 3,156,810</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and non-interest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City has a floating collateralization agreement with First National Bank that covers deposits over the FDIC limit with additional collateralization up to \$15,000,000. As of December 31, 2024 the City was fully collateralized in their depositories.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. The City does not have any deposits exposed to custodial credit risk.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year with the exception of the \$753,728 mill loan receivable, \$183,821 CDBG mortgages receivable and \$11,832 of delinquent special assessments held by the City.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied 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 the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 1,823,513	\$ -
Payment in lieu of taxes	25,690	-
Special assessments	-	11,832
Loans receivable	-	937,549
Grants receivable	-	784,156
Grants received in advance of meeting eligibility requirements	<u>366,095</u>	<u>-</u>
 Total unearned/unavailable revenue for governmental funds	 <u>\$ 2,215,298</u>	 <u>\$ 1,733,537</u>
 Unearned revenue included in liabilities	 \$ 366,095	
 Unearned revenue included in deferred inflows	 <u>1,849,203</u>	
 Total unearned revenue for governmental funds	 <u>\$ 2,215,298</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement - Used for significant wastewater treatment mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Following is a list of restricted assets at December 31, 2024:

	<u>Restricted Assets</u>
Restricted cash and investments:	
Construction account	\$ 12,995
Equipment replacement	<u>152,226</u>
Total restricted assets	<u><u>\$ 165,221</u></u>

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land and right of way	\$ 368,175	\$ 49,900	\$ 1,900	\$ 416,175
Construction in progress	<u>2,577,244</u>	<u>-</u>	<u>2,577,244</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,945,419</u>	<u>49,900</u>	<u>2,579,144</u>	<u>416,175</u>
Capital assets being depreciated:				
Buildings and improvements	10,513,469	3,730,534	1,107,033	13,136,970
Infrastructure	7,711,681	2,721,982	974,882	9,458,781
Equipment and vehicles	<u>5,998,330</u>	<u>130,004</u>	<u>-</u>	<u>6,128,334</u>
Total capital assets being depreciated	<u>24,223,480</u>	<u>6,582,520</u>	<u>2,081,915</u>	<u>28,724,085</u>
Total capital assets	<u>27,168,899</u>	<u>6,632,420</u>	<u>4,661,059</u>	<u>29,140,260</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,188,210)	(414,274)	533,711	(6,068,773)
Infrastructure	(1,904,489)	(386,335)	974,882	(1,315,942)
Equipment and vehicles	<u>(4,187,650)</u>	<u>(193,814)</u>	<u>-</u>	<u>(4,381,464)</u>
Total accumulated depreciation	<u>(12,280,349)</u>	<u>(994,423)</u>	<u>1,508,593</u>	<u>(11,766,179)</u>
Net capital assets being depreciated	<u>11,943,131</u>	<u>5,588,097</u>	<u>573,322</u>	<u>16,957,906</u>
Total governmental activities capital assets, net of depreciation	<u><u>\$ 14,888,550</u></u>	<u><u>\$ 5,637,997</u></u>	<u><u>\$ 3,152,466</u></u>	<u><u>\$ 17,374,081</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Unallocated	\$ 608,088
Public works	<u>386,335</u>
Total governmental activities depreciation expense	<u><u>\$ 994,423</u></u>

City of Park Falls

Notes to Financial Statements
December 31, 2024

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water Utility				
Capital assets not being depreciated:				
Land and land rights	\$ 99,318	\$ -	\$ -	\$ 99,318
Total capital assets not being depreciated	99,318	-	-	99,318
Capital assets being depreciated:				
Source of supply	1,629,169	-	-	1,629,169
Pumping plant	1,934,010	-	-	1,934,010
Water treatment plant	2,720,401	-	-	2,720,401
Transmission and distribution plant	7,984,549	1,837,193	105,737	9,716,005
General plant	403,478	57,006	-	460,484
Total capital assets being depreciated	14,671,607	1,894,199	105,737	16,460,069
Total capital assets	14,770,925	1,894,199	105,737	16,559,387
Less accumulated depreciation	(6,209,681)	(401,103)	(105,737)	(6,505,047)
Net capital assets being depreciated	8,461,926	1,493,096	-	9,955,022
Net water capital assets	\$ 8,561,244	\$ 1,493,096	\$ -	\$ 10,054,340
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Wastewater Utility				
Capital assets not being depreciated:				
Land and land rights	\$ 60,000	\$ -	\$ -	\$ 60,000
Total capital assets not being depreciated	60,000	-	-	60,000
Capital assets being depreciated:				
Collection system	6,393,356	1,197,277	69,117	7,521,516
Collection pumping	650,561	9,660	-	660,221
Treatment plant	2,802,365	9,759	-	2,812,124
General plant	481,782	28,145	476	509,451
Total capital assets being depreciated	10,328,064	1,244,841	69,593	11,503,312
Total capital assets	10,388,064	1,244,841	69,593	11,563,312
Less accumulated depreciation	(4,392,018)	(228,944)	(69,593)	(4,551,369)
Net capital assets being depreciated	5,936,046	1,015,897	-	6,951,943
Net wastewater utility capital assets, net of depreciation	\$ 5,996,046	\$ 1,015,897	\$ -	\$ 7,011,943

City of Park Falls

Notes to Financial Statements
December 31, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Redevelopment Authority				
Capital assets not being depreciated:				
Infrastructure	\$ 2,098,996	\$ -	\$ -	\$ 2,098,996
Less accumulated depreciation	<u>(2,088,506)</u>	<u>(10,490)</u>	<u>-</u>	<u>(2,098,996)</u>
Net capital assets being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net redevelopment authority capital assets, net of depreciation	<u>\$ 10,490</u>	<u>\$ (10,490)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities capital assets, net as reported in the statement of net position	<u>\$ 14,567,780</u>	<u>\$ 2,498,503</u>	<u>\$ -</u>	<u>\$ 17,066,283</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water utility	\$ 390,070
Wastewater utility	239,977
Redevelopment utility	<u>10,490</u>
Total	<u>\$ 640,537</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Utility	\$ 519,411
General Fund	Refuse Fund	14,548
General Fund	CDBG Fund	100
Water Utility	General Fund	13,213
Wastewater Utility	General Fund	7,697
Refuse Fund	General Fund	<u>2,164</u>
Total, fund financial statements		557,133
Less advances		(630,802)
Less fund and government-wide eliminations		<u>(46,248)</u>
Total internal balances, government-wide statement of net position		<u>\$ (119,917)</u>

All amounts are due within one year.

The primary purpose of the interfund balances is to cover an overdraft of pooled cash.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Advances

The following is a schedule of interfund advances. A repayment schedule has been established for the advances from the wastewater utility to the water utility, general fund, and TIF #5. No repayment schedule has been established for the general fund advance to TIF #6 development fund and interest is not being charged on the remaining advances.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	TIF #6 Development	\$ 509,775	\$ 509,775
Wastewater Utility	Water Utility	341,882	324,784
Wastewater Utility	General Fund	334,361	317,640
Wastewater Utility	TIF #5	<u>296,441</u>	<u>283,392</u>
Total, fund financial statements		1,482,459	
Less fund eliminations		<u>(851,657)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ 630,802</u>	

The principal purpose of these advances is to finance capital projects in those funds.

The repayment schedules of the interfund advances from the wastewater utility are as follows:

<u>Years</u>	<u>Water Utility</u>		<u>General Fund</u>		<u>TIF #5</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 17,098	\$ 4,070	\$ 16,721	\$ 3,980	\$ 13,049	\$ 3,392
2026	17,307	3,860	16,926	3,775	13,221	3,654
2027	17,518	3,647	17,133	3,567	13,395	3,478
2028	17,732	3,432	17,342	3,357	13,572	3,300
2029	17,948	3,214	17,554	3,144	13,751	3,120
2030-2034	93,083	12,710	91,036	12,430	71,528	12,808
2035-2039	98,906	6,851	96,731	6,700	76,375	7,929
2040-2044	<u>62,290</u>	<u>1,148</u>	<u>60,918</u>	<u>1,123</u>	<u>81,550</u>	<u>2,719</u>
Total	<u>\$ 341,882</u>	<u>\$ 38,932</u>	<u>\$ 334,361</u>	<u>\$ 38,076</u>	<u>\$ 296,441</u>	<u>\$ 40,400</u>

City of Park Falls

Notes to Financial Statements
December 31, 2024

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 116,329	Property tax equivalent
Capital Projects Fund	General Fund	108,128	Capital projects
TIF #5	Debt Service Fund	5,240,156	Debt refunding
TIF #5	TIF #3 Development	450,000	Increment sharing
Debt Service Fund	General Fund	<u>437,487</u>	Debt service
Total, fund financial statements		6,352,100	
Less government-wide eliminations		(6,235,771)	
Less capital assets contributed to business-type activities		<u>(3,026,566)</u>	
Total transfers, government-wide statement of activities		<u><u>\$ (2,910,237)</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Short-Term Debt Activity

The City issued short-term debt in 2024 for cash flow purposes in anticipation of financing. The proceeds were used to provide interim financing for additions, extensions and improvements to the City's Streets, Water System and Sewerage System and paying the related costs. Interest rate on note was 6.50% and the note was paid in full on November 13, 2024.

Short-term debt activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities				
2024 GO bank note	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -
Total governmental activities short-term	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>

City of Park Falls

Notes to Financial Statements
December 31, 2024

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds and notes	\$ 3,250,000	\$ 5,175,000	\$ 400,000	\$ 8,025,000	\$ 450,000
General obligation notes from direct borrowings and direct placements	77,576	-	-	77,576	-
Note anticipation notes	4,100,000	-	4,100,000	-	-
Unamortized bond premium	100,028	198,637	31,154	267,511	-
Total bonds and notes payable	<u>7,527,604</u>	<u>5,373,637</u>	<u>4,531,154</u>	<u>8,370,087</u>	<u>450,000</u>
Other liabilities:					
Compensated absences*	167,336	-	15,736	151,600	6,064
Total other liabilities	<u>167,336</u>	<u>-</u>	<u>15,736</u>	<u>151,600</u>	<u>6,064</u>
Total governmental activities long-term liabilities	<u>\$ 7,694,940</u>	<u>\$ 5,373,637</u>	<u>\$ 4,546,890</u>	<u>\$ 8,521,687</u>	<u>\$ 456,064</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation notes from direct borrowings and direct placements	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -
Revenue bonds from direct borrowing or direct placement	5,979,382	296,441	609,024	5,666,799	635,487
Total bonds and notes payable	<u>6,039,382</u>	<u>296,441</u>	<u>669,024</u>	<u>5,666,799</u>	<u>635,487</u>
Other liabilities:					
Compensated absences*	42,177	9,356	-	51,533	2,061
Total other liabilities	<u>42,177</u>	<u>9,356</u>	<u>-</u>	<u>51,533</u>	<u>2,061</u>
Total business-type activities long-term liabilities	<u>\$ 6,081,559</u>	<u>\$ 305,797</u>	<u>\$ 669,024</u>	<u>\$ 5,718,332</u>	<u>\$ 637,548</u>

* The change in the compensated absences liability is presented as a net change.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2024, was \$8,682,465. Total general obligation debt outstanding at year end was \$8,102,576.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

City of Park Falls

Notes to Financial Statements
December 31, 2024

General obligation debt payable for the City at December 31, 2024, consists of the following:

Governmental Activities					Balance
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2024
2021A Note payable	2021	2028	2.00%	\$ 2,300,000	\$ 1,600,000
2021 Bank note payable**	2021	2026	2.45	1,269,000	77,576
2023 Note payable	2023	2033	2.56	1,250,000	1,250,000
2024 Note payable	2024	2044	4.00-5.00	5,175,000	5,175,000
Total governmental activities, general obligation debt					<u>\$ 8,102,576</u>

** Debt is considered direct borrowings or direct placements.

Debt service requirements to maturity are as follows:

Years	Governmental Activities			
	General Obligation Notes		General Obligation Debt From Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 450,000	\$ 273,430	\$ -	\$ 1,901
2026	450,000	308,950	77,576	1,901
2027	450,000	298,450	-	-
2028	605,000	284,075	-	-
2029	445,000	259,825	-	-
2030-2034	2,225,000	954,775	-	-
2035-2039	1,505,000	543,925	-	-
2040-2044	1,895,000	195,700	-	-
Total	<u>\$ 8,025,000</u>	<u>\$ 3,119,130</u>	<u>\$ 77,576</u>	<u>\$ 3,802</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water utility and wastewater utility.

The water utility has pledged future water utility revenues, net of specified operating expenses, to repay water revenue bonds issued in 2008, 2013, 2015, 2016, 2017 and 2023. Proceeds from the bonds provided financing for the water utility. The bonds are payable solely from water utility revenues and are payable through 2043. Annual principal and interest payments on the bonds are expected to require 24.17% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,214,769. Principal and interest paid for the current year and total customer net revenues were \$529,724 and \$699,924, respectively.

The wastewater utility has pledged future wastewater utility revenues, net of specified operating expenses, to repay wastewater revenue bonds issued in 2013, 2016, 2017, 2022 and 2024. Proceeds from the bonds provided financing for the wastewater utility. The bonds are payable solely from wastewater utility revenues and are payable through 2044. Annual principal and interest payments on the wastewater bonds are expected to require 54.42% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,946,361. Principal and interest paid for the current year and total customer net revenues were \$178,944 and \$270,703, respectively.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Revenue debt payable at December 31, 2024, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2024</u>
Water Utility					
Safe Drinking Water Loan**	2008	2027	2.365%	\$ 639,638	\$ 114,588
Safe Drinking Water Loan**	2008	2028	1.419	2,564,141	579,778
Safe Drinking Water Loan**	2013	2033	1.155	858,691	412,679
Water Systems Refunding Bond**	2015	2029	3.750	2,120,500	819,500
Safe Drinking Water Loan**	2016	2036	0.990	953,244	584,317
Safe Drinking Water Loan**	2017	2039	1.122	711,250	395,447
Safe Drinking Water Loan**	2023	2043	1.287	120,173	114,866
Wastewater Utility					
Sewerage Revenue Bond**	2013	2033	2.625%	452,721	171,659
Sewerage Revenue Bond**	2016	2036	2.100	734,562	458,752
Sewerage Revenue Bond**	2017	2037	1.056	620,367	380,686
Sewerage Revenue Bond**	2022	2042	1.221	1,469,513	1,338,086 (1)
Sewerage Revenue Bond**	2024	2044	1.320	296,441	<u>296,441</u>
Total business-type activities, revenue debt					<u><u>\$ 5,666,799</u></u>

** The debt noted is directly placed with a third party.

(1) - During 2022 the utility was authorized to issue \$1,506,000 of Sewerage System Revenue Bonds. The original amount reported above has been issued as of December 31, 2024. The repayment schedule is for the amount issued.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt From Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 635,487	\$ 89,943
2026	649,176	76,872
2027	662,973	62,992
2028	636,861	49,209
2029	379,306	38,894
2030-2034	1,480,481	125,148
2035-2039	870,617	43,375
2040-2044	<u>351,898</u>	<u>7,898</u>
Total	<u><u>\$ 5,666,799</u></u>	<u><u>\$ 494,331</u></u>

City of Park Falls

Notes to Financial Statements
December 31, 2024

Other Debt Information

The City's outstanding 2021 General Obligation notes from direct borrowings and/or direct placements related to governmental activities and business-type activities with balances totaling \$77,576, contain provisions that in the event of default, the outstanding balance shall become immediately due and payable.

The City's 2008, 2013, 2015, 2017 and 2023 Safe Drinking Water Loans and 2013, 2016, 2017, 2022 and 2024 Clean Water Fund Loans from direct borrowings and/or direct placements related to business-type activities with balances totaling \$5,666,799, contain provisions that amounts due may be deducted from any state payments due to the City, that the Wisconsin Department of Administration may add a special charge to the amount of taxes apportioned to and levied upon the county in which the City is located, that the state has the right to bill the users of the City's utility system directly and that the state has the right to declare the entire principal balance immediately due and payable.

Current Refunding

On November 13, 2024, the City issued \$5,175,000 in general obligation bonds with an average coupon rate of 4.50% to refund \$5,200,000 of outstanding notes with an average coupon rate of 3.80%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$5,344,733 from 2024 through 2025. The cash flow requirements on the 2024 refunding bonds are \$7,832,230 from 2025 through 2044. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,820,000.

Net Position/Fund Balances

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	\$ 416,175
Other capital assets, net of accumulated depreciation	16,957,906
Less related long-term debt outstanding	(8,025,000)
Less unamortized premium on capital related debt	<u>(267,511)</u>
Total net net investment in capital assets	<u>\$ 9,081,570</u>

City of Park Falls

Notes to Financial Statements
December 31, 2024

Governmental Funds

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

	General Fund	Capital Projects Funds			Nonmajor Funds	Total
		Capital Projects	TIF #5	YMCA Grant		
Fund Balances						
Nonspendable:						
Delinquent taxes	\$ 11,832	\$ -	\$ -	\$ -	\$ -	\$ 11,832
Prepaid items and inventory	31,881	140,343	-	-	-	172,224
Noncurrent advances	509,775	-	-	-	-	509,775
Subtotal	553,488	140,343	-	-	-	693,831
Restricted for:						
Loan programs, CDBG	-	-	-	-	106,832	106,832
TIF districts	-	-	1,743,689	-	165,238	1,908,927
Special project, DARE	-	-	-	-	18,858	18,858
Fair housing fund	-	-	-	-	54,070	54,070
Subtotal	-	-	1,743,689	-	344,998	2,088,687
Assigned to:						
2025 budget	2,792	-	-	-	-	2,792
Subtotal	2,792	-	-	-	-	2,792
Unassigned (Deficit)	877,285	(136,637)	-	(941,172)	(514,957)	(715,481)
Total fund balances (deficit)	\$ 1,433,565	\$ 3,706	\$ 1,743,689	\$ (941,172)	\$ (169,959)	\$ 2,069,829

Business-Type Activities

Net investment in capital assets:

Land	\$ 159,318
Other capital assets, net of accumulated depreciation	16,906,965
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)	(5,666,799)
Plus unspent capital related debt proceeds	12,995

Total net investment in capital assets \$ 11,412,479

4. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <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 occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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.

Postretirement Adjustments

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

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, 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 \$133,104 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2024 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.80 %	6.80 %
Protective with Social Security	6.80	13.20
Protective without Social Security	6.80	18.10

City of Park Falls

Notes to Financial Statements

December 31, 2024

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

At December 31, 2024, the City reported a liability of \$146,016 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability 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 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 0.00982080%, which was an increase of 0.00029429% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$91,639.

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 projected and actual experience	\$ 588,736	\$ 779,784
Changes in actuarial assumptions	63,644	-
Net differences between projected and actual earnings on pension plan investments	508,843	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,316	3,285
Employer contributions subsequent to the measurement date	<u>141,737</u>	<u>-</u>
Total	<u>\$ 1,305,276</u>	<u>\$ 783,069</u>

\$141,737 reported as deferred outflows of resources 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:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2025	\$ 77,815
2026	82,162
2027	318,843
2028	(98,350)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 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
Postretirement Adjustments*:	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

City of Park Falls

Notes to Financial Statements

December 31, 2024

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:

Asset Allocation Targets and Expected Returns* 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 %**
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***	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

** New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%

*** 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%.

City of Park Falls

Notes to Financial Statements
December 31, 2024

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,411,317	\$ 146,016	\$ (739,368)

Pension Plan Fiduciary Net Position

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

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney 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 the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Park Falls

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues				
Taxes:				
General property tax for local purposes	\$ 1,498,500	\$ 1,498,500	\$ 1,502,704	\$ 4,204
Forest land tax	183	183	-	(183)
Mobile home taxes	15,000	15,000	19,573	4,573
Room tax	40,000	40,000	50,845	10,845
Taxes from other tax exempt entities	21,000	21,000	9,822	(11,178)
Interest on taxes	50	50	625	575
Total taxes	1,574,733	1,574,733	1,583,569	8,836
Special assessments:				
Special assessments	-	-	20,292	20,292
Total	-	-	20,292	20,292
Intergovernmental:				
Federal grants	-	-	144,000	144,000
Shared taxes from state	1,261,451	1,261,451	1,265,102	3,651
State aid, LRIP	-	-	200	200
State aid, local streets	273,910	273,910	325,612	51,702
State aid, other public safety	-	-	1,680	1,680
Other state shared taxes	8,317	8,317	8,317	-
Protection services	2,872	2,872	2,523	(349)
State aid, fire insurance tax	5,000	5,000	7,645	2,645
Other local government grants	-	-	17,116	17,116
In lieu of taxes	440	440	474	34
Forest cropland, managed forest land	4	4	-	(4)
Total intergovernmental	1,551,994	1,551,994	1,772,669	220,675
Licenses and permits:				
Liquor and malt beverage licenses	8,025	8,025	9,360	1,335
Building permits	6,493	6,493	5,267	(1,226)
Other regulatory permits and fees	-	-	4,133	4,133
Total licenses and permits	14,518	14,518	18,760	4,242
Fines, forfeitures and penalties:				
Court penalties and costs	15,000	15,000	19,038	4,038
Total fines, forfeitures and penalties	15,000	15,000	19,038	4,038
Public charges for services:				
General government fees	800	800	3,502	2,702
Police department fees	4,500	4,500	2,290	(2,210)
Other public safety fees	6,000	6,000	-	(6,000)
Park fees	15,000	15,000	17,508	2,508
Airport fees	7,500	7,500	9,826	2,326
Cemetery fees	24,000	24,000	27,593	3,593
Library fees	8,800	8,800	18,598	9,798
Swimming area fees	13,000	13,000	14,374	1,374
Total public charges for services	79,600	79,600	93,691	14,091
Intergovernmental charges for services:				
State, fire services	61,080	61,080	63,378	2,298
State, other services	186,420	186,420	151,600	(34,820)
Total intergovernmental charges for services	247,500	247,500	214,978	(32,522)
Investment income:				
Interest on temporary investments	6,000	6,000	41,799	35,799
Total investment income	6,000	6,000	41,799	35,799
Miscellaneous:				
Rent/lease	6,000	6,000	17,812	11,812
Insurance recoveries	-	-	4,984	4,984
Donations	-	-	7,877	7,877
Other miscellaneous revenue	13,000	13,000	19,210	6,210
Total miscellaneous	19,000	19,000	49,883	30,883
Total revenues	3,508,345	3,508,345	3,814,679	306,334

See notes to required supplementary information

City of Park Falls

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Expenditures				
General government:				
Council	\$ 113,600	\$ 113,600	\$ 83,885	\$ 29,715
Mayor	11,600	11,600	10,657	943
Administrator	144,750	144,750	181,540	(36,790)
Clerk	55,987	72,688	47,603	25,085
Elections	6,600	6,600	7,177	(577)
Financial administration, finance department	95,337	95,337	158,404	(63,067)
Legal	20,700	20,700	47,745	(27,045)
Municipal buildings	19,800	14,800	50,280	(35,480)
Property and liability insurance	100,000	100,000	17,912	82,088
Total general government	568,374	580,075	605,203	(25,128)
Public safety:				
Police	888,637	888,637	913,806	(25,169)
Ambulance and fire	184,001	184,001	215,860	(31,859)
Other public safety	12,000	12,000	12,000	-
Total public safety	1,084,638	1,084,638	1,141,666	(57,028)
Public works:				
Road maintenance	381,900	381,900	337,108	44,792
Street lighting	48,000	48,000	46,320	1,680
Sidewalks	11,800	11,800	5,824	5,976
Storm sewers	7,700	7,700	8,878	(1,178)
Engineering	-	-	144,336	(144,336)
Machinery operation and maintenance	165,000	165,000	161,043	3,957
Buildings and grounds operations	20,300	20,300	17,896	2,404
Airport	38,100	38,100	38,872	(772)
Other transportation facilities	5,000	10,000	10,000	-
Garbage, recycling and refuse collection	-	-	1,422	(1,422)
Landfill	-	-	165	(165)
Total public works	677,800	682,800	771,864	(89,064)
Health and human services:				
Cemetery	29,200	29,200	34,444	(5,244)
Total health and human services	29,200	29,200	34,444	(5,244)
Leisure activities:				
Library	422,207	422,207	437,815	(15,608)
Parks	143,250	116,549	106,743	9,806
Leisure services	98,900	108,900	144,729	(35,829)
Total leisure activities	664,357	647,656	689,287	(41,631)
Conservation and development:				
Historic preservation	-	-	85	(85)
Planning	67,928	67,928	63,812	4,116
Community development	25,000	25,000	12,644	12,356
Total conservation and development	92,928	92,928	76,541	16,387
Debt service:				
Interest	-	-	6,364	(6,364)
Total debt service	-	-	6,364	(6,364)
Capital expenditures	5,000	5,000	51,322	(46,322)
Total expenditures	3,122,297	3,122,297	3,376,691	(254,394)
Excess of revenues over expenditures	386,048	386,048	437,988	51,940
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	117,038	117,038
Transfers in	95,000	95,000	116,329	21,329
Transfers out	(480,000)	(480,000)	(545,615)	(65,615)
Total other financing sources (uses)	(385,000)	(385,000)	(312,248)	72,752
Net change in fund balance	\$ 1,048	\$ 1,048	125,740	\$ 124,692
Fund Balance, Beginning			1,307,825	
Fund Balance, Ending			<u>\$ 1,433,565</u>	

See notes to required supplementary information

City of Park Falls

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2024

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability/Asset	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability/Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2023	0.00982080 %	\$ 146,016	\$ 1,490,141	9.80 %	98.85 %
12/31/2022	0.00952651 %	504,686	1,380,007	36.57 %	95.72 %
12/31/2021	0.00947077 %	(763,361)	1,303,460	58.56 %	8.51 %
12/31/2020	0.00961736 %	(600,425)	1,237,238	105.26 %	48.53 %
12/31/2019	0.00968894 %	(312,415)	1,299,301	102.96 %	24.04 %
12/31/2018	0.00974159 %	346,575	1,285,026	496.45 %	26.97 %
12/31/2017	0.00961393 %	(285,448)	1,187,928	102.93 %	24.03 %
12/31/2016	0.00975681 %	80,419	1,265,816	99.12 %	6.35 %
12/31/2015	0.00981109 %	159,428	1,216,412	98.20 %	13.11 %
12/31/2014	0.00993752 %	(181,028)	1,209,958	102.74 %	14.96 %

Schedule of Employer Contributions -

Wisconsin Retirement System

Year Ended December 31, 2024

City's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	\$ 141,737	\$ 141,737	\$ -	\$ 1,524,257	9.30 %
12/31/2023	133,203	133,203	-	1,490,142	8.94 %
12/31/2022	114,262	114,262	-	1,380,007	8.28 %
12/31/2021	103,724	103,724	-	1,237,238	8.38 %
12/31/2020	101,754	101,754	-	1,299,301	7.83 %
12/31/2019	102,829	102,829	-	1,285,026	8.00 %
12/31/2018	94,664	94,664	-	1,187,928	7.97 %
12/31/2017	94,165	94,165	-	1,265,816	7.44 %
12/31/2016	92,858	92,858	-	1,216,412	7.53 %
12/31/2015	95,915	95,915	-	1,209,958	7.93 %

See notes to required supplementary information

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in Note 1.

The budgeted amounts presented include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body.

Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Changes in Benefit Terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience 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 postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Park Falls

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue			Capital Projects		Debt Service	Total Nonmajor Governmental Funds
	DARE	CDBG	Fair Housing	TIF #3 Development	TIF #6 Development		
Assets							
Cash and investments	\$ 18,858	\$ 106,932	\$ 54,070	\$ 180,238	\$ -	\$ -	\$ 360,098
Taxes receivable	-	-	-	-	85	-	85
Notes receivable, net	-	183,821	-	-	-	-	183,821
Total assets	<u>\$ 18,858</u>	<u>\$ 290,753</u>	<u>\$ 54,070</u>	<u>\$ 180,238</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 544,004</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 15,000	\$ 5,182	\$ -	\$ 20,182
Due to other funds	-	100	-	-	-	-	100
Advances from other funds	-	-	-	-	509,775	-	509,775
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>15,000</u>	<u>514,957</u>	<u>-</u>	<u>530,057</u>
Deferred Inflows of Resources							
Unearned revenues	-	-	-	-	85	-	85
Unavailable revenues	-	183,821	-	-	-	-	183,821
Total deferred inflows of resources	<u>-</u>	<u>183,821</u>	<u>-</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>183,906</u>
Fund Balances (Deficits)							
Restricted	18,858	106,832	54,070	165,238	-	-	344,998
Unassigned (deficit)	-	-	-	-	(514,957)	-	(514,957)
Total fund balances (deficits)	<u>18,858</u>	<u>106,832</u>	<u>54,070</u>	<u>165,238</u>	<u>(514,957)</u>	<u>-</u>	<u>(169,959)</u>
Total deferred inflows of resources and fund balances (deficits)	<u>\$ 18,858</u>	<u>\$ 290,753</u>	<u>\$ 54,070</u>	<u>\$ 180,238</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 544,004</u>

City of Park Falls

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Special Revenue			Capital Projects		Debt Service	Total Nonmajor Governmental Funds
	DARE	CDBG	Fair Housing	TIF #3 Development	TIF #6 Development		
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 143,226	\$ -	\$ -	\$ 143,226
Intergovernmental	-	-	-	69	-	-	69
Investment income	57	62	-	-	-	-	119
Total revenues	57	62	-	143,295	-	-	143,414
Expenditures							
Current:							
Public safety	373	-	-	-	-	-	373
Conservation and development	-	26,030	-	15,000	14,957	-	55,987
Capital outlay	-	-	-	-	500,000	-	500,000
Debt service:							
Principal retirement	-	-	-	-	-	400,000	400,000
Interest and fiscal charges	-	-	-	-	-	170,968	170,968
Total expenditures	373	26,030	-	15,000	514,957	570,968	1,127,328
Excess (deficiency) of revenues over expenditures	(316)	(25,968)	-	128,295	(514,957)	(570,968)	(983,914)
Other Financing Sources (Uses)							
Long-term debt issued	-	-	-	-	-	5,175,000	5,175,000
Premium on long-term debt	-	-	-	-	-	198,637	198,637
Transfers in	-	-	-	-	-	437,487	437,487
Transfers out	-	-	-	(450,000)	-	(5,240,156)	(5,690,156)
Total other financing sources (uses)	-	-	-	(450,000)	-	570,968	120,968
Net change in fund balances	(316)	(25,968)	-	(321,705)	(514,957)	-	(862,946)
Fund Balances, Beginning	19,174	132,800	54,070	486,943	-	-	692,987
Fund Balances (Deficit), Ending	\$ 18,858	\$ 106,832	\$ 54,070	\$ 165,238	\$ (514,957)	\$ -	\$ (169,959)

City of Park Falls

Combining Statement of Net Position -
Nonmajor Enterprise Funds
December 31, 2024

	Refuse	Redevelopment Authority	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources			
Assets			
Current assets:			
Cash and investments	\$ -	\$ 526	\$ 526
Other accounts receivable	57,524	-	57,524
Due from other funds	2,164	-	2,164
Total current assets	59,688	526	60,214
Noncurrent assets:			
Capital assets:			
Capital assets being depreciated	-	2,098,996	2,098,996
Accumulated depreciation	-	(2,098,996)	(2,098,996)
Total noncurrent assets	-	-	-
Total assets	59,688	526	60,214
Deferred Outflows of Resources			
Pension related amounts	22,116	-	22,116
Total deferred outflows of resources	22,116	-	22,116
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	8,810	-	8,810
Accrued expenses	215	-	215
Due to other funds	14,548	-	14,548
Total current liabilities	23,573	-	23,573
Noncurrent liabilities:			
Net pension liability	2,920	-	2,920
Total noncurrent liabilities	2,920	-	2,920
Total liabilities	26,493	-	26,493
Deferred Inflows of Resources			
Pension related amounts	15,659	-	15,659
Total deferred inflows of resources	15,659	-	15,659
Net Position			
Unrestricted	39,652	526	40,178
Total net position	\$ 39,652	\$ 526	\$ 40,178

City of Park Falls

Combining Statement of Revenues, Expenses and Changes in Net Position -

Nonmajor Enterprise Funds

Year Ended December 31, 2024

	Refuse	Redevelopment Authority	Total Nonmajor Enterprise Funds
Operating Revenues	<u>\$ 232,832</u>	<u>\$ -</u>	<u>\$ 232,832</u>
Operating Expenses			
Operation and maintenance	227,205	-	227,205
Depreciation	<u>-</u>	<u>10,490</u>	<u>10,490</u>
Total operating expenses	<u>227,205</u>	<u>10,490</u>	<u>237,695</u>
Operating income (loss)	<u>5,627</u>	<u>(10,490)</u>	<u>(4,863)</u>
Change in net position	5,627	(10,490)	(4,863)
Net Position, Beginning	<u>34,025</u>	<u>11,016</u>	<u>45,041</u>
Net Position, Ending	<u><u>\$ 39,652</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 40,178</u></u>

City of Park Falls

Combining Statement of Cash Flows -
Nonmajor Enterprise Funds
Year Ended December 31, 2024

	<u>Refuse</u>	<u>Redevelopment Authority</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash Flows From Operating Activities			
Cash received from customers	\$ 227,797	\$ -	\$ 227,797
Cash paid to suppliers for goods and services	(207,128)	-	(207,128)
Cash paid to employees for services	(20,669)	-	(20,669)
Net cash flows from operating activities	-	-	-
Cash and Cash Equivalents, Beginning	-	526	526
Cash and Cash Equivalents, Ending	<u>\$ -</u>	<u>\$ 526</u>	<u>\$ 526</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	\$ 5,627	\$ (10,490)	\$ (4,863)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	-	10,490	10,490
Change in assets and liabilities:			
Other accounts receivable	(2,871)	-	(2,871)
Receivable from Municipality	(2,164)	-	(2,164)
Accounts payable	(12,950)	-	(12,950)
Payable to Municipality	13,036	-	13,036
Other current liabilities	154	-	154
Pension related deferrals and asset	(832)	-	(832)
Net cash flows from operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncash Capital, Investing and Financing Activities			
None			