

CITY OF EAGLE RIVER, WISCONSIN

Annual Financial Report

Year Ended December 31, 2021

CITY OF EAGLE RIVER, WISCONSIN

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Independent Auditors' Report

To the City Council
City of Eagle River
Eagle River, Wisconsin

Report on the Audit of 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 Eagle River, Wisconsin (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Eagle River, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eagle River, Wisconsin, as of December 31, 2021, 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Eagle River, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Eagle River, Wisconsin'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 generally accepted auditing standards 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.

To the City Council
City of Eagle River

In performing an audit in accordance with generally accepted auditing standards 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 City of Eagle River, Wisconsin'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 City of Eagle River, Wisconsin'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 schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other postemployment benefits other than pensions – local retiree life insurance fund, and schedule of budgetary comparison – general fund 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.

To the City Council
City of Eagle River

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of detailed budgetary comparison – revenues and other financing sources – general fund and schedule of detailed budgetary comparison – expenditures – general fund, but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022 on our consideration of the City of Eagle River, Wisconsin’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 of Eagle River, Wisconsin’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 City of Eagle River, Wisconsin’s internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Rhineland, Wisconsin
October 13, 2022

BASIC FINANCIAL STATEMENTS

CITY OF EAGLE RIVER, WISCONSIN

Statement of Net Position

December 31, 2021

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,731,758	\$ 748,199	\$ 3,479,957
Receivables:			
Taxes	1,546,233	489,043	2,035,276
Special Assessments	578	-	578
Loans	636,570	-	636,570
Other	82,127	53,024	135,151
Prepaid Items	44,746	10,090	54,836
Internal Balances	1,086,856	(1,086,856)	-
Inventories	-	521,667	521,667
Restricted Assets:			
Land Held for Resale	118,300	-	118,300
Cash and Investments	-	226,108	226,108
Net Pension Asset	466,029	322,413	788,442
Land	993,346	429,177	1,422,523
Construction in Progress	-	1,614,517	1,614,517
Capital Assets Net of Depreciation	8,476,068	12,034,142	20,510,210
TOTAL ASSETS	16,182,611	15,361,524	31,544,135
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	73,922	42,765	116,687
Deferred Outflows Related to Pension	768,758	531,848	1,300,606
Total Deferred Outflows of Resources	842,680	574,613	1,417,293
LIABILITIES			
Accounts Payable	34,832	646,075	680,907
Other Payables	-	17,415	17,415
Deposits	-	1,000	1,000
Deferred Revenue	-	3,164	3,164
Other Accrued Liabilities	-	73,036	73,036
Notes Payable	210,000	-	210,000
Due to Other Governments	707,792	-	707,792
Unearned Revenue - American Rescue Plan Act Funds - 2021	46,862	-	46,862
Accrued Interest	60,569	26,426	86,995
Compenstated Absences Due Within One Year	75,000	80,000	155,000
Long Term Debt Due Within One Year	1,258,313	137,217	1,395,530
Compenstated Absences Due in More Than One Year	41,830	29,895	71,725
Long Term Debt Due in More Than One Year	6,009,488	4,647,258	10,656,746
Net OPEB Liability	166,952	96,560	263,512
Total Liabilities	8,611,638	5,758,046	14,369,684
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to OPEB	20,194	11,679	31,873
Deferred Inflows Related to Pension	1,020,995	706,354	1,727,349
Taxes Levied for Subsequent Periods	2,040,067	-	2,040,067
Total Deferred Inflows of Resources	3,081,256	718,033	3,799,289
NET POSITION			
Net Investment in Capital Assets	2,201,613	9,293,361	11,494,974
Restricted	506,150	374,015	880,165
Unrestricted (Deficit)	2,624,634	(207,318)	2,417,316
TOTAL NET POSITION	\$ 5,332,397	\$ 9,460,058	\$ 14,792,455

CITY OF EAGLE RIVER, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2021

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General Government	\$ 688,099	\$ 75,931	\$ -	\$ -	\$ (612,168)	\$ -	\$ (612,168)
Public Safety	917,633	723	114,365	-	(802,545)	-	(802,545)
Public Works	1,287,845	234,975	289,931	-	(762,939)	-	(762,939)
Culture, Recreation and Education	161,380	1,405	-	-	(159,975)	-	(159,975)
Conservation and Development	187,425	-	11,364	-	(176,061)	-	(176,061)
Interest and Fiscal Charges	176,531	-	-	-	(176,531)	-	(176,531)
Total Governmental Activities	3,418,913	313,034	415,660	-	(2,690,219)	-	(2,690,219)
Business-Type Activities:							
Golf Course	880,884	891,033	-	-	-	10,149	10,149
Electric Utility	3,344,805	3,464,279	-	26,524	-	145,998	145,998
Water Utility	520,812	642,755	-	36,454	-	158,397	158,397
Sewer Utility	876,840	651,343	-	227,126	-	1,629	1,629
Total Business-Type Activities	5,623,341	5,649,410	-	290,104	-	316,173	316,173
TOTAL PRIMARY GOVERNMENT	\$ 9,042,254	\$ 5,962,444	\$ 415,660	\$ 290,104	(2,690,219)	316,173	(2,374,046)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes					970,678	-	970,678
Property Taxes, Levied for Debt Service					652,876	-	652,876
Other Taxes					755,155	-	755,155
Intergovernmental Revenues not Restricted to Specific Programs					104,283	-	104,283
Investment Income					5,621	39,987	45,608
Gain on Sale of Property					-	8,706	8,706
Insurance Recoveries					73,394	-	73,394
Total General Revenues					2,562,007	48,693	2,610,700
TRANSFERS					305,969	(305,969)	-
CHANGE IN NET POSITION					177,757	58,897	236,654
NET POSITION - BEGINNING OF YEAR					5,154,640	9,401,161	14,555,801
NET POSITION - END OF YEAR					\$ 5,332,397	\$ 9,460,058	\$ 14,792,455

See Accompanying Notes

CITY OF EAGLE RIVER, WISCONSIN

Balance Sheet

Governmental Funds

As of December 31, 2021

	<u>General</u>	<u>Debt Service Fund</u>	<u>Revolving Loan Fund</u>	<u>Tax Incremental District No. 2</u>	<u>Tax Incremental District No. 3</u>	<u>Other Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Investments	\$ 1,550,668	\$ -	\$ -	\$ 30,166	\$ 44,493	\$ 1,106,431	\$ 2,731,758
Receivables:							
Taxes	1,262,965	-	-	114,454	168,814	-	1,546,233
Special Assessments	578	-	-	-	-	-	578
Loans	-	-	636,570	-	-	-	636,570
Other	82,127	-	-	-	-	-	82,127
Due from Other Funds	1,478,507	174,058	54,316	-	14,739	84,202	1,805,822
Prepaid Items	44,746	-	-	-	-	-	44,746
Advances Due from Other Funds	-	-	-	-	-	1,682,494	1,682,494
TOTAL ASSETS	\$ 4,419,591	\$ 174,058	\$ 690,886	\$ 144,620	\$ 228,046	\$ 2,873,127	\$ 8,530,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 34,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,832
Notes Payable	210,000	-	-	-	-	-	210,000
Due to Other Funds	217,464	-	-	764,447	-	-	981,911
Due to Other Governments	2,500	-	690,886	-	-	14,406	707,792
Unearned Revenue -							
American Rescue Plan Act Funds - 2021	46,862	-	-	-	-	-	46,862
Advances Due to Other Funds	-	-	-	363,144	1,056,405	-	1,419,549
Total Liabilities	511,658	-	690,886	1,127,591	1,056,405	14,406	3,400,946
Deferred Inflow of Resources							
Taxes Levied for Subsequent Periods	1,682,140	-	-	144,620	213,307	-	2,040,067
Unavailable - Special Assessments	2,477	-	-	-	-	-	2,477
Total Deferred Inflows of Resources	1,684,617	-	-	144,620	213,307	-	2,042,544
Fund Balances (Deficits)							
Nonspendable	44,746	-	-	-	-	1,682,494	1,727,240
Restricted	-	174,058	-	-	-	1,176,227	1,350,285
Unassigned (Deficits)	2,178,570	-	-	(1,127,591)	(1,041,666)	-	9,313
Total Fund Balances	2,223,316	174,058	-	(1,127,591)	(1,041,666)	2,858,721	3,086,838
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 4,419,591	\$ 174,058	\$ 690,886	\$ 144,620	\$ 228,046	\$ 2,873,127	\$ 8,530,328

CITY OF EAGLE RIVER, WISCONSIN
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 As of December 31, 2021

Total Fund Balances - Governmental Funds \$ 3,086,838

**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. Amounts reported for governmental activities in the statement of net position:

Property Held for Sale	118,300	
Governmental Capital Assets	16,742,120	
Governmental Accumulated Depreciation	<u>(7,272,706)</u>	9,587,714

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.

Special Assessments		2,477
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The City's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.

Net Pension Asset	466,029	
Deferred Outflows of Resources Related to Pension	768,758	
Deferred Inflows of Resources Related to Pension	<u>(1,020,995)</u>	213,792

The City's proportionate share of the other post-employment benefits insurance plan is not an available financial resource; therefore, it is not reported in the fund financial statements.

Deferred Outflows Related to Other Post-Employment Benefits	73,922	
Deferred Inflows Related to Other Post-Employment Benefits	<u>(20,194)</u>	53,728

Noncurrent liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet

Net OPEB Liability		(166,952)
General Debt		(7,217,601)
Premium on Debt Issued		(50,200)
Accrued Interest on General Obligation Bond		(60,569)
Vested Employee Benefits		<u>(116,830)</u>

Total Net Position - Governmental Activities \$ 5,332,397

CITY OF EAGLE RIVER, WISCONSIN
Statement of Revenues, Expenditures, and Changes
in Fund Balances (Deficits) - Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Debt Service Fund	Revolving Loan Fund	Tax Incremental District No. 2	Tax Incremental District No. 3	Other Capital Projects	Total Governmental Funds
REVENUES							
Property Taxes	\$ 1,385,120	\$ 652,876	\$ -	\$ 141,160	\$ 199,553	\$ -	\$ 2,378,709
Intergovernmental	492,408	-	-	1,179	1,179	78,672	573,438
Licenses and Permits	47,928	-	-	-	-	-	47,928
Public Charges for Services	105,718	-	-	-	-	-	105,718
Intergovernmental Charges for Services	53,043	-	-	-	-	-	53,043
Special Assessments	6,123	-	-	-	-	-	6,123
Interest on Advances	721	-	-	-	-	-	721
Miscellaneous	132,456	-	-	-	-	1,166	133,622
Total Revenues	<u>2,233,333</u>	<u>652,876</u>	<u>-</u>	<u>142,339</u>	<u>200,732</u>	<u>79,838</u>	<u>3,309,118</u>
EXPENDITURES							
Current:							
General Government	778,627	-	-	-	-	25	778,652
Public Safety	864,403	-	-	-	-	-	864,403
Public Works	841,207	-	-	812	108,775	904,417	1,855,211
Culture, Recreation and Education	120,245	-	-	-	-	-	120,245
Conservation and Development	131,125	-	-	-	-	-	131,125
Capital Outlay	42,357	-	-	-	-	-	42,357
Debt Service:							
Principal Retirement	-	583,979	-	-	-	-	583,979
Interest, Fees and Issuance Costs	158	144,373	-	7,721	31,661	-	183,913
Total Expenditures	<u>2,778,122</u>	<u>728,352</u>	<u>-</u>	<u>8,533</u>	<u>140,436</u>	<u>904,442</u>	<u>4,559,885</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(544,789)</u>	<u>(75,476)</u>	<u>-</u>	<u>133,806</u>	<u>60,296</u>	<u>(824,604)</u>	<u>(1,250,767)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from Debt	-	-	-	-	-	1,792,782	1,792,782
Transfers In	305,969	249,534	-	26,922	-	-	582,425
Transfers Out	-	-	-	-	-	(276,456)	(276,456)
Total Other Financing Sources (Uses)	<u>305,969</u>	<u>249,534</u>	<u>-</u>	<u>26,922</u>	<u>-</u>	<u>1,516,326</u>	<u>2,098,751</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(238,820)</u>	<u>174,058</u>	<u>-</u>	<u>160,728</u>	<u>60,296</u>	<u>691,722</u>	<u>847,984</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>2,462,136</u>	<u>-</u>	<u>-</u>	<u>(1,288,319)</u>	<u>(1,101,962)</u>	<u>2,166,999</u>	<u>2,238,854</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 2,223,316</u>	<u>\$ 174,058</u>	<u>\$ -</u>	<u>\$ (1,127,591)</u>	<u>\$ (1,041,666)</u>	<u>\$ 2,858,721</u>	<u>\$ 3,086,838</u>

CITY OF EAGLE RIVER, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances (Deficits) - Total Governmental Funds	\$	847,984
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 are allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay reported in governmental fund statements	1,088,791	
Amount by which capital outlays are more than depreciation in the current period.	<u>(597,502)</u>	491,289
Land Held for Resale Book Value of Sales		(103,300)
Receivables not currently available are reported as unavailable revenue in the fund financial statements, but are recognized as revenues when earned in the government-wide financial statements.		(6,123)
Amounts related to the Wisconsin Retirement System pension plan that affect the statement of activities but do not affect the fund financial statements.		136,052
Amounts related to the other post-employment plan that affect the statement of activities but do not affect the fund financial statements.		21,883
Amounts related to the net OPEB liability that are not due in the current period and therefore, are not reported in the fund financial statements.		(48,176)
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was less than the amount paid.		39,571
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		583,979
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities. The amount of long-term debt issued in the current year is:		(1,792,782)
Debt premium amortization is allocated over the period the debt is outstanding and is reported as part of interest expense in the statement of activities. The activity for the current year is as follows:		
Amortization of Issuance Premium		<u>7,380</u>
Change in Net Position - Governmental Activities	\$	<u>177,757</u>

CITY OF EAGLE RIVER, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2021

	Golf Course	Electric Utility	Water Utility	Sewer Utility	Totals
CURRENT ASSETS					
Cash and Investments	\$ 172,618	\$ 573,331	\$ 2,250	\$ -	\$ 748,199
Trade Receivables	212	372,452	60,284	56,095	489,043
Customer Accounts Receivable	-	52,799	-	225	53,024
Due from Other Funds	160,578	96,919	106,311	300,473	664,281
Prepaid Expenses	-	10,090	-	-	10,090
Inventories	19,396	430,254	72,017	-	521,667
Advances Due from Other Funds	-	-	671,472	748,077	1,419,549
Total Current Assets	352,804	1,535,845	912,334	1,104,870	3,905,853
Non-Current Assets					
Land	423,893	2,620	1,714	950	429,177
Construction in Progress	-	34,847	230,857	1,348,813	1,614,517
Other Capital Assets	1,734,051	8,308,875	6,756,743	10,513,500	27,313,169
Less: Accumulated Depreciation	(1,467,994)	(5,381,698)	(2,154,136)	(6,275,199)	(15,279,027)
Net Capital Assets	689,950	2,964,644	4,835,178	5,588,064	14,077,836
Net Pension Asset	72,222	147,107	51,486	51,598	322,413
Restricted Cash and Investments	-	7,731	15,000	203,377	226,108
Total Non-Current Assets	762,172	3,119,482	4,901,664	5,843,039	14,626,357
Total Assets	1,114,976	4,655,327	5,813,998	6,947,909	18,532,210
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to OPEB	15,952	15,768	5,503	5,542	42,765
Deferred Outflows Related to Pension	119,136	242,666	84,931	85,115	531,848
Total Deferred Outflows of Resources	135,088	258,434	90,434	90,657	574,613
CURRENT LIABILITIES					
Sales Tax Payable	-	17,415	-	-	17,415
Accounts Payable	19,993	622,247	3,835	-	646,075
Deposits	1,000	-	-	-	1,000
Due to Other Funds	741,732	587,540	158,920	-	1,488,192
Deferred Revenue	3,164	-	-	-	3,164
Other Accrued Liabilities	702	20,050	48,147	4,137	73,036
Advance from Other Funds	-	980,944	-	701,550	1,682,494
Accrued Interest	2,087	-	11,058	13,281	26,426
Revenue Bonds Payable	-	-	39,610	49,551	89,161
General Obligation Notes Payable	48,056	-	-	-	48,056
Total Current Liabilities	816,734	2,228,196	261,570	768,519	4,075,019
NON-CURRENT LIABILITIES					
Revenue Bonds Payable	-	-	1,970,788	2,450,111	4,420,899
General Obligation Notes Payable	226,359	-	-	-	226,359
Compensated Absences	-	65,785	20,627	23,483	109,895
Net OPEB Liability	36,180	35,501	12,403	12,476	96,560
Total Non-Current Liabilities	262,539	101,286	2,003,818	2,486,070	4,853,713
Total Liabilities	1,079,273	2,329,482	2,265,388	3,254,589	8,928,732
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	158,227	322,287	112,799	113,041	706,354
Deferred Inflows Related to OPEB	4,376	4,294	1,500	1,509	11,679
Total Deferred Inflows of Resources	162,603	326,581	114,299	114,550	718,033
NET POSITION					
Net Investment in Capital Assets	415,535	2,964,644	2,824,780	3,088,402	9,293,361
Restricted	33,131	75,217	38,618	227,049	374,015
Unrestricted (Deficits)	(440,478)	(782,163)	661,347	353,976	(207,318)
TOTAL NET POSITION	\$ 8,188	\$ 2,257,698	\$ 3,524,745	\$ 3,669,427	\$ 9,460,058

CITY OF EAGLE RIVER, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Golf Course</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
OPERATING REVENUES					
Charges for Services	\$ 841,119	\$ 3,452,956	\$ 638,938	\$ 575,465	\$ 5,508,478
Other	49,914	11,323	3,817	75,878	140,932
Total Operating Revenues	<u>891,033</u>	<u>3,464,279</u>	<u>642,755</u>	<u>651,343</u>	<u>5,649,410</u>
OPERATING EXPENSES					
Operation and Maintenance	757,835	2,952,944	289,054	488,365	4,488,198
Depreciation	117,214	325,861	180,595	315,953	939,623
Total Operating Expenses	<u>875,049</u>	<u>3,278,805</u>	<u>469,649</u>	<u>804,318</u>	<u>5,427,821</u>
OPERATING INCOME (LOSS)	<u>15,984</u>	<u>185,474</u>	<u>173,106</u>	<u>(152,975)</u>	<u>221,589</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment Income	155	269	18,534	21,029	39,987
Interest Expense	(5,835)	(66,000)	(51,163)	(72,522)	(195,520)
Sale of Property	-	2,612	6,094	-	8,706
Total Non-Operating Revenue (Expenses)	<u>(5,680)</u>	<u>(63,119)</u>	<u>(26,535)</u>	<u>(51,493)</u>	<u>(83,708)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	10,304	122,355	146,571	(204,468)	74,762
CAPITAL CONTRIBUTIONS	-	26,524	36,454	227,126	290,104
TRANSFERS OUT	<u>(70,000)</u>	<u>(120,680)</u>	<u>(101,722)</u>	<u>(13,567)</u>	<u>(305,969)</u>
CHANGE IN NET POSITION	(59,696)	28,199	81,303	9,091	58,897
NET POSITION - BEGINNING OF YEAR	<u>67,884</u>	<u>2,229,499</u>	<u>3,443,442</u>	<u>3,660,336</u>	<u>9,401,161</u>
NET POSITION - END OF YEAR	<u>\$ 8,188</u>	<u>\$ 2,257,698</u>	<u>\$ 3,524,745</u>	<u>\$ 3,669,427</u>	<u>\$ 9,460,058</u>

CITY OF EAGLE RIVER, WISCONSIN
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2021

	Electric Utility	Water Utility	Sewer Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from Customers	\$ 3,436,176	\$ 700,546	\$ 649,724	\$ 891,033	\$ 5,677,479
Received from Municipality	-	-	-	2,272	2,272
Paid to Suppliers for Goods and Services	(2,405,883)	(184,775)	(338,990)	(338,102)	(3,267,750)
Paid to Employees for Operating Payroll	(276,506)	(114,813)	(164,468)	(430,969)	(986,756)
Net Cash Flows From Operating Activities	<u>753,787</u>	<u>400,958</u>	<u>146,266</u>	<u>124,234</u>	<u>1,425,245</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments (To) from Other Funds	(54,967)	432,740	1,881,474	(65,340)	2,193,907
Advances (To) From other Funds	-	(671,472)	(748,077)	-	(1,419,549)
Transfers to other funds	(120,680)	(101,722)	(13,567)	(70,000)	(305,969)
Net Cash Flows From Noncapital Financing Activities	<u>(175,647)</u>	<u>(340,454)</u>	<u>1,119,830</u>	<u>(135,340)</u>	<u>468,389</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(226,686)	(93,593)	(1,081,252)	-	(1,401,531)
Salvage Received on Disposal of Capital Assets	3,000	-	-	-	3,000
Debt Principal Paid	-	(38,556)	(48,352)	(36,395)	(123,303)
Interest Paid	(66,000)	(51,379)	(72,781)	(5,673)	(195,833)
Proceeds from Debt Issued	-	-	-	112,000	112,000
Collections on Special Assessments	2,612	6,094	-	-	8,706
Net Cash Flows From Capital and Related Financing Activities	<u>(287,074)</u>	<u>(177,434)</u>	<u>(1,202,385)</u>	<u>69,932</u>	<u>(1,596,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	269	18,534	21,029	155	39,987
NET CHANGE IN CASH AND INVESTMENTS	291,335	(98,396)	84,740	58,981	336,660
CASH AND INVESTMENTS - BEGINNING	289,726	115,646	118,637	113,637	637,646
CASH AND INVESTMENTS - ENDING	<u>\$ 581,061</u>	<u>\$ 17,250</u>	<u>\$ 203,377</u>	<u>\$ 172,618</u>	<u>\$ 974,306</u>
CASH AND INVESTMENTS - STATEMENT OF NET POSITION					
Unrestricted	\$ 473,848	\$ 17,250	\$ -	\$ 172,618	\$ 663,716
Restricted - Current Assets	107,213	-	203,377	-	310,590
TOTAL CASH AND INVESTMENTS - ENDING	<u>\$ 581,061</u>	<u>\$ 17,250</u>	<u>\$ 203,377</u>	<u>\$ 172,618</u>	<u>\$ 974,306</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 185,474	\$ 173,106	\$ (152,975)	\$ 15,984	\$ 221,589
Noncash Items in Operating Income (Loss):					
Depreciation	325,861	180,595	315,953	117,214	939,623
Changes in Assets, Liabilities, and Deferred Outflows and Inflows:					
Customer Accounts Receivable	(109,886)	(1,271)	(1,619)	-	(112,776)
Due from Other Governments	81,783	59,062	-	-	140,845
Inventories	(65,946)	(4,296)	-	6,625	(63,617)
Prepaid Expenses	7,384	-	-	-	7,384
Compensated Absences	(1,697)	(2,643)	(2,113)	-	(6,453)
Pension Asset	(65,361)	(23,946)	(25,555)	(34,138)	(149,000)
Deferred Outflows Related to Pension	(51,629)	(20,571)	(24,254)	(30,134)	(126,588)
Deferred Outflows Related to OPEB	(2,461)	(1,070)	(1,340)	(3,687)	(8,558)
Accounts Payable	377,030	-	-	(1,220)	375,810
Other Accrued Liabilities	(7,639)	9,888	605	-	2,854
OPEB Liability	4,510	2,083	2,711	7,587	16,891
Deferred Revenues	-	-	-	2,272	2,272
Deferred Inflows Related to Pension	77,103	30,197	34,930	43,999	186,229
Deferred Inflows Related to OPEB	(739)	(176)	(77)	(268)	(1,260)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 753,787</u>	<u>\$ 400,958</u>	<u>\$ 146,266</u>	<u>\$ 124,234</u>	<u>\$ 1,425,245</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributed Property	<u>\$ 26,524</u>	<u>\$ 36,454</u>	<u>\$ 227,126</u>	<u>\$ -</u>	<u>\$ 290,104</u>

CITY OF EAGLE RIVER, WISCONSIN

Statement of Fiduciary Net Position

Custodial Fund

December 31, 2021

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash	\$ 392,039
Taxes Receivable	1,176,571
Total Assets	<u>1,568,610</u>
LIABILITIES	
Due to Other Governments	<u>1,568,610</u>
NET POSITION	<u>\$ -</u>

CITY OF EAGLE RIVER, WISCONSIN
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2021

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 1,156,988
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	<u>(1,156,988)</u>
CHANGE IN NET POSITION	<u>-</u>
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u>\$ -</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The City of Eagle River (City) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. These accounting policies have been consistently applied in the preparation of the financial statements. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Reporting Entity

This report includes all of the funds of the City of Eagle River. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) 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 or incomplete. In accordance with generally accepted accounting principles (GAAP), the financial statements are required to include the City (primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. All of the funds of the reporting entity are included 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.

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. 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 properly included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's 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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary fund, 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.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

Governmental Funds

Governmental funds are identified as either general, special revenue, capital projects, or debt service funds based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

Capital project funds are used to account for property tax, bond proceeds, and other financial resources available to implement the City's capital improvement plans.

Debt Service Funds

Debt service funds are used to account for resources accumulated to meet the City's principal and interest expenditure annual requirements.

Proprietary Funds

Proprietary funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Fiduciary Fund

The City follows the presentation requirements of accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*. This statement revised the criteria on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The City reports the Tax Collection Fund as a custodial fund.

Major Funds

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund.

Other Capital Projects Fund - This fund accounts for the activity associated with specific construction projects.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Revolving Loan Fund - This fund accounts for services provided by the community development block grant.

Tax Incremental District No. 2 – This fund accounts for financial resources segregated for the acquisition and construction of major capital facilities.

Tax Incremental District No. 3 - This fund accounts for financial resources segregated for the acquisition and construction of major capital facilities.

The City reports the following major proprietary funds:

Golf Course - This fund was established to account for the operation and maintenance of the City-owned golf course.

Electric Utility - This utility was established to account for the financing of the construction, operation, and maintenance of the City-owned electric facilities.

Water Utility - This utility was established to account for the financing of the construction, operation, and maintenance of the City-owned water facilities.

Sewer Utility - This utility was established to account for the financing of the construction, operation, and maintenance of the City-owned sewer facilities.

In addition, the City reports the following fiduciary fund:

Custodial Fund - This fund accounts for property tax collections on behalf of other governments.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities as well as the proprietary and fiduciary fund financial statements are presented 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "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 all revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as expenditures to the extent they have matured.

The City's share of property taxes is recorded in the year levied as receivables and a deferred inflow of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units (other than the City) billed in the current year for the succeeding year are reflected as due to other governments in the accompanying statement of net position for the fiduciary fund.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

In the government-wide financial statements, special assessments are recognized as revenues when levied against the benefiting properties. In governmental fund financial statements, 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. Delinquent special assessments being held for collection by the county are reported as receivables in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, 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.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

Restricted Cash

Restricted assets are cash and investments whose use is limited by legal requirements such as bond indenture. Restricted assets are reported only in the government-wide financial statements and proprietary fund statements.

Accounts Receivable and Revenue Recognition

Since property taxes are levied for the subsequent year, the property taxes due to governmental funds for City purposes are recorded as deferred inflows of resources in the governmental funds. This amount is recognized as revenue in the following year. Property taxes due to other governments are recorded as liabilities in the tax custodial fund.

In determining when to recognize intergovernmental revenues (grants, subsidies, and shared revenues), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditures recorded and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements (e.g., equal employment opportunity). These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability. Unearned revenue is recorded for grant funds received but not earned. A receivable is recorded for grant funds earned, but not received.

Income from investments is recognized when earned.

Special assessments receivable are recorded as levied. Current revenues represent the amounts considered available as explained previously.

Other receivables are reported at gross less an allowance for uncollectible accounts where applicable. An allowance for uncollectible amounts has not been reported on the financial statements.

Interfund Loans

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Internal balances between funds of the governmental activities or funds of the business-type activities are eliminated in the government-wide financial statements.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories

Inventories of the Electric, Water, and Sewer Enterprise Funds are generally used for construction, operation, or maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction and expensed when used.

Prepays

Prepaid items represent payments made to vendors for which benefits extend beyond the current fiscal year. Prepaid items of governmental fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available resources.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations.

Government-Wide Statements

Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and infrastructure assets, 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, overhead, and an allowance for the cost of funds used during construction when significant. 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 of depreciation. The range of estimated useful lives by type of asset is as follows:

	Years	
	Governmental Activities	Business-Type Activities
Buildings and Improvements	20 - 50	15 - 45
Machinery and Equipment	3 - 15	4 - 32
Vehicles	3 - 15	4 - 32
Infrastructure	20 - 75	20 - 108

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 as in the government-wide statements.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The City reports two categories of deferred outflows of resources related to the pension plan and cost-sharing OPEB plan on the statement of net position. The deferred outflows related to the pension plan and cost-sharing OPEB plan are explained in more detail in Note 10 and Note 11, respectively.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The City reports four categories of deferred inflows of resources related to taxes levied for subsequent year, unavailable special assessments, the pension plan, and cost-sharing OPEB plan on either the statement of net position or balance sheet. The deferred inflows related to the pension plan and cost-sharing plan are explained in more detail in Note 10, and Note 11, respectively.

Pension and Other Post-Employment Benefits

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Other Post-Employment Benefits (OPEB). The fiduciary net position of the City's Local Retiree Life Insurance fund has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as an expense.

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

Unearned Revenue

Revenue received that has not been earned, is recorded as a liability until a period of time or expenditures occur. Once the funds are considered earned, they are recognized as revenue.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees of the City are entitled to paid vacation depending on length of service. Sick leave is earned at a rate of 12 days per year. Up to 120 days of sick leave may be accumulated. Benefits are paid at retirement based on the rates stipulated in the Wisconsin Professional Police Association union contract and the employee manual. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Equity Classifications

Equity is classified as net position and displayed in three components in the government-wide statements:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and increased by unexpended debt proceeds.
- Restricted net position - Consists of resources 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.
- Unrestricted net position - Net amount that do not meet the definition 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.

Governmental fund equity is classified as fund balance. The City classifies governmental fund balance as follows:

- Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements mandate funds be maintained intact.
- 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.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action at the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which is 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 that originally created the commitment.
- Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance is assigned through formal action by the City Council for specific purposes or include all remaining positive spendable amounts in governmental funds other than the general fund. Assignments may take place after the end of the reporting period.
- 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 other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The City, unless otherwise required by law or agreements, spend funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from these estimates.

Note 2 - Cash and Investments

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

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, city, 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, or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. The policy follows the state statutes for allowable investments.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the City.

At December 31, 2021, the City's bank balance of cash was \$4,142,853. The City maintains its cash accounts at five financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts. The Local Government Investment Pool cannot be classified by credit risk since they are not evidenced by securities that exist in physical or book entry form.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2021, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2021:

Fully Insured Deposits	\$	2,664,789
Uncollateralized		1,478,064
Total	\$	<u>4,142,853</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 2 - Cash and Investments (Continued)

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2021.

Note 3 - Property Taxes

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

Under Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 4 - Interfund Receivables, Payables and Advances

Due To/From Other Funds

The composition of interfund balances as of December 31, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	TID No. 2	\$ 174,058	Year End Cash Flow Timing
Electric Utility	General Fund	930	Year End Cash Flow Timing
Electric Utility	Water Utility	95,989	Year End Cash Flow Timing
General Fund	Golf Course	741,732	Year End Cash Flow Timing
General Fund	Electric Utility	90,038	Year End Cash Flow Timing
General Fund	TID No. 2	491,448	Year End Cash Flow Timing
General Fund	Water Utility	62,931	Year End Cash Flow Timing
General Fund	Electric Utility	92,358	Year End Cash Flow Timing
Revolving Loan Fund	General Fund	54,316	Year End Cash Flow Timing
Golf Course	General Fund	160,578	Year End Cash Flow Timing
Other Capital Projects	TID No. 2	84,202	Year End Cash Flow Timing
Sewer Utility	Electric Utility	299,704	Year End Cash Flow Timing
Sewer Utility	General Fund	769	Year End Cash Flow Timing
TID No. 3	TID No. 2	14,739	Year End Cash Flow Timing
Water Utility	General Fund	871	Year End Cash Flow Timing
Water Utility	Electric Utility	105,440	Year End Cash Flow Timing
		<u>\$ 2,470,103</u>	

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 4 - Interfund Receivables, Payables and Advances (Continued)

Due To/From Other Funds (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. These balances are expected to be collected in the subsequent year.

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Capital Projects Fund	Electric Utility	\$ 980,944	To Fund Capital Expenditures
Other Capital Projects Fund	Sewer Utility	701,550	To Fund Capital Expenditures
Sewer Utility	TID No. 2	363,144	To Fund Street and Highway projects
Sewer Utility	TID No. 3	384,933	To Fund Street and Highway projects
Water Utility	TID No. 3	671,472	To Fund Street and Highway projects
		<u>\$ 3,102,043</u>	

The principal purpose of these interfund advances is to fund capital expenditures.

Note 5 - Interfund Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Golf Course	\$ 70,000
Debt Service	Capital Projects Fund	249,534
TID No. 2	Capital Projects Fund	26,922
General Fund	Electric Utility	120,680
General Fund	Water Utility	101,722
General Fund	Sewer Utility	13,567
		<u>\$ 582,425</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.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 6 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2021 were as follows:

	<u>Balance 1/1/2021</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 993,346	\$ -	\$ -	\$ -	\$ 993,346
Construction in Progress	53,844	-	-	53,844	-
Total Capital Assets not Being Depreciated	<u>1,047,190</u>	<u>-</u>	<u>-</u>	<u>53,844</u>	<u>993,346</u>
Capital Assets Being Depreciated:					
Land Improvements	5,562	-	-	1,163	4,399
Buildings	1,370,849	-	84,000	33,931	1,420,918
Machinery and Equipment	1,678,037	(30,160)	-	149,140	1,498,737
Vehicles	602,058	30,160	-	4,422	627,796
Infrastructure	11,138,289	-	1,058,635	-	12,196,924
Total Capital Assets Being Depreciated	<u>14,794,795</u>	<u>-</u>	<u>1,142,635</u>	<u>188,656</u>	<u>15,748,774</u>
Less Accumulated Depreciation for:					
Land Improvements	4,697	-	352	1,163	3,886
Buildings	796,681	-	32,421	33,931	795,171
Machinery and Equipment	1,338,525	(30,160)	95,391	149,140	1,254,616
Vehicles	524,422	30,160	22,950	4,422	573,110
Infrastructure	4,199,535	-	446,388	-	4,645,923
Total Accumulated Depreciation	<u>6,863,860</u>	<u>-</u>	<u>597,502</u>	<u>188,656</u>	<u>7,272,706</u>
Total Capital Assets Being Depreciated Net of Accumulated Depreciation	<u>7,930,935</u>	<u>-</u>	<u>545,133</u>	<u>-</u>	<u>8,476,068</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,978,125</u>	<u>\$ -</u>	<u>\$ 545,133</u>	<u>\$ 53,844</u>	<u>\$ 9,469,414</u>

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

Governmental Activities:	
General Government	\$ 19,377
Public Safety	37,201
Public Works, which includes the Depreciation of Infrastructure	534,495
Culture, Recreation and Education	6,429
Total Governmental Activities Depreciation Expense	<u>\$ 597,502</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 6 - Capital Assets (Continued)

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 429,177	\$ -	\$ -	\$ 429,177
Construction in Progress	494,444	1,614,517	494,444	1,614,517
Total Capital Assets not Being Depreciated	<u>923,621</u>	<u>1,614,517</u>	<u>494,444</u>	<u>2,043,694</u>
Capital Assets Being Depreciated:				
Land Improvements	167,636	-	13,978	153,658
Buildings	5,802,600	-	8,712	5,793,888
Machinery and Equipment	4,637,407	287,938	160,019	4,765,326
Vehicles	855,610	-	33,419	822,191
Infrastructure	15,612,279	283,625	117,798	15,778,106
Total Capital Assets Being Depreciated	<u>27,075,532</u>	<u>571,563</u>	<u>333,926</u>	<u>27,313,169</u>
Less Accumulated Depreciation	<u>14,670,330</u>	<u>942,623</u>	<u>333,926</u>	<u>15,279,027</u>
Total Capital Assets Being Depreciated Net of Accumulated Depreciation	<u>12,405,202</u>	<u>571,563</u>	<u>-</u>	<u>12,034,142</u>
Business-Type Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,328,823</u>	<u>\$ 2,186,080</u>	<u>\$ 494,444</u>	<u>\$ 14,077,836</u>

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

Business-Type Activities	
Golf Course	<u>\$ 117,214</u>
Water Utility	185,843
Less: Share of Depreciation Charged to Sewer	<u>(5,248)</u>
Water Utility Depreciation Expense	<u>180,595</u>
Sewer Utility	310,705
Plus: Share of Depreciation Charged from Water	<u>5,248</u>
Sewer Utility Depreciation Expense	<u>315,953</u>
Electric Utility	325,861
Total Business-Type Activities Depreciation Expense	<u>939,623</u>
Salvage Received on Disposal of Assets	<u>3,000</u>
Total Additions to Accumulated Depreciation	<u>\$ 942,623</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations

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

	Balance 1/1/2021	Increase	Decrease	Balance 12/31/2021	Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 2,585,000	\$ -	\$ 235,000	\$ 2,350,000	\$ 250,000
Note Anticipation Notes	2,200,000	-	-	2,200,000	-
Notes and Bonds from Direct Borrowings and Direct Placements:					
Note Anticipation Notes		1,792,782	216,534	1,576,248	874,698
State Trust Fund Loans	69,452	-	22,466	46,986	23,144
General Obligation Notes	1,154,346	-	109,979	1,044,367	110,471
	<u>6,008,798</u>	<u>1,792,782</u>	<u>583,979</u>	<u>7,217,601</u>	<u>1,258,313</u>
Other Liabilities:					
Premium on Bonds	57,580	-	7,380	50,200	-
Vested Compensated Absences	156,401	70,961	110,532	116,830	75,000
	<u>213,981</u>	<u>70,961</u>	<u>117,912</u>	<u>167,030</u>	<u>75,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,222,779</u>	<u>\$ 1,863,743</u>	<u>\$ 701,891</u>	<u>\$ 7,384,631</u>	<u>\$ 1,333,313</u>
Business-Type Activities					
Notes and Bonds from Direct Borrowings and Direct Placements:					
General Obligation Debt	\$ 198,810	\$ 112,000	\$ 36,395	\$ 274,415	\$ 48,056
Revenue Bonds	4,596,968	-	86,908	4,510,060	89,161
	<u>4,795,778</u>	<u>112,000</u>	<u>123,303</u>	<u>4,784,475</u>	<u>137,217</u>
Other Liabilities:					
Vested Compensated Absences	116,348	117,894	124,347	109,895	80,000
Total Business-Type Activities Long-Term Liabilities	<u>\$ 4,912,126</u>	<u>\$ 229,894</u>	<u>\$ 247,650</u>	<u>\$ 4,894,370</u>	<u>\$ 217,217</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations (Continued)

	Date of Issuance	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2021
Governmental Activities					
General Obligation Debt					
G.O. Bonds	06/01/07	3/1/2022	3.75-4.35%	\$ 1,220,000	\$ 115,000
G.O. Bonds	08/15/13	03/01/33	2.00-5.00%	3,245,000	2,235,000
Note Anticipation Note	05/01/19	05/01/24	3.00%	2,200,000	2,200,000
 Notes and Bonds from Direct Borrowings and Direct Placements:					
Note Anticipation Note	04/13/21	04/13/23	1.63%	2,800,000	701,549
Note Anticipation Note	03/10/21	08/31/22	1.78%	1,000,000	874,698
State Trust Fund Loan	05/22/13	03/15/23	2.75%	100,000	22,118
State Trust Fund Loan	10/10/13	03/15/23	3.25%	100,000	24,868
G.O. Promissory Notes	12/18/19	08/31/29	2.99%	181,000	147,694
G.O. Promissory Notes	04/15/20	02/28/30	2.95%	200,000	173,081
G.O. Promissory Notes	08/21/20	08/21/30	2.30%	300,000	270,000
G.O. Promissory Notes	10/27/20	08/31/30	2.39%	500,000	453,593
					<u>\$ 7,217,601</u>

Business-Type Activities

Notes and Bonds from Direct

Borrowings and Direct

Placements:

	Date of Issuance	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2021
G.O. Promissory Notes	12/13/17	08/31/24	2.875%	\$ 211,000	\$ 117,414
G.O. Promissory Notes	04/15/20	02/28/30	2.950%	52,000	45,001
G.O. Promissory Notes	10/12/21	08/12/31	2.450%	112,000	112,000
					<u>\$ 274,415</u>

Debt service requirements to maturity on the general obligation debt are as follows:

Year	Governmental Activities Publicly Issued		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2022	\$ 1,258,313	\$ 224,893	\$ 48,056	\$ 6,797
2023	988,028	199,117	48,958	5,895
2024	2,469,821	143,658	66,238	4,511
2025	277,147	101,345	15,941	2,876
2026	289,497	91,259	16,365	2,453
2027-2031	1,459,795	275,270	66,916	5,352
2032-2033	475,000	24,125	11,941	297
	<u>\$ 7,217,601</u>	<u>\$ 1,059,667</u>	<u>\$ 274,415</u>	<u>\$ 28,181</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations (Continued)

Revenue Bond Debt

Revenue bonds are payable only from revenues derived from the utilities, except for the bonds allocated to the governmental activities to be repaid with general government resources. Revenue debt payable at December 31, 2021 consists of the following:

	Date of Issuance	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2021
Water Utility:					
Water System Revenue Bonds	09/30/08	09/01/48	4.38%	\$ 445,000	\$ 369,848
Water System Revenue Bonds	11/19/08	12/01/48	4.25%	138,000	112,850
Water System Revenue Bonds	12/17/13	12/17/53	2.75%	292,000	255,000
Water System Revenue Bonds	11/02/16	05/01/56	1.88%	428,500	390,800
Water System Revenue Bonds	11/25/19	05/01/59	1.75%	915,000	881,900
Sewer Utility:					
Sewer System Revenue Bonds	09/30/08	09/01/48	4.375%	531,000	441,319
Sewer System Revenue Bonds	11/19/08	12/01/48	4.250%	184,000	150,479
Sewer System Revenue Bonds	12/17/13	12/17/53	2.750%	401,000	351,565
Sewer System Revenue Bonds	11/02/16	05/01/56	1.375%	350,000	316,000
Sewer System Revenue Bonds	11/25/19	05/01/59	1.75%	1,287,000	1,240,299
					<u>\$ 4,510,060</u>

Debt service requirements to maturity on the direct borrowings and placements are as follows:

Year	Business-Type Activities	
	Direct Borrowings and Direct Placements	
	Principal	Interest
2022	\$ 89,161	\$ 111,380
2023	91,374	109,118
2024	93,469	106,957
2025	96,052	104,392
2026	98,627	101,916
2027-2031	532,548	469,843
2032-2036	606,953	395,389
2037-2041	694,432	307,936
2042-2046	796,820	205,344
2047-2051	658,902	101,173
2052-2056	528,322	42,133
2057-2059	223,400	5,910
	<u>\$ 4,510,060</u>	<u>\$ 2,061,491</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations (Continued)

Legal Debt Limit

The 2021 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$211,658,700. The legal debt limit and margin of indebtedness as of December 31, 2021, in accordance with Wisconsin Statutes follows:

Equalized valuation of the City	\$ 211,658,700
Statutory limitation percentage	5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>10,582,935</u>
Less: Applicable Governmental Debt	(3,441,353)
Less: Applicable Business-Type Debt	<u>(198,810)</u>
Legal margin for new debt	<u><u>\$ 6,942,772</u></u>

Utility Revenues Pledged

The City has pledged future revenue derived from the Water and Sewer Utilities, net of specified operating expenses, to repay the Clean Water Fund and Safe Drinking Water Loans. Proceeds from the debt provided financing for the construction or acquisition of capital assets used within the utilities.

The Clean Water Fund Loans are payable from Sewerage System net revenues and payable through 2048, 2053, 2056 and 2059. The total principal and interest remaining to be paid on the loans is \$3,629,259. Principal and interest paid for the current year and total Sewerage System net revenues were \$110,542 and \$184,007, respectively. The Sewerage System did meet the Clean Water Fund Loan revenue requirements in 2021.

The Safe Drinking Water Fund Loans are payable from Water System net revenues and payable through 2048, 2053, 2056 and 2059. The total principal and interest remaining to be paid on the loans is \$2,942,294. Principal and interest paid for the current year and total Water System net revenues were \$89,934 and \$372,235, respectively. The Water System did meet the Safe Drinking Water Fund Loan revenue requirements in 2021.

Note 8 – Fund Equity

Government-Wide Statements

Governmental activities and business-type activities net position reported on the government-wide statement of net position at December 31, 2021 includes the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Investment in Capital Assets		
Land and Construction in Progress	\$ 993,346	\$ 2,043,694
Other Capital Assets, Net of Accumulated Depreciation	8,476,068	12,034,142
Less: Related Long-Term Debt Outstanding	<u>(7,267,801)</u>	<u>(4,784,475)</u>
Total Net Investment in Capital Assets	<u>2,201,613</u>	<u>9,293,361</u>
Restricted		
Land Held for Resale	118,300	-
Debt Service	174,058	-
Pension Benefits	213,792	-
Plant Replacement	-	22,731
Debt Reserve	-	203,377
Pension Benefits	-	147,907
Total Restricted	<u>506,150</u>	<u>374,015</u>
Unrestricted (Deficit)	<u>2,624,634</u>	<u>(207,318)</u>
Total Governmental Activities Net Position	<u><u>\$ 5,332,397</u></u>	<u><u>\$ 9,460,058</u></u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 8 – Fund Equity (Continued)

Fund balances reported on the governmental fund balance sheet at December 31, 2021 are classified as follows:

Nonspendable	
General Fund	
Prepaid Items	\$ 44,746
Other Capital Projects Capital Projects Fund	
Advances	1,682,494
Total Nonspendable Fund Balances	<u>\$ 1,727,240</u>
Restricted	
Other Capital Projects	\$ 1,176,227
Debt Service Fund	174,058
Total Restricted Fund Balances	<u>\$ 1,350,285</u>
Unassigned	<u>\$ 9,313</u>

Note 9 – Individual Fund Balance Disclosures

The following governmental funds have a deficit fund balance at December 31, 2021:

Tax Incremental District No. 2	<u>\$ (1,127,591)</u>
Tax Incremental District No. 3	<u>\$ (1,041,666)</u>

These deficits will be funded with future years' tax increments.

Note 10 - Defined Benefit Pension Plan and Pension Summary

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

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

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Defined Benefit Pension Plan and Pension Summary (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	(1.2)%	11%
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Defined Benefit Pension Plan and Pension Summary (Continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Starting 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 \$140,200 in contributions from the City.

Contribution rates as of December 31, 2021 were:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2021 the City reported an asset of \$788,442 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.01262895%, which was an increase of 0.00010978% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension revenue of \$85,394.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Defined Benefit Pension Plan and Pension Summary (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 1,141,117	\$ 245,794
Changes in assumptions	17,883	-
Net differences between projected and actual earnings on pension plan investments	-	1,480,237
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,406	1,318
Employer contributions subsequent to the measurement date	<u>140,200</u>	<u>-</u>
Total	<u>\$ 1,300,606</u>	<u>\$ 1,727,349</u>

The \$140,200 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows and (Inflows) of Resources</u>
2022	\$ (146,089)
2023	(39,787)
2024	(267,761)
2025	<u>(113,306)</u>
	<u>\$ (566,943)</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Defined Benefit Pension Plan and Pension Summary (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

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

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

Asset Allocation Targets and Expected Returns as of December 31, 2020

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Total Core Fund	115.0% *	6.6%	4.1%
Variable Fund Asset Class			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Defined Benefit Pension Plan and Pension Summary (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 750,488</u>	<u>\$ (788,442)</u>	<u>\$ (1,918,776)</u>

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://ef.wi.gov/about-ef/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan

The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. At December 31, 2021, the City had an outstanding payable of \$17,103 to the WRS.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 11 - Other Post-Employment Benefits

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

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

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

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

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

Contribution rates as of December 31, 2021, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

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

**Life Insurance Member
Contribution Rates ***

<u>Attained Age</u>	<u>Basic/Supplemental</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

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

During the reporting period, the Plan recognized \$872 in contributions from the employer.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 11 - Other Post-Employment Benefits (Continued)

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

At December 31, 2021, the City reported a liability of \$263,512 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.047905%, which was a decrease of 0.001302% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$34,246.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ -	\$ 12,574
Change in assumptions	102,511	18,080
Net differences between projected and actual earnings on plan investments	3,837	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,467	1,219
Employer contributions subsequent to the measurement date	872	-
Total	<u>\$ 116,687</u>	<u>\$ 31,873</u>

The \$872 reported as deferred outflows related to OPEB resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	16,170
2023	15,755
2024	15,327
2025	13,296
2026	15,760
Thereafter	7,634
	<u>\$ 83,942</u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 11 - Other Post-Employment Benefits (Continued)

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

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 11 - Other Post-Employment Benefits (Continued)

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

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Decrease to Discount Rate (3.25%)</u>
City's Proportionate share of the Net OPEB liability	358,452	263,512	191,712

Payables to the OPEB Plan.

As of December 31, 2021, the City had no outstanding payables to the OPEB plan.

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 12 - Joint Ventures

Solid Waste Facility

The City has entered into an intergovernmental cooperation agreement with several municipalities for the purpose of constructing, operating, and maintaining a solid waste facility. Each member municipality designates two individuals as representatives to the Commission. It is the intent of the Commission to recover operating the debt service costs through user fees; however, any deficit will be proportionately shared by the member municipalities. Each member will also be responsible for its proportionate share of costs incurred at the time of closure above the amount of those resources available in the Closure and Long-Term Care Fund. The City's proportionate share is 7.1%.

Summary information for the solid waste facility as of and for the year ended December 31, 2020, from financial statements audited by other auditors is as follows:

Cash and Investments	\$	3,058,458
Other Assets		<u>4,672,731</u>
Total Assets	\$	<u><u>7,731,189</u></u>
Total Liabilities	\$	6,072,170
Total Net Position		<u>1,659,019</u>
Total Liabilities and Net Position	\$	<u><u>7,731,189</u></u>
Total Revenues	\$	1,907,103
Total Expenses		<u>1,942,825</u>
Net Decrease in Net Position	\$	<u><u>(35,722)</u></u>

Fire Protection

The City has entered into an intergovernmental cooperation agreement with the Towns of Lincoln, Washington, and Cloverland for the purpose of providing fire protection to the area municipalities and within their respective boundaries. Each member municipality designates one individual of its governing body as a representative to the Commission. It is expected that continuing financial contributions will be required from each of the members and will be based on equalized assessed valuation, adjusted annually. The City's current share is approximately 12%.

Summary financial information from financial statements compiled by other accountants for the intergovernmental agreement to provide fire protection as of and for the year ended December 31, 2020, is as follows:

Cash and Investments	\$	684,440
Other Assets		<u>1,404,409</u>
Total Assets	\$	<u><u>2,088,849</u></u>
Total Liabilities	\$	7,713
Total Net Position		<u>2,081,136</u>
Total Liabilities and Net Position	\$	<u><u>2,088,849</u></u>
Total Revenues	\$	358,862
Total Expenses		<u>341,108</u>
Net Increase in Net Position	\$	<u><u>17,754</u></u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 12 - Joint Ventures (Continued)

Municipal Airport

The City has entered into an intergovernmental cooperation agreement with the Towns of Lincoln and Washington for the purpose of providing airport services to the area municipalities and within their respective boundaries. Each member municipality designates two individuals of its governing body as representatives to the Commission. It is expected that continuing financial contributions will be required from each of the members. This City's current share is approximately 33%.

Summary financial information from unaudited financial statements for the intergovernmental agreement to provide airport services as of and for the year ended December 31, 2020, is as follows:

Cash and Investments	\$	35,702
Other Assets		<u>3,526,418</u>
Total Assets	\$	<u><u>3,562,120</u></u>
Total Liabilities	\$	477,730
Total Net Position		<u>3,084,390</u>
Total Liabilities and Net Position	\$	<u><u>3,562,120</u></u>
Total Revenues	\$	582,294
Total Expenses		<u>531,859</u>
Net Increase in Net Position	\$	<u><u>50,435</u></u>

Invasive Species Control

The City and the Towns of Cloverland, Lincoln, and Washington have created the Unified Lower Eagle River Chain of Lakes Commission pursuant to Wisconsin Statute 66.0301 to coordinate aquatic invasive species control and eradication measures on the Lower Eagle River Chain of Lakes. Each participating municipality has an equal ongoing financial responsibility. The Commission annually requires a short-term loan to fund treatment efforts prior to receiving funding reimbursements from the Wisconsin Department of Natural Resources.

Summary financial information from unaudited financial statements as of and for the year ended December 31, 2020, is as follows:

Cash and Investments	\$	30,531
Other Assets		<u>-</u>
Total Assets	\$	<u><u>30,531</u></u>
Total Liabilities	\$	-
Total Net Position		<u>30,531</u>
Total Liabilities and Net Position	\$	<u><u>30,531</u></u>
Total Revenues	\$	23,288
Total Expenses		<u>44,227</u>
Net Decrease in Net Position	\$	<u><u>(20,939)</u></u>

CITY OF EAGLE RIVER, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 13 - Tax Incremental Finance Districts

In accordance with Wisconsin Statutes 66.1105, the City created Tax Incremental Districts No. 2 and No. 3 on January 1, 2007, which will allow the City to recover developmental costs from the increase in property tax revenues that results from the increased valuation in the designated area. Total accumulated project expenditures recoverable through project revenues, including tax increments are \$1,127,591 and \$1,041,666, respectively as of December 31, 2021.

Note 14 - 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the City purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAGLE RIVER, WISCONSIN

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension (Asset)/Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2020	0.01262895%	\$ (788,442)	\$ 1,805,436	43.67%	105.26%
12/31/2019	0.01251917%	(403,675)	1,768,537	22.83%	102.96%
12/31/2018	0.01226045%	436,188	1,694,305	25.74%	96.45%
12/31/2017	0.01184729%	(351,760)	1,640,547	21.44%	102.93%
12/31/2016	0.01150842%	94,855	1,536,020	6.18%	99.12%
12/31/2015	0.01150500%	186,974	1,463,251	12.78%	98.20%
12/31/2014	0.01175800%	(288,736)	1,457,560	19.81%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2021	\$ 140,200	\$ 140,200	\$ -	\$ 1,756,687	7.98%
12/31/2020	144,745	144,745	-	1,805,436	8.02%
12/31/2019	131,467	131,467	-	1,768,537	7.43%
12/31/2018	129,880	129,880	-	1,694,305	7.67%
12/31/2017	111,878	111,878	-	1,640,547	6.82%
12/31/2016	112,052	112,052	-	1,536,020	7.29%
12/31/2015	109,105	109,105	-	1,463,251	7.46%

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2015.

CITY OF EAGLE RIVER, WISCONSIN

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits Other Than Pension - Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2020	0.04790500%	\$ 263,512	\$ 1,763,078	14.95%	31.36%
12/31/2019	0.04660300%	198,445	1,685,972	11.77%	37.58%
12/31/2018	0.04648400%	119,944	1,563,887	7.67%	48.69%
12/31/2017	0.04275600%	142,174	1,514,267	9.39%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pension - Local Retiree Insurance Fund
Last 10 Fiscal Years*

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2021	\$ 872	\$ 872	\$ -	\$ 1,811,158	0.05%
12/31/2020	950	950	-	1,763,078	0.05%
12/31/2019	925	925	-	1,685,972	0.05%
12/31/2018	899	899	-	1,563,887	0.06%

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2018.

CITY OF EAGLE RIVER, WISCONSIN
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,318,428	\$ 1,385,120	\$ 66,692
Special Assessments	1,898	6,123	4,225
Intergovernmental	331,327	492,408	161,081
Licenses and Permits	35,179	47,928	12,749
Public Charges for Services	34,690	105,718	71,028
Intergovernmental Charges for Services	50,000	53,043	3,043
Fines and Forfeitures	6,800	6,082	(718)
Investment Income	2,500	3,734	1,234
Interest on Special Assessments	-	721	721
Other	48,456	132,456	84,000
Total Revenues	<u>1,829,278</u>	<u>2,233,333</u>	<u>404,055</u>
EXPENDITURES			
General Government	678,206	778,627	(100,421)
Public Safety	990,499	864,403	126,096
Public Works	763,428	841,207	(77,779)
Culture, Recreation and Education	95,836	120,245	(24,409)
Conservation and Development	52,800	131,125	(78,325)
Capital Outlay	24,410	42,357	(17,947)
Debt Service	-	158	(158)
Total Expenditures	<u>2,605,179</u>	<u>2,778,122</u>	<u>(172,943)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(775,901)</u>	<u>(544,789)</u>	<u>231,112</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>105,000</u>	<u>305,969</u>	<u>200,969</u>
NET CHANGE IN FUND BALANCE	(670,901)	(238,820)	432,081
FUND BALANCE - BEGINNING	<u>2,462,136</u>	<u>2,462,136</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,791,235</u>	<u>\$ 2,223,316</u>	<u>\$ 432,081</u>

See Accompanying Notes to Required Supplementary Information

CITY OF EAGLE RIVER, WISCONSIN
Notes to Required Supplementary Information
December 31, 2021

Budgets and Budgetary Accounting

The City reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budget revenues and expenditures. These budgets are adopted on a basis consistent with GAAP. Management control of the budgetary process has been established at the departmental level of expenditures. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Budget appropriations for certain capital projects funds are project oriented, often possessing multi-year lives; consequently, budgeted capital projects expenditures are controlled through fund balances. Budget changes require a two-thirds approval by the City council. The Council did not adopt a budget for the revolving loan fund.

The general fund had the following expenditures in excess of the budget for the year ended December 31, 2021:

General Fund	Excess Expenditures
General Government	\$ 100,421
Public Works	77,779
Culture, Recreation, and Education	24,409
Conservation and Development	78,325
Capital outlay	17,947
Debt Service	158

Defined Benefit Pension Plan

Changes in benefit terms. There were no changes in benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in assumptions

Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing Plan

Changes of benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. The Single Discount Rate assumption used to develop the total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

OTHER INFORMATION

CITY OF EAGLE RIVER, WISCONSIN

Schedule of Detailed Budgetary Comparison - Revenues and Other Financing Sources
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
TAXES			
General Property Taxes	\$ 970,678	\$ 970,678	\$ -
Payments in Lieu of Taxes	172,000	372,458	200,458
Use Value Penalty Tax	175,000	41,984	(133,016)
Interest on Delinquent Taxes	750	-	(750)
Total Taxes	1,318,428	1,385,120	66,692
SPECIAL ASSESSMENTS	1,898	6,123	4,225
INTERGOVERNMENTAL			
State Shared Revenue	78,207	101,924	23,717
Local Grants	-	38,575	38,575
State Aid for Law Enforcement	1,120	800	(320)
State Disaster Aid	-	42,646	42,646
Fire Insurance Tax from State	6,000	7,168	1,168
State Aid Transportation Aid	246,000	289,931	43,931
Other State Aid	-	11,364	11,364
Total Intergovernmental	331,327	492,408	161,081
LICENSES AND PERMITS			
Liquor and Malt Beverage Licenses	10,000	13,347	3,347
Operators Licenses	2,505	3,990	1,485
Cable Television Franchise Licenses	19,000	19,963	963
Cigarette Licenses	1,100	1,100	-
Dog Licenses	350	161	(189)
Building Permits	1,999	1,337	(662)
Zoning Permits	125	8,030	7,905
Other Permits	100	-	(100)
Total Licenses and Permits	35,179	47,928	12,749
FINES AND FORFEITURES	6,800	6,082	(718)
PUBLIC CHARGES FOR SERVICES			
License Publication Fees	300	330	30
Police Fees	-	723	723
Refuse and Garbage Collection	20,000	76,550	56,550
Parks Department	300	1,405	1,105
Recycling Fees	13,000	25,292	12,292
Public Works Department	1,090	1,418	328
Total Charges for Services	34,690	105,718	71,028
INTERGOVERNMENTAL CHARGES FOR SERVICES	50,000	53,043	3,043
INVESTMENT INCOME AND INTEREST			
Investment Income	2,500	3,734	1,234
Interest on Special Assessments	-	721	721
Total Investment Income and Interest	2,500	4,455	1,955
OTHER			
Rent on City Buildings	27,456	21,592	(5,864)
Sale of Equipment	15,000	47,000	32,000
Contributions	-	4,200	4,200
Other	6,000	59,664	53,664
Total Other	48,456	132,456	84,000
OTHER FINANCING SOURCES			
Transfer In From:			
Golf Course	70,000	70,000	-
Water and Sewer Utility	35,000	235,969	200,969
Total Other Financing Sources	105,000	305,969	200,969
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,934,278	\$ 2,539,302	\$ 605,024

CITY OF EAGLE RIVER, WISCONSIN
Schedule of Detailed Budgetary Comparison - Expenditures
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance - Favorable (Unfavorable)</u>
GENERAL GOVERNMENT			
City Council	\$ 26,091	\$ 25,392	\$ 699
Administrator	219,020	195,267	23,753
Judicial	5,999	7,189	(1,190)
Election	5,300	4,995	305
Finance	88,201	128,784	(40,583)
Clerk	184,552	182,669	1,883
Assessing	10,300	10,247	53
City Hall	31,800	118,655	(86,855)
Illegal Taxes	500	688	(188)
Insurance	106,208	102,992	3,216
Other	235	1,749	(1,514)
Total General Government	<u>678,206</u>	<u>778,627</u>	<u>(100,421)</u>
PUBLIC SAFETY			
Law Enforcement	861,404	734,140	127,264
Fire Department	43,663	44,831	(1,168)
Ambulance	85,432	85,432	-
Total Public Safety	<u>990,499</u>	<u>864,403</u>	<u>126,096</u>
PUBLIC WORKS			
Street Repair and Maintenance	701,428	726,384	(24,956)
Airport	28,000	28,000	-
Sewage Service	-	250	(250)
Sanitation	21,000	40,171	(19,171)
Recycling	10,000	39,225	(29,225)
Weed Control	3,000	7,177	(4,177)
Total Public Works	<u>763,428</u>	<u>841,207</u>	<u>(77,779)</u>
CULTURE, RECREATION AND EDUCATION			
Golf Course	-	5,229	(5,229)
Library	46,074	46,074	-
Parks	22,000	30,501	(8,501)
Recreation Program	8,500	20,083	(11,583)
Recreation Facilities	19,262	18,358	904
Total Culture, Recreation and Education	<u>95,836</u>	<u>120,245</u>	<u>(24,409)</u>
CONSERVATION AND DEVELOPMENT			
Economic Development	52,800	130,013	(77,213)
Other	-	1,112	(1,112)
Total Conservation and Development	<u>52,800</u>	<u>131,125</u>	<u>(78,325)</u>
DEBT SERVICE			
Interest Expense	-	158	(158)
CAPITAL OUTLAY			
	<u>24,410</u>	<u>42,357</u>	<u>(17,947)</u>
TOTAL EXPENDITURES	<u>\$ 2,605,179</u>	<u>\$ 2,778,122</u>	<u>\$ (172,943)</u>

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