

CITY OF EAGLE RIVER, WISCONSIN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

City Council
City of Eagle River, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eagle River, Wisconsin (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 4.F to the financial statements, the City restated net position related to corrections in the business-type activities net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 5, 2025

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BASIC FINANCIAL STATEMENTS

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,304,846	\$ 709,997	\$ 3,014,843
Receivables:			
Taxes and Special Charges	1,670,396	-	1,670,396
Accounts	-	439,248	439,248
Leases	-	1,098,347	1,098,347
Loans	569,214	-	569,214
Other	88,076	63,283	151,359
Internal Balances	591,374	(591,374)	-
Prepaid Items and Supplies	37,024	731,975	768,999
Restricted Assets:			
Cash and Investments	-	263,529	263,529
Capital Assets, Nondepreciable	1,133,498	439,896	1,573,394
Capital Assets, Depreciable	7,691,259	14,216,223	21,907,482
Total Assets	<u>14,085,687</u>	<u>17,371,124</u>	<u>31,456,811</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,004,805	641,745	1,646,550
Other Postemployment Related Amounts	64,020	49,797	113,817
Total Deferred Outflows of Resources	<u>1,068,825</u>	<u>691,542</u>	<u>1,760,367</u>
LIABILITIES			
Accounts Payable	111,430	284,930	396,360
Accrued and Other Current Liabilities	8,409	30,973	39,382
Due to Other Governments	573,651	-	573,651
Accrued Interest Payable	43,679	32,812	76,491
Unearned Revenues	14,754	16,890	31,644
Long-Term Obligations:			
Due Within One Year	433,184	210,257	643,441
Due in More Than One Year	5,170,142	6,277,403	11,447,545
Net Pension Liability	111,606	71,620	183,226
Net Other Postemployment Benefits Liability	130,167	100,910	231,077
Total Liabilities	<u>6,597,022</u>	<u>7,025,795</u>	<u>13,622,817</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,278,843	-	2,278,843
Leases Receivable	-	1,098,347	1,098,347
Pension Related Amounts	596,287	382,649	978,936
Other Postemployment Benefits Related Amounts	70,773	54,866	125,639
Total Deferred Inflows of Resources	<u>2,945,903</u>	<u>1,535,862</u>	<u>4,481,765</u>
NET POSITION			
Net Investment in Capital Assets	5,060,004	8,320,981	13,380,985
Restricted:			
Tax Incremental District	746,062	-	746,062
Debt Service	484,205	135,286	619,491
Law Enforcement	4,150	-	4,150
Capital Improvements	-	128,243	128,243
Unrestricted	(682,834)	916,499	233,665
Total Net Position	<u>\$ 5,611,587</u>	<u>\$ 9,501,009</u>	<u>\$ 15,112,596</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General Government	\$ 578,384	\$ 92,303	\$ 378
Public Safety	1,129,874	8,689	28,324
Public Works	1,700,337	106,711	4,600
Culture and Recreation	137,891	1,585	-
Conservation and Development	180,881	9,560	-
Interest and Fiscal Charges	256,613	-	-
Total Governmental Activities	3,983,980	218,848	33,302
BUSINESS-TYPE ACTIVITIES			
Golf Course	825,744	985,008	-
Electric Utility	3,456,231	3,566,605	-
Water Utility	629,136	684,676	-
Sewer Utility	1,089,504	670,630	-
Total Business-Type Activities	6,000,615	5,906,919	-
Total Primary Government	\$ 9,984,595	\$ 6,125,767	\$ 33,302

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (485,703)	\$ -	\$ (485,703)
Public Safety	(1,092,861)	-	(1,092,861)
Public Works	(1,589,026)	-	(1,589,026)
Culture and Recreation	(136,306)	-	(136,306)
Conservation and Development	(171,321)	-	(171,321)
Interest and Fiscal Charges	(256,613)	-	(256,613)
Total Governmental Activities	(3,731,830)	-	(3,731,830)
BUSINESS-TYPE ACTIVITIES			
Golf Course	-	159,264	159,264
Electric Utility	-	110,374	110,374
Water Utility	-	55,540	55,540
Sewer Utility	-	(418,874)	(418,874)
Total Business-Type Activities	-	(93,696)	(93,696)
Total Primary Government	(3,731,830)	(93,696)	(3,825,526)
GENERAL REVENUES AND TRANSFERS			
Taxes:			
Property Taxes	1,732,919	-	1,732,919
Tax Increments	487,540	-	487,540
Other Taxes	439,175	-	439,175
Federal and State Grants and Other			
Contributions not Restricted to			
Specific Functions	446,487	-	446,487
Interest and Investment Earnings	94,210	87,640	181,850
Miscellaneous	45,381	88,070	133,451
Transfers	252,022	(252,022)	-
Total General Revenues and Transfers	3,497,734	(76,312)	3,421,422
CHANGE IN NET POSITION	(234,096)	(170,008)	(404,104)
Net Position - Beginning of Year, as Originally Stated	5,845,683	9,649,427	15,495,110
Prior Period Adjustment	-	21,590	21,590
Net Position - Beginning of Year, as Restated	5,845,683	9,671,017	15,516,700
NET POSITION - END OF YEAR	<u>\$ 5,611,587</u>	<u>\$ 9,501,009</u>	<u>\$ 15,112,596</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Capital Projects	Tax Incremental District No. 2
ASSETS				
Cash and Investments	\$ 1,504,528	\$ 527,884	\$ 92,886	\$ -
Receivables:				
Taxes and Special Charges	652,383	666,871	-	131,379
Loans	569,214	-	-	-
Other	88,076	-	-	-
Due from Other Funds	153,040	-	-	-
Advance to Other Funds	438,334	-	-	-
Inventories and Prepaid Items	37,024	-	-	-
	<u>37,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,442,599</u>	<u>\$ 1,194,755</u>	<u>\$ 92,886</u>	<u>\$ 131,379</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 94,826	\$ -	\$ 16,604	\$ -
Accrued and Other Current Liabilities	577,593	-	-	-
Due to Other Funds	-	-	-	570,664
Due to Other Governments	4,467	-	-	-
Unearned Revenues	14,754	-	-	-
Total Liabilities	<u>691,640</u>	<u>-</u>	<u>16,604</u>	<u>570,664</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	1,260,830	666,871	-	131,379
FUND BALANCES				
Nonspendable	425,358	-	-	-
Restricted	-	527,884	-	-
Assigned	-	-	76,282	-
Unassigned	1,064,771	-	-	(570,664)
Total Fund Balances	<u>1,490,129</u>	<u>527,884</u>	<u>76,282</u>	<u>(570,664)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,442,599</u>	<u>\$ 1,194,755</u>	<u>\$ 92,886</u>	<u>\$ 131,379</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Tax Incremental District No. 3	Non Major Police Therapy Dog	Total
ASSETS			
Cash and Investments	\$ 175,398	\$ 4,150	\$ 2,304,846
Receivables:			
Taxes and Special Charges	219,763	-	1,670,396
Loans	-	-	569,214
Other	-	-	88,076
Due from Other Funds	570,664	-	723,704
Advance to Other Funds	-	-	438,334
Inventories and Prepaid Items	-	-	37,024
Total Assets	<u>\$ 965,825</u>	<u>\$ 4,150</u>	<u>\$ 5,831,594</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 111,430
Accrued and Other Current Liabilities	-	-	577,593
Due to Other Funds	-	-	570,664
Due to Other Governments	-	-	4,467
Unearned Revenues	-	-	14,754
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,278,908</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	219,763	-	2,278,843
FUND BALANCES			
Nonspendable	-	-	425,358
Restricted	746,062	4,150	1,278,096
Assigned	-	-	76,282
Unassigned	-	-	494,107
Total Fund Balances	<u>746,062</u>	<u>4,150</u>	<u>2,273,843</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 965,825</u>	<u>\$ 4,150</u>	<u>\$ 5,831,594</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF EAGLE RIVER, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 2,273,843
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	8,824,757
Deferred outflows and inflows of resources represents a consumption or acquisition of net position that applies to a future period and, therefore, are not reported in the funds.	
Deferred Outflows Related to Pensions	1,004,805
Deferred Inflows Related to Pensions	(596,287)
Deferred Outflows Related to Other Postemployment Benefits	64,020
Deferred Inflows Related to Other Postemployment Benefits	(70,773)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(5,423,521)
Premium on Debt	(27,000)
Compensated Absences	(152,805)
Net Pension Liability	(111,606)
Other Postemployment Benefit	(130,167)
Accrued Interest on Long-Term Obligations	(43,679)
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 5,611,587</u>

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Debt Service	Capital Projects	Tax Incremental District No. 2
REVENUES				
Taxes	\$ 1,494,900	\$ 677,194	\$ -	\$ 181,302
Special Assessments	196	-	-	-
Intergovernmental	467,278	-	1,270	1,479
Licenses and Permits	52,089	-	-	-
Fines and Forfeits	8,689	-	-	-
Public Charges for Services	107,874	-	-	-
Intergovernmental Charges for Services	50,000	-	-	-
Miscellaneous	128,832	9,155	25,809	-
Total Revenues	2,309,858	686,349	27,079	182,781
EXPENDITURES				
Current:				
General Government	543,510	-	-	-
Public Safety	1,131,518	-	-	-
Public Works	814,353	-	-	-
Culture and Recreation	183,939	-	-	-
Conservation and Development	165,549	-	-	18,496
Debt Service:				
Principal	-	2,433,429	-	18,000
Interest and Fiscal Charges	114,700	87,905	-	3,937
Capital Outlay	6,343	-	671,054	-
Total Expenditures	2,959,912	2,521,334	671,054	40,433
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(650,054)	(1,834,985)	(643,975)	142,348
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	1,425,768	-	650,053	-
Premium on Debt Issued	5,165	-	-	-
Proceeds From Sale of Capital Assets	62,024	-	-	-
Transfers In	402,022	2,111,739	-	-
Transfers Out	-	-	(2,111,739)	(150,000)
Total Other Financing Sources (Uses)	1,894,979	2,111,739	(1,461,686)	(150,000)
NET CHANGE IN FUND BALANCES	1,244,925	276,754	(2,105,661)	(7,652)
Fund Balances - Beginning of Year	245,204	251,130	2,181,943	(563,012)
FUND BALANCES - END OF YEAR	<u>\$ 1,490,129</u>	<u>\$ 527,884</u>	<u>\$ 76,282</u>	<u>\$ (570,664)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Tax Incremental District No. 3	Non Major Police Therapy Dog	Total
REVENUES			
Taxes	\$ 306,238	\$ -	\$ 2,659,634
Special Assessments	-	-	196
Intergovernmental	3,821	-	473,848
Licenses and Permits	-	-	52,089
Fines and Forfeits	-	-	8,689
Public Charges for Services	-	-	107,874
Intergovernmental Charges for Services	-	-	50,000
Miscellaneous	-	5,941	169,737
Total Revenues	<u>310,059</u>	<u>5,941</u>	<u>3,522,067</u>
EXPENDITURES			
Current:			
General Government	12,331	-	555,841
Public Safety	-	1,791	1,133,309
Public Works	-	-	814,353
Culture and Recreation	-	-	183,939
Conservation and Development	-	-	184,045
Debt Service:			
Principal	140,000	-	2,591,429
Interest and Fiscal Charges	42,116	-	248,658
Capital Outlay	-	-	677,397
Total Expenditures	<u>194,447</u>	<u>1,791</u>	<u>6,388,971</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	115,612	4,150	(2,866,904)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	260,000	-	2,335,821
Premium on Debt Issued	-	-	5,165
Proceeds From Sale of Capital Assets	-	-	62,024
Transfers In	-	-	2,513,761
Transfers Out	-	-	(2,261,739)
Total Other Financing Sources (Uses)	<u>260,000</u>	<u>-</u>	<u>2,655,032</u>
NET CHANGE IN FUND BALANCES	375,612	4,150	(211,872)
Fund Balances - Beginning of Year	<u>370,450</u>	<u>-</u>	<u>2,485,715</u>
FUND BALANCES - END OF YEAR	<u>\$ 746,062</u>	<u>\$ 4,150</u>	<u>\$ 2,273,843</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (211,872)

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

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

Capital Assets Reported as Expenditures in Governmental Fund Statements	529,630
Depreciation Expense Reported in the Statement of Activities	(701,187)
Net Book Value of Disposals	(91,198)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

(196)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Long-Term Debt Issued	(2,335,821)
Principal Repaid	2,591,429

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

Accrued Interest on Long-Term Debt	(13,715)
Amortization of Premium	5,760
Compensated Absences	(40,952)
Net Pension Liability	287,693
Deferred Outflows of Resources Related to Pensions	(491,276)
Deferred Inflows of Resources Related to Pensions	239,649
Other Postemployment Benefits	(32,553)
Deferred Outflows of Resources Related to Other Postemployment Benefits	23,280
Deferred Inflows of Resources Related to Other Postemployment Benefits	7,233

Change in Net Position of Governmental Activities as Reported in the Statement of Activities

\$ (234,096)

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,322,750	\$ 1,322,750	\$ 1,494,900	\$ 172,150
Special Assessments	305	305	196	(109)
Intergovernmental	418,785	418,785	467,278	48,493
Licenses and Permits	37,270	37,270	52,089	14,819
Fines and Forfeits	7,300	7,300	8,689	1,389
Public Charges for Services	110,502	110,502	107,874	(2,628)
Intergovernmental Charges for Services	50,000	50,000	50,000	-
Miscellaneous	35,610	35,610	128,832	93,222
Total Revenues	1,982,522	1,982,522	2,309,858	327,336
EXPENDITURES				
Current:				
General Government	503,642	546,977	543,510	3,467
Public Safety	1,108,562	1,106,562	1,131,518	(24,956)
Public Works	977,216	977,216	814,353	162,863
Health and Human Services	100	100	-	100
Culture and Recreation	191,158	192,158	183,939	8,219
Conservation and Development	109,720	109,720	165,549	(55,829)
Debt Service:				
Interest and Fiscal Charges	-	-	114,700	(114,700)
Capital Outlay	52,500	52,500	6,343	46,157
Total Expenditures	2,942,898	2,985,233	2,959,912	25,321
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(960,376)	(1,002,711)	(650,054)	352,657
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	1,425,768	1,425,768
Premium on Debt Issued	-	-	5,165	5,165
Proceeds From Sale of Capital Assets	-	-	62,024	62,024
Transfers In	255,000	255,000	402,022	147,022
Total Other Financing Sources (Uses)	255,000	255,000	1,894,979	1,639,979
NET CHANGE IN FUND BALANCE	(705,376)	(747,711)	1,244,925	1,992,636
Fund Balances - Beginning of Year	245,204	245,204	245,204	-
FUND BALANCE - END OF YEAR	<u>\$ (460,172)</u>	<u>\$ (502,507)</u>	<u>\$ 1,490,129</u>	<u>\$ 1,992,636</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds				
	Golf Course	Electric Utility	Water Utility	Sewer Utility	Total
ASSETS					
Current Assets:					
Cash and Investments	\$ 87,754	\$ 604,993	\$ 17,250	\$ -	\$ 709,997
Receivables:					
Customer Accounts	1,629	319,629	62,901	55,089	439,248
Lease Due Within One Year	-	-	24,935	-	24,935
Other	-	62,499	784	-	63,283
Due From Other Funds	-	206,729	69,534	757,160	1,033,423
Inventories and Prepaid Items	14,517	629,298	88,160	-	731,975
Total Current Assets	103,900	1,823,148	263,564	812,249	3,002,861
Noncurrent Assets:					
Restricted Assets:					
Cash and Investments	-	-	60,401	203,128	263,529
Other Assets:					
Leases Receivable	-	-	1,073,412	-	1,073,412
Capital Assets:					
Nondepreciable	423,893	4,485	10,568	950	439,896
Depreciable	354,391	2,705,729	4,541,616	6,614,487	14,216,223
Total Capital Assets	778,284	2,710,214	4,552,184	6,615,437	14,656,119
Total Assets	882,184	4,533,362	5,949,561	7,630,814	18,995,921
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	119,985	222,661	192,909	106,190	641,745
Other Postemployment Related Amounts	13,162	21,882	7,501	7,252	49,797
Total Deferred Outflows of Resources	133,147	244,543	200,410	113,442	691,542

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds				
	Golf Course	Electric Utility	Water Utility	Sewer Utility	Total
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 9,483	\$ 274,218	\$ 1,229	\$ -	\$ 284,930
Accrued and Other Current Liabilities	-	19,650	3,748	7,575	30,973
Accrued Interest Payable	1,834	7,492	8,866	14,620	32,812
Due to Other Funds	-	859,245	257,684	69,534	1,186,463
Advance from Other Funds	438,334	-	-	-	438,334
Unearned Revenues	1,890	-	15,000	-	16,890
Current Portion of Long-Term Debt	35,651	50,000	34,863	89,743	210,257
Total Current Liabilities	487,192	1,210,605	321,390	181,472	2,200,659
Long-Term Obligations, Less Current Portion:					
General Obligation Debt	142,007	1,055,000	-	-	1,197,007
Revenue Bonds	-	-	1,223,024	3,704,850	4,927,874
Compensated Absences	15,628	81,947	25,695	29,252	152,522
Net Pension Liability	13,332	26,506	19,958	11,824	71,620
Other Postemployment Benefits	26,715	44,319	15,186	14,690	100,910
Total Long-Term Obligations	197,682	1,207,772	1,283,863	3,760,616	6,449,933
Total Liabilities	684,874	2,418,377	1,605,253	3,942,088	8,650,592
DEFERRED INFLOWS OF RESOURCES					
Leases Receivable	-	-	1,098,347	-	1,098,347
Pension Related Amounts	71,231	141,614	106,630	63,174	382,649
Other Postemployment Related Amounts	14,525	24,097	8,257	7,987	54,866
Total Deferred Inflows of Resources	85,756	165,711	1,213,234	71,161	1,535,862
NET POSITION					
Net Investment in Capital Assets	600,626	1,605,214	3,294,297	2,820,844	8,320,981
Restricted:					
Debt Service	-	-	60,401	74,885	135,286
Capital Improvements	-	-	-	128,243	128,243
Unrestricted	(355,925)	588,603	(23,214)	707,035	916,499
Total Net Position	\$ 244,701	\$ 2,193,817	\$ 3,331,484	\$ 3,731,007	\$ 9,501,009

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds				
	Golf Course	Electric Utility	Water Utility	Sewer Utility	Total
OPERATING REVENUES					
Charges for Services	\$ 967,548	\$ 3,545,624	\$ 654,312	\$ 583,095	\$ 5,750,579
Other	17,460	20,981	30,364	87,535	156,340
Total Operating Revenues	985,008	3,566,605	684,676	670,630	5,906,919
OPERATING EXPENSES					
Operation and Maintenance	752,574	3,055,095	380,807	533,569	4,722,045
Depreciation	65,952	349,306	200,388	472,968	1,088,614
Total Operating Expenses	818,526	3,404,401	581,195	1,006,537	5,810,659
OPERATING INCOME (LOSS)	166,482	162,204	103,481	(335,907)	96,260
NONOPERATING REVENUES (EXPENSES)					
Interest Income	7,379	22,455	46,558	11,248	87,640
Interest and Fiscal Charges	(7,218)	(51,830)	(47,941)	(82,967)	(189,956)
Other Nonoperating Revenues (Expenses)	-	60,782	27,288	-	88,070
Total Nonoperating Revenues (Expenses)	161	31,407	25,905	(71,719)	(14,246)
INCOME (LOSS) BEFORE TRANSFERS	166,643	193,611	129,386	(407,626)	82,014
Transfers Out	(70,000)	(101,638)	(80,384)	-	(252,022)
CHANGE IN NET POSITION	96,643	91,973	49,002	(407,626)	(170,008)
Net Position - Beginning of Year	126,468	2,101,844	3,282,482	4,138,633	9,649,427
Prior Period Adjustment	21,590	-	-	-	21,590
Net Position - Beginning of Year, as Restated	148,058	2,101,844	3,282,482	4,138,633	9,671,017
NET POSITION - END OF YEAR	<u>\$ 244,701</u>	<u>\$ 2,193,817</u>	<u>\$ 3,331,484</u>	<u>\$ 3,731,007</u>	<u>\$ 9,501,009</u>

See accompanying Notes to Basic Financial Statements.

CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds				Total
	Golf Course	Electric Utility	Water Utility	Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	\$ 980,903	\$ 3,539,768	\$ 671,610	\$ 672,622	\$ 5,864,903
Cash Paid to Suppliers	(307,711)	(2,669,777)	(153,453)	(329,826)	(3,460,767)
Cash Paid for Employee Wages and Benefits	(439,742)	(370,163)	(226,438)	(212,774)	(1,249,117)
Net Cash Provided by Operating Activities	233,450	499,828	291,719	130,022	1,155,019
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due To/From Other Funds	(187,588)	-	-	-	(187,588)
Nonoperating Revenues (Expenses)	-	60,782	4,057	-	64,839
Transfer Out	(70,000)	(261,101)	(89,796)	27,712	(393,185)
Net Cash Provided (Used) by Noncapital Financing Activities	(257,588)	(200,319)	(85,739)	27,712	(515,934)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(120,214)	(351,540)	(222,856)	(180)	(694,790)
Advance to (from) Other Funds	-	(980,944)	644,610	717,647	381,313
Lease Receipts	-	-	23,231	-	23,231
Proceeds of Long-Term Debt	-	1,105,000	-	-	1,105,000
Debt Issuance Costs Paid	-	(17,344)	-	-	(17,344)
Principal Paid on Long-Term Debt	(86,200)	-	(672,303)	(797,725)	(1,556,228)
Interest Paid on Long-Term Debt	(7,976)	(92,994)	(49,616)	(84,950)	(235,536)
Net Cash Used by Capital and Related Financing Activities	(214,390)	(337,822)	(276,934)	(165,208)	(994,354)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	7,379	22,455	46,558	11,248	87,640
CHANGE IN CASH AND CASH EQUIVALENTS	(231,149)	(15,858)	(24,396)	3,774	(267,629)
Cash and Cash Equivalents - Beginning of Year	318,903	620,851	102,047	199,354	1,241,155
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 87,754</u>	<u>\$ 604,993</u>	<u>\$ 77,651</u>	<u>\$ 203,128</u>	<u>\$ 973,526</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Enterprise Funds				
	Golf Course	Electric Utility	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 166,482	\$ 162,204	\$ 103,481	\$ (335,907)	\$ 96,260
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	65,952	349,306	200,388	472,968	1,088,614
Depreciation Charged to Sewer Utility	-	-	13,596	(13,596)	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:					
Net Pension Liability	(31,156)	(99,435)	(21,404)	(30,988)	(182,983)
Deferred Outflows - Pension Related	47,952	249,152	(37,225)	53,866	313,745
Deferred Outflows - OPEB Related	(6,427)	(10,127)	(3,618)	(3,256)	(23,428)
OPEB Liability	10,757	16,142	5,889	5,106	37,894
Deferred Inflows - Pension Related	(21,904)	(122,045)	20,038	(26,454)	(150,365)
Deferred Inflows - OPEB Related	1,773	1,580	828	328	4,509
Change in Operating Assets and Liabilities:					
Customer Accounts Receivables	(1,542)	(22,899)	(3,009)	1,603	(25,847)
Other Receivable	-	(3,938)	783	389	(2,766)
Prepaid Items and Supplies	4,846	(10,328)	10,301	-	4,819
Accounts Payable	(4,943)	18,536	1,229	-	14,822
Accrued and Other Current Liabilities	-	(7,503)	(178)	1,328	(6,353)
Due to Other Funds	-	(26,129)	(16,046)	2,739	(39,436)
Unearned Revenues	(2,563)	-	15,000	-	12,437
Compensated Absences	4,223	5,312	1,666	1,896	13,097
Net Cash Provided by Operating Activities	<u>\$ 233,450</u>	<u>\$ 499,828</u>	<u>\$ 291,719</u>	<u>\$ 130,022</u>	<u>\$ 1,155,019</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and Cash Equivalents in Current Assets	\$ 87,754	\$ 604,993	\$ 17,250	\$ -	\$ 709,997
Cash and Cash Equivalents in Restricted Assets	-	-	60,401	203,128	263,529
Total Cash and Cash Equivalents	<u>\$ 87,754</u>	<u>\$ 604,993</u>	<u>\$ 77,651</u>	<u>\$ 203,128</u>	<u>\$ 973,526</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2024**

ASSETS

Current Assets:

Cash and Investments

\$ 355,366

Receivables:

Taxes

992,155

Total Assets

1,347,521

LIABILITIES

Due to Other Governments

355,366

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year

992,155

NET POSITION

Restricted for Other Governments

\$ -

**CITY OF EAGLE RIVER, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2024**

ADDITIONS

Tax and Special Charges Collections	\$ 1,385,513
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DEDUCTIONS

Payments to Other Taxing Entities	1,385,513
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CHANGE IN NET POSITION

-

Fiduciary Net Position - Beginning of Year

-

FIDUCIARY NET POSITION - END OF YEAR

\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. 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 and debt service costs through user fees; however, any deficit will be proportionately shared by the member municipalities. Each member municipality 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%.

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%. For the fiscal year the City contributed \$50,797 to the Fire District.

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 a representative to the Commission. It is expected that continuing financial contributions will be required from each of the members. The City's current share is approximately 33%. For the fiscal year the City contributed \$30,000 to the Airport.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

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 State Statute 66.0301 to coordinate aquatic invasive species control and eradication 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.

C. Government-Wide and Fund Financial Statements

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

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

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

This fund accounts for the resources available to implement the City's capital improvement plans.

Tax Incremental District #2

This fund accounts for the resources available to activities of Tax Incremental District #2.

Tax Incremental District #3

This fund accounts for the resources available to activities of Tax Incremental District #3.

The City reports the following major enterprise funds:

Golf Course

This fund is used to account for the operation and maintenance of the City-owned golf course.

Electric Utility

This fund is used to account for the operation, maintenance, and financing of the construction of the City-owned electric facilities.

Water Utility

This fund is used to account for the operation, maintenance, and financing of the construction of the City-owned water facilities.

Sewer Utility

This fund is used to account for the operation, maintenance, and financing of the construction of the City-owned sewer facilities.

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

Property Tax Collection Custodial Fund

The City accounts for property taxes and special charges collected on behalf of other governments.

D. Measurement Focus and Basis of Accounting

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

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

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

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 water and electric functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes

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

The City bills and collects its own property taxes and also levies and collects taxes for the School District of Northland Pines, Vilas County, and Nicolet Technical College. Collections and remittances of taxes for other entities are accounted for in the property tax custodial fund.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls.

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The program was closed in 2020 and with closing the City must now remit amounts received from loan payments to the Wisconsin Department of Administration. The City records a loan receivable and due to other governments for the balance remaining on the loans.

6. Interfund Receivables and Payables

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

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

7. Prepaid Supplies

Prepaid supplies are recorded at cost, which approximates market, using the first-in, first-out method. Prepaid supplies consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual supply items are consumed rather than when purchased.

Prepaid supplies of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Prepaid Items

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

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Land Improvements	10 - 15	10 - 15
Buildings and Improvements	20 - 50	15 - 45
Machinery and Equipment	3 - 15	4 - 32
Infrastructure	25 - 75	25 - 108

10. Compensated Absences

The liability for compensated absences reporting in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain types of leave.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

13. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance – Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

Restricted Fund Balance – Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.

Assigned Fund Balance – Amounts that are constrained for specific purposes by action of City management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

Net Investment in Capital Assets – Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Net position that is neither classified as restricted nor as net investment in capital assets.

F. Use of Estimates

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. The legal level of budgetary control is by activity or department. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council. Management does not have authority to amend activity or department budget accounts.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2024.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2024, as follows:

Funds	Excess Expenditures
General:	
Public Safety	\$ 24,956
Conservation and Development	55,829
Debt Service	114,700

C. Deficit Fund Equity

The following funds had deficit fund balance or net position as of December 31, 2024:

Funds	Deficit Fund Balance
Capital Projects Funds:	
Tax Incremental District No. 2	\$ 570,664

The City anticipates funding the above deficits from future revenues of the funds.

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2024 and 2025 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2024 budget was .759%. The actual limit for the City for the 2025 budget was 1.261%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as Cash and Investments.

The City is authorized by Wisconsin Statute 66.0603 to invest in the following instruments:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state if the time deposits mature in not more than three years.
2. Bonds or securities issues or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
3. Based on securities of any county, city, drainage district, technical college district, village, town or school district of this state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. The Local Government Pooled Investment Fund.
6. Repurchase agreements with public depositories if the agreement is secured by federal bonds or securities.
7. Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to: (a) bonds and securities by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$3,633,738 on December 31, 2024, as summarized below:

Petty Cash and Cash on Hand	\$ 200
Deposits with Financial Institutions	3,633,538
Total	<u>\$ 3,633,738</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:

Primary Government:

Cash and Investments	\$ 3,014,843
Restricted Cash and Investments	263,529

Fiduciary Fund Statement of Net Position:

Cash and Investments	355,366
Total	<u>\$ 3,633,738</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City currently has no investments that are subject to fair value measurement.

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$1,000,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2024, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits.

B. Restricted Assets

Restricted assets on December 31, 2024, totaled \$263,529 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Business-Type Activities:		
Eagle River Light & Water		
Commission:		
Restricted Assets:		
Debt Reserve	\$ 135,286	Resources restricted to make up potential future deficiencies in the redemption account
DNR Replacement	<u>128,243</u>	Resources restricted to fund plant renewals and replacement of the treatment facility
Total Restricted Assets	<u>\$ 263,529</u>	

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 1,151,646	\$ -	\$ 91,198	\$ 1,060,448
Construction in Progress	20,637	52,413	-	73,050
Total Capital Assets, Nondepreciable	1,172,283	52,413	91,198	1,133,498
Capital Assets, Depreciable:				
Land Improvements	4,399	-	-	4,399
Buildings and Improvements	1,420,918	-	-	1,420,918
Machinery and Equipment	2,453,530	167,374	-	2,620,904
Infrastructure	12,627,892	309,843	-	12,937,735
Subtotals	16,506,739	477,217	-	16,983,956
Less Accumulated Depreciation for:				
Land Improvements	4,399	-	-	4,399
Buildings and Improvements	866,289	35,428	-	901,717
Machinery and Equipment	2,058,840	144,944	-	2,203,784
Infrastructure	5,661,982	520,815	-	6,182,797
Subtotals	8,591,510	701,187	-	9,292,697
Total Capital Assets, Depreciable, Net	7,915,229	(223,970)	-	7,691,259
Governmental Activities Capital Assets, Net	<u>\$ 9,087,512</u>	<u>\$ (171,557)</u>	<u>\$ 91,198</u>	8,824,757
Less: Long-Term Debt Outstanding Related to Capital Assets				3,737,753
Less: Debt Premium				<u>27,000</u>
Net Investment in Capital Assets				<u>\$ 5,060,004</u>

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 429,177	\$ -	\$ -	\$ 429,177
Construction in Progress	4,556	9,466	3,303	10,719
Total Capital Assets, Nondepreciable	433,733	9,466	3,303	439,896
Capital Assets, Depreciable:				
Land Improvements	153,658	76,035	174,570	55,123
Buildings	5,690,384	-	-	5,690,384
Machinery and Equipment	8,943,631	95,950	-	9,039,581
Infrastructure	16,483,021	516,642	15,229	16,984,434
Subtotals	31,270,694	688,627	189,799	31,769,522
Less Accumulated Depreciation	16,654,484	1,088,614	189,799	17,553,299
Total Capital Assets, Depreciable, Net	14,616,210	(399,987)	-	14,216,223
Business-Type Activities Capital Assets, Net	<u>\$ 15,049,943</u>	<u>\$ (390,521)</u>	<u>\$ 3,303</u>	14,656,119
Less: Related Long-Term Debt Outstanding				6,335,138
Net Investment in Capital Assets				<u>\$ 8,320,981</u>

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

Governmental Activities:	
General Government	\$ 23,031
Public Safety	6,671
Public Works	665,603
Culture and Recreation	5,882
Total Depreciation Expense - Governmental Activities	<u>\$ 701,187</u>
Business-Type Activities:	
Golf Course	\$ 65,952
Electric Utility	349,306
Water Utility	200,388
Sewer Utility	472,968
Total Increase in Accumulated Depreciation - Business-Type Activities	<u>\$ 1,088,614</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Leases Receivable

During the year ended December 31, 2024, the City recognized lease revenue and interest revenue in the business-type activities of \$23,231 and \$22,330, respectively, pursuant to these contracts. A summary of the City's lease terms and interest rates is as follows:

Tower rental leases with annual installments ranging from \$43,907 to \$70,304 for AT&T lease and monthly installments ranging from \$163 to \$208 for SonicNet lease. Termination dates range from 2029 to 2049.

Total future lease payments to be received under lease agreement are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 24,935	\$ 21,848	\$ 46,783
2026	26,388	21,338	47,726
2027	27,893	20,799	48,692
2028	29,451	20,228	49,679
2029	31,063	19,627	50,690
2030 - 2034	166,341	88,653	254,994
2035 - 2039	210,146	69,984	280,130
2040 - 2044	261,292	46,589	307,881
2045 - 2049	320,838	17,683	338,521
Totals	<u>\$ 1,098,347</u>	<u>\$ 326,749</u>	<u>\$ 1,425,096</u>

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2024, are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances to Finance		
Operating Cash Deficits:		
Tax Incremental District No. 2	\$ -	\$ 570,664
Tax Incremental District No. 3	570,664	-
Amounts Due Between Funds for Operating:		
General Fund	153,040	-
Electric Utility	206,729	859,245
Water Utility	69,534	257,684
Sewer Utility	757,160	69,534
Long-Term Advances:		
General Fund	438,334	-
Golf Course	-	438,334
Totals	<u>\$ 2,195,461</u>	<u>\$ 2,195,461</u>

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

The long term advance between the golf course and the general will paid back yearly with a \$50,000 budgeted item as well as any excess cash that the golf course will accumulate during the year.

Interfund transfers for the year ended December 31, 2024, were as follows:

Fund	Transfer In	Transfer Out
General	\$ 402,022	\$ -
Debt Service Fund	2,111,739	-
Capital Projects	-	2,111,739
Tax Incremental District No. 2	-	150,000
Enterprise:		
Golf Course	-	70,000
Electric Utility	-	101,638
Water Utility	-	80,384
Totals	<u>\$ 2,513,761</u>	<u>\$ 2,513,761</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment by Utilities	\$ 182,022
Tax Equivalent Payment by Golf Course	70,000
Debt Service:	
Excess Debt Proceeds to Repay original Note	
Anticipation Notes	2,111,739
Reclassified Revenue in Previous Years to TID	150,000
Total	<u>\$ 2,513,761</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2024.

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
Long Term Debt:					
Bonds	\$ 2,089,000	\$ 1,390,000	\$ 189,000	\$ 3,290,000	\$ 191,000
Note Anticipation Notes	2,200,000	-	2,200,000	-	-
Direct Borrowing:					
State Trust Fund Loans	34,210	280,790	-	315,000	25,323
General Obligation Notes	1,355,919	665,031	202,429	1,818,521	216,861
Total Long Term Debt	5,679,129	2,335,821	2,591,429	5,423,521	433,184
Debt Premium	32,760	-	5,760	27,000	-
Compensated Absences	111,853	40,952	-	152,805	-
Governmental Activities Long-Term Obligations	<u>\$ 5,823,742</u>	<u>\$ 2,376,773</u>	<u>\$ 2,597,189</u>	<u>\$ 5,603,326</u>	<u>\$ 433,184</u>
Business-Type Activities:					
General Obligation Debt:					
Notes	\$ 263,858	\$ -	\$ 86,200	\$ 177,658	\$ 35,651
Bonds	-	1,105,000	-	1,105,000	50,000
Total General Obligation Debt	263,858	-	-	1,282,658	85,651
Revenue Bonds	6,522,508	-	1,470,028	5,052,480	124,606
Compensated Absences	139,425	57,234	44,137	152,522	-
Business-Type Activities Long-Term Obligations	<u>\$ 6,925,791</u>	<u>\$ 57,234</u>	<u>\$ 1,514,165</u>	<u>\$ 6,487,660</u>	<u>\$ 210,257</u>

Total interest paid during the year on long-term debt totaled \$289,306.

During 2024, the City currently refunded multiple revenue bonds. The City issued general obligation bonds in the amount of \$1,390,000 to refund \$1,335,639 of revenue bonds. The refunding transactions were undertaken to refinance the previous revenue bonds from the utility that were being paid by the City to general obligation debt. The refunding resulted in a reducing the loan payments by eighteen years, that generated an increase in debt payments of \$137,886 and a present value of savings of (\$310,635).

State Trust Fund Loan

The City's outstanding notes from direct borrowings related to governmental activities of \$315,000 are subject to a statutory provision that in the event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/24</u>
Bonds:					
GO Refunding Bonds	12/1/22	3/1/33	1.93%	\$ 2,134,000	\$ 1,900,000
GO Refunding Bonds	12/9/24	3/1/43	4.00%	1,390,000	1,390,000
GO Bonds	3/26/24	11/1/43	4% - 5%	1,105,000	1,105,000
Direct Borrowing:					
State Trust Fund Loan	12/21/23	3/15/33	5.75%	34,210	34,210
State Trust Fund Loan	1/23/24	3/15/33	5.75%	280,790	280,790
General Obligation Promissory Notes	12/18/19	8/31/29	2.99%	181,000	96,353
General Obligation Promissory Notes	4/15/20	2/28/30	2.95%	200,000	116,857
General Obligation Promissory Notes	4/15/20	2/28/30	2.95%	52,000	30,383
General Obligation Promissory Notes	8/21/20	8/21/30	2.30%	300,000	180,005
General Obligation Promissory Notes	10/27/20	8/31/30	2.39%	500,000	312,953
General Obligation Promissory Notes	10/12/21	8/12/31	2.45%	112,000	80,743
General Obligation Promissory Notes	3/20/24	3/5/31	5.79%	160,874	147,108
General Obligation Promissory Notes	8/5/24	8/2/34	5.89%	208,389	201,853
General Obligation Promissory Notes	12/31/24	1/31/26	5.39%	295,768	295,768
GO Promissory Note	2/11/22	2/11/27	2.50%	94,947	48,960
GO Promissory Note	4/1/22	4/1/32	2.60%	111,500	86,305
GO Promissory Note	4/1/22	4/1/27	2.30%	47,300	24,335
GO Promissory Note	5/12/22	5/12/32	2.80%	125,000	96,992
GO Promissory Note	1/5/23	1/5/33	5.50%	77,950	63,662
GO Promissory Note	2/1/23	2/5/28	5.35%	58,000	42,197
GO Promissory Note	5/2/23	5/2/33	5.30%	194,700	171,705
Total Outstanding General Obligation Debt					<u>\$ 6,706,179</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$6,706,179 on December 31, 2024, are detailed below:

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Year Ended December 31,	Governmental Activities			
	Notes from Direct Borrowings		Bonded Debt	
	Principal	Interest	Principal	Interest
2025	\$ 242,184	\$ 75,692	\$ 191,000	\$ 75,291
2026	549,961	82,421	249,000	85,663
2027	252,869	55,341	254,000	79,774
2028	251,530	44,071	264,000	73,689
2029	260,872	35,767	268,000	67,365
2030 - 2033	558,138	58,668	1,149,000	202,627
2034 - 2038	17,967	406	390,000	145,800
2039 - 2043	-	-	525,000	54,500
Totals	<u>\$ 2,133,521</u>	<u>\$ 352,366</u>	<u>\$ 3,290,000</u>	<u>\$ 784,709</u>

Year Ended December 31,	Business-Type Activities			
	Notes from Direct Borrowings		Bonded Debt	
	Principal	Interest	Principal	Interest
2025	\$ 36,651	\$ 5,655	\$ 50,000	\$ 44,200
2026	37,937	4,369	50,000	42,200
2027	34,396	2,855	50,000	40,200
2028	23,928	1,597	50,000	38,200
2029	17,694	1,126	50,000	36,200
2030 - 2033	27,052	961	250,000	150,000
2034 - 2038	-	-	305,000	91,500
2039 - 2043	-	-	300,000	24,600
Totals	<u>\$ 177,658</u>	<u>\$ 16,563</u>	<u>\$ 1,105,000</u>	<u>\$ 467,100</u>

Year Ended December 31,	Totals	
	Principal	Interest
2025	\$ 519,835	\$ 200,838
2026	886,898	214,653
2027	591,265	178,170
2028	589,458	157,557
2029	596,566	140,458
2030 - 2033	1,984,190	412,256
2034 - 2038	712,967	237,706
2039 - 2043	825,000	79,100
Totals	<u>\$ 6,706,179</u>	<u>\$ 1,620,738</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2024, was \$8,492,831 as follows:

Equalized Valuation of the City	\$ 303,980,200
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	15,199,010
Total Outstanding General Obligation Debt Applicable to Debt Limitation	6,706,179
Legal Margin for New Debt	<u>\$ 8,492,831</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2024, totaled \$5,052,480 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
Direct Borrowings:					
Water System Revenue Bonds	9/30/08	9/1/48	4.375%	\$ 445,000	\$ 346,122
Water System Revenue Bonds	12/17/13	12/17/53	2.750	292,000	113,077
Water System Revenue Bonds	11/2/16	5/1/56	1.875	428,500	244,266
Water System Revenue Bonds	11/25/19	5/1/59	1.750	843,000	510,733
Water System Revenue Bonds	11/25/19	5/1/59	1.750	72,000	43,689
Sewer System Revenue Bonds	9/30/08	9/1/48	4.375	531,000	413,005
Sewer System Revenue Bonds	12/17/13	12/17/53	2.750	401,000	156,499
Sewer System Revenue Bonds	11/2/16	5/1/56	1.375	350,000	196,266
Sewer System Revenue Bonds	11/25/19	5/1/59	1.750	1,287,000	879,623
Sewer System Revenue Bonds	11/8/23	5/1/63	1.125	1,828,000	1,791,200
Sewer System Revenue Bonds	11/8/23	5/1/63	1.375	365,000	358,000
Total Outstanding Revenue Bonds					<u>\$ 5,052,480</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$5,052,480 on December 31, 2024, are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Bonded Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 124,606	\$ 101,612	\$ 226,218
2026	127,302	98,872	226,174
2027	129,910	96,059	225,969
2028	132,814	93,170	225,984
2029	135,703	90,202	225,905
2030 - 2034	723,935	403,572	1,127,507
2035 - 2039	686,826	321,885	1,008,711
2040 - 2044	735,914	242,334	978,248
2045 - 2049	749,884	152,323	902,207
2050 - 2054	622,528	89,353	711,881
2055 - 2059	614,858	39,664	654,522
2060 - 2063	268,200	6,561	274,761
Totals	<u>\$ 5,052,480</u>	<u>\$ 1,735,607</u>	<u>\$ 6,788,087</u>

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the water and sewer system revenue bonds. Proceeds from the revenue bonds provided financing for the construction or acquisition of capital assets of the City's water and sewage treatment utilities.

Water Bonds: The bonds are payable solely from customer net revenues and are payable through 2063. The total principal and interest remaining to be paid on the bonds is \$1,842,459. Principal and interest paid for the current year and total customer net revenues were \$721,923 and \$300,443 respectively. During 2024 the Commission received \$644,610 from the Municipality to retire water revenue bonds early.

Sewer Bonds: The bonds are payable solely from customer net revenues and are payable through 2063. The total principal and interest remaining to be paid on the bonds is \$4,945,627. Principal and interest paid for the current year and total customer net revenues were \$882,675 and \$151,852 respectively. During 2024 the Commission received \$747,647 from the Municipality to retire sewer revenue bonds early.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Short-Term Obligations

Short-term debt activity for the year ended was as follows:

	Outstanding 1/1/24	Issued	Retired	Outstanding 12/31/24
Governmental Activities:				
Short-Term Note	\$ 145,000	\$ -	\$ 145,000	\$ -

Total interest paid during the year on short-term debt totaled \$7,766.

H. Pension Plan

1. Plan Description

The WRS is a cost-sharing, multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year 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, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

2. 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.

3. 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.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

3. Benefits Provided (Continued)

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.

4. Postretirement Adjustments

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

Year	Core Fund Adjustment %	Variable Fund Adjustment %
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%
2023	1.6%	-21.0%

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

5. Contributions

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

During the reporting period ending December 31, 2024, the WRS recognized \$183,896 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Executives and Elected Officials)	6.90%	6.90%
Protective With Social Security	6.90	14.30
Protective Without Social Security	6.90	19.10

6. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the City reported a liability of \$183,226 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.01232348%, which was a decrease of 0.00001965% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense of \$128,311.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 738,766	\$ 978,500
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	638,513	-
Changes in Assumptions	79,863	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,512	436
Employer Contributions Subsequent to the Measurement Date	183,896	-
Totals	<u>\$ 1,646,550</u>	<u>\$ 978,936</u>

\$183,896 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2025	\$ 99,664
2026	104,412
2027	402,115
2028	(122,473)
Total	<u>\$ 483,718</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

7. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability:	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

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

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

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

7. Actuarial Assumptions (Continued)

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equities	40.0%	7.3%	4.5%
Public Fixed Income	27.0%	5.8%	3.0%
Inflation Sensitive	19.0%	4.4%	1.7%
Real Estate	80.0%	5.8%	3.0%
Private Equity/Debt	18.0%	9.6%	6.7%
Leverage	-12.0%	3.7%	1.0%
Total Core Fund	<u>100.0%</u>	<u>7.4%</u>	<u>4.6%</u>
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.8%	4.0%
International Equities	30.0%	7.6%	4.8%
Total Variable Fund	<u>100.0%</u>	<u>7.3%</u>	<u>4.5%</u>

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.70%

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

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

7. Actuarial Assumptions (Continued)

Single Discount Rate – A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the expected long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City’s Proportionate Share of the Net Pension Liability (Asset)	\$ 1,770,970	\$ 183,226	\$ (927,785)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

8. Payables to the Pension Plan

At December 31, 2024, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2024.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits

1. Local Retiree Life Insurance Fund Plan Description

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

2. OPEB Plan Fiduciary Net Position

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

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

3. 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.

4. 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 to be eligible for the benefit after age 65.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

4. Contributions (Continued)

Contribution rates as of December 31, 2024, are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement 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, 2023, are listed below:

Life Insurance Member Contribution Rates for the Year Ended December 31, 2023		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

During the reporting period, the LRLIF recognized \$1,247 in contributions from the employer.

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

At December 31, 2024, the City reported a liability of \$231,077 for its proportionate share of the net OPEB liability (asset). The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.050227%, which was a increase of 0.008065% from its proportion measured as of December 31, 2022.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$21,910.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 20,450
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,122	-
Changes in Assumptions	72,283	90,993
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	37,164	14,196
Employer Contributions Subsequent to the Measurement Date	1,248	-
Totals	<u>\$ 113,817</u>	<u>\$ 125,639</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2025	\$ 1,578
2026	4,190
2027	(5,048)
2028	(12,564)
2029	(8,931)
Thereafter	7,705
Total	<u>\$ (13,070)</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2021. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality and separation rates. The total OPEB liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Blommborg US Interim Credit	40%	2.32%
U.S. Mortgages	Bloomberg US	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount Rate – A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

Sensitivity of the City's Proportionate Share of Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.32%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32%) or 1-percentage-point higher (4.32%) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 310,484	\$ 231,077	\$ 170,464

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

6. Payable to the OPEB Plan

At December 31, 2024, the City reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2024.

J. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2024, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Inventories and Prepaid Items	\$ 37,024
Noncurrent Portion of Cash Advances	388,334
Total Nonspendable Fund Balance	<u>\$ 425,358</u>

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2024, restricted fund balance was as follows:

Debt Service Fund	\$ 527,884
Special Revenue Fund	
Restricted for:	
Police Therapy Dog	4,150
Capital Projects Fund:	
Restricted for:	
Tax Incremental District No. 3	<u>746,062</u>
Total Restricted Fund Balance	<u>\$ 1,278,096</u>

Assigned Fund Balance

In the fund financial statements, portions of governmental fund balances are assigned by the City. At December 31, 2024, assigned fund balance was as follows:

Capital Projects Funds:	
Capital Improvements	<u>\$ 76,282</u>

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The City currently maintains capital project funds to account for Tax Incremental Districts No. 2 and No. 3 (the Districts) created in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Districts remain eligible to incur project costs.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Tax Incremental Financing Districts (Continued)

Since creation of the above Districts, the City has provided various financing sources to each TID. The foregoing amounts are not recorded as liabilities in the District but can be recovered by the City from future excess tax increment revenues. Detail of the amounts recoverable by the City as of December 31, 2024, from future excess tax increment revenues and maximum life follows:

	<u>TID No.2</u>	<u>TID No. 3</u>
Recoverable Costs	\$ 765,666	\$ 551,955
Creation Date	9/1/2007	9/1/2007
Maximum Life	9/1/2047	9/1/2047

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the government carries commercial issuance. The City completes an annual review of its insurance coverage to ensure adequate coverage. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent year.

C. Contingencies

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

D. WPPI Energy Contract

The Utilities purchase its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical, and reliable supply of electric energy to its members.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. WPPI Energy Contract (Continued)

The Utilities are one of 51 members of WPPI located throughout the States of Wisconsin, Michigan, and Iowa. On December 31, 1989, each of WPPI's members, including the City of Eagle River, commenced purchasing electric services from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements to the members for an initial 35-year term. The contract was amended during 2015 to extend the term of the contract through 2055.

Under the Long-term Contract, the Commission and other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirements which include power supply costs, administrative expenses, and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. The Commission have agreed to charge rates to retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Utilities' electric system payable from any operating and maintenance fund established by the Commission.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPI Energy for distribution to its customers. Total purchases under this arrangement amounted to approximately \$2.4 million in 2024.

E. Subsequent Event

On April 14, 2025, the City approved to issue general obligation promissory notes of \$1,715,000 maturing in 2045 with an interest rate at 5%.

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Restatements - Prior Period Adjustment

The City recorded a prior period adjustment of \$21,590 in the business-type activities to correct net position for a liability that was recorded in accounts payable and due to other funds. The net position restatement for business-type activities and Golf Course Fund are as follows:

	Business-Type Activities	Golf Course
Net Position, as Previously Reported at December 31, 2023	\$ 9,649,427	\$ 126,468
Prior Period Adjustment	21,590	21,590
Net Position, as Restated at December 31, 2023	<u>\$ 9,671,017</u>	<u>\$ 148,058</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAGLE RIVER, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
(LAST 10 MEASUREMENT PERIODS)

Measurement Period	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.01175800%	\$ (288,739)	\$ 1,457,560	19.81%	102.74%
12/31/15	0.01150500%	186,974	1,463,251	12.78%	98.20%
12/31/16	0.01150842%	94,855	1,536,020	6.18%	99.12%
12/31/17	0.01184729%	(351,760)	1,640,547	21.44%	102.93%
12/31/18	0.01226045%	436,188	1,694,305	25.74%	96.45%
12/31/19	0.01251917%	(403,675)	1,768,537	22.83%	102.96%
12/31/20	0.01262895%	(788,442)	1,805,436	43.67%	105.26%
12/31/21	0.01252547%	(1,009,575)	1,790,076	56.40%	106.02%
12/31/22	0.01234313%	653,902	1,811,385	36.10%	95.72%
12/31/23	0.01232348%	183,226	2,018,255	9.08%	98.85%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
(LAST 10 FISCAL YEARS)

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 109,105	\$ 109,105	\$ -	\$ 1,463,251	7.46%
12/31/16	112,052	112,052	-	1,536,020	7.29%
12/31/17	111,878	111,878	-	1,640,547	6.82%
12/31/18	129,880	129,880	-	1,694,305	7.67%
12/31/19	131,467	131,467	-	1,768,537	7.43%
12/31/20	144,745	144,745	-	1,805,436	8.02%
12/31/21	140,200	140,200	-	1,756,687	7.98%
12/31/22	141,540	141,540	-	1,811,385	7.81%
12/31/23	167,797	167,797	-	2,018,256	8.31%
12/31/24	183,896	183,896	-	2,114,853	8.70%

See accompanying Notes to Required Supplementary Information.

CITY OF EAGLE RIVER, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
(LAST 10 MEASUREMENT PERIODS)

Measurement Period	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.04275600%	\$ 142,174	\$ 1,514,267	9.39%	44.81%
12/31/18	0.04648400%	119,944	1,563,887	7.67%	48.69%
12/31/19	0.04660300%	198,445	1,685,972	11.77%	37.58%
12/31/20	0.04790500%	263,512	1,763,078	14.95%	31.36%
12/31/21	0.04314300%	254,993	1,589,000	16.05%	29.57%
12/31/22	0.04216200%	160,630	1,732,000	9.27%	38.81%
12/31/23	0.05022700%	231,077	1,900,000	12.16%	33.90%

SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
(LAST 10 FISCAL YEARS)

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 899	\$ 899	\$ -	\$ 1,563,887	0.06%
12/31/19	925	925	-	1,685,972	0.05%
12/31/20	950	950	-	1,763,078	0.05%
12/31/21	872	872	-	1,811,158	0.05%
12/31/22	1,104	1,104	-	1,811,385	0.06%
12/31/23	1,375	1,375	-	2,018,256	0.07%
12/31/24	1,247	1,247	-	2,114,853	0.06%

See accompanying Notes to Required Supplementary Information.

CITY OF EAGLE RIVER, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

There were no changes of benefits terms for any participating employer in the WRS.

Changes of Assumptions

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

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

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

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

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

**CITY OF EAGLE RIVER, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Changes of Benefit Terms

There were no changes of benefits terms for any participating employer in the LRLIF.

Changes of Assumptions

In addition to the rate changes detailed above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

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

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

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

- Lowering the long-term expected rate of return from 5.00% to 7.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council
City of Eagle River, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eagle River, Wisconsin (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Eagle River, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 5, 2025

**CITY OF EAGLE RIVER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

Section I – Financial Statement Findings

2024-001

**Preparation of Annual Financial Report
Repeat of Finding 2023-001**

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting

Condition

Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CliftonLarsonAllen LLP (CLA) cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement

The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Cause

The City relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have designated an individual with suitable skill, knowledge, or experience to oversee their preparation and have reviewed, approved and accepted responsibility for the annual financial statements and the related footnotes.

Effect

Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation

We recommend the City continue reviewing the annual financial report. Such review procedure should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial.

**CITY OF EAGLE RIVER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section I – Financial Statement Findings (Continued)

2024-001 (Continued)

Preparation of Annual Financial Report

Views of Responsible Officials

There is no disagreement with the audit finding. Refer to the management response per the corrective action plan.

2024-002

Segregation of Duties

Repeat of Finding 2023-002

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting

Condition

Management is responsible for the design, installation and maintenance of an appropriate system of internal control. Proper segregation of duties is an important aspect of any control system.

The City has a limited number of employees to essentially complete all financial and recordkeeping duties of the City. Accordingly, this does not allow for ideal segregation of duties for internal control purposes.

Criteria or Specific Requirement

Segregation of duties is an aspect of internal control intended to prevent or decrease opportunities of intentional and unintentional errors and fraud. Duties and responsibilities are properly segregated if no single individual either has control over all phases of a transaction or has the ability to both make and conceal an error, whether such error is intentional or unintentional.

Cause

The lack of segregation of duties is due to the limited number of employees and the size of the City's operations.

Effect

Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Recommendation

We recommend the City Council continue to monitor the transactions, bank reconciliations and financial records of the City. We also recommend the City perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.

**CITY OF EAGLE RIVER, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section I – Financial Statement Findings (Continued)

2024-002 (Continued)

Segregation of Duties

Views of Responsible Officials

There is no disagreement with the audit finding. Refer to the management response per the corrective action plan.

2024-003

Adjustments to the City's Financial Records

Repeat of Finding 2023-003

Type of Finding

Material Weakness in Internal Control over Financial Reporting

Condition

As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.

Criteria or Specific Requirement

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause

While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Effect

Year-end financial records prepared by the City may contain material misstatements.

Recommendation

We recommend the City designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

Views of Responsible Officials

There is no disagreement with the audit finding. Refer to the management response per the corrective action plan.

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