

**CITY OF OCONTO, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2024**



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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Oconto, 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 Oconto, 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 respective 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.

#### ***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 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The general fund detailed comparisons of budgeted and actual revenues, other financing sources and expenditures, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, and the schedules of water and sewer utilities operating revenues and expenses, (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 20, 2025

## **BASIC FINANCIAL STATEMENTS**

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,786,108	\$ 4,906,282	\$ 7,692,390
Receivables:			
Taxes and Special Charges	2,074,109	-	2,074,109
Delinquent Taxes	47,090	-	47,090
Accounts, Net	145,199	513,941	659,140
Special Assessments	63,271	18,725	81,996
Leases	-	92,696	92,696
Loans	48,234	-	48,234
Internal Balances	(500,000)	500,000	-
Due from Other Governments	1,680	14,182	15,862
Prepaid Items	17,478	56,131	73,609
Restricted Assets:			
Cash and Investments	-	1,848,800	1,848,800
Capital Assets, Nondepreciable	218,300	524,169	742,469
Capital Assets, Depreciable, Net	15,549,642	17,157,182	32,706,824
Total Assets	<u>20,451,111</u>	<u>25,632,108</u>	<u>46,083,219</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	2,917,151	258,873	3,176,024
Other Postemployment Related Amounts	51,461	4,979	56,440
Total Deferred Outflows of Resources	<u>2,968,612</u>	<u>263,852</u>	<u>3,232,464</u>
<b>LIABILITIES</b>			
Accounts Payable	75,940	254,917	330,857
Accrued and Other Current Liabilities	136,040	9,208	145,248
Due to Other Governments	1,017	-	1,017
Accrued Interest Payable	44,913	47,080	91,993
Special Deposits	16,171	-	16,171
Long-Term Obligations:			
Due Within One Year	1,426,192	380,704	1,806,896
Due in More than One Year	5,626,381	8,723,072	14,349,453
Net Pension Liability	326,173	28,891	355,064
Other Postemployment Benefits	131,954	12,769	144,723
Total Liabilities	<u>7,784,781</u>	<u>9,456,641</u>	<u>17,241,422</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	2,665,423	-	2,665,423
Lease Related Amounts	-	92,696	92,696
Pension Related Amounts	1,763,108	156,172	1,919,280
Other Postemployment Related Amounts	105,047	10,166	115,213
Total Deferred Inflows of Resources	<u>4,533,578</u>	<u>259,034</u>	<u>4,792,612</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,608,202	11,464,631	21,072,833
Restricted:			
Debt Service	162,738	953,440	1,116,178
Equipment Replacement	-	848,280	848,280
Unrestricted	1,330,424	2,913,934	4,244,358
Total Net Position	<u>\$ 11,101,364</u>	<u>\$ 16,180,285</u>	<u>\$ 27,281,649</u>

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 664,673	\$ 79,183	\$ 8,955	\$ -
Public Safety	2,680,969	651,404	24,867	-
Public Works	2,250,036	390,043	765,566	64,871
Culture and Recreation	1,083,689	400,829	107,744	-
Conservation and Development	60,260	12,278	-	-
Interest and Fiscal Charges	159,955	-	-	-
Total Governmental Activities	<u>6,899,582</u>	<u>1,533,737</u>	<u>907,132</u>	<u>64,871</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	1,004,938	1,123,506	-	32,000
Sewer Utility	939,475	1,159,042	-	-
Total Business-Type Activities	<u>1,944,413</u>	<u>2,282,548</u>	<u>-</u>	<u>32,000</u>
Total	<u>\$ 8,843,995</u>	<u>\$ 3,816,285</u>	<u>\$ 907,132</u>	<u>\$ 96,871</u>

See accompanying Notes to Basic Financial Statements.

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

	Net Revenue (Expense) and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government	\$ (576,535)	\$ -	\$ (576,535)
Public Safety	(2,004,698)	-	(2,004,698)
Public Works	(1,029,556)	-	(1,029,556)
Culture and Recreation	(575,116)	-	(575,116)
Conservation and Development	(47,982)	-	(47,982)
Interest and Fiscal Charges	(159,955)	-	(159,955)
Total Governmental Activities	(4,393,842)	-	(4,393,842)
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water Utility	-	150,568	150,568
Sewer Utility	-	219,567	219,567
Total Business-Type Activities	-	370,135	370,135
Total	(4,393,842)	370,135	(4,023,707)
<b>GENERAL REVENUES AND TRANSFERS</b>			
Taxes:			
Property Taxes	2,285,355	-	2,285,355
Tax Increments	247,436	-	247,436
Other Taxes	43,139	-	43,139
Federal and State Grants and Other			
Contributions not Restricted to			
Specific Functions	2,211,751	-	2,211,751
Interest and Investment Earnings	163,795	347,018	510,813
Miscellaneous	63,752	2,483	66,235
Transfers	175,571	(175,571)	-
Total General Revenues and Transfers	5,190,799	173,930	5,364,729
<b>CHANGE IN NET POSITION</b>	796,957	544,065	1,341,022
Net Position - Beginning of Year	10,304,407	15,636,220	25,940,627
<b>NET POSITION - END OF YEAR</b>	\$ 11,101,364	\$ 16,180,285	\$ 27,281,649

See accompanying Notes to Basic Financial Statements.

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

<b>ASSETS</b>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Tax Incremental District No. 4</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ 1,776,639	\$ 207,651	\$ 118,547	\$ -	\$ 683,271	\$ 2,786,108
Receivables:						
Taxes and Special Charges	494,866	885,017	130,412	139,093	424,721	2,074,109
Delinquent Taxes	47,090	-	-	-	-	47,090
Accounts, Net	145,199	-	-	-	-	145,199
Special Assessments	63,271	-	-	-	-	63,271
Loans	-	-	-	-	48,234	48,234
Due from Other Funds	84,666	-	-	-	2,195	86,861
Due from Other Governments	1,680	-	-	-	-	1,680
Prepaid Items	-	-	-	-	17,478	17,478
<b>Total Assets</b>	<b><u>\$ 2,613,411</u></b>	<b><u>\$ 1,092,668</u></b>	<b><u>\$ 248,959</u></b>	<b><u>\$ 139,093</u></b>	<b><u>\$ 1,175,899</u></b>	<b><u>\$ 5,270,030</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 30,973	\$ -	\$ -	\$ -	\$ 44,967	\$ 75,940
Accrued and Other Current Liabilities	130,060	-	-	-	5,980	136,040
Due to Other Funds	2,195	-	-	38,945	45,721	86,861
Advance from Other Funds	-	-	-	500,000	-	500,000
Due to Other Governments	1,017	-	-	-	-	1,017
Special Deposits	14,796	-	-	1,375	-	16,171
<b>Total Liabilities</b>	<b><u>179,041</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>540,320</u></b>	<b><u>96,668</u></b>	<b><u>816,029</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for Subsequent Year	1,086,180	885,017	130,412	139,093	424,721	2,665,423
Loans Receivable	-	-	-	-	48,234	48,234
Special Assessments	63,271	-	-	-	-	63,271
<b>Total Deferred Inflows of Resources</b>	<b><u>1,149,451</u></b>	<b><u>885,017</u></b>	<b><u>130,412</u></b>	<b><u>139,093</u></b>	<b><u>472,955</u></b>	<b><u>2,776,928</u></b>
<b>FUND BALANCES</b>						
Nonspendable	47,090	-	-	-	17,478	64,568
Restricted	-	207,651	-	-	-	207,651
Committed	-	-	118,547	-	573,625	692,172
Assigned	96,776	-	-	-	-	96,776
Unassigned	1,141,053	-	-	(540,320)	15,173	615,906
<b>Total Fund Balances</b>	<b><u>1,284,919</u></b>	<b><u>207,651</u></b>	<b><u>118,547</u></b>	<b><u>(540,320)</u></b>	<b><u>606,276</u></b>	<b><u>1,677,073</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,613,411</u></b>	<b><u>\$ 1,092,668</u></b>	<b><u>\$ 248,959</u></b>	<b><u>\$ 139,093</u></b>	<b><u>\$ 1,175,899</u></b>	<b><u>\$ 5,270,030</u></b>

See accompanying Notes to Basic Financial Statements.

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

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page	\$ 1,677,073
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.	15,767,942
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Loans Receivable	48,234
Special Assessments	63,271
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	2,917,151
Deferred Inflows Related to Pensions	(1,763,108)
Deferred Outflows Related to Other Postemployment Benefits	51,461
Deferred Inflows Related to Other Postemployment Benefits	(105,047)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, Notes and Financed Purchased Liability	(6,440,765)
Premium on Debt	(173,608)
Compensated Absences	(438,200)
Net Pension Liability	(326,173)
Other Postemployment Benefit	(131,954)
Accrued Interest on Long-Term Obligations	(44,913)
Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 11,101,364

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, 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. 4	Other Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 1,000,140	\$ 845,922	\$ 224,313	\$ 185,827	\$ 319,728	\$ 2,575,930
Special Assessments	35,119	-	-	-	-	35,119
Intergovernmental	2,472,174	-	529,777	1,069	115,813	3,118,833
Licenses and Permits	72,134	-	-	-	-	72,134
Fines and Forfeits	56,813	-	-	-	-	56,813
Public Charges for Services	676,170	-	-	-	601,146	1,277,316
Intergovernmental Charges for Services	112,480	-	-	-	52,500	164,980
Miscellaneous	199,452	-	10,599	-	43,847	253,898
Total Revenues	<u>4,624,482</u>	<u>845,922</u>	<u>764,689</u>	<u>186,896</u>	<u>1,133,034</u>	<u>7,555,023</u>
<b>EXPENDITURES</b>						
Current:						
General Government	594,228	-	-	-	-	594,228
Public Safety	2,488,000	-	-	-	48,173	2,536,173
Public Works	1,047,574	-	-	-	424,562	1,472,136
Culture and Recreation	316,874	-	-	-	631,901	948,775
Conservation and Development	50,064	-	-	688	150	50,902
Debt Service:						
Principal	-	798,039	44,760	-	-	842,799
Interest and Fiscal Charges	-	214,236	2,788	-	-	217,024
Capital Outlay	-	-	982,044	-	-	982,044
Total Expenditures	<u>4,496,740</u>	<u>1,012,275</u>	<u>1,029,592</u>	<u>688</u>	<u>1,104,786</u>	<u>7,644,081</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	127,742	(166,353)	(264,903)	186,208	28,248	(89,058)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	185,571	-	-	-	-	185,571
Transfers Out	-	-	-	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	<u>185,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>175,571</u>
<b>NET CHANGE IN FUND BALANCES</b>	313,313	(166,353)	(264,903)	186,208	18,248	86,513
Fund Balances - Beginning of Year	<u>971,606</u>	<u>374,004</u>	<u>383,450</u>	<u>(726,528)</u>	<u>588,028</u>	<u>1,590,560</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,284,919</u>	<u>\$ 207,651</u>	<u>\$ 118,547</u>	<u>\$ (540,320)</u>	<u>\$ 606,276</u>	<u>\$ 1,677,073</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, 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	\$	86,513
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 Capital Outlay in Governmental Fund Statements		972,553
Depreciation Expense Reported in the Statement of Activities		(1,167,680)
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.		
		(43,413)
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:		
Principal Repaid		842,799
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		4,975
Amortization of Debt Premium		52,094
Compensated Absences		(37,684)
Net Pension Liability		876,427
Deferred Outflows of Resources Related to Pensions		(1,572,186)
Deferred Inflows of Resources Related to Pensions		784,096
Other Postemployment Benefits		(5,296)
Deferred Outflows of Resources Related to Other Postemployment Benefits		(7,186)
Deferred Inflows of Resources Related to Other Postemployment Benefits		10,945
		10,945
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$	796,957

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,007,642	\$ 1,007,642	\$ 1,000,140	\$ (7,502)
Special Assessments	2,300	2,300	35,119	32,819
Intergovernmental	2,447,095	2,432,095	2,472,174	40,079
Licenses and Permits	63,025	63,025	72,134	9,109
Fines and Forfeits	70,000	70,000	56,813	(13,187)
Public Charges for Services	701,200	701,200	676,170	(25,030)
Intergovernmental Charges for Services	112,817	112,817	112,480	(337)
Miscellaneous	77,296	77,296	199,452	122,156
Total Revenues	<u>4,481,375</u>	<u>4,466,375</u>	<u>4,624,482</u>	<u>158,107</u>
<b>EXPENDITURES</b>				
Current:				
General Government	586,084	586,084	594,228	(8,144)
Public Safety	2,582,846	2,622,332	2,488,000	134,332
Public Works	1,125,256	1,125,256	1,047,574	77,682
Health and Human Services	3,000	3,000	-	3,000
Culture and Recreation	348,689	355,548	316,874	38,674
Conservation and Development	45,500	48,904	50,064	(1,160)
Total Expenditures	<u>4,691,375</u>	<u>4,741,124</u>	<u>4,496,740</u>	<u>244,384</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(210,000)	(274,749)	127,742	402,491
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>210,000</u>	<u>210,000</u>	<u>185,571</u>	<u>(24,429)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(64,749)	313,313	378,062
Fund Balance - Beginning of Year	<u>971,606</u>	<u>971,606</u>	<u>971,606</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 971,606</u>	<u>\$ 906,857</u>	<u>\$ 1,284,919</u>	<u>\$ 378,062</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2024**

	Water and Sewer Utility
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 4,906,282
Receivables:	
Customer Accounts	513,941
Special Assessments	18,725
Lease Receivable	21,074
Due from Other Governments	14,182
Prepaid Items	56,131
Total Current Assets	5,530,335
Noncurrent Assets:	
Restricted Assets:	
Cash and Investments	1,848,800
Other Assets:	
Advance to Other Funds	500,000
Lease Receivable	71,622
Total Other Assets	571,622
Capital Assets:	
Nondepreciable	524,169
Depreciable	17,157,182
Total Capital Assets	17,681,351
Total Assets	25,632,108
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Amounts	258,873
Other Postemployment Related Amounts	4,979
Total Deferred Outflows of Resources	263,852

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUND  
DECEMBER 31, 2024**

	Water and Sewer Utility
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 254,917
Accrued and Other Current Liabilities	9,208
Accrued Interest Payable	47,080
Current Portion of Long-Term Obligations	380,704
Total Current Liabilities	691,909
Long-Term Obligations, Less Current Portion:	
Revenue Bonds	8,110,000
Debt Premium	595,960
Compensated Absences	17,112
Net Pension Liability	28,891
Other Postemployment Benefits	12,769
Total Long-Term Liabilities	8,764,732
Total Liabilities	9,456,641
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Leases Related Amounts	92,696
Pension Related Amounts	156,172
Other Postemployment Related Amounts	10,166
Total Deferred Inflows of Resources	259,034
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,464,631
Restricted:	
Debt Service	953,440
Equipment Replacement	848,280
Unrestricted	2,913,934
Total Net Position	\$ 16,180,285

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	Water and Sewer Utility
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 2,149,430
Other	100,750
Total Operating Revenues	2,250,180
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	1,103,360
Depreciation	619,121
Taxes	1,341
Total Operating Expenses	1,723,822
<b>OPERATING INCOME</b>	526,358
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	349,501
Interest and Fiscal Charges	(289,336)
Amortization of Debt Premium	68,745
Other Nonoperating Revenues	32,368
Total Nonoperating Revenues (Expenses)	161,278
<b>INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	687,636
Capital Contributions	32,000
Transfers Out	(175,571)
<b>CHANGE IN NET POSITION</b>	544,065
Net Position - Beginning of Year	15,636,220
<b>NET POSITION - END OF YEAR</b>	\$ 16,180,285

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2024**

	Water and Sewer Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 2,355,672
Cash Paid for Employee Wages and Benefits	(579,999)
Cash Paid to Suppliers	(525,199)
Net Cash Provided by Operating Activities	1,250,474
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Miscellaneous Revenue	32,368
Transfer to City for Property Tax Equivalent	(175,820)
Net Cash Used by Noncapital Financing Activities	(143,452)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(172,537)
Lease Payments Received	(71,243)
Principal Paid on Long-Term Debt	(375,000)
Interest Paid on Long-Term Debt	(291,550)
Special Assessment Collections	16,209
Net Cash Used by Capital and Related Financing Activities	(894,121)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	349,501
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	562,402
Cash and Cash Equivalents - Beginning of Year	6,192,680
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,755,082

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2024**

	<u>Water and Sewer Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 526,358
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	619,121
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:	
Change in WRS Asset/Liability	(78,700)
Change in WRS Deferred Outflow	141,743
Change in WRS Deferred Inflow	(71,715)
Change in OPEB Liability	544
Change in OPEB Deferred Outflow	681
Change in OPEB Deferred Inflow	(1,029)
Change in Operating Assets and Liabilities:	
Accounts Receivables	35,424
Due from Other Governments	(1,175)
Inventories and Prepaid Items	961
Accounts Payable	14,871
Accrued and Other Liabilities	3,773
Lease Receivable	71,243
Compensated Absences	(11,626)
Net Cash Provided by Operating Activities	<u>\$ 1,250,474</u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents in Current Assets	\$ 4,906,282
Cash and Cash Equivalents in Restricted Assets	1,848,800
Total Cash and Cash Equivalents	<u>\$ 6,755,082</u>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Contributions	\$ 32,000
Capital Related Items in Accounts Payable at year end	\$ 222,446

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2024**

	<u>Private Purpose Trust</u>	<u>Custodial Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Investments	\$ 188,480	\$ 896,781	\$ 1,085,261
Receivables:			
Taxes	<u>-</u>	<u>3,733,516</u>	<u>3,733,516</u>
Total Assets	<u>188,480</u>	<u>4,630,297</u>	<u>4,818,777</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	<u>-</u>	<u>4,630,297</u>	<u>4,630,297</u>
 <b>NET POSITION</b>			
Restricted	<u>\$ 188,480</u>	<u>\$ -</u>	<u>\$ 188,480</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	Private Purpose Trust	Custodial Fund	Totals
<b>ADDITIONS</b>			
Taxes and Special Charges Collected	\$ -	\$ 896,782	\$ 896,782
<b>DEDUCTIONS</b>			
Payments to Other Taxing Districts	-	896,782	896,782
<b>CHANGE IN NET POSITION</b>	-	-	-
Net Position - Beginning of Year	188,480	-	188,480
<b>NET POSITION - END OF YEAR</b>	<u>\$ 188,480</u>	<u>\$ -</u>	<u>\$ 188,480</u>

See accompanying Notes to Basic Financial Statements.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Oconto, 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 is a municipal corporation governed by an elected seven-member council. In accordance with U.S. GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61, as amended.

**B. Related Organization**

The City's officials are also responsible for appointing the members of the Oconto Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, this organization is not included in the City's reporting entity.

**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 an enterprise fund. The City has no internal service funds. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

**CITY OF OCONTO, 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.

Tax Incremental District No. 4

This fund accounts for the acquisition or construction of major capital facilities and other project plan expenditures related to Tax Incremental District No. 4.

Capital Projects Fund

The capital project fund accounts for financial resources accumulated for the acquisition or construction of major capital improvements.

Debt Service Fund

This fund accounts for the City's general debt expenditures.

The City reports the following major enterprise fund:

Water and Sewer Utility Fund

This fund accounts for the operation of the City's water and sewer utility.

Additionally, the City reports the following fiduciary funds:

Private Purpose Trust Fund

The City uses a private purpose trust fund to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, are to be used to support the City library.

Custodial Fund

This fund accounts for property taxes and specials 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.

**CITY OF OCONTO, 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)**

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 sewer 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.

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

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 fund is charges to customers for services. Operating expenses for a proprietary fund 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.

**CITY OF OCONTO, 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**

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. 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 and Special Charges Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. 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 and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Oconto Unified School District, Oconto County, and Northeast Wisconsin Technical College. Collections and remittances of taxes for other entities are accounted for in the custodial fund.

**3. Accounts Receivable**

Accounts receivable have been shown net of allowance for uncollectible accounts of \$203,424.

**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. Installments placed on the 2024 tax roll are recognized as revenue in 2025.

**CITY OF OCONTO, 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)**

**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 City records a loan receivable and expenditure when the loan has been made and the funds disbursed. 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. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized.

**6. Interfund Receivables, Payables, and Advances**

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**7. 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 in the periods benefitted.

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.

**8. 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 \$3,000 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.

**CITY OF OCONTO, 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. Capital Assets (Continued)**

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

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and Improvements	30 - 40 Years	25 - 50 Years
Machinery and Equipment	5 - 25 Years	3 - 10 Years
Infrastructure	5 - 40 Years	25 - 100 Years

**9. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. The liability for compensated absences reported in the government-wide and proprietary fund 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 other types of leave.

**10. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets 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 report deferred inflows of resources for unavailable revenues. The City reports deferred inflows for the subsequent year tax levy, and amounts related to pension amounts. The deferred inflows related to pension are only in the government-wide financial statements and in the proprietary fund for water and wastewater utilities. The City also reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

**CITY OF OCONTO, 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. Long-Term Obligations**

In the government-wide financial statements and proprietary fund 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.

**12. Leases**

The City is a lessor of right to use space on their water tower and their City Hall.

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

**CITY OF OCONTO, 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)**

**12. Leases (Continued)**

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The City accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the City treats the components as a single lease unit.

**13. Pensions**

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

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

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

**CITY OF OCONTO, 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 following:

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

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

**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. The City Council has authorized the City Administrator to assign fund balance.

**CITY OF OCONTO, 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)**

**15. Fund Equity (Continued)**

Governmental Fund Financial Statements (Continued)

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

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 OCONTO, 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 November, 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 the general, special revenue, and debt service 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. Management control over other special revenue funds is achieved by maintenance of separate cash and investment accounts. Management control over the TID No. 4, TID No. 5, and capital project funds is achieved through District's project plans and capital improvement plans approved by the City Council.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations at the function level for the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

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

**CITY OF OCONTO, 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 general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2024, as follows:

Fund	Excess Expenditures
General:	
General Government:	
Municipal Court	\$ 2,540
Technology	11,183
Assessor and Inspection	42,597
Property and Liability Insurance	943
Public Works:	
Snow and Ice Control	17
Garbage and Refuse	8,808
Conservation and Development:	
Tourism	7,001

**C. Deficit Fund Equity**

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

Funds	Deficit Fund Balance
Recycling	\$ 46,691
Tax Incremental District No. 4	540,320
K-9 Police	1,910

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 2.16%. The actual limit for the City for the 2025 budget was 1.224%. 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 OCONTO, 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”.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City’s cash and investments totaled \$10,626,451 on December 31, 2024, as summarized below:

Petty Cash and Cash on Hand	\$	4,884
Deposits with Financial Institutions		8,017,471
Investments:		
Wisconsin Local Government Investment Pool		2,604,096
Total		<u>\$ 10,626,451</u>

Reconciliation to the Basic Financial Statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	7,692,390
Restricted Cash and Investments		1,848,800
Fiduciary Fund Statement of Net Position:		
Cash and Investments		
Private Purpose Trust Fund		188,480
Custodial Fund		896,781
Total		<u>\$ 10,626,451</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.

**CITY OF OCONTO, 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

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.

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.

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, \$6,659,868 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,659,868 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the City's name.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$2,604,096 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2024, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. The City's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

**B. Restricted Assets**

Restricted assets on December 31, 2024, totaled \$1,848,800 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Enterprise Fund:		
Revenue Bond Requirements	\$ 947,344	Debt reserve and principal and interest special redemption To be used for the replacement of certain equipment of the sewer utility
Equipment Replacement	901,456	
Total	<u>\$ 1,848,800</u>	

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Leases Receivable**

A summary of the City's lease terms, and interest rates is as follows:

Business-Type Activities:

Water tower leases. Yearly installments ranging from \$21,074 to \$25,338 plus interest at rates ranging from 3% to 4%, due dates ranging from 2024 - 2028.

The lease provides for increases in future minimum annual rental payments.

For the year ended December 31, 2023, the City received \$79,534 in lease revenue and \$3,399 in interest on the leases receivable.

The future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 21,074	\$ 2,230	\$ 23,304
2026	22,431	1,572	24,003
2027	23,852	871	24,723
2028	25,338	127	25,465
Total Minimum Lease Payments	<u>\$ 92,695</u>	<u>\$ 4,800</u>	<u>\$ 97,495</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. 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	\$ 218,300	\$ -	\$ -	\$ 218,300
Construction in Progress	5,810	-	5,810	-
Total Capital Assets, Nondepreciable	<u>224,110</u>	<u>-</u>	<u>5,810</u>	<u>218,300</u>
Capital Assets, Depreciable:				
Buildings and Improvements	7,666,234	22,625	-	7,688,859
Machinery and Equipment	5,969,316	280,858	-	6,250,174
Infrastructure	17,324,519	674,880	-	17,999,399
Subtotals	<u>30,960,069</u>	<u>978,363</u>	<u>-</u>	<u>31,938,432</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	4,603,638	195,277	-	4,798,915
Machinery and Equipment	4,531,754	370,094	-	4,901,848
Infrastructure	6,085,718	602,309	-	6,688,027
Subtotals	<u>15,221,110</u>	<u>1,167,680</u>	<u>-</u>	<u>16,388,790</u>
Total Capital Assets, Depreciable, Net	<u>15,738,959</u>	<u>(189,317)</u>	<u>-</u>	<u>15,549,642</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,963,069</u>	<u>\$ (189,317)</u>	<u>\$ 5,810</u>	15,767,942
Less: Capital Related Debt				5,986,132
Less: Debt Premium				<u>173,608</u>
Net Investment in Capital Assets				<u>\$ 9,608,202</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 45,855	\$ -	\$ -	\$ 45,855
Construction in Progress	196,482	281,832	-	478,314
Total Capital Assets, Not Being Depreciated	242,337	281,832	-	524,169
Capital Assets, Depreciable:				
Buildings and Improvements	1,786,982	-	-	1,786,982
Machinery and Equipment	7,125,149	67,565	41,809	7,150,905
Infrastructure	19,042,691	77,586	-	19,120,277
Subtotals	27,954,822	145,151	41,809	28,058,164
Less: Accumulated Depreciation	10,323,670	619,121	41,809	10,900,982
Total Capital Assets, Depreciable, Net	17,631,152	(473,970)	-	17,157,182
Business-Type Activities Capital Assets, Net	<u>\$ 17,873,489</u>	<u>\$ (192,138)</u>	<u>\$ -</u>	17,681,351
Less: Capital Related Debt				5,398,314
Less: Debt Premium				595,960
Less: Capital Related Accounts Payable				222,446
Net Investment in Capital Assets				<u>\$ 11,464,631</u>

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

Governmental Activities:	
General Government	\$ 70,427
Public Safety	186,602
Public Works	732,353
Culture and Recreation	178,298
Total Depreciation Expense - Governmental Activities	<u>\$ 1,167,680</u>
Business-Type Activities:	
Water Utility	\$ 305,400
Sewer Utility	313,278
Total Depreciation Expense - Business-Type Activities	<u>\$ 618,678</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**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:

	Receivables	Payables
Operating Accounts Between Funds:		
General Fund	\$ 84,666	\$ 2,195
Holtwood Campground	2,195	-
Recycling	-	43,811
K-9 Police	-	1,910
Tax Incremental District No. 4	-	38,945
Total	86,861	86,861
Long-Term Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
Tax Incremental District No. 4	-	500,000
Proprietary Fund:		
Water and Sewer Utility	500,000	-
Subtotal	500,000	500,000
Totals	\$ 586,861	\$ 586,861

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

Funds	Transfer In	Transfer Out
General	\$ 185,571	\$ -
Docks/Breakwater	-	10,000
Water and Sewer Utility	-	175,571
Total	\$ 185,571	\$ 185,571

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 175,571
Donation for 2024 Waterfest	10,000
Total	\$ 185,571

**CITY OF OCONTO, 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:					
General Obligation Debt:					
Notes	\$ 6,715,000	\$ -	\$ 775,000	\$ 5,940,000	\$ 825,000
Notes from Direct Borrowings	477,672	-	23,039	454,633	454,633
Total General Obligation Debt	7,192,672	-	798,039	6,394,633	1,279,633
Debt Premium	225,702	-	52,094	173,608	-
Lease Liability - Finance Purchased	90,892	-	44,760	46,132	46,132
Compensated Absences	400,516	37,684	-	438,200	109,550
Governmental Activities Long-Term Obligations	<u>\$ 7,909,782</u>	<u>\$ 37,684</u>	<u>\$ 894,893</u>	<u>\$ 7,052,573</u>	<u>\$ 1,435,315</u>
Business-Type Activities:					
Revenue Bonds	\$ 8,860,000	\$ -	\$ 375,000	\$ 8,485,000	\$ 375,000
Debt Premium	664,705	-	68,745	595,960	-
Compensated Absences	34,442	-	11,626	22,816	5,704
Business-Type Activities Long-Term Obligations	<u>\$ 9,559,147</u>	<u>\$ -</u>	<u>\$ 455,371</u>	<u>\$ 9,103,776</u>	<u>\$ 380,704</u>

Total interest paid during the year on long-term debt totaled \$505,786.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
General Obligation Notes	05/23/17	04/01/27	3.00%	\$ 2,840,000	\$ 2,315,000
General Obligation Notes	02/26/20	10/01/29	2.00 - 3.00%	4,305,000	3,625,000
General Obligation Notes	12/22/22	12/15/25	5.50%	500,000	454,633
Total Outstanding General Obligation Debt					<u>\$ 6,394,633</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$6,394,633 on December 31, 2024, are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,279,633	\$ 167,325	\$ 1,446,958
2026	825,000	192,175	1,017,175
2027	1,840,000	145,575	1,985,575
2028	625,000	73,500	698,500
2029	1,825,000	54,750	1,879,750
Total	<u>\$ 6,394,633</u>	<u>\$ 633,325</u>	<u>\$ 7,027,958</u>

**CITY OF OCONTO, 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)

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2024, was \$12,029,962 as follows:

Equalized Valuation of the City	\$ 368,491,900
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	18,424,595
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>6,394,633</u>
Legal Margin for New Debt	<u><u>\$ 12,029,962</u></u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2024, totaled \$8,485,000 and were comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
Waterworks and Sewerage System	02/24/22	05/01/42	3.0 - 5.0%	\$ 9,550,000	<u>\$ 8,485,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$8,485,000 on December 31, 2024, are detailed below:

<u>Year Ended December 31,</u>	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 375,000	\$ 276,550	\$ 651,550
2026	400,000	261,050	661,050
2027	400,000	245,050	645,050
2028	425,000	228,550	653,550
2029	450,000	211,050	661,050
2030 - 2034	2,225,000	811,575	3,036,575
2035 - 2039	2,685,000	429,525	3,114,525
2040 - 2042	1,525,000	64,125	1,589,125
Total	<u>\$ 8,485,000</u>	<u>\$ 2,527,475</u>	<u>\$ 11,012,475</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

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 bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. The total principal and interest remaining to be paid on the bonds is \$11,012,475. Principal and interest paid for the current year and total customer net revenues were \$666,550 and \$1,511,189, respectively.

**G. Financed Purchased Liabilities**

The City is required to make various monthly principal and interest payments. This liability has an interest rate of 3.07%. The equipment has an estimated useful life of five years. The financed purchase agreement expires in 2025.

This finance purchased agreement qualifies as a financed purchase for accounting purposes and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. The asset acquired through a financed purchase agreement is as follows:

Assets:	
Machinery and Equipment	\$ 217,335
Less: Accumulated Depreciation	<u>(177,490)</u>
Total	<u>\$ 39,845</u>

The future minimum obligations and the net present value of these payments as of December 31, 2024, were as follows:

<u>Year Ending</u>	<u>Principal</u>
2025	<u>\$ 46,132</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

**Vesting**

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

**Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials, and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**1. Plan Description (Continued)**

**Benefits Provided (Continued)**

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.

**2. 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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
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	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**3. 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 year ending December 31, 2024, the WRS recognized \$340,210 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.90 %	6.90 %
Protective with Social Security	6.90	14.30
Protective without Social Security	6.90	19.10

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2024, the City reported a liability of \$355,065 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.02388109%, which was a decrease of 0.00085021% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$243,719.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), 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	\$ 1,431,620	\$ 1,896,190
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,237,345	-
Changes in Assumptions	154,762	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,087	23,090
Employer Contributions Subsequent to the Measurement Date	340,210	-
Total	\$ 3,176,024	\$ 1,919,280

\$340,210 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2025	\$ 186,301
2026	192,409
2027	775,094
2028	(237,270)
Total	\$ 916,534

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions**

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

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study:	January 18, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

Long-Term Expected Return on Plan Assets

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

<u>Core Fund Asset Class:</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Public Equity	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	8.0	5.8	3.0
Private Equity/Debt	18.0	9.6	6.7
Leverage	(12.0)	3.7	1.0
Total Core Fund	100.0 %	7.4 %	4.6 %
 <u>Variable Fund Asset Class:</u>			
U.S. Equities	70.0 %	6.8 %	4.0 %
International Equities	30.0	7.6	4.8
Total Variable Fund	100.0 %	7.3 %	4.5 %

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 7%

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 OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability, for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 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)	\$ 3,431,879	\$ 355,065	\$ (1,797,911)

**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>.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**6. Payable 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.

**I. Other Postemployment Benefits**

**1. Plan Description**

The LRLIF is a cost-sharing, 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 employees.

**2. OPEB Plan Fiduciary Net Position**

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

**3. Benefits Provided**

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

**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 postretirement benefit.

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

**CITY OF OCONTO, 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:

<u>Coverage Type</u>	<u>Employer Contribution</u>
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* Year Ended December 31, 2023		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the year ended December 31, 2024, the LRLIF recognized \$577 in contributions from the employer.

**CITY OF OCONTO, 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 (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2024, the City reported a liability of \$144,723 for its proportionate share of the net OPEB liability. 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 December 31, 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 0.03145700%, which was a decrease of 0.00499700% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the City recognized OPEB expense of \$2,375.

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	\$ -	\$ 12,807
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	1,956	-
Changes in Assumptions	45,269	56,989
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	9,215	45,417
Total	\$ 56,440	\$ 115,213

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

Year Ended December 31,	Expense
2025	\$ (10,067)
2026	(7,756)
2027	(14,077)
2028	(14,329)
2029	(11,088)
Thereafter	(1,456)
Total	\$ (58,773)

**CITY OF OCONTO, 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 (Revenue), 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 18, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\*Based on the Bond Buyers GO 20-Bond Municipal Index

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

Long-Term Expected Return on Plan Assets

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

**CITY OF OCONTO, 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 (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Long-Term Expected Return on Plan Assets (Continued)

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

Single Discount Rate

A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, 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 decrease 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 OCONTO, 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 (Revenue), 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)	\$ 194,455	\$ 144,723	\$ 106,761

**6. Payable to the OPEB Plan**

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:	
Delinquent Special Assessments	\$ 47,090
Special Revenue Funds:	
Nonspendable:	
Prepaid Items:	
Airport	17,478
Total Nonspendable Fund Balance	\$ 64,568

**CITY OF OCONTO, 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:	
Restricted for:	
Retirement of Long-Term Debt	\$ 207,651
	<u>207,651</u>

Committed Fund Balance

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

Special Revenue Funds:	
Committed for:	
Airport	\$ 193,943
Capital Projects	118,547
Docks/Breakwater	121,501
Holtwood Campground	108,478
Library	89,947
Community Revolving Loans	59,756
Total Committed Fund Balance	<u>\$ 692,172</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2024, fund balance was assigned as follows:

General Fund:	
Assigned for Crime Prevention	\$ 11,304
Assigned for Ambulance	85,472
Total Assigned Fund Balance	<u>\$ 96,776</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**J. Fund Equity (Continued)**

Minimum General Fund Balance Policy

The City Council has adopted a minimum fund balance policy of 8% - 15% of annual budgeted expenditures for the general fund. The minimum fund balance amount is calculated as follows:

Budgeted 2024 General Fund Expenditures	\$	4,741,124
Minimum Fund Balance %		(x) 8% - 15%
Minimum Fund Balance Amount		\$ 379,290 - 711,169

The City's unassigned general fund balance of \$1,060,102 is above the minimum fund balance range.

**NOTE 4 OTHER INFORMATION**

**A. Tax Incremental Financing Districts**

The City has established separate capital projects funds for Tax Incremental District (TID) No. 3, No. 4, and No. 5 which were created by the City 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 City's Districts are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. Tax Incremental District No. 3 was closed with the Wisconsin Department of Revenue in a previous year and is therefore closed for Recoverable costs.

As of December 31, 2024, the City can recover \$540,320 from future excess tax increment revenues of the following:

		Recoverable Costs
TID No. 4	\$	540,320
TID No. 5		(63,734)

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

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Tax Incremental Financing Districts (Continued)**

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. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 4	2029
TID No. 5	2044

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior 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 the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.01961865%	\$ (481,888)	\$ 2,044,068	23.57 %	102.74 %
12/31/15	0.01951392%	317,097	2,090,571	15.17	98.20
12/31/16	0.01989446%	163,978	2,185,657	7.50	99.12
12/31/17	0.02113673%	(627,574)	2,414,851	25.99	102.93
12/31/18	0.02157803%	767,678	2,296,813	33.42	96.45
12/31/19	0.02199396%	(709,185)	2,416,313	(29.35)	102.96
12/31/20	0.02296010%	(1,433,429)	2,645,160	(54.19)	105.26
12/31/21	0.02404583%	(1,938,138)	2,698,314	(71.83)	106.02
12/31/22	0.02473130%	1,310,191	2,738,728	47.84	95.72
12/31/23	0.02388109%	355,065	2,688,721	13.21	98.85

**SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 188,692	\$ 188,692	\$ -	\$ 2,090,571	9.03 %
12/31/16	195,885	195,885	-	2,185,657	8.96
12/31/17	234,726	234,726	-	2,414,851	9.72
12/31/18	213,286	213,286	-	2,296,813	9.29
12/31/19	226,298	226,298	-	2,416,313	9.37
12/31/20	290,105	290,105	-	2,645,160	10.97
12/31/21	284,316	284,316	-	2,698,314	10.54
12/31/22	284,725	284,725	-	2,738,728	10.40
12/31/23	308,407	308,407	-	2,688,721	11.47
12/31/24	340,210	340,210	-	2,891,318	11.77

See accompanying Notes to Required Supplementary Information.

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 FISCAL YEARS**

Plan Fiscal Year Ending	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	0.04686800%	\$ 144,391	\$ 2,414,851	5.98 %	44.81 %
12/31/18	0.04644700%	119,849	2,296,813	5.22	48.69
12/31/19	0.04808600%	204,760	2,309,000	8.87	37.50
12/31/20	0.03873100%	213,048	2,381,000	8.95	31.36
12/31/21	0.03415100%	201,845	2,558,000	7.89	29.57
12/31/22	0.03645400%	138,883	2,503,000	5.55	38.81
12/31/23	0.03145700%	144,723	2,285,000	6.33	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	\$ 892	\$ 892	\$ -	\$ 2,296,813	0.04 %
12/31/19	953	953	-	2,309,000	0.04
12/31/20	782	782	-	2,381,000	0.03
12/31/21	689	689	-	2,558,000	0.03
12/31/22	742	742	-	2,503,000	0.03
12/31/23	681	681	-	2,688,721	0.03
12/31/24	577	577	-	2,776,288	0.02

See accompanying Notes to Required Supplementary Information.

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

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

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.

*Changes of assumptions:*

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

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS**

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.

*Assumptions:* The ETF 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 update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

## **SUPPLEMENTARY INFORMATION**

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND  
 OTHER FINANCING SOURCES – GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>TAXES</b>				
General Property	\$ 970,092	\$ 970,092	\$ 970,092	\$ -
Mobile Home Taxes	9,000	9,000	8,258	(742)
Payment in Lieu of Tax	28,550	28,550	21,790	(6,760)
Total Taxes	1,007,642	1,007,642	1,000,140	(7,502)
<b>SPECIAL ASSESSMENTS</b>				
Curb and Gutter	-	-	21,033	21,033
Sidewalks	-	-	9,621	9,621
Storm Sewers	-	-	146	146
Garbage Pickup	2,300	2,300	-	(2,300)
Miscellaneous	-	-	4,319	4,319
Total Special Assessments	2,300	2,300	35,119	32,819
<b>INTERGOVERNMENTAL</b>				
State:				
State Shared Taxes	2,197,408	2,197,408	2,197,489	81
Exempt Computer Aid	12,000	12,000	12,002	2
Fire Insurance	15,000	-	14,196	14,196
Law Enforcement	-	-	10,621	10,621
General Transportation Aids	221,187	221,187	221,220	33
Conservation and Development	-	-	6,500	6,500
Other State Grants	1,500	1,500	10,146	8,646
Total Intergovernmental	2,447,095	2,432,095	2,472,174	40,079
<b>LICENSES AND PERMITS</b>				
Licenses:				
Liquor and Malt Beverages	12,000	12,000	12,456	456
Other Business and Occupational Licenses	2,050	2,050	2,499	449
Dog and Cat	300	300	173	(127)
Mobile Home Licenses	75	75	75	-
Cable Television Fees	42,000	42,000	38,129	(3,871)
Permits:				
Building, Plumbing, and Electrical	5,100	5,100	17,274	12,174
Zoning	1,500	1,500	1,528	28
Total Licenses and Permits	63,025	63,025	72,134	9,109
<b>FINES AND FORFEITS</b>				
Court Fines and Penalties	68,000	68,000	55,548	(12,452)
Parking Violations	2,000	2,000	1,265	(735)
Total Fines and Forfeits	70,000	70,000	56,813	(13,187)

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND  
 OTHER FINANCING SOURCES – GENERAL FUND (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government	\$ 10,500	\$ 10,500	\$ 14,728	\$ 4,228
Law Enforcement Fees	150	150	137	(13)
Ambulance Fees	515,000	515,000	481,924	(33,076)
Fire Department Fees	-	-	50	50
Public Works Fees	6,000	6,000	797	(5,203)
Weed and Nuisance Control	13,000	13,000	14,055	1,055
Garbage Collection	149,000	149,000	155,152	6,152
Park and Recreation Fees	7,550	7,550	9,327	1,777
Total Public Charges for Services	<u>701,200</u>	<u>701,200</u>	<u>676,170</u>	<u>(25,030)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Township Ambulance and Fire Contracts	107,817	107,817	107,817	-
Township Rural Calls	5,000	5,000	4,663	(337)
Total Intergovernmental Charges for Services	<u>112,817</u>	<u>112,817</u>	<u>112,480</u>	<u>(337)</u>
<b>MISCELLANEOUS</b>				
Interest on Investments	50,000	50,000	149,530	99,530
Interest on Special Assessments	3,000	3,000	11,521	8,521
Rental Income	9,496	9,496	9,604	108
Insurance Dividends, Recoveries, and Refunds	8,500	8,500	8,159	(341)
Donations	6,100	6,100	2,845	(3,255)
Sale of Property	-	-	100	100
Other	200	200	17,693	17,493
Total Miscellaneous	<u>77,296</u>	<u>77,296</u>	<u>199,452</u>	<u>122,156</u>
Total Revenues	4,481,375	4,466,375	4,624,482	158,107
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>210,000</u>	<u>210,000</u>	<u>185,571</u>	<u>(24,429)</u>
Total Revenues and Other Financing Sources	<u>\$ 4,691,375</u>	<u>\$ 4,676,375</u>	<u>\$ 4,810,053</u>	<u>\$ 133,678</u>

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
 GENERAL FUND  
 DECEMBER 31, 2024**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City Council and Mayor	\$ 46,233	\$ 46,233	\$ 44,346	\$ 1,887
Municipal Court	80,968	80,968	83,508	(2,540)
City Attorney	36,528	36,528	36,468	60
Clerk - Treasurer	131,968	131,968	128,409	3,559
Elections	22,187	22,187	18,876	3,311
Technology	58,500	58,500	69,683	(11,183)
Accounting and Auditing	30,000	30,000	22,915	7,085
Assessor and Inspection	59,690	59,690	102,287	(42,597)
Board of Review	500	500	450	50
Municipal Building	70,000	70,000	63,505	6,495
Property and Liability Insurance	19,510	19,510	20,453	(943)
Employee Retirements	30,000	30,000	3,328	26,672
Total General Government	<u>586,084</u>	<u>586,084</u>	<u>594,228</u>	<u>(8,144)</u>
<b>PUBLIC SAFETY</b>				
Police Department	1,162,259	1,162,259	1,143,135	19,124
Fire Department	1,312,182	1,351,668	1,254,830	96,838
Ambulance	90,000	90,000	72,496	17,504
Crossing Guards	18,405	18,405	17,539	866
Total Public Safety	<u>2,582,846</u>	<u>2,622,332</u>	<u>2,488,000</u>	<u>134,332</u>
<b>PUBLIC WORKS</b>				
Supervision	680,331	680,331	630,501	49,830
Buildings	41,025	41,025	28,823	12,202
Machinery	115,000	115,000	93,717	21,283
Street Maintenance	5,000	5,000	5,000	-
Traffic Control	7,500	7,500	7,348	152
Snow and Ice Control	43,550	43,550	43,567	(17)
Sidewalk and Storm Sewer	10,000	10,000	9,833	167
Weed Control	50	50	24	26
Street Lighting	92,800	92,800	89,953	2,847
Garbage and Refuse	130,000	130,000	138,808	(8,808)
Total Public Works	<u>1,125,256</u>	<u>1,125,256</u>	<u>1,047,574</u>	<u>77,682</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Animal Control	3,000	3,000	-	3,000
<b>CULTURE AND RECREATION</b>				
Historical Society	500	500	500	-
Parks	338,469	345,328	309,095	36,233
Recreation Programs and Events	9,120	9,120	6,798	2,322
Celebrations and Decorations	600	600	481	119
Total Culture and Recreation	<u>348,689</u>	<u>355,548</u>	<u>316,874</u>	<u>38,674</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	4,600	8,004	2,163	5,841
Tourism	40,900	40,900	47,901	(7,001)
Total Conservation and Development	<u>45,500</u>	<u>48,904</u>	<u>50,064</u>	<u>(1,160)</u>
Total Expenditures	<u>\$ 4,691,375</u>	<u>\$ 4,741,124</u>	<u>\$ 4,496,740</u>	<u>\$ 244,384</u>

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2024**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
<b>ASSETS</b>						
Cash and Investments	\$ 198,678	\$ 131,515	\$ -	\$ 59,756	\$ 121,076	\$ 108,472
Receivables:						
Taxes and Special Charges	52,500	-	68,120	-	194,086	-
Loans	-	-	-	48,234	-	-
Due from Other Funds	-	-	-	-	-	2,195
Prepaid Items	17,478	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 268,656</b>	<b>\$ 131,515</b>	<b>\$ 68,120</b>	<b>\$ 107,990</b>	<b>\$ 315,162</b>	<b>\$ 110,667</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 4,404	\$ 9,848	\$ 2,308	\$ -	\$ 26,928	\$ 1,479
Accrued and Other Current Liabilities	331	166	572	-	4,201	710
Due to Other Funds	-	-	43,811	-	-	-
<b>Total Liabilities</b>	<b>4,735</b>	<b>10,014</b>	<b>46,691</b>	<b>-</b>	<b>31,129</b>	<b>2,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for Subsequent Year	52,500	-	68,120	-	194,086	-
Loans Receivable	-	-	-	48,234	-	-
<b>Total Deferred Inflows of Resources</b>	<b>52,500</b>	<b>-</b>	<b>68,120</b>	<b>48,234</b>	<b>194,086</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	17,478	-	-	-	-	-
Committed	193,943	121,501	-	59,756	89,947	108,478
Unassigned	-	-	(46,691)	-	-	-
<b>Total Fund Balances</b>	<b>211,421</b>	<b>121,501</b>	<b>(46,691)</b>	<b>59,756</b>	<b>89,947</b>	<b>108,478</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 268,656</b>	<b>\$ 131,515</b>	<b>\$ 68,120</b>	<b>\$ 107,990</b>	<b>\$ 315,162</b>	<b>\$ 110,667</b>

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2024**

<b>ASSETS</b>	Special Revenue		Tax	Totals
	K-9 Police	Fleet	Incremental District No. 5	
Cash and Investments	\$ -	\$ -	\$ 63,774	\$ 683,271
Receivables:				
Taxes and Special Charges	-	60,981	49,034	424,721
Loans	-	-	-	48,234
Due from Other Funds	-	-	-	2,195
Prepaid Items	-	-	-	17,478
	-	-	-	17,478
Total Assets	\$ -	\$ 60,981	\$ 112,808	\$ 1,175,899
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 44,967
Accrued and Other Current Liabilities	-	-	-	5,980
Due to Other Funds	1,910	-	-	45,721
Total Liabilities	1,910	-	-	96,668
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	-	60,981	49,034	424,721
Loans Receivable	-	-	-	48,234
Total Deferred Inflows of Resources	-	60,981	49,034	472,955
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	17,478
Committed	-	-	-	573,625
Unassigned	(1,910)	-	63,774	15,173
Total Fund Balances	(1,910)	-	63,774	606,276
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 60,981	\$ 112,808	\$ 1,175,899

**CITY OF OCONTO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
<b>REVENUES</b>						
Taxes	\$ 52,500	\$ -	\$ -	\$ -	\$ 192,528	\$ -
Intergovernmental	-	-	14,569	-	101,244	-
Public Charges for Services	146,912	117,246	67,840	-	2,709	266,439
Intergovernmental Charges for Services	52,500	-	-	-	-	-
Miscellaneous	-	-	14,758	10,750	4,260	-
Total Revenues	<u>251,912</u>	<u>117,246</u>	<u>97,167</u>	<u>10,750</u>	<u>300,741</u>	<u>266,439</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	-	-	-	-	-	-
Public Works	243,952	97,144	83,466	-	-	-
Culture and Recreation	-	-	-	-	362,847	269,054
Conservation and Development	-	-	-	-	-	-
Total Expenditures	<u>243,952</u>	<u>97,144</u>	<u>83,466</u>	<u>-</u>	<u>362,847</u>	<u>269,054</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,960	20,102	13,701	10,750	(62,106)	(2,615)
<b>OTHER FINANCING USES</b>						
Transfers Out	-	(10,000)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	7,960	10,102	13,701	10,750	(62,106)	(2,615)
Fund Balances - Beginning of Year	203,461	111,399	(60,392)	49,006	152,053	111,093
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 211,421</u>	<u>\$ 121,501</u>	<u>\$ (46,691)</u>	<u>\$ 59,756</u>	<u>\$ 89,947</u>	<u>\$ 108,478</u>

**CITY OF OCONTO, WISCONSIN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2024**

	<u>Special Revenue</u>		<u>Totals</u>
	<u>K-9 Police</u>	<u>Tax Incremental District No. 5</u>	
<b>REVENUES</b>			
Taxes	\$ -	\$ 74,700	\$ 319,728
Intergovernmental	-	-	115,813
Public Charges for Services	-	-	601,146
Intergovernmental Charges for Services	-	-	52,500
Miscellaneous	14,079	-	43,847
Total Revenues	<u>14,079</u>	<u>74,700</u>	<u>1,133,034</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	48,173	-	48,173
Public Works	-	-	424,562
Culture and Recreation	-	-	631,901
Conservation and Development	-	150	150
Total Expenditures	<u>48,173</u>	<u>150</u>	<u>1,104,786</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(34,094)	74,550	28,248
<b>OTHER FINANCING USES</b>			
Transfers Out	-	-	(10,000)
<b>NET CHANGE IN FUND BALANCES</b>	(34,094)	74,550	18,248
Fund Balances - Beginning of Year	<u>32,184</u>	<u>(10,776)</u>	<u>588,028</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (1,910)</u>	<u>\$ 63,774</u>	<u>\$ 606,276</u>

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

**OPERATING REVENUES**

Charges for Services:	
Residential	\$ 415,876
Multi-Family	35,283
Commercial	72,187
Industrial	12,233
Public Authority	35,526
Private Fire Protection	21,513
Public Fire Protection	403,059
Total Charges for Services	995,677
Other Revenues:	
Forfeited Discounts	6,060
Rental Income from Property	78,345
Other Water Revenues	11,056
Total Other Revenues	95,461
Total Operating Revenues	1,091,138

**OPERATING EXPENSES**

Operation and Maintenance:	
Source of Supply/Treatment:	
Operation Supplies and Expenses	48,218
Transmission and Distribution:	
Maintenance of Distribution Reservoirs and Standpipes	60,285
Maintenance of Mains	65,767
Maintenance of Services	65,300
Maintenance of Meters	15,154
Maintenance of Hydrants	50,283
Total Transmission and Distribution	256,789
Customer Accounts:	
Meter Reading Labor	15,000
Accounting and Collecting Labor	53,743
Supplies and Expenses	13,201
Total Customer Accounts	81,944
Administrative and General:	
Salaries and Wages	77,788
Office Supplies and Expenses	1,541
Property Insurance	12,905
Employees Pensions and Benefits	(5,411)
Miscellaneous General Expenses	386
Transportation	3,003
Total Administrative and General	90,212
Total Operation and Maintenance	477,163
Depreciation	305,843
Taxes	1,341
Total Operating Expenses	784,347

**OPERATING INCOME**

**\$ 306,791**

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

**OPERATING REVENUES**

Charges for Services:	
Residential	\$ 725,570
Multi-Family	78,917
Commercial	134,267
Industrial	19,653
Public Authority	47,023
Sludge and Septic Processing	97,380
Sanitary Districts Processing	50,943
Total Charges for Services	1,153,753
Other Revenues	
Forfeited Discounts	5,289
Total Operating Revenues	1,159,042

**OPERATING EXPENSES**

Operation and Maintenance:	
Source of Supply/Treatment:	
Operation Labor	115,095
Operation Supplies and Expenses	270,765
Total Source of Supply/Treatment	385,860
Transmission and Distribution:	
Maintenance of Sewer Collection	88,423
Customer Accounts:	
Accounting and Collecting Labor	52,809
Supplies and Expenses	25,504
Total Customer Accounts	78,313
Administrative and General:	
Administrative and General Salaries	42,480
Supplies and Expenses	1,626
Employee Benefits and Insurance	(3,065)
Miscellaneous General	13,954
Transportation	18,606
Total Administrative and General	73,601
Total Operation and Maintenance	626,197
Depreciation	313,278
Total Operating Expenses	939,475

**OPERATING INCOME**

**\$ 219,567**

**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 Oconto, 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 Oconto, Wisconsin, 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 May 20, 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 questioned costs, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be material weaknesses.

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 questioned costs as items 2024-001 and 2024-004 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 Oconto, 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  
May 20, 2025

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

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***Section I – Internal Control Over Financial Reporting***

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**2024-001**

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

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition**

Management and the Council of the City share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures 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.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Criteria**

The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission 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 or other required State Financial reports.

**Cause**

City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**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. 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 report, Municipal Financial Report and Public Service Commission Report.

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

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2024-001 (Continued)**

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

**Management Response**

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

**2024-002**

**Adjustment to the City's Financial Records  
Repeat of Finding 2023-002**

**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**

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

**Cause**

City staff maintains financial records which accurately report revenues and expenditures throughout the year. At year-end, entries to close the City's utilities, along with preparing GASB 34 conversion entries, are prepared by CLA from information provided by the City.

**Effect**

Year-end financial records prepared by the City may contain material misstatements without those closing and conversion entries.

**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.

**Management Response**

City management reviews the adjusting journal entries and approves these entries along with the annual financial report.

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

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2024-003**

**Capital Asset Additions**

**Repeat of Finding 2023-003**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition**

City staff should provide the current year asset additions and disposals, the method and rate of depreciation and the salvage value of the assets. From this information, we assist the City in recording the capital asset additions and disposals and calculate the annual depreciation expense. During our 2024 audit, we identified several material capital asset additions that were not reported to us by the City staff.

**Criteria**

A material adjustment to the underlying accounting records is considered to be an internal control deficiency.

**Cause**

The City does not have a system in place to identify capital asset transactions throughout the year.

**Effect**

The City could have capital assets transactions which are not reflected in the detailed capital asset records and the annual financial report.

**Recommendation**

We recommend the City develop a system to identify capital asset additions and disposals throughout the year. A best practice would be to identify new additions at the time the related invoice is paid and maintain a copy of the invoice for the auditors.

**Management Response**

The City will work to create a spreadsheet to track the acquisition and disposals of assets throughout the year. A copy of each invoice will be retained for the auditors.

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

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2024-004**

**Segregation of Duties**

**Repeat of Finding 2023-004**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition**

The City has a combined clerk/treasurer/administrator position that completes the majority of financial and recordkeeping duties of the general City's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

**Criteria**

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

**Cause**

The segregation of duties is due not properly segregating duties to the employees of the City's operations. In addition, the City has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

**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 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. The City should review its processes to ensure that there is adequate segregation of duties in regard to initiating, authorizing, and approving transactions and journal entries. As part of this risk assessment, the City should review its processes to identify tasks that could be reassigned to other City personnel.

**Management Response**

Management will review their processes and implement measures to segregate financial duties and enhance review procedures.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.