

CITY OF KAUKAUNA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Kaukauna
Kaukauna, 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 Kaukauna, Wisconsin (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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.

Emphasis of Matter

As described in Note 4.F, effective December 31, 2024, the City changed accounting policies related to accounting changes and error corrections by adopting Governmental Accounting Standards Board Statement (GASB Statement) No. 100, *Accounting Changes and Error Corrections*, in 2024. The guidance requires the disclosure of certain accounting changes and error corrections. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pension and OPEB 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.

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 nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule 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 nonmajor governmental fund combining statements and debt service fund budgetary comparison schedule are 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 16, 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 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The management of the City of Kaukauna offers all readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the fiscal year ended December 31, 2024. You are encouraged to read this narrative in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$16,765,343 to \$177,937,372; net position of governmental activities increased \$6,451,139 to \$50,368,234 while business type activities net position increased \$10,314,204 to \$127,569,138.
- Total fund balance in governmental funds as of December 31, 2024 is \$28,339,004. Of this balance, \$174,714 is nonspendable, \$9,652,922 is restricted for debt service, capital projects, TIDs and donations, \$13,124,571 is committed for improvements, equipment and redevelopment, \$1,019,066 is assigned to subsequent years' budgets, and unassigned has a balance of \$4,367,731.
- General fund's total fund balance increased \$1,516,263 or 27.55%. Staff was able to hold most expenditures close to the budgeted amounts during the year and many came in under the budgeted amount making up for some of the missed revenue.
- General fund revenues and operating transfers in for 2024 were over budget by \$1,404,277. Overall General fund expenditures and operating transfers out for 2024 were under budget by \$536,986 or 2.85% overall. Most expenditures were under budget primarily because of cost control measures in general government, public safety, culture and recreation, and nondepartmental. Public safety, health and welfare, and transfers out came in over budget.
- At the end of 2024, total fund balance for the general fund is \$7,019,816. The unassigned portion of fund balance \$5,826,036 increased \$814,402 or 16.25%, and it is equal to 31.34% of 2024 budgeted general fund expenditures.
- The City's outstanding general obligation debt increased \$240,000 from \$48,570,000 to \$48,810,000 for the fiscal year ended December 31, 2024. The city borrowed more general obligated debt in 2024 than it retired.
- The City's outstanding revenue bonds decreased \$4,750,000 from \$79,945,000 to \$75,195,000 for the fiscal year ended December 31, 2024.
- Kaukauna Utility's net position increased \$7,831,228 or 8.51% in 2024 as compared to 2023. This increase is in large part due to some favorable nonoperating expenses in addition to an increase in operating revenue.
- Kaukauna Utility's cash and cash equivalents increased \$3,564,559 in 2024. Most cash flow activities remained the same when compared to 2023.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Government-Wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business. The government-wide statements are made up of the statement of net position and the statement of activities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This means, some revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from those functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities (those supported primarily by taxes and intergovernmental revenues) of the City include general government; public safety; public works; health and welfare; culture and recreation; conservation and development, and non-departmental. The business-type activities (those supported by user fees) are Kaukauna Utilities (electric and water utilities), Sanitary Sewer Utility and Storm Water Utility.

The government-wide financial statements can be found on pages 17 to 18 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for the same activities as governmental activities in the government-wide financial statements; however, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may help readers better understand the long-term impact of a government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

The City maintained 33 individual governmental type funds during 2024. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance sheet for the general fund and debt service fund, which are considered major funds. Data from the remaining 30 governmental type funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the combining statements found later in this report.

The City adopts annual appropriation budgets for several funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 19 to 23 of this report.

Proprietary Funds - Enterprise funds are used to report the functions of the Kaukauna Utilities, storm water utility, and sanitary sewer utility are presented as business-type activities in the government-wide financial statements. Individual fund data for enterprise funds is provided later in this report.

The basic proprietary fund financial statements can be found on pages 24 to 28 of this report.

Notes To The Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 81 of this report.

Supplementary Information - The combining statements referring to non-major governmental funds is presented immediately following the required supplementary information. Required supplementary information and supplementary combining and individual fund statements and schedules can be found on pages 89 to 97 of this report.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed earlier, net position over time, serve as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceed liabilities and deferred inflows of resources for total net position of \$177,937,372 at year-end December 31, 2024.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---------------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 56,157,324 | \$ 50,397,182 | \$ 48,711,379 | \$ 46,697,908 | \$ 104,868,703 | \$ 97,095,090 |
| Capital Assets | 92,172,061 | 86,068,779 | 168,226,916 | 164,577,302 | 260,398,977 | 250,646,081 |
| Total Assets | <u>148,329,385</u> | <u>136,465,961</u> | <u>216,938,295</u> | <u>211,275,210</u> | <u>365,267,680</u> | <u>347,741,171</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Related to Pension | 8,900,098 | 12,931,493 | 4,219,692 | 6,317,256 | 13,119,790 | 19,248,749 |
| Related to OPEB | 3,087,222 | 1,353,363 | 863,783 | 352,425 | 3,951,005 | 1,705,788 |
| Total Deferred Outflows of Resources | <u>11,987,320</u> | <u>14,284,856</u> | <u>5,083,475</u> | <u>6,669,681</u> | <u>17,070,795</u> | <u>20,954,537</u> |
| LIABILITIES | | | | | | |
| Noncurrent Liabilities | 83,080,754 | 75,626,315 | 85,197,926 | 89,226,377 | 168,278,680 | 164,852,692 |
| Other Liabilities | 2,317,020 | 5,135,375 | 6,378,124 | 7,584,225 | 8,695,144 | 12,719,600 |
| Total Liabilities | <u>85,397,774</u> | <u>80,761,690</u> | <u>91,576,050</u> | <u>96,810,602</u> | <u>176,973,824</u> | <u>177,572,292</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property Taxes | 18,198,118 | 17,801,892 | - | - | 18,198,118 | 17,801,892 |
| Related to Pension | 5,334,918 | 7,224,672 | 2,534,080 | 3,540,841 | 7,868,998 | 10,765,513 |
| Related to OPEB | 1,017,661 | 1,045,468 | 342,502 | 338,514 | 1,360,163 | 1,383,982 |
| Total Deferred Inflows of Resources | <u>24,550,697</u> | <u>26,072,032</u> | <u>2,876,582</u> | <u>3,879,355</u> | <u>27,427,279</u> | <u>29,951,387</u> |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 29,363,418 | 33,124,799 | 85,503,714 | 80,850,305 | 114,867,132 | 113,975,104 |
| Restricted | 10,580,633 | 6,598,171 | 8,555,031 | 8,665,330 | 19,135,664 | 15,263,501 |
| Unrestricted | 10,424,183 | 4,194,125 | 33,510,393 | 27,739,299 | 43,934,576 | 31,933,424 |
| Total Net Position | <u>\$ 50,368,234</u> | <u>\$ 43,917,095</u> | <u>\$ 127,569,138</u> | <u>\$ 117,254,934</u> | <u>\$ 177,937,372</u> | <u>\$ 161,172,029</u> |

Management's Analysis

By far the largest portion of the City's total net position, \$114,867,132 or 64.56%, is its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure), less any related outstanding indebtedness used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$19,135,664 or 10.75% represents resources that are subject to restrictions regarding their use. The remaining balance of unrestricted net position, \$43,934,576 or 24.69% may be used to meet the government's ongoing obligations to creditors and provide services to its citizens.

Business-type activities total net position increased by \$10,314,204 to \$127,569,138 in 2024, an increase of 8.80%, primarily due to favorable revenue and expense budget outcomes.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

At the end of the current fiscal year, the City can report growth in total net position for governmental activities, and positive balances in all categories of net position for governmental activities as well as for business-type activities.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| REVENUES | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 2,304,449 | \$ 2,156,117 | \$ 70,947,925 | \$ 68,147,047 | \$ 73,252,374 | \$ 70,303,164 |
| Operating Grants and Contributions | 1,797,796 | 1,827,383 | - | - | 1,797,796 | 1,827,383 |
| Capital Grants Cnd contributions | 4,424,844 | 542,404 | 1,572,028 | 1,273,771 | 5,996,872 | 1,816,175 |
| General Revenues | | | | | | |
| Property Taxes | 15,081,553 | 13,849,570 | - | - | 15,081,553 | 13,849,570 |
| Sales Tax | 210,023 | 222,329 | - | - | 210,023 | 222,329 |
| Other Taxes | 438,692 | 401,434 | - | - | 438,692 | 401,434 |
| State and Federal Aids not Restricted to Specific Functions | 4,454,204 | 2,773,539 | - | - | 4,454,204 | 2,773,539 |
| Interest and Investment Earnings | 2,270,144 | 1,763,078 | 1,286,955 | 1,061,099 | 3,557,099 | 2,824,177 |
| Gain on Sale of Capital Assets | - | - | - | - | - | - |
| Miscellaneous Revenues | 945,260 | 987,631 | - | - | 945,260 | 987,631 |
| Total | 31,926,965 | 24,523,485 | 73,806,908 | 70,481,917 | 105,733,873 | 95,005,402 |
| EXPENSES | | | | | | |
| General Government | 3,525,074 | 3,445,020 | - | - | 3,525,074 | 3,445,020 |
| Public Safety | 7,729,406 | 8,143,372 | - | - | 7,729,406 | 8,143,372 |
| Public Works | 6,646,188 | 6,603,589 | - | - | 6,646,188 | 6,603,589 |
| Health and Human Services | 3,498 | 4,484 | - | - | 3,498 | 4,484 |
| Culture and Recreation | 3,665,179 | 3,267,499 | - | - | 3,665,179 | 3,267,499 |
| Development | 3,575,029 | 725,017 | - | - | 3,575,029 | 725,017 |
| Interest on Debt | 2,221,384 | 1,699,662 | - | - | 2,221,384 | 1,699,662 |
| Electric Utility | - | - | 53,162,401 | 52,616,075 | 53,162,401 | 52,616,075 |
| Water Utility | - | - | 3,942,464 | 4,247,749 | 3,942,464 | 4,247,749 |
| Storm Water Utility | - | - | 922,432 | 823,203 | 922,432 | 823,203 |
| Sanitary Sewer Utility | - | - | 3,575,475 | 3,400,378 | 3,575,475 | 3,400,378 |
| Total Expenses | 27,365,758 | 23,888,643 | 61,602,772 | 61,087,405 | 88,968,530 | 84,976,048 |
| INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS | 4,561,207 | 634,842 | 12,204,136 | 9,394,512 | 16,765,343 | 10,029,354 |
| TRANSFERS | 1,889,932 | 2,110,310 | (1,889,932) | (2,110,310) | - | - |
| CHANGE IN NET POSITION | 6,451,139 | 2,745,152 | 10,314,204 | 7,284,202 | 16,765,343 | 10,029,354 |
| BEGINNING NET POSITION | 43,917,095 | 41,171,943 | 117,254,934 | 109,970,732 | 161,172,029 | 151,142,675 |
| ENDING NET POSITION | \$ 50,368,234 | \$ 43,917,095 | \$ 127,569,138 | \$ 117,254,934 | \$ 177,937,372 | \$ 161,172,029 |

The increase in net position for governmental activities for year ended December 31, 2024 was at 14.69% compared to previous years increase in net position of 6.67% for year ended December 31, 2023. Current year activity increased net position by \$6,451,139.

Business-type activities growth in net position for year ended December 31, 2024 was 8.80% compared with 6.62% for year ended December 31, 2023. Management expects growth to continue at a modest rate especially for business-type activities.

Business-type activities revenue increased \$3,324,991 or 4.72% and expenses increased \$515,367 or 0.84% during 2024 primarily due to increased customer demand in the business-type activities.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Debt and Debt Management

| | Outstanding 1/1/2024 | Issued in 2024 | Retired in 2024 | Outstanding 12/31/2024 | Due Within One Year |
|--|-------------------------|----------------------|---------------------|---------------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General Obligation Notes | \$ 40,545,002 | \$ 5,475,000 | \$ 4,211,000 | \$ 41,809,002 | \$ 4,184,000 |
| General Obligation Bonds | 7,544,998 | - | 800,000 | 6,744,998 | 885,000 |
| Lease Liability | 1,507,788 | - | 129,545 | 1,378,243 | 132,118 |
| Note Anticipation Note | 5,520,000 | 7,920,000 | - | 13,440,000 | - |
| Taxable Redevelopment Lease | | | | | |
| Revenue Bonds | 7,225,000 | - | 425,000 | 6,800,000 | 425,000 |
| Premium | 1,467,943 | 597,620 | 301,064 | 1,764,499 | - |
| Compensated Absences | 694,560 | 64,105 | | 758,665 | - |
| Total Governmental Activities Debt | <u>\$ 64,505,291</u> | <u>\$ 14,056,725</u> | <u>\$ 5,866,609</u> | <u>\$ 72,695,407</u> | <u>\$ 5,626,118</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| General Obligation Notes | \$ 480,000 | \$ - | \$ 224,000 | \$ 256,000 | \$ 256,000 |
| Revenue Bonds | 79,945,000 | - | 4,750,000 | 75,195,000 | 4,950,000 |
| Direct Placement Revenue Bonds | 1,936,085 | 1,926,629 | 78,539 | 3,784,175 | 159,958 |
| Premium | 3,329,785 | - | 473,119 | 2,856,666 | - |
| Compensated Absences | 21,891 | 2,331 | - | 24,222 | - |
| Total Business-Type Activities Debt | <u>\$ 85,712,761</u> | <u>\$ 1,928,960</u> | <u>\$ 5,525,658</u> | <u>\$ 82,116,063</u> | <u>\$ 5,365,958</u> |

Management's Analysis

Overall, long-term obligations increased from \$150,218,052 in 2023 to \$154,811,470 in 2024. Governmental activities outstanding debt increased \$8,190,116 or 12.70%. Whereas the business-type activities outstanding debt decreased \$3,596,698 or 4.35%. All general obligation notes and bonds are scheduled to be paid off within ten (10) years and all the revenue bonds are scheduled to be paid off within twenty-five (25) years.

The City has maintained its current Standard & Poor's general obligation bond rating of AA- for the past several years. The current outstanding general obligation bonds and notes of \$48,810,000 is 53.16% of the statutory limit for cities in the State of Wisconsin.

The City's five-year capital improvement plan anticipates general obligation borrowing of approximately \$5,000,000 per year for the next five (5) years.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE GOVERNMENTS' FUNDS

As indicated earlier, the City uses fund accounting to ensure and demonstrate compliance with budgetary finance-related legal requirements.

General Fund Budgetary Analysis

| | Final Budget 2024 | Actual 2024 | Budget Variance Positive (Negative) |
|------------------------------|-------------------------|---------------------|--|
| REVENUES | | | |
| Taxes | \$ 8,429,509 | \$ 8,413,432 | \$ (16,077) |
| Intergovernmental | 5,117,199 | 5,238,228 | 121,029 |
| Licenses and Permits | 476,400 | 611,317 | 134,917 |
| Fines and Forfeits | 123,000 | 102,621 | (20,379) |
| Changes for Services | 1,177,964 | 1,263,202 | 85,238 |
| Other | 168,600 | 1,069,458 | 900,858 |
| Transfers In | 2,912,823 | 3,111,514 | 198,691 |
| Total Revenues | <u>18,405,495</u> | <u>19,809,772</u> | <u>1,404,277</u> |
| EXPENDITURES | | | |
| General Government | 2,954,084 | 2,757,397 | 196,687 |
| Public Safety | 7,563,553 | 7,647,362 | (83,809) |
| Public Works | 3,877,483 | 3,745,038 | 132,445 |
| Health and Welfare | 2,500 | 3,498 | (998) |
| Culture and Recreation | 2,696,989 | 2,381,184 | 315,805 |
| Conservation and Development | 873,331 | 461,911 | 411,420 |
| Nondepartmental | 622,555 | 213,203 | 409,352 |
| Debt Service | - | - | - |
| Transfers Out | 240,000 | 940,000 | (700,000) |
| Total Expenditures | <u>18,830,495</u> | <u>18,149,593</u> | <u>680,902</u> |
| Net Change in Fund Balance | <u>\$ (425,000)</u> | <u>\$ 1,660,179</u> | <u>\$ 2,085,179</u> |

Management's Analysis

The 2024 general fund budget to actual comparison is showing a surplus of \$2,085,179. The increase is due to increase in recreation revenues with the moving forward from COVID-19 protocols, and increased interest revenue, in combination with budget savings in expenditures throughout.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Debt Service Fund Budgetary Analysis

| | Final Budget 2024 | Actual 2024 | Budget Variance Positive (Negative) |
|---|-------------------------|--------------------|--|
| REVENUES | | | |
| Taxes | \$ 4,435,704 | \$ 4,435,704 | \$ - |
| Miscellaneous | - | 33,371 | 33,371 |
| Total Revenues | <u>4,435,704</u> | <u>4,469,075</u> | <u>33,371</u> |
| EXPENDITURES | | | |
| Debt Service Principal | 5,436,000 | 5,436,000 | - |
| Debt Service Interest | 1,997,920 | 2,019,522 | (21,602) |
| Total Expenditures | <u>7,433,920</u> | <u>7,455,522</u> | <u>(21,602)</u> |
| Excess (Deficit) of Revenues Over Expenditures | <u>(2,998,216)</u> | <u>(2,986,447)</u> | <u>11,769</u> |
| OTHER FINANCING SOURCES | | | |
| Premium on Debt Issued | 220,000 | 597,620 | 377,620 |
| Transfers in | 2,709,250 | 2,713,248 | 3,998 |
| Total Other Financing Sources | <u>2,929,250</u> | <u>3,310,868</u> | <u>381,618</u> |
| Net Change in Fund Balance | <u>\$ (68,966)</u> | <u>\$ 324,421</u> | <u>\$ 393,387</u> |

Management's Analysis

Management takes a conservative approach to budgeting for special assessments. Special assessment projects are funded from the proceeds of long-term borrowing and from resources available in the special assessment fund. The specific projects and the timing of the repayment by individual property owners to repay the assessments vary from year to year. Special assessment funds are transferred into the debt service fund in an amount that approximates the debt services requirement for debt incurred to fund special assessment projects.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Note how unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2024, the City's governmental funds reported combined year ending fund balance of \$28,339,004, an increase of \$6,469,104 for the calendar year 2024. Of the total fund balance, the unassigned fund balance is \$4,367,731, which is ordinarily available for spending at the City's discretion. The remainder of fund balance is not available because it is designated as follows:

- Nonspendable, \$174,714
- Restricted for debt service capital projects, TIDs and donations, \$9,652,922
- Committed, \$13,124,571
- Assigned, \$1,019,066

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Fund Balance Analysis – General Fund

The total general fund balance increased from \$5,503,553 at calendar year end 2023 to \$7,019,816 for calendar year end 2024. The city council adopted a policy in 2010 to maintain the fund balance at 15% of the operating budget. Fifteen percent of the 2024 operating budget is \$2,828,574. The unassigned general fund balance as of December 31, 2024 was \$5,826,036. The year-end fund balance for 2024 follows the policy that was established in 2010. As a measure of the general fund's liquidity, it is useful to compare both unassigned and total fund balance to budgeted expenditures for 2024. Unassigned fund balance equals 31.33% of budgeted expenditures while total fund balance represents 37.76% of budgeted expenditures for 2024.

Fund Balance Analysis – Debt Service Fund

The debt service fund balance has a balance of \$5,749,659 at year-end 2024, which primarily represents amounts due from other funds. Going forward, the debt service fund is expected to have no balance at yearend except for an amount equal to due from other funds.

Fund Balance Analysis – Special Revenue Funds

The combined non-major special revenue funds have a calendar year-end 2024 fund balance of \$1,559,684. The combined fund balance for special revenue funds decreased \$646,153 for calendar year ended.

Fund Balance Analysis – Capital Project Funds

The combined nonmajor capital project funds have a calendar year end 2024 surplus fund balance of \$4,140,140. The ongoing capital funds surplus is due to timing of borrowed funds being spent. Tax Incremental Districts (TID) 4, 8, 9, 10, 12 and environment remediation TID have a deficit, while TID 6 and 11 has a surplus. The intent is to ensure all districts are at a net balance of zero at the time the district close.

POPRIETARY FUNDS

Net Position Analysis – Stormwater Utility

Unrestricted net position of the Stormwater Utility at the end of the year amounted to \$3,410,643. The total increase in net position was \$1,066,346.

Net Position Analysis – Sanitary Sewer Utility

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$6,334,250. The total increase in net position was \$1,416,630.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, net of accumulated depreciation is \$260,398,977. Governmental activities capital assets increased in 2024 by 6,103,282 from \$86,068,779 to \$92,172,061. The increase is because of the construction/remodel of the street improvements, etc. The net increase of \$3,649,614 in business-type activities capital assets from \$164,577,302 to \$168,226,916 for the calendar year ended 2024 is result of investment in ongoing system improvements.

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

ECONOMIC FACTORS

The City of Kaukauna, Wisconsin benefits from its location in the Fox River Valley. Located south of Green Bay, the city benefits from its favorable location in the Fox River Valley. From 2009 - 2024, the City's tax base, which currently stands at \$1.8 Billion (see following schedule), averaged a 4.80% annual increase. Management believes that tax base growth, which has historically been driven by residential and commercial construction, will increase consistently in the near term. Over the past five years (2019 - 2024), the city saw an average increase of 9.81%.

Ahlstom (a.k.a Thilmany), the City's largest employer and largest taxpayer poses some risk to the local economy. However, this concern is mitigated by the City's proximity to numerous employment opportunities located throughout the Fox River Valley and the decreasing assessed value Thilmany relative to the City's overall assessed value over the past several years.

| Assessment Year | Equalized Value Including TID's | % Change | Equalized Value Excluding TID's | % Change |
|--------------------|------------------------------------|----------|------------------------------------|----------|
| 2024 | \$ 1,836,322,700 | 7.91 % | 1,722,761,400 | 8.67 % |
| 2023 | 1,701,744,900 | 16.29 | 1,585,367,000 | 14.81 |
| 2022 | 1,463,310,100 | 11.33 | 1,380,840,000 | 13.07 |
| 2021 | 1,314,411,300 | 8.78 | 1,221,182,000 | 8.04 |
| 2020 | 1,208,319,100 | 4.72 | 1,130,278,300 | 3.02 |
| 2019 | 1,153,840,300 | 6.01 | 1,097,194,600 | 6.05 |
| 2018 | 1,088,457,300 | 5.88 | 1,034,627,000 | 5.50 |
| 2017 | 1,027,973,700 | 4.12 | 980,725,200 | 3.79 |
| 2016 | 987,250,900 | 4.48 | 944,893,400 | 4.50 |
| 2015 | 944,939,000 | 2.38 | 904,221,100 | 1.06 |
| 2014 | 922,944,000 | 3.00 | 894,717,600 | 2.39 |
| 2013 | 896,096,700 | (0.25) | 873,869,600 | (0.26) |
| 2012 | 898,369,100 | (3.63) | 876,128,200 | (3.64) |
| 2011 | 932,227,600 | (0.34) | 909,241,100 | (0.56) |
| 2010 | 935,396,400 | 1.25 | 914,342,300 | 1.66 |
| 2009 | 923,842,800 | | 899,406,800 | |

Summary of Changes in Equalized Value

| Assessment Year | Equalized Value Including TID's | % Change | Equalized Value Excluding TID's | % Change |
|--------------------|------------------------------------|----------|------------------------------------|----------|
| 2024 | \$ 1,836,322,700 | 7.91 % | 1,722,761,400 | 8.67 % |
| 2023 | 1,701,744,900 | 16.29 | 1,585,367,000 | 14.81 |
| 2022 | 1,463,310,100 | 11.33 | 1,380,840,000 | 13.07 |
| 2021 | 1,314,411,300 | 8.78 | 1,221,182,000 | 8.04 |
| 2020 | 1,208,319,100 | 4.72 | 1,130,278,300 | 3.02 |
| 2019 | 1,153,840,300 | 6.01 | 1,097,194,600 | 6.05 |
| 2018 | 1,088,457,300 | 5.88 | 1,034,627,000 | 5.50 |
| 2017 | 1,027,973,700 | 4.12 | 980,725,200 | 3.79 |
| 2016 | 987,250,900 | 4.48 | 944,893,400 | 4.50 |
| 2015 | 944,939,000 | 2.38 | 904,221,100 | 1.06 |
| 2014 | 922,944,000 | 3.00 | 894,717,600 | 2.39 |
| 2013 | 896,096,700 | (0.25) | 873,869,600 | (0.26) |
| 2012 | 898,369,100 | (3.63) | 876,128,200 | (3.64) |
| 2011 | 932,227,600 | (0.34) | 909,241,100 | (0.56) |
| 2010 | 935,396,400 | 1.25 | 914,342,300 | 1.66 |
| 2009 | 923,842,800 | | 899,406,800 | |

**CITY OF KAUKAUNA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Standard & Poor's, which currently has the City's debt rated at AA-, supported by very strong budgetary flexibility, very strong liquidity, strong budgetary performance, strong management, adequate economy and very weak debt and contingent liability position tempered by the City's participation in the deep and diverse Fox Cities metropolitan area economy. The City rapidly retires general obligation debt within ten years. Debt service accounts for high, though manageable, expenditures reflecting the City's above average debt burden and rapid principal payout.

The City's sound financial operations will be maintained through prudent financial management and growth in tax base, resulting in increased property tax revenues, which is the City's largest operating revenue source.

The City has garnered significant interest from external developers seeking to expand their operations within its limits. Such developments play a crucial role in the overall functioning of the city, as they contribute to its tax base and enable the provision of quality services without imposing a substantial burden on current property owners. Moreover, the City remains committed to investing in and enhancing the amenities it offers. Exciting upcoming projects will further bolster the long-term investment in the city's infrastructure and amenities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the City of Kaukauna for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the William Van Rossum, Finance Director, City of Kaukauna, 144 W. Second Street, Kaukauna, Wisconsin 54130.

BASIC FINANCIAL STATEMENTS

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------|
| ASSETS | | | |
| Cash and Investments | \$ 23,169,834 | \$ 22,540,914 | \$ 45,710,748 |
| Receivables: | | | |
| Taxes and Special Charges | 9,722,634 | 9,420 | 9,732,054 |
| Delinquent Taxes | 1,568 | - | 1,568 |
| Accounts, Net | 753,503 | 5,530,541 | 6,284,044 |
| Special Assessments | 3,873,800 | - | 3,873,800 |
| Loans | 2,051,152 | - | 2,051,152 |
| Internal Balances | (261,502) | 261,502 | - |
| Due from Other Governments | 1,077 | - | 1,077 |
| Inventories and Prepaid Items | 173,146 | 3,934,761 | 4,107,907 |
| Investment in ATC LLC | - | 4,551,136 | 4,551,136 |
| Nonutility Plant, Net | - | 291,486 | 291,486 |
| Regulatory Asset | - | 660,407 | 660,407 |
| Assets Held for Resale | - | 236,297 | 236,297 |
| Restricted Assets: | | | |
| Cash and Investments | 16,672,112 | 10,694,915 | 27,367,027 |
| Capital Assets, Not Being Depreciated | 11,960,813 | 10,217,023 | 22,177,836 |
| Capital Assets, Being Depreciated and Amortized, Net | 80,211,248 | 158,009,893 | 238,221,141 |
| Total Assets | 148,329,385 | 216,938,295 | 365,267,680 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Related Amounts | 8,900,098 | 4,219,692 | 13,119,790 |
| Other Postemployment Related Amounts | 3,087,222 | 863,783 | 3,951,005 |
| Total Deferred Outflows of Resources | 11,987,320 | 5,083,475 | 17,070,795 |
| LIABILITIES | | | |
| Accounts Payable | 702,179 | 3,006,684 | 3,708,863 |
| Accrued and Other Current Liabilities | 921,857 | 659,344 | 1,581,201 |
| Due to Other Governments | 8,927 | - | 8,927 |
| Accrued Interest Payable | 684,057 | 302,141 | 986,198 |
| Customer Deposits | - | 1,555,698 | 1,555,698 |
| Unearned Revenues | - | 854,257 | 854,257 |
| Long-Term Obligations: | | | |
| Due Within One Year | 5,701,985 | 5,365,958 | 11,067,943 |
| Due in More Than One Year | 66,993,422 | 76,750,104 | 143,743,526 |
| Net Pension Liability | 995,818 | 473,012 | 1,468,830 |
| Net Other Postemployment Benefits | 9,389,529 | 2,608,852 | 11,998,381 |
| Total Liabilities | 85,397,774 | 91,576,050 | 176,973,824 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes Levied for Subsequent Year | 18,198,118 | - | 18,198,118 |
| Pension Related Amounts | 5,334,918 | 2,534,080 | 7,868,998 |
| Other Postemployment Related Amounts | 1,017,661 | 342,502 | 1,360,163 |
| Total Deferred Inflows of Resources | 24,550,697 | 2,876,582 | 27,427,279 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 29,363,418 | 85,503,714 | 114,867,132 |
| Restricted: | | | |
| Debt Service | 5,801,200 | 8,555,031 | 14,356,231 |
| Tax Incremental Districts | 4,578,004 | - | 4,578,004 |
| Donations | 201,429 | - | 201,429 |
| Unrestricted | 10,424,183 | 33,510,393 | 43,934,576 |
| Total Net Position | \$ 50,368,234 | \$ 127,569,138 | \$ 177,937,372 |

See accompanying Notes to Basic Financial Statements.

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

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------|-------------------------|--|--|--|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General Government | \$ 3,525,074 | \$ 74,570 | \$ - | \$ - | \$ (3,450,504) | \$ - | \$ (3,450,504) |
| Public Safety | 7,729,406 | 1,300,927 | 107,914 | 2,386 | (6,318,179) | - | (6,318,179) |
| Public Works | 6,646,188 | 512,413 | 1,414,532 | 2,626,629 | (2,092,614) | - | (2,092,614) |
| Health and Human Services | 3,498 | 1,292 | - | - | (2,206) | - | (2,206) |
| Culture and Recreation | 3,665,179 | 413,267 | 307,428 | 225,700 | (2,718,784) | - | (2,718,784) |
| Conservation and Development | 3,575,029 | 1,980 | - | 1,570,129 | (2,002,920) | - | (2,002,920) |
| Interest and Fiscal Charges | 2,221,384 | - | - | - | (2,221,384) | - | (2,221,384) |
| Total Governmental Activities | 27,365,758 | 2,304,449 | 1,829,874 | 4,424,844 | (18,806,591) | - | (18,806,591) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Electric Utility | 53,162,401 | 58,781,042 | - | 1,076,171 | - | 6,694,812 | 6,694,812 |
| Water Utility | 3,942,464 | 5,635,882 | - | 430,467 | - | 2,123,885 | 2,123,885 |
| Kaukauna Utilities | 57,104,865 | 64,416,924 | - | 1,506,638 | - | 8,818,697 | 8,818,697 |
| Storm Water Utility | 922,432 | 1,807,237 | - | 65,390 | - | 950,195 | 950,195 |
| Sanitary Sewer Utility | 3,575,475 | 4,723,764 | - | - | - | 1,148,289 | 1,148,289 |
| Total Business-Type Activities | 61,602,772 | 70,947,925 | - | 1,572,028 | - | 10,917,181 | 10,917,181 |
| Total Primary Government | \$ 88,968,530 | \$ 73,252,374 | \$ 1,829,874 | \$ 5,996,872 | (18,806,591) | 10,917,181 | (7,889,410) |
| GENERAL REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | | | | | 15,081,553 | - | 15,081,553 |
| Sales Tax | | | | | 210,023 | - | 210,023 |
| Other Taxes | | | | | 438,692 | - | 438,692 |
| Federal and State Grants and Other Contributions not Restricted to Specific Functions | | | | | 4,454,204 | - | 4,454,204 |
| Interest and Investment Earnings | | | | | 2,270,144 | 1,286,955 | 3,557,099 |
| Miscellaneous | | | | | 913,182 | - | 913,182 |
| Transfers | | | | | 1,889,932 | (1,889,932) | - |
| Total General Revenues and Transfers | | | | | 25,257,730 | (602,977) | 24,654,753 |
| CHANGE IN NET POSITION | | | | | 6,451,139 | 10,314,204 | 16,765,343 |
| Net Position - Beginning of Year | | | | | 43,917,095 | 117,254,934 | 161,172,029 |
| NET POSITION - END OF YEAR | | | | | \$ 50,368,234 | \$ 127,569,138 | \$ 177,937,372 |

See accompanying Notes to Basic Financial Statements.

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

| | Capital Projects | | | | | | |
|--|------------------|---------------|-----------------------------------|--------------------------|-------------------|-----------------------------------|---------------|
| | General | Debt Service | Tax Incremental District #5 | Streets and Sidewalks | Pool and Parks | Nonmajor Governmental Funds | Total |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 11,566,025 | \$ - | \$ - | \$ 1,681,292 | \$ 3,470,512 | \$ 6,452,005 | \$ 23,169,834 |
| Restricted Cash and Investments | - | 2,223,057 | 8,502,572 | - | 2,673,917 | 3,272,566 | 16,672,112 |
| Receivables: | | | | | | | |
| Taxes and Special Charges | 6,035,990 | 2,158,082 | 199,773 | - | 234,601 | 1,094,188 | 9,722,634 |
| Delinquent Taxes | 1,568 | - | - | - | - | - | 1,568 |
| Accounts, Net | 439,456 | - | 123,183 | - | - | 190,864 | 753,503 |
| Special Assessments | - | - | - | - | - | 3,873,800 | 3,873,800 |
| Loans | 100,000 | - | - | - | - | 2,432,812 | 2,532,812 |
| Due from Other Funds | 724,414 | 7,422,082 | - | - | - | 64,340 | 8,210,836 |
| Due from Other Governments | 1,077 | - | - | - | - | - | 1,077 |
| Inventories and Prepaid Items | 173,146 | - | - | - | - | - | 173,146 |
| | | | | | | | |
| Total Assets | \$ 19,041,676 | \$ 11,803,221 | \$ 8,825,528 | \$ 1,681,292 | \$ 6,379,030 | \$ 17,380,575 | \$ 65,111,322 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 193,107 | \$ - | \$ 82 | \$ 234,434 | \$ 176,553 | \$ 98,003 | \$ 702,179 |
| Accrued and Other Current Liabilities | 921,857 | - | - | - | - | - | 921,857 |
| Due to Other Funds | 30,583 | - | 5,679,304 | - | - | 2,762,451 | 8,472,338 |
| Due to Other Governments | 8,927 | - | - | - | - | - | 8,927 |
| Total Liabilities | 1,154,474 | - | 5,679,386 | 234,434 | 176,553 | 2,860,454 | 10,105,301 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Property Taxes Levied for Subsequent Year | 10,340,841 | 4,599,480 | 425,772 | - | 500,000 | 2,332,025 | 18,198,118 |
| Other Public Charges, Grants, and Donations | 426,545 | 1,454,082 | - | - | - | 181,660 | 2,062,287 |
| Loans Receivable | 100,000 | - | - | - | - | 2,432,812 | 2,532,812 |
| Special Assessments | - | - | - | - | - | 3,873,800 | 3,873,800 |
| Total Deferred Inflows of Resources | 10,867,386 | 6,053,562 | 425,772 | - | 500,000 | 8,820,297 | 26,667,017 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 174,714 | - | - | - | - | - | 174,714 |
| Restricted | - | 5,749,659 | 2,720,370 | - | - | 1,182,893 | 9,652,922 |
| Committed | - | - | - | 1,446,858 | 5,702,477 | 5,975,236 | 13,124,571 |
| Assigned | 1,019,066 | - | - | - | - | - | 1,019,066 |
| Unassigned | 5,826,036 | - | - | - | - | (1,458,305) | 4,367,731 |
| Total Fund Balances | 7,019,816 | 5,749,659 | 2,720,370 | 1,446,858 | 5,702,477 | 5,699,824 | 28,339,004 |
| | | | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 19,041,676 | \$ 11,803,221 | \$ 8,825,528 | \$ 1,681,292 | \$ 6,379,030 | \$ 17,380,575 | \$ 65,111,322 |

See accompanying Notes to Basic Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF NET POSITION

| | |
|---|---------------|
| Total fund balances as shown on previous page | \$ 28,339,004 |
|---|---------------|

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. | 92,172,061 |
|---|------------|

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

| | |
|---------------------|-----------|
| Ambulance Charges | 2,062,287 |
| Loans Receivable | 2,051,152 |
| Special Assessments | 3,873,800 |

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 | 8,900,098 |
| Deferred Inflows Related to Pensions | (5,334,918) |
| Deferred Outflows Related to Other Postemployment Benefits | 3,087,222 |
| Deferred Inflows Related to Other Postemployment Benefits | (1,017,661) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|---|--------------|
| Bonds and Notes Payable | (70,172,243) |
| Premium on Debt | (1,764,499) |
| Compensated Absences | (758,665) |
| Net Pension Liability | (995,818) |
| Other Postemployment Benefit | (9,389,529) |
| Accrued Interest on Long-Term Obligations | (684,057) |

| | |
|--|----------------------|
| Net Position of Governmental Activities as Reported on the Statement of Net Position | \$ <u>50,368,234</u> |
|--|----------------------|

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

| | General | Debt Service | Capital Projects | | | Nonmajor Governmental Funds | Total |
|--|---------------------|---------------------|-----------------------------------|--------------------------|---------------------|-----------------------------------|----------------------|
| | | | Tax Incremental District #5 | Streets and Sidewalks | Pool and Parks | | |
| REVENUES | | | | | | | |
| Taxes | \$ 8,413,432 | \$ 4,435,704 | \$ 506,888 | \$ - | \$ 500,000 | \$ 1,874,244 | \$ 15,730,268 |
| Special Assessments | - | - | - | - | - | 1,781,725 | 1,781,725 |
| Intergovernmental | 5,238,228 | - | 1,980 | 1,744 | - | 1,046,370 | 6,288,322 |
| Licenses and Permits | 611,317 | - | - | - | - | - | 611,317 |
| Fines and Forfeits | 102,621 | - | - | - | - | - | 102,621 |
| Public Charges for Services | 1,263,202 | - | - | - | - | 446,462 | 1,709,664 |
| Miscellaneous | 1,069,458 | 33,371 | 188,450 | 106,745 | 865,326 | 650,981 | 2,914,331 |
| Total Revenues | 16,698,258 | 4,469,075 | 697,318 | 108,489 | 1,365,326 | 5,799,782 | 29,138,248 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 2,757,397 | - | - | - | - | 40,448 | 2,797,845 |
| Public Safety | 7,647,362 | - | - | - | - | 298,808 | 7,946,170 |
| Public Works | 3,745,038 | - | - | - | - | 247,417 | 3,992,455 |
| Health and Human Services | 3,498 | - | - | - | - | - | 3,498 |
| Culture and Recreation | 2,381,184 | - | - | - | 280,799 | 610,191 | 3,272,174 |
| Conservation and Development | 461,911 | - | 1,646,296 | - | - | 1,058,443 | 3,166,650 |
| Nondepartmental | 213,203 | - | - | - | - | - | 213,203 |
| Debt Service: | | | | | | | |
| Principal | 129,545 | 5,436,000 | - | - | - | - | 5,565,545 |
| Interest and Fiscal Charges | 14,371 | 2,019,522 | 172,181 | - | - | 610 | 2,206,684 |
| Capital Outlay | - | - | - | 3,048,709 | 6,244,928 | 782,830 | 10,076,467 |
| Total Expenditures | 17,353,509 | 7,455,522 | 1,818,477 | 3,048,709 | 6,525,727 | 3,038,747 | 39,240,691 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (655,251) | (2,986,447) | (1,121,159) | (2,940,220) | (5,160,401) | 2,761,035 | (10,102,443) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Long-Term Debt Issued | - | - | 7,920,000 | 1,516,250 | 1,285,000 | 2,673,750 | 13,395,000 |
| Premium on Debt Issued | - | 597,620 | - | - | - | - | 597,620 |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | 688,995 | 688,995 |
| Transfers In | 3,111,514 | 2,713,248 | 240,000 | 2,149,000 | 1,740,000 | 8,301,651 | 18,255,413 |
| Transfers Out | (940,000) | - | (937,585) | - | - | (14,487,896) | (16,365,481) |
| Total Other Financing Sources (Uses) | 2,171,514 | 3,310,868 | 7,222,415 | 3,665,250 | 3,025,000 | (2,823,500) | 16,571,547 |
| NET CHANGE IN FUND BALANCES | 1,516,263 | 324,421 | 6,101,256 | 725,030 | (2,135,401) | (62,465) | 6,469,104 |
| Fund Balances - Beginning of Year | 5,503,553 | 5,425,238 | - | 721,828 | - | 10,219,281 | 21,869,900 |
| Change Within Financial Reporting Entity | | | | | | | |
| Nonmajor to Major Fund | - | - | (3,380,886) | - | 7,837,878 | (4,456,992) | - |
| Fund Balance - Beginning of Year, as Adjusted | 5,503,553 | 5,425,238 | (3,380,886) | 721,828 | 7,837,878 | 5,762,289 | 21,869,900 |
| FUND BALANCES - END OF YEAR | <u>\$ 7,019,816</u> | <u>\$ 5,749,659</u> | <u>\$ 2,720,370</u> | <u>\$ 1,446,858</u> | <u>\$ 5,702,477</u> | <u>\$ 5,699,824</u> | <u>\$ 28,339,004</u> |

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, 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 \$ 6,469,104

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 and amortization expense.

| | |
|---|-------------|
| Capital Assets Reported as Expenditures in Governmental Fund Statements | 10,504,562 |
| Depreciation and Amortization Expense Reported in the Statement of Activities | (4,210,086) |
| Net Book Value of Disposals | (191,194) |

| | |
|--|-----------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 2,028,931 |
|--|-----------|

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

| | |
|---|--------------|
| Long-Term Debt Issued | (13,395,000) |
| Principal Repaid | 5,436,000 |
| Interest Accrued on Long-Term Debt | (315,764) |
| Premium on Debt Issued, Including Current Year Amortization | (296,556) |
| Lease Liability Paid | 129,545 |

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:

| | |
|---|-------------|
| Compensated Absences | (64,105) |
| Net Pension Liability | 2,449,096 |
| Deferred Outflows of Resources Related to Pensions | (4,031,395) |
| Deferred Inflows of Resources Related to Pensions | 1,889,754 |
| Other Postemployment Benefits | (1,713,419) |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | 1,733,859 |
| Deferred Inflows of Resources Related to Other Postemployment Benefits | 27,807 |

| | |
|--|---|
| Change in Net Position of Governmental Activities as Reported in the Statement of Activities | <div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 6,451,139</div> |
|--|---|

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

| | Budget | | | Variance Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ 8,429,509 | \$ 8,429,509 | \$ 8,413,432 | \$ (16,077) |
| Intergovernmental | 5,117,199 | 5,117,199 | 5,238,228 | 121,029 |
| Licenses and Permits | 476,400 | 476,400 | 611,317 | 134,917 |
| Fines and Forfeits | 123,000 | 123,000 | 102,621 | (20,379) |
| Public Charges for Services | 1,177,964 | 1,177,964 | 1,263,202 | 85,238 |
| Miscellaneous | 168,600 | 168,600 | 1,069,458 | 900,858 |
| Total Revenues | 15,492,672 | 15,492,672 | 16,698,258 | 1,205,586 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 2,954,084 | 2,954,084 | 2,757,397 | 196,687 |
| Public Safety | 7,563,553 | 7,563,553 | 7,647,362 | (83,809) |
| Public Works | 3,877,483 | 3,877,483 | 3,745,038 | 132,445 |
| Health and Human Services | 2,500 | 2,500 | 3,498 | (998) |
| Culture and Recreation | 2,696,989 | 2,696,989 | 2,381,184 | 315,805 |
| Conservation and Development | 873,331 | 873,331 | 461,911 | 411,420 |
| Nondepartmental | 622,555 | 622,555 | 213,203 | 409,352 |
| Total Expenditures | 18,590,495 | 18,590,495 | 17,353,509 | 1,236,986 |
| EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES | (3,097,823) | (3,097,823) | (655,251) | 2,442,572 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 2,912,823 | 2,912,823 | 3,111,514 | 198,691 |
| Transfers Out | (240,000) | (240,000) | (940,000) | (700,000) |
| Total Other Financing Sources (Uses) | 2,672,823 | 2,672,823 | 2,171,514 | (501,309) |
| NET CHANGE IN FUND BALANCE | (425,000) | (425,000) | 1,516,263 | 1,941,263 |
| Fund Balance - Beginning of Year | 5,288,346 | 5,288,346 | 5,503,553 | 215,207 |
| FUND BALANCE - END OF YEAR | <u>\$ 4,863,346</u> | <u>\$ 4,863,346</u> | <u>\$ 7,019,816</u> | <u>\$ 2,156,470</u> |

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS
DECEMBER 31, 2024

| | Kaukauna Utilities | Stormwater Utility | Sanitary Sewer Utility | Total |
|---------------------------------------|-----------------------|-----------------------|---------------------------|---------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 15,705,167 | \$ 3,372,016 | \$ 3,463,731 | \$ 22,540,914 |
| Restricted Cash and Investments | 317,773 | - | - | 317,773 |
| Receivables: | | | | |
| Taxes and Special Charges | - | 1,971 | 7,449 | 9,420 |
| Accounts, Net | 5,529,391 | - | 1,150 | 5,530,541 |
| Due from Other Funds | 327,902 | 304,048 | 3,156,646 | 3,788,596 |
| Inventories and Prepaid Items | 3,934,761 | - | - | 3,934,761 |
| Total Current Assets | 25,814,994 | 3,678,035 | 6,628,976 | 36,122,005 |
| Restricted Assets: | | | | |
| Cash and Investments | 6,690,932 | 2,471,572 | 1,214,638 | 10,377,142 |
| Other Assets: | | | | |
| Investment in ATC LLC | 4,551,136 | - | - | 4,551,136 |
| Regulatory Asset | 660,407 | - | - | 660,407 |
| Nonutility Plant, Net | 291,486 | - | - | 291,486 |
| Property Held for Future Use | 236,297 | - | - | 236,297 |
| Total Other Assets | 5,739,326 | - | - | 5,739,326 |
| Capital Assets: | | | | |
| Nondepreciable | 6,226,516 | 2,859,138 | 1,131,369 | 10,217,023 |
| Depreciable, Net | 127,070,415 | 9,502,857 | 21,436,621 | 158,009,893 |
| Total Capital Assets | 133,296,931 | 12,361,995 | 22,567,990 | 168,226,916 |
| Total Assets | 171,542,183 | 18,511,602 | 30,411,604 | 220,465,389 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension Related Amounts | 4,023,163 | 78,291 | 118,238 | 4,219,692 |
| Other Postemployment Related Amounts | 858,429 | 2,097 | 3,257 | 863,783 |
| Total Deferred Outflows of Resources | 4,881,592 | 80,388 | 121,495 | 5,083,475 |

See accompanying Notes to Basic Financial Statements.

CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2024

| | Kaukauna Utilities | Stormwater Utility | Sanitary Sewer Utility | Total |
|--|-----------------------|-----------------------|---------------------------|----------------|
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 2,378,280 | \$ 281,520 | \$ 346,884 | \$ 3,006,684 |
| Accrued and Other Current Liabilities | 651,400 | 2,558 | 5,386 | 659,344 |
| Due to Other Funds | 3,527,094 | - | - | 3,527,094 |
| Customer Deposits | 1,555,698 | - | - | 1,555,698 |
| Unearned Revenues | 834,181 | 4,200 | 15,876 | 854,257 |
| Current Portion of Long-Term Debt: | | | | |
| General Obligation | - | 256,000 | - | 256,000 |
| Revenue Bonds | 4,284,958 | 375,000 | 450,000 | 5,109,958 |
| Accrued Interest Payable | 97,909 | 91,569 | 112,663 | 302,141 |
| Total Current Liabilities | 13,329,520 | 1,010,847 | 930,809 | 15,271,176 |
| Long-Term Obligations, Less Current Portion: | | | | |
| Revenue Bonds | 54,634,217 | 8,965,000 | 10,270,000 | 73,869,217 |
| Compensated Absences | - | 6,654 | 17,568 | 24,222 |
| Debt Premium | 2,815,538 | 21,062 | 20,065 | 2,856,665 |
| Net Pension Liability | 450,891 | 8,663 | 13,458 | 473,012 |
| Net Other Postemployment Benefits | 2,594,486 | 5,626 | 8,740 | 2,608,852 |
| Total Long-Term Liabilities | 60,495,132 | 9,007,005 | 10,329,831 | 79,831,968 |
| Total Liabilities | 73,824,652 | 10,017,852 | 11,260,640 | 95,103,144 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Related Amounts | 2,415,568 | 46,411 | 72,101 | 2,534,080 |
| Other Postemployment Related Amounts | 334,676 | 3,065 | 4,761 | 342,502 |
| Total Deferred Inflows of Resources | 2,750,244 | 49,476 | 76,862 | 2,876,582 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 69,172,583 | 4,353,972 | 11,977,159 | 85,503,714 |
| Restricted: | | | | |
| Debt Service | 6,910,796 | 760,047 | 884,188 | 8,555,031 |
| Unrestricted | 23,765,500 | 3,410,643 | 6,334,250 | 33,510,393 |
| Total Net Position | \$ 99,848,879 | \$ 8,524,662 | \$ 19,195,597 | \$ 127,569,138 |

See accompanying Notes to Basic Financial Statements.

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

| | Kaukauna Utilities | Stormwater Utility | Sanitary Sewer Utility | Total |
|--|-----------------------|-----------------------|---------------------------|-----------------------|
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 63,618,114 | \$ 1,807,237 | \$ 4,723,764 | \$ 70,149,115 |
| Other | 732,892 | - | - | 732,892 |
| Total Operating Revenues | 64,351,006 | 1,807,237 | 4,723,764 | 70,882,007 |
| OPERATING EXPENSES | | | | |
| Operation and Maintenance | 47,800,926 | 361,546 | 2,703,704 | 50,866,176 |
| Depreciation | 6,270,843 | 167,105 | 432,224 | 6,870,172 |
| Taxes | 1,376,456 | 9,647 | - | 1,386,103 |
| Total Operating Expenses | 55,448,225 | 538,298 | 3,135,928 | 59,122,451 |
| OPERATING INCOME | 8,902,781 | 1,268,939 | 1,587,836 | 11,759,556 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Income | 1,280,745 | 4,066 | 2,144 | 1,286,955 |
| Merchandising and Jobbing | 65,918 | - | - | 65,918 |
| Interest and Fiscal Charges | (2,068,854) | (384,134) | (439,547) | (2,892,535) |
| Amortization of Debt Discount/Premium | 433,607 | - | - | 433,607 |
| Miscellaneous Revenues (Expenses) | (21,393) | - | - | (21,393) |
| Total Nonoperating Revenues (Expenses) | (309,977) | (380,068) | (437,403) | (1,127,448) |
| INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 8,592,804 | 888,871 | 1,150,433 | 10,632,108 |
| Capital Contributions | 1,506,638 | 65,390 | - | 1,572,028 |
| Transfers In | - | 206,000 | 395,000 | 601,000 |
| Transfers Out | (2,268,214) | (93,915) | (128,803) | (2,490,932) |
| CHANGE IN NET POSITION | 7,831,228 | 1,066,346 | 1,416,630 | 10,314,204 |
| Net Position - Beginning of Year | 92,017,651 | 7,458,316 | 17,778,967 | 117,254,934 |
| NET POSITION - END OF YEAR | <u>\$ 99,848,879</u> | <u>\$ 8,524,662</u> | <u>\$ 19,195,597</u> | <u>\$ 127,569,138</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF KAUKAUNA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

| | Kaukauna Utilities | Stormwater Utility | Sanitary Sewer Utility | Total |
|---|-----------------------|-----------------------|---------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 64,361,418 | \$ 1,806,187 | \$ 4,713,210 | \$ 70,880,815 |
| Cash Paid for Employee Wages and Benefits | (5,911,022) | (226,327) | (256,092) | (6,393,441) |
| Cash Paid to Suppliers | (43,808,107) | (39,499) | (2,483,624) | (46,331,230) |
| Net Cash Provided by Operating Activities | 14,642,289 | 1,540,361 | 1,973,494 | 18,156,144 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Miscellaneous Revenues (Expenses) | (21,393) | - | - | (21,393) |
| Merchandising and Jobbing | 65,918 | - | - | 65,918 |
| Due to/from Other Funds | - | (27,420) | (1,184,788) | (1,212,208) |
| Transfers In/Out | (2,268,214) | 112,085 | 266,197 | (1,889,932) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (2,223,689) | 84,665 | (918,591) | (3,057,615) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of Capital Assets | (5,347,555) | (1,391,516) | (1,373,819) | (8,112,890) |
| Capital Contributions | - | 509 | 5,057 | 5,566 |
| Principal Paid on Long-Term Debt | (4,053,539) | (574,000) | (425,000) | (5,052,539) |
| Interest Paid on Long-Term Debt | (2,069,743) | (392,687) | (445,440) | (2,907,870) |
| Proceeds of Long-Term Debt | 1,926,629 | - | - | 1,926,629 |
| Debt Issuance Costs Paid | (28,501) | - | - | (28,501) |
| Net Cash Used by Capital and Related Financing Activities | (9,572,709) | (2,357,694) | (2,239,202) | (14,169,605) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest Received | 1,166,502 | 4,066 | 2,144 | 1,172,712 |
| Investment in ATC LLC | (130,061) | - | - | (130,061) |
| Net Cash Provided by Investing Activities | 1,036,441 | 4,066 | 2,144 | 1,042,651 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 3,882,332 | (728,602) | (1,182,155) | 1,971,575 |
| Cash and Cash Equivalents - Beginning of Year | 18,831,540 | 6,572,190 | 5,860,524 | 31,264,254 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 22,713,872</u> | <u>\$ 5,843,588</u> | <u>\$ 4,678,369</u> | <u>\$ 33,235,829</u> |

See accompanying Notes to Basic Financial Statements.

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

| | Kaukauna Utilities | Stormwater Utility | Sanitary Sewer Utility | Total |
|--|-----------------------|-----------------------|---------------------------|----------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income | \$ 8,902,781 | \$ 1,268,939 | \$ 1,587,836 | \$ 11,759,556 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 6,270,843 | 167,105 | 432,224 | 6,870,172 |
| Depreciation Charged to Operating Accounts | 182,634 | - | - | 182,634 |
| Depreciation on Nonutility Plant | 8,679 | - | - | 8,679 |
| Change in Liability (Asset) and Deferred Outflows and Inflows of Resources: | | | | |
| Pension Asset/Liability | (1,159,038) | (17,696) | (38,621) | (1,215,355) |
| Pension Related Deferred Outflows | 1,999,790 | 22,784 | 74,990 | 2,097,564 |
| Pension Related Deferred Inflows | (960,775) | (8,868) | (37,118) | (1,006,761) |
| Other Postemployment Benefits Liability Related Deferred Outflows | 780,859 | 1,720 | 1,024 | 783,603 |
| Other Postemployment Benefits Liability Related Deferred Inflows | (510,632) | (542) | (184) | (511,358) |
| Regulatory Asset | 5,319 | (12) | (1,319) | 3,988 |
| Regulatory Asset | 220,136 | - | - | 220,136 |
| Change in Operating Assets and Liabilities: | | | | |
| Accounts Receivables, Net of Allowance | 392,264 | - | 50 | 392,314 |
| Due to/from Municipality | (80,140) | - | - | (80,140) |
| Inventories and Prepaid Items | (195,842) | - | - | (195,842) |
| Accounts Payable | (1,108,085) | 112,032 | (33,570) | (1,029,623) |
| Accrued and Other Current Liabilities | 49,623 | (4,051) | (1,214) | 44,358 |
| Customer Deposits | 150,501 | - | - | 150,501 |
| Unearned Revenues | (306,628) | (1,050) | (10,604) | (318,282) |
| Net Cash Provided by Operating Activities | <u>\$ 14,642,289</u> | <u>\$ 1,540,361</u> | <u>\$ 1,973,494</u> | <u>\$ 18,156,144</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | | | |
| Cash and Investments in Current Assets | \$ 15,705,167 | \$ 3,372,016 | \$ 3,463,731 | \$ 22,540,914 |
| Cash and Investments in Restricted Assets | 7,008,705 | 2,471,572 | 1,214,638 | 10,694,915 |
| Total Cash and Cash Equivalents | <u>\$ 22,713,872</u> | <u>\$ 5,843,588</u> | <u>\$ 4,678,369</u> | <u>\$ 33,235,829</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| ATC Dividends Reinvested | \$ 114,243 | \$ - | \$ - | \$ 114,243 |
| Acquisition of Capital Assets Purchase on Account | \$ 2,389,635 | \$ 145,950 | \$ 172,789 | \$ 2,708,374 |
| Developer Financed Additions to Utility Plant | \$ 1,620,881 | \$ - | \$ - | \$ 1,620,881 |

See accompanying Notes to Basic Financial Statements.

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

| | |
|---|----------------------------------|
| | Tax Collection Custodial Fund |
| ASSETS | |
| Cash and Investments | \$ 9,442,975 |
| Taxes Receivable | <u>8,346,536</u> |
| Total Assets | 17,789,511 |
| DEFERRED INFLOW | |
| Property Taxes Levied for Subsequent Year | <u>17,789,511</u> |
| NET POSITION | |
| Restricted | <u><u>\$ -</u></u> |

See accompanying Notes to Basic Financial Statements.

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

| | <u>Tax Collection Custodial Fund</u> |
|-----------------------------------|--|
| ADDITIONS | |
| Property Tax Collections | \$ 15,403,044 |
| DEDUCTIONS | |
| Payments to Taxing Jurisdictions | <u>15,403,044</u> |
| CHANGE IN NET POSITION | - |
| Net Position - Beginning of Year | <u>-</u> |
| NET POSITION - END OF YEAR | <u><u>\$ -</u></u> |

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Kaukauna, Wisconsin (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (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 eight member council. Included in the City's operations (the primary government) are the City's Electric and Water Utilities, managed by a separate commission appointed by the City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements as required by standards.

Redevelopment Authority

The Redevelopment Authority of the City of Kaukauna provides services entirely to the City of Kaukauna. Although it is legally separate from the City, the Redevelopment Authority is blended and reported as if it were part of the primary government because of the nature of its relationship with the City. The Redevelopment Authority does not issue separate financial statements.

B. Related Organization

The City's officials are also responsible for appointing the members of the board of another organization, 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. The City Council appoints some or all of the members of the following related organization:

Housing Authority of the City of Kaukauna

The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Kaukauna nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Funds – Streets and Sidewalks and Pool and Parks

These funds are used to account for the capital expenditures related to the City's streets, sidewalks, pools, and parks.

Tax Incremental District #5

This fund accounts for the activity related to the City's Tax Incremental District #5.

The City reports the following major enterprise funds:

Kaukauna Utilities

This fund accounts for the provision of electric service to City residents, businesses, public authorities and the communities of Little Chute and Combined Locks, Wisconsin and the provision of water service to City residents, businesses and public authorities.

**CITY OF KAUKAUNA, 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)

Stormwater Utility

This fund accounts for the provision of storm water management to City residents, businesses and public authorities.

Sanitary Sewer Utility

This fund accounts for the provision of wastewater collection to City residents, businesses and public authorities.

Tax Collection Custodial Fund

The tax collection custodial 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.

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. General capital asset acquisitions, including entering into contracts giving the City of Kaukauna the right-to-use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

**CITY OF KAUKAUNA, 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)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and electric functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value or amortized cost. 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.

**CITY OF KAUKAUNA, 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)

2. Property Taxes and Special Charges Receivable (Continued)

The City bills and collects its own property taxes and also levies and collects taxes for the Kaukauna School District, Outagamie County and Fox Valley Technical College.

3. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$1,752,866.

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.)

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. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

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

**CITY OF KAUKAUNA, 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)

7. Inventories

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

Inventories 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. 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 accounted for on the consumption method.

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

9. Investment in American Transmission Company (ATC)

The City's Electric Utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The Utility owns less than ½ of 1% of ATC.

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the Utility has the option to contribute additional funds to maintain its proportionate share of ownership. The investment is valued at net asset value per share which is equal to the original cost plus additional contributions and reinvested dividends and approximates fair value.

10. 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 \$5,000 or higher and an estimated useful life in excess of a year. Such assets, except intangible right-to-use lease assets, the measurement of which is discussed in Note 1.E.15 below, 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.

**CITY OF KAUKAUNA, 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)

10. Capital Assets (Continued)

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.

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Assets | Governmental Activities | Business-Type Activities |
|--------------------------------------|----------------------------|-----------------------------|
| | Years | |
| Buildings | 20 to 40 | 25 to 50 |
| Improvements Other Than Buildings | 10 to 20 | 25 to 100 |
| Machinery and Equipment | 3 to 20 | 3 to 10 |
| Infrastructure | 18 to 70 | 70 |
| Right-to-Use Lease Asset - Buildings | 3 to 5 | 3 to 5 |

11. Regulatory Asset

During 2017, a large industrial customer of the Utilities went into receivership, resulting in an uncollectible receivable of \$2,201,357. The Utilities subsequently requested the Public Service Commission of Wisconsin (PSC) to allow the Utilities to recover this cost in future years. The PSC subsequently authorized the Utilities to amortize this cost over 10 years and allowed an annual uncollectible expense of \$220,136 to be included in the Utilities revenue requirement beginning in 2018. The Utilities expects that the PSC will continue to include this amortization in its revenue requirement through 2028, and will amortize the asset in accordance with the PSC order.

12. 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. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF KAUKAUNA, 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)

13. Deferred Outflows/Inflows of Resources

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

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments, loan and developer receivables, and other public charges, grants and donations. These inflows are recognized as revenues in the government-wide financial statements.

14. Long-Term Obligations

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

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

15. Leases

The City is a lessee for space usage.

Lessee

The City recognizes a lease liability and an intangible right-to-use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

CITY OF KAUKAUNA, 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. Leases (Continued)

Lessee (Continued)

At the commencement of a lease, the City determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a lease liability. Then the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

An intangible right-to-use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to-use lease asset is reported with the City capital assets in its own category called Leased Assets (Right-to-Use).

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

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.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. 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.

17. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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,
- 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.

CITY OF KAUKAUNA, 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)

18. 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 Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

**CITY OF KAUKAUNA, 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)

18. Fund Equity (Continued)

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 or amortization, 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 KAUKAUNA, 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, certain special revenue, debt service funds and certain capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund, certain special revenue funds, debt service funds and certain capital projects funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

B. Excess of Expenditures over Budget Appropriations

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

| Funds | Excess Expenditures |
|-----------------------------|------------------------|
| General Fund: | |
| Public Safety | \$ 83,809 |
| Health and Human Services | 998 |
| Debt Service Fund: | |
| Interest and Fiscal Charges | 21,602 |

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

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

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

| Funds | Deficit Fund Balance |
|-------------------------------|-------------------------|
| Special Revenue Funds: | |
| Vehicle Registration | \$ 21,266 |
| Solid Waste | 23,607 |
| Capital Projects Funds: | |
| Tax Incremental District #4 | 24,969 |
| Tax Incremental District #8 | 810,332 |
| Tax Incremental District #9 | 73,923 |
| Tax Incremental District #10 | 10,991 |
| Tax Incremental District #12 | 165,847 |
| Environmental Remediation TID | 327,370 |

The City anticipates funding the above deficits from future revenues and tax levies 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 2.72%. The actual limit for the City for the 2025 budget was 2.648%. 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.

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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$82,520,750 on December 31, 2024, as summarized below:

| | |
|---|----------------------|
| Petty Cash and Cash on Hand | \$ 1,175 |
| Deposits with Financial Institutions | 25,662,844 |
| Investments: | |
| Bond Mutual Funds | 445,962 |
| Wisconsin Investment Series Cooperative (WISC): | |
| CMS Series | 408,135 |
| IS Series | 95,458 |
| LTD Series | 903,237 |
| TS Series | 1,383,577 |
| Negotiable Certificates of Deposit | 489,290 |
| Repurchase Sweep Agreements | 14,161,366 |
| Money Market Mutual Funds | 864,601 |
| U.S. Treasury Notes and Bonds | 2,528,868 |
| Wisconsin Local Government Investment Pool | 35,576,237 |
| Total | <u>\$ 82,520,750</u> |

Reconciliation to the basic financial statements:

| | |
|--|----------------------|
| Government-Wide Statement of Net Position: | |
| Cash and Investments | \$ 45,710,748 |
| Restricted Cash and Investments | 27,367,027 |
| Fiduciary Fund Statement of Net Position: | |
| Custodial Fund | 9,442,975 |
| Total | <u>\$ 82,520,750</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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 has the following fair value measurements as of December 31, 2024:

| | Fair Value Measurements Using: | | |
|------------------------------------|--------------------------------|---------------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Investments: | | | |
| U.S. Treasuries | \$ - | \$ 2,528,868 | \$ - |
| Wisconsin Investment Series | | | |
| Cooperative (WISC) LTD Series | - | 903,237 | - |
| Bond Mutual Funds | 445,962 | - | - |
| Negotiable Certificates of Deposit | - | 489,290 | - |
| Money Market Mutual Funds | - | 864,601 | - |
| Total | <u>\$ 445,962</u> | <u>\$ 4,785,996</u> | <u>\$ -</u> |

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

Custodial Credit Risk

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

As of December 31, 2024, \$6,483,763 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2024, the City held repurchase agreement investments of \$14,161,366 of which the underlying securities are, held by the investment's counterparty, not in the name of the City.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

| Investment Type | Amount | Exempt from Disclosure | AAA | Aa | Not Rated |
|---|----------------------|------------------------------|---------------------|-------------------|----------------------|
| Money Market Mutual Funds | \$ 864,601 | \$ - | \$ - | \$ - | \$ 864,601 |
| Mutual Bond Funds | 401,501 | - | - | - | 401,501 |
| U.S. Treasuries | 2,528,868 | 2,528,868 | - | - | - |
| Negotiable Certificates of Deposit | 489,290 | - | - | - | 489,290 |
| WISC Investments: | | | | | |
| CMS Series | 408,135 | - | 408,135 | - | - |
| IS Series | 95,458 | - | 95,458 | - | - |
| LTD Series | 903,237 | - | - | 903,237 | - |
| TS Series | 1,383,577 | - | 1,383,577 | - | - |
| Wisconsin Local Government Investment Pool | 35,576,237 | - | - | - | 35,576,237 |
| Totals | <u>\$ 42,650,904</u> | <u>\$ 2,528,868</u> | <u>\$ 1,887,170</u> | <u>\$ 903,237</u> | <u>\$ 37,331,629</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. At December 31, 2024, the City had no investments in one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of December 31, 2024, the Wisconsin Local Government Investment Pool had a weighted average maturity of 9 days. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| Investment Type | Amount | Remaining Maturity (in Months) | | | |
|---|----------------------|--------------------------------|--------------------|---------------------|------------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Money Market Mutual Funds | \$ 864,601 | \$ 864,601 | \$ - | \$ - | \$ - |
| Mutual Funds | 445,962 | 445,962 | - | - | - |
| U.S. Treasuries | 2,528,868 | 749,031 | 476,040 | 1,303,797 | - |
| WISC Investments: | | | | | |
| CMS Series | 408,135 | 408,135 | - | - | - |
| IS Series | 95,458 | 95,458 | - | - | - |
| TS Series | 1,383,577 | 1,383,577 | - | - | - |
| LTD Series | 903,237 | 903,237 | - | - | - |
| Repurchase Sweep Agreements | 14,161,366 | 14,161,366 | - | - | - |
| Negotiable Certificates of Deposit | 489,290 | 489,290 | - | - | - |
| Wisconsin Local Government Investment Pool | 35,576,237 | 35,576,237 | - | - | - |
| Totals | <u>\$ 56,856,731</u> | <u>\$ 55,076,894</u> | <u>\$ 476,040</u> | <u>\$ 1,303,797</u> | <u>\$ -</u> |

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool of \$35,576,237 at year-end. The 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.

**CITY OF KAUKAUNA, 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 Investment Series Cooperative

The Wisconsin Investment Series Cooperative (WISC) is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operated under Wisconsin Intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests Utilities' funds in accordance with Wisconsin law. WISC investments, except for LTD series, are valued at amortized cost, which approximates market value.

B. Restricted Assets

Restricted assets of the primary government on December 31, 2024, totaled \$27,367,027 and consisted of cash and investments held for the following purposes:

| Funds | Amount | Purpose |
|---------------------------------------|----------------------|---|
| Special Revenue: | | |
| Thousand Islands Environmental Center | \$ 199,571 | To be used for future activities of the Environmental Center |
| Nelson Crossing | 1,858 | To be used for future activities of Nelson Crossing |
| Total Special Revenue | 201,429 | |
| Debt Service | 2,223,057 | |
| Capital Projects: | | |
| Pools and Parks | 2,673,917 | To be used for future capital expenditures relating to space improvements |
| Tax Incremental District #4 | 342,181 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #5 | 8,502,572 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #6 | 436,802 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #8 | 64,554 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #9 | 81,712 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #10 | 228,977 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #11 | 310,768 | To be used for future expenses relating to the tax incremental district |
| Tax Incremental District #12 | 459,921 | To be used for future expenses relating to the tax incremental district |
| Environmental Remediation TID | 410,624 | To be used for future expenses relating to the tax incremental district |
| Redevelopment Authority | 735,598 | To be used for retirement of Taxable Redevelopment Lease Revenue Bonds |
| Total Capital Projects | 14,247,626 | |
| Total Governmental Activities | 16,672,112 | |
| Enterprise: | | |
| Electric Utility: | | |
| Debt Reserve | 6,213,720 | To be used for subsequent year payments and to reserve additional |
| Water Utility: | | |
| Debt Reserve/Special Redemption | 794,985 | To be used for subsequent year payments and to reserve additional |
| Stormwater Utility: | | |
| Capital Improvements | 1,711,525 | To be used for future stormwater capital projects |
| Debt Reserve | 760,047 | To reserve additional funds for debt retirement |
| Total Stormwater Utility | 2,471,572 | |
| Sanitary Sewer Utility: | | |
| Capital Improvements | 330,450 | To be used for future sanitary sewer capital projects |
| Debt Reserve | 884,188 | To reserve additional funds for debt retirement |
| Total Sanitary Sewer Utility | 1,214,638 | |
| Total Business-Type Activities | 10,694,915 | |
| Total Restricted Assets | <u>\$ 27,367,027</u> | |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|---------------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | \$ 7,537,582 | \$ - | \$ 191,194 | \$ 7,346,388 |
| Construction in Progress | 7,060,304 | 3,585,729 | 6,031,608 | 4,614,425 |
| Total Capital Assets, Nondepreciable | 14,597,886 | 3,585,729 | 6,222,802 | 11,960,813 |
| Capital Assets, Being Depreciated and Amortized: | | | | |
| Land Improvements | 1,871,093 | 417,579 | - | 2,288,672 |
| Buildings and Improvements | 28,798,393 | 8,285,865 | - | 37,084,258 |
| Machinery and Equipment | 11,120,253 | 305,872 | - | 11,426,125 |
| Infrastructure | 72,004,856 | 3,941,125 | - | 75,945,981 |
| Right-to-Use Lease Assets - Buildings | 2,549,180 | - | - | 2,549,180 |
| Subtotals | 116,343,775 | 12,950,441 | - | 129,294,216 |
| Less: Accumulated Depreciation and Amortization | 44,872,882 | 4,210,086 | - | 49,082,968 |
| Total Capital Assets, Depreciable, Net | 71,470,893 | 8,740,355 | - | 80,211,248 |
| Governmental Activities Capital Assets, Net | <u>\$ 86,068,779</u> | <u>\$ 12,326,084</u> | <u>\$ 6,222,802</u> | 92,172,061 |
| Less: Debt Incurred for Capital Assets | | | | 60,719,446 |
| Less: Premium | | | | 1,764,499 |
| Less: Accounts Payable Related to Capital Assets | | | | <u>324,698</u> |
| Net Investment in Capital Assets | | | | <u>\$ 29,363,418</u> |
| Business-Type Activities: | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | \$ 2,517,811 | \$ - | \$ - | \$ 2,517,811 |
| Intangible | 837,951 | - | - | 837,951 |
| Construction in Progress | 4,744,221 | 10,648,582 | 8,531,540 | 6,861,263 |
| Total Capital Assets, Nondepreciable | 8,099,983 | 10,648,582 | 8,531,540 | 10,217,025 |
| Capital Assets, Depreciable: | | | | |
| Buildings | 26,582,202 | 6,340 | 6,340 | 26,582,202 |
| Improvements Other Than Buildings | 152,761,167 | 6,646,911 | 344,080 | 159,063,998 |
| Machinery and Equipment | 39,341,158 | 465,150 | 186,159 | 39,620,149 |
| Infrastructure | 37,117,812 | 1,466,971 | - | 38,584,783 |
| Subtotals | 255,802,339 | 8,585,372 | 536,579 | 263,851,132 |
| Less: Accumulated Depreciation | 99,325,020 | 7,052,800 | 536,579 | 105,841,241 |
| Subtotals | 99,325,020 | 7,052,800 | 536,579 | 105,841,241 |
| Total Capital Assets, Depreciable, Net | 156,477,319 | 1,532,572 | - | 158,009,891 |
| Business-Type Activities Capital Assets, Net | <u>\$ 164,577,302</u> | <u>\$ 12,181,154</u> | <u>\$ 8,531,540</u> | 168,226,916 |
| Less: Capital Related Debt | | | | 77,203,856 |
| Less: Debt Premium | | | | 2,856,665 |
| Less: Accounts Payable Related to Capital Assets | | | | <u>2,662,681</u> |
| Net Investment in Capital Assets | | | | <u>\$ 85,503,714</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General Government | \$ 183,088 |
| Public Safety | 251,911 |
| Public Works | 2,640,872 |
| Culture and Recreation | 868,055 |
| Conservation and Development | 266,160 |
| Total Depreciation and Amortization Expense - Governmental Activities | <u>\$ 4,210,086</u> |
| Business-Type Activities: | |
| Kaukauna Utilities | \$ 6,270,843 |
| Stormwater Utility | 167,105 |
| Sanitary Sewer Utility | 432,224 |
| Salvage and Other Adjustments | 182,628 |
| Total Increase in Accumulated Depreciation - Business-Type Activities | <u>\$ 7,052,800</u> |

The Utilities holds nonutility property consisting of land and buildings and improvements totaling \$291,486, net of accumulated depreciation.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. 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:

| | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| Temporary Cash Advances on Operating Accounts Between Funds: | | |
| General Fund | \$ 724,414 | \$ 30,583 |
| Debt Service Fund | 7,422,082 | - |
| Tax Incremental District #5 | - | 5,679,304 |
| Nonmajor Governmental Funds: | | |
| Vehicle Registration | - | 21,266 |
| Special Assessments | - | 7,284 |
| Environmental Remediation TID | - | 673,273 |
| Tax Incremental District #4 | - | 290,035 |
| Tax Incremental District #8 | - | 811,272 |
| Tax Incremental District #9 | - | 132,886 |
| Tax Incremental District #10 | - | 129,320 |
| Tax Incremental District #12 | - | 607,676 |
| Solid Waste | 64,340 | 89,439 |
| Enterprise Funds: | | |
| Kaukauna Utilities | 327,902 | 3,527,094 |
| Stormwater Utility | 304,048 | - |
| Sanitary Sewer Utility | 3,156,646 | - |
| Totals | <u>\$ 11,999,432</u> | <u>\$ 11,999,432</u> |

The outstanding balances between funds result mainly from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Stormwater and Sanitary Sewer Utility amounts include amounts due from customers.

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

| Fund | Transfer In | Transfer Out |
|-----------------------------|----------------------|----------------------|
| General | \$ 3,111,514 | \$ 940,000 |
| Debt Service | 2,713,248 | - |
| Tax Incremental District #5 | 240,000 | 937,585 |
| Streets and Sidewalks | 2,149,000 | - |
| Pools and Parks | 1,740,000 | - |
| Nonmajor Governmental | 8,301,651 | 14,487,896 |
| Kaukauna Utilities | - | 2,268,214 |
| Stormwater Utility | 206,000 | 93,915 |
| Sanitary Sewer | 395,000 | 128,803 |
| Total | <u>\$ 18,856,413</u> | <u>\$ 18,856,413</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Transfers are used for the following purposes:

| | |
|---|----------------------------|
| Tax Equivalent Payment Made by Water and Electric Utility to General Fund | \$ 2,268,214 |
| Administration Fees from the Storm Water and Sewer Utilities | 222,718 |
| Transfers for Debt Retirement | 2,713,248 |
| To Finance Construction Project Costs | 13,031,652 |
| To Move Unrestricted Revenues to the Fund That is Required or Allowed to Expend | <u>620,581</u> |
| Transfers - Fund Statements | 18,856,413 |
| Less: Eliminating Transfers Out | <u>(16,966,481)</u> |
| Transfers - Government-Wide Statements | <u><u>\$ 1,889,932</u></u> |

E. 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: | | | | | |
| Bonds | \$ 7,544,998 | \$ - | \$ 800,000 | \$ 6,744,998 | \$ 885,000 |
| Notes | 40,545,002 | 5,475,000 | 4,211,000 | 41,809,002 | 4,184,000 |
| Total General Obligation Debt | 48,090,000 | 5,475,000 | 5,011,000 | 48,554,000 | 5,069,000 |
| Lease Liability | 1,507,788 | - | 129,545 | 1,378,243 | 132,118 |
| Note Anticipation Note | 5,520,000 | 7,920,000 | - | 13,440,000 | - |
| Taxable Redevelopment Lease | | | | | |
| Revenue Bonds | 7,225,000 | - | 425,000 | 6,800,000 | 425,000 |
| Premium on Outstanding Debt | 1,467,943 | 597,620 | 301,064 | 1,764,499 | - |
| Compensated Absences | 694,560 | 64,105 | - | 758,665 | 75,867 |
| Governmental Activities | | | | | |
| Long-Term Obligations | <u>\$ 64,505,291</u> | <u>\$ 14,056,725</u> | <u>\$ 5,866,609</u> | <u>\$ 72,695,407</u> | <u>\$ 5,701,985</u> |
| Business-Type Activities: | | | | | |
| General Obligation Debt: | | | | | |
| Notes | \$ 480,000 | \$ - | \$ 224,000 | \$ 256,000 | \$ 256,000 |
| Revenue Bonds | 79,945,000 | - | 4,750,000 | 75,195,000 | 4,950,000 |
| Direct Placement Revenue Bonds | 1,936,085 | 1,926,629 | 78,539 | 3,784,175 | 159,958 |
| Premium on Outstanding Debt | 3,329,785 | - | 473,120 | 2,856,665 | - |
| Compensated Absences | 21,891 | 2,331 | - | 24,222 | - |
| Business-Type Activities | | | | | |
| Long-Term Obligations | <u>\$ 85,712,761</u> | <u>\$ 1,928,960</u> | <u>\$ 5,301,659</u> | <u>\$ 82,116,062</u> | <u>\$ 5,365,958</u> |

(1) Compensated absences are reported as a net change

Total interest paid during the year on long-term debt totaled \$4,561,509.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

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 Bonds | 03/17/15 | 09/01/25 | 2.00 - 3.00% | \$ 2,435,000 | \$ 260,000 |
| General Obligation Bonds | 09/01/15 | 12/01/27 | 2.00 - 4.00% | 1,650,000 | 775,000 |
| General Obligation Notes | 09/01/15 | 12/01/25 | 2.00 - 3.00% | 3,550,000 | 640,000 |
| General Obligation Bonds | 08/15/17 | 12/01/30 | 2.00 - 3.00% | 1,565,000 | 785,000 |
| General Obligation Notes | 08/15/17 | 12/01/27 | 2.00 - 3.00% | 8,450,000 | 3,775,000 |
| General Obligation Notes | 09/05/18 | 06/01/28 | 2.00 - 3.25% | 5,200,000 | 3,790,000 |
| General Obligation Bonds | 10/30/19 | 06/01/28 | 1.95 - 2.50% | 6,305,000 | 3,900,000 |
| General Obligation Notes | 10/30/19 | 09/01/29 | 2.00 - 3.00% | 5,025,000 | 4,925,000 |
| General Obligation Notes | 09/03/20 | 09/01/30 | 1.00 - 2.00% | 9,800,000 | 7,500,000 |
| General Obligation Notes | 09/01/21 | 09/01/31 | 0.35 - 1.85% | 5,200,000 | 4,900,000 |
| General Obligation Notes | 09/01/21 | 09/01/31 | 2.00 - 3.00% | 3,680,000 | 3,045,000 |
| General Obligation Notes | 05/03/22 | 03/01/32 | 4.00% | 6,000,000 | 5,800,000 |
| General Obligation Notes | 08/01/23 | 06/01/33 | 4.00% | 3,240,000 | 3,240,000 |
| General Obligation Notes | 07/02/24 | 06/01/35 | 5.00% | 5,475,000 | 5,475,000 |
| Total Outstanding General Obligation Debt | | | | | <u><u>\$ 48,810,000</u></u> |

Annual principal and interest maturities of the outstanding general obligation debt of \$48,810,000 on December 31, 2024 are detailed below:

| Year Ended December 31, | Governmental Activities | | Business-Type Activities | | Totals | |
|----------------------------|-----------------------------|----------------------------|--------------------------|------------------------|-----------------------------|----------------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 5,069,000 | \$ 1,513,790 | \$ 256,000 | \$ 3,840 | \$ 5,325,000 | \$ 1,517,630 |
| 2026 | 6,760,000 | 1,266,303 | - | - | 6,760,000 | 1,266,303 |
| 2027 | 6,985,000 | 1,075,184 | - | - | 6,985,000 | 1,075,184 |
| 2028 | 6,550,000 | 910,496 | - | - | 6,550,000 | 910,496 |
| 2029 | 4,350,000 | 771,388 | - | - | 4,350,000 | 771,388 |
| 2030 - 2035 | 18,840,000 | 1,940,063 | - | - | 18,840,000 | 1,940,063 |
| Total | <u><u>\$ 48,554,000</u></u> | <u><u>\$ 7,477,223</u></u> | <u><u>\$ 256,000</u></u> | <u><u>\$ 3,840</u></u> | <u><u>\$ 48,810,000</u></u> | <u><u>\$ 7,481,063</u></u> |

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2024 was \$43,006,135 as follows:

| | |
|--|-----------------------------|
| Equalized Valuation of the City | \$ 1,836,322,700 |
| Statutory Limitation Percentage | <u>(x) 5%</u> |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | 91,816,135 |
| Total Outstanding General Obligation Debt Applicable to Debt Limitation | <u>48,810,000</u> |
| Legal Margin for New Debt | <u><u>\$ 43,006,135</u></u> |

Note Anticipation Notes

Note anticipation notes currently outstanding is detailed as follows:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/24</u> |
|--------------------------------------|--------------------------|---------------------------|---------------------------|----------------------------------|-----------------------------|
| Note Anticipation Notes | 10/18/23 | 6/1/28 | 5.00% | \$ 5,520,000 | \$ 5,520,000 |
| Note Anticipation Notes | 7/2/24 | 6/1/29 | 4.95% | 7,920,000 | <u>7,920,000</u> |
| Total Outstanding Anticipation Notes | | | | | <u><u>\$ 13,440,000</u></u> |

Annual principal and interest maturities of the outstanding note anticipation notes of \$13,440,000 on December 31, 2024 are detailed below:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | |
|---------------------------------|--------------------------------|----------------------------|-----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ - | \$ 830,301 | \$ 830,301 |
| 2026 | - | 668,040 | 668,040 |
| 2027 | - | 668,040 | 668,040 |
| 2028 | 5,520,000 | 530,040 | 6,050,040 |
| 2029 | 7,920,000 | 196,020 | 8,116,020 |
| Total | <u><u>\$ 13,440,000</u></u> | <u><u>\$ 2,892,441</u></u> | <u><u>\$ 16,332,441</u></u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bonds outstanding on December 31, 2024 totaled \$78,797,175 and were comprised of the following issues:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/24 |
|--------------------------------------|------------------|-------------------|-------------------|--------------------------|----------------------|
| Kaukauna Utilities: | | | | | |
| Electric Utility: | | | | | |
| Revenue Bond | 06/02/15 | 12/15/30 | 2.0-4.0% | \$ 9,415,000 | \$ 3,350,000 |
| Revenue Bond | 12/15/15 | 12/15/25 | 2.0-3.0% | 3,365,000 | 490,000 |
| Revenue Bond | 03/08/18 | 12/15/37 | 4.0% | 11,150,000 | 8,650,000 |
| Revenue Bond | 10/09/18 | 12/15/28 | 3.00-5.00% | 10,130,000 | 3,895,000 |
| Revenue Bond | 09/10/19 | 12/15/35 | 2.6-3.0% | 20,275,000 | 19,520,000 |
| Revenue Bond | 12/15/20 | 12/15/30 | 3.0-4.0% | 16,320,000 | 13,160,000 |
| Total Electric Utility Revenue Bonds | | | | | 49,065,000 |
| Water Utility: | | | | | |
| Revenue Bond | 10/03/17 | 12/01/37 | 2.0-3.25% | 3,950,000 | 3,475,000 |
| Revenue Bond | 12/30/20 | 12/04/40 | 2.0-3.0% | 3,085,000 | 2,595,000 |
| Direct Placement Revenue Bonds | 08/22/23 | 05/01/43 | 2.0-3.0% | 1,936,085 | 1,857,546 |
| Direct Placement Revenue Bonds | 05/22/24 | 05/01/44 | 2.15% | 1,735,392 | 1,735,392 |
| Direct Placement Revenue Bonds | 09/25/24 | 05/01/44 | 0.25% | 20,985 | 20,985 |
| Direct Placement Revenue Bonds | 09/25/24 | 05/01/44 | 0.25% | 170,252 | 170,252 |
| Total Water Utility Revenue Bonds | | | | | 9,854,175 |
| Stormwater: | | | | | |
| Revenue Bond | 11/01/16 | 09/01/31 | 2.0-3.25% | 1,350,000 | 700,000 |
| Revenue Bond | 06/03/22 | 09/01/42 | 3.0-4.25% | 9,140,000 | 8,640,000 |
| | | | | | 9,340,000 |
| Sanitary Sewer: | | | | | |
| Revenue Bond | 09/04/13 | 09/01/28 | 3.00-5.00% | 1,950,000 | 625,000 |
| Revenue Bond | 09/01/15 | 09/01/30 | 3.00-4.00% | 1,225,000 | 575,000 |
| Revenue Bond | 11/01/16 | 09/01/31 | 3.00-3.25% | 1,225,000 | 650,000 |
| Revenue Bond | 09/05/18 | 09/01/33 | 2.00-4.00% | 1,190,000 | 925,000 |
| Revenue Bond | 06/03/22 | 09/01/42 | 3.00-4.25% | 8,095,000 | 7,945,000 |
| Total Sanitary Sewer Revenue Bonds | | | | | 10,720,000 |
| Total Outstanding Revenue Bonds | | | | | <u>\$ 78,797,175</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$78,979,175 on December 31, 2024 are detailed below:

| Year Ending December 31, | Business-Type Activities | | | | |
|--------------------------|--------------------------|---------------|--------------------------------|------------|----------------|
| | Revenue Bonds | | Direct Placement Revenue Bonds | | |
| | Principal | Interest | Principal | Interest | Total |
| 2025 | \$ 4,950,000 | \$ 2,662,626 | \$ 159,958 | \$ 75,967 | \$ 7,848,551 |
| 2026 | 5,120,000 | 2,479,964 | 163,212 | 72,631 | 7,835,807 |
| 2027 | 5,295,000 | 2,308,064 | 166,536 | 69,272 | 7,838,872 |
| 2028 | 5,520,000 | 2,111,477 | 169,930 | 65,841 | 7,867,248 |
| 2029 | 5,710,000 | 1,904,534 | 173,397 | 62,338 | 7,850,269 |
| 2030 - 2034 | 29,455,000 | 6,471,653 | 921,627 | 256,461 | 37,104,741 |
| 2035 - 2039 | 14,700,000 | 2,164,560 | 1,020,083 | 156,955 | 18,041,598 |
| 2040 - 2044 | 4,445,000 | 370,463 | 1,009,432 | 47,657 | 5,872,552 |
| Total | \$ 75,195,000 | \$ 20,473,341 | \$ 3,784,175 | \$ 807,122 | \$ 100,259,638 |

Utility Revenues Pledged

The electric, water, storm water, and sanitary sewer utility enterprise funds have pledged future electric, water, storm water, and sanitary sewer customer revenues, net of specified operating expenses, to repay the revenue bonds through 2037, 2037, 2031, and 2033, respectively. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. A summary of net customer revenues and remaining principal and interest due on revenue bonds follows:

| | Kaukauna Utilities | | Stormwater Utility | Sanitary Sewer Utility |
|-------------------------------------|----------------------|----------------------|-----------------------|---------------------------|
| | Electric Utility | Water Utility | | |
| Net Customer Revenues: | | | | |
| Operating Revenues | \$ 58,103,159 | \$ 5,514,955 | \$ 1,807,237 | \$ 4,723,764 |
| Other Income | 1,198,061 | 82,684 | 4,066 | 2,144 |
| Total Revenues | 59,301,220 | 5,597,639 | 1,811,303 | 4,725,908 |
| Less: Operating Expenses | 46,399,298 | 2,778,084 | 371,193 | 2,703,704 |
| Net Customer Revenues | <u>\$ 12,901,922</u> | <u>\$ 2,819,555</u> | <u>\$ 1,440,110</u> | <u>\$ 2,022,204</u> |
| Debt Service: | | | | |
| Principal | \$ 3,625,000 | \$ 428,539 | \$ 350,000 | \$ 425,000 |
| Interest | 1,820,190 | 249,552 | 381,648 | 445,439 |
| Total Debt Service | <u>\$ 5,445,190</u> | <u>\$ 678,091</u> | <u>\$ 731,648</u> | <u>\$ 870,439</u> |
| Remaining Principal and Interest | <u>\$ 59,455,234</u> | <u>\$ 12,098,459</u> | <u>\$ 13,391,300</u> | <u>\$ 15,314,645</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Taxable Redevelopment Lease Revenue Bonds

Taxable redevelopment lease revenue bond debt service requirements are financed from operations of the Redevelopment Authority. Revenue bond debt outstanding on December 31, 2024 totaled \$6,800,000 and was composed of the following issue:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/24 |
|--------------------|------------------|-------------------|-------------------|--------------------------|---------------------|
| Lease Revenue Bond | 7/1/15 | 12/1/40 | 2.00 - 4.125% | \$ 10,500,000 | <u>\$ 6,800,000</u> |

Annual principal maturities of the outstanding debt of \$6,800,000 on December 31, 2024 are detailed below:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 425,000 | \$ 260,844 | \$ 685,844 |
| 2026 | 425,000 | 243,844 | 668,844 |
| 2027 | 425,000 | 226,844 | 651,844 |
| 2028 | 425,000 | 209,844 | 634,844 |
| 2029 | 425,000 | 193,906 | 618,906 |
| 2030 - 2034 | 2,125,000 | 731,000 | 2,856,000 |
| 2035 - 2039 | 2,125,000 | 306,531 | 2,431,531 |
| 2040 | 425,000 | 8,766 | 433,766 |
| Total | <u>\$ 6,800,000</u> | <u>\$ 2,181,578</u> | <u>\$ 8,981,578</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases Payable

The City leases space usage for various terms under long-term, noncancelable lease agreements. The leases expire in 2034.

Total principal and interest costs for such leases for governmental funds were \$145,296 for the year ended December 31, 2024. The future minimum lease payments for these agreements are as follows:

| Year Ending December 31, | Governmental Activities | | |
|---------------------------------|-------------------------|------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 132,118 | \$ 13,178 | \$ 145,296 |
| 2026 | 133,445 | 11,851 | 145,296 |
| 2027 | 134,786 | 10,510 | 145,296 |
| 2028 | 136,140 | 9,156 | 145,296 |
| 2029 | 137,635 | 7,788 | 145,423 |
| 2030 - 2034 | 704,119 | 17,745 | 721,864 |
| Total Minimum Payments Required | <u>\$ 1,378,243</u> | <u>\$ 70,228</u> | <u>\$ 1,448,471</u> |

Right-to-use assets acquired through outstanding leases are as follows:

| | |
|------------------------------------|---------------------|
| Buildings and Improvements | \$ 2,549,180 |
| Less Accumulated Amortization for: | |
| Buildings and Improvements | <u>1,285,211</u> |
| Total | <u>\$ 1,263,969</u> |

G. Pension Plan

Wisconsin Retirement System

1. Plan Description

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

1. Plan Description (Continued)

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

Vesting

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

Benefit 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.

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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

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 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |
| 2020 | 1.7 | 21 |
| 2021 | 5.1 | 13 |
| 2022 | 7.4 | 15 |
| 2023 | 1.6 | (21) |

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 \$1,437,391 in contributions from the City.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

Wisconsin Retirement System (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

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

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 \$1,468,830 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 0.09879100%, which was an increase of 0.00189468% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense of \$1,006,806.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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 | \$ 5,922,310 | \$ 7,844,136 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | 5,118,636 | - |
| Changes in Assumptions | 640,221 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 1,232 | 24,862 |
| Employer Contributions Subsequent to the Measurement Date | 1,437,391 | - |
| Total | <u>\$ 13,119,790</u> | <u>\$ 7,868,998</u> |

\$1,437,391 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:

| <u>Year Ending December 31,</u> | <u>Expense</u> |
|---------------------------------|---------------------|
| 2025 | \$ 777,876 |
| 2026 | 815,689 |
| 2027 | 3,206,666 |
| 2028 | (986,830) |
| Total | <u>\$ 3,813,401</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 KAUKAUNA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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 geometric real rates of return for each major asset class are summarized in the following table:

| | Current Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|------------------------------|-------------------------------|--|--|
| <u>Core Fund Asset Class</u> | | | |
| Public Equity | 70.0% | 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</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 US CPI (Inflation) Forecast: 2.7%

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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.

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) | \$ 14,196,956 | \$ 1,468,830 | \$ (7,437,577) |

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>.

6. Payables to the Pension Plan

At December 31, 2024, the City has outstanding amount of contributions to the pension plan of \$206,754 for the year ended December 31, 2024.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan (Continued)

Defined Contribution Pension Plan

The City contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by Glatfelter Specialty Benefits/VFIS.

The City determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2024, the City contributed \$2,510 to the plan, and the City recognized pension expense of \$2,510.

H. Other Postemployment Benefits

The City reports OPEB related balances at December 31, 2024 as summarized below:

| | OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---|----------------------|--------------------------------------|-------------------------------------|-------------------|
| Local Retiree Life Insurance Fund (LRLIF) | \$ 953,867 | \$ 355,466 | \$ 519,597 | \$ 65,258 |
| Single-Employer Defined OPEB Plan | 11,044,514 | 3,595,539 | 840,566 | 719,972 |
| Total Pension Liability | <u>\$ 11,998,381</u> | <u>\$ 3,951,005</u> | <u>\$ 1,360,163</u> | <u>\$ 785,230</u> |

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the Utilities, fire and police, and elected and appointed. Eligible retired employees have access to group medical coverage through the City's group plan until they reach the age of 65. The retired employee is required to have served 15 years for the City in order to be eligible.

Benefits Provided

The City provides medical (including prescription drugs) for retired employees through the City's insured plans.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 24 |
| Active Employees | <u>164</u> |
| Total | <u><u>188</u></u> |

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. The retired employee contributes a percentage of the premium based on the number of years they retire after eligibility for Wisconsin Retirement (currently age 55).

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of January 1, 2024.

Actuarial Assumptions. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|----------------------------------|
| Inflation: | 2.5% |
| Salary Increases: | 2% |
| Inflation | 3.00% |
| Seniority/Merit | 0.1%-5.6% |
| Investment Rate of Return: | 4.08% |
| Healthcare Cost Trend Rates: | 6.0% for 2024 decreasing to 5.0% |

Mortality rates are the same as those used in the December 2021 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the January 1, 2018 valuation were based on the "Wisconsin Retirement System 2018 - 2020 Experience Study".

The discount rate of 4.08% used for all years of benefit payments was based on the current yield for 20-year, tax-exempt AA Municipal bond rate or higher as of the measurement date.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Total OPEB Liability (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 4.08%. The projection of cash flows used to determine the discount rate assumed that Utilities contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

| | Increase (Decrease) |
|--|------------------------|
| | <u>Total OPEB</u> |
| Balance at December 31, 2022 | \$ 8,740,760 |
| Changes for the Year: | |
| Service Cost | 213,744 |
| Interest | 275,934 |
| Change in Benefit Terms | - |
| Differences Between Expected and Actual Experience | 2,520,122 |
| Change in Assumptions | (153,001) |
| Benefit Payments | (553,045) |
| Net Changes | <u>2,303,754</u> |
| Balance at December 31, 2023 | <u>\$ 11,044,514</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

| | 1% Decrease to Discount Rate (3.08%) | Current Discount Rate (4.08%) | 1% Increase to Discount Rate (5.08%) |
|----------------------|--|-------------------------------------|--|
| Total OPEB Liability | \$ 12,103,620 | \$ 11,044,514 | \$ 10,089,870 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0% decreasing to 1.0%) or 1-percentage-point higher (7.0% decreasing to 3.0%) than the current healthcare cost trend rates:

| | 1% Decrease (Varies) | Healthcare Cost Trend Rates (Varies) | 1% Increase (Varies) |
|----------------------|-------------------------|--|-------------------------|
| Total OPEB Liability | \$ 9,806,304 | \$ 11,044,514 | \$ 12,511,657 |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

OPEB Expense

For the year ended December 31, 2024, the City recognized OPEB expense of \$719,972.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 2,635,333 | \$ 620,225 |
| Changes in Assumptions | 960,206 | 220,341 |
| Total | <u>\$ 3,595,539</u> | <u>\$ 840,566</u> |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the upcoming years:

| <u>Year Ending December 31,</u> | <u>Expense</u> |
|---------------------------------|---------------------|
| 2025 | \$ 230,294 |
| 2026 | 230,294 |
| 2027 | 230,294 |
| 2028 | 230,294 |
| 2029 | 230,294 |
| Thereafter | 1,603,503 |
| Total | <u>\$ 2,754,973</u> |

Payable to the OPEB Plan

At December 31, 2024, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2024.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

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

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

Benefits Provided

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

Contributions

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

Contribution rates as of December 31, 2024 are:

| <u>Coverage Type</u> | <u>Employer Contribution</u> |
|-----------------------------|------------------------------|
| 50% Postretirement Coverage | 40% of Employee Contribution |
| 25% Postretirement Coverage | 20% of Employee Contribution |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating 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, 2022 are listed below:

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

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

During the year ending December 31, 2024, the LRLIF recognized \$4,345 in contributions from the employer.

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 \$953,867 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 January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.20733300%, which was an increase of .00769200% from its proportion measured as of December 31, 2022.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$65,258.

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 | \$ - | \$ 84,420 |
| Net Differences Between Projected and Actual Earnings on OPEB Plan Investments | 12,887 | - |
| Changes in Assumptions | 298,378 | 375,612 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 44,201 | 59,565 |
| Total | <u>\$ 355,466</u> | <u>\$ 519,597</u> |

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

| <u>Year Ending December 31,</u> | <u>Expense</u> |
|---------------------------------|---------------------|
| 2025 | \$ (14,694) |
| 2026 | (754) |
| 2027 | (36,631) |
| 2028 | (68,699) |
| 2029 | (59,146) |
| Thereafter | 15,793 |
| Total | <u>\$ (164,131)</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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

| | 1% Decrease to Discount Rate (2.32%) | Current Discount Rate (3.32%) | 1% Increase to Discount Rate (4.32%) |
|---|--|-------------------------------------|--|
| City's Proportionate Share of the Net OPEB Liability | \$ 1,281,654 | \$ 953,867 | \$ 703,660 |

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

Payable to the OPEB Plan

At December 31, 2024, the City had no outstanding amount of contributions to the Plan required for the year ended December 31, 2024.

I. Fund Equity

Nonspendable Fund Balance

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

General Fund:

Nonspendable:

| | |
|---------------------------------|-------------------|
| Inventories and Prepaid Items | \$ 173,146 |
| Delinquent Taxes | 1,568 |
| Total Nonspendable Fund Balance | <u>\$ 174,714</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. 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:

| | |
|--------------|--------------|
| Debt Service | \$ 5,749,659 |
|--------------|--------------|

Special Revenue Fund:

Restricted for:

| | |
|-----------------|---------|
| Donations | 199,571 |
| Nelson Crossing | 1,858 |

Capital Projects Fund:

Restricted for:

| | |
|---------------------------|----------------|
| Tax Incremental Districts | 2,966,236 |
| Debt Service | <u>735,598</u> |

| | |
|-------------------------------|----------------------------|
| Total Restricted Fund Balance | <u><u>\$ 9,652,922</u></u> |
|-------------------------------|----------------------------|

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

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:

| | |
|--------------------------------------|------------|
| Subdivision Fees | \$ 207,424 |
| 1000 Islands Environmental Center | 12,562 |
| Revolving Economic Development Loans | 866,549 |
| Rental Rehabilitation Grants | 3,165 |
| Housing Development Grants | 31,134 |
| Public Safety Grants | 136,378 |
| Red Hill Landfill | 126,266 |
| Nelson Crossing | 3,793 |
| Library Special Use | 15,857 |

Capital Projects Fund:

Committed for:

| | |
|-----------------------------|----------------|
| Industrial Park | 926,712 |
| Special Assessments | 264,040 |
| Streets and Sidewalks | 1,446,858 |
| Equipment | 2,607,737 |
| Pools and Parks | 5,702,477 |
| Buildings and Miscellaneous | <u>773,619</u> |

| | |
|------------------------------|-----------------------------|
| Total Committed Fund Balance | <u><u>\$ 13,124,571</u></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:

| | |
|--------------------------------|----------------------------|
| Subsequent Year's Expenditures | <u><u>\$ 1,019,066</u></u> |
|--------------------------------|----------------------------|

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

NOTE 4 OTHER INFORMATION

A. WIPPI Energy Contract (WPPI)

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

The Kaukauna Electric Utility is one of 51 members of WPPI located throughout the States of Wisconsin, Iowa, and Michigan. On December 31, 1989, each of WPPI's members, including the City of Kaukauna, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract has been amended to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

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

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

Electric power purchases by the Kaukauna Electric Utility from the WPPI for distribution to its customers under the above arrangement amounted to approximately \$36.5 million in 2024.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for eight Tax Incremental Districts (TID) 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. Except for certain exceptions under Section 66.1105(6)(am)(2), the Statutes allow a tax incremental district to incur project costs up to five years prior to termination of the district. The City’s TID No. 4 was created in September, 2000, TID No. 5 was created in September, 2003, the Environmental Remediation TID (ERTID) was created September 2005, TID No. 6 was created in September, 2006, TID No. 7 was created in September, 2012, TID No. 8 was created in September, 2013, TID No. 9 was created in September 2016, TID No. 10 was created in September 2019, TID No. 11 was created in September 2021, and TID No. 12 was created in September 2022. All TID’s are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. Detail of the amounts recoverable by the City as of December 31, 2024 from future excess tax increment revenues of the TID’s are as follows:

| | Tax Incremental District #4 | Tax Incremental District #5 | Tax Incremental District #6 | Tax Incremental District #8 |
|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Net Unreimbursed (Reimbursed) Project Costs | <u>\$ 20,969</u> | <u>\$ 3,014,629</u> | <u>\$ 224,438</u> | <u>\$ 5,537,729</u> |
| | Tax Incremental District #9 | Tax Incremental District #10 | Tax Incremental District #11 | Tax Incremental District #12 |
| Net Unreimbursed (Reimbursed) Project Costs | <u>\$ 73,924</u> | <u>\$ 408,391</u> | <u>\$ 225,307</u> | <u>\$ 165,847</u> |
| | Tax Incremental ERTID | | | |
| Net Unreimbursed (Reimbursed) Project Costs | <u>\$ 412,372</u> | | | |

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

| | Termination Year |
|------------|---------------------|
| TID No. 4 | 2031 |
| TID No. 5 | 2034 |
| TID No. 6 | 2026 |
| TID No. 8 | 2033 |
| TID No. 9 | 2043 |
| TID No. 10 | 2040 |
| TID No. 11 | 2041 |
| TID No. 12 | 2051 |

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. 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 exceed coverage amounts in the past three years.

D. 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 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.

E. Enterprise Funds – Significant Customers

The utility has two significant customers who were responsible for 26% of operating revenues.

F. Accounting Changes

The Tax Incremental District #5 and Pool and Parks capital project funds previously did not meet the criteria to be reported as major governmental funds. However, effective December 31, 2024, these funds now meet the criteria to be reported as major funds and are reported as such for the fiscal year ended December 21, 2024. The effect of these changes to or within the financial reporting entity is shown in column C of the table below:

| | January 1, 2024 as Previously Reported | Change to or Within the Financial Reporting Entity (C) | January 1, 2024 as Adjusted |
|-----------------------------|--|---|--------------------------------|
| Governmental Funds: | | | |
| Major Funds: | | | |
| General Fund | \$ 5,503,553 | \$ - | \$ 5,503,553 |
| Debt Service | 5,425,238 | - | 5,425,238 |
| Capital Projects: | | | |
| Streets and Sidewalks | 721,828 | - | 721,828 |
| Tax Incremental District #5 | - | (3,380,886) | (3,380,886) |
| Pool and Parks | - | 7,837,878 | 7,837,878 |
| Nonmajor Funds | 10,219,281 | (4,456,992) | 5,762,289 |
| Total Governmental Funds | <u>\$ 21,869,900</u> | <u>\$ -</u> | <u>\$ 21,869,900</u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) —
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS

| Measurement Period Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|------------------------------|---|---|--------------------|--|--|
| 12/31/14 | 0.09136299% | \$ (2,244,125) | \$ 10,905,307 | 20.58 % | 102.74 % |
| 12/31/15 | 0.09115131% | 1,481,191 | 10,808,317 | 13.70 % | 98.20 % |
| 12/31/16 | 0.09216838% | 759,688 | 11,279,812 | 6.73 % | 99.12 % |
| 12/31/17 | 0.09272600% | (2,753,143) | 11,297,910 | 24.37 % | 102.93 % |
| 12/31/18 | 0.09416558% | 3,350,116 | 11,511,788 | 29.10 % | 96.45 % |
| 12/31/19 | 0.09438667% | (3,043,457) | 11,899,616 | 25.58 % | 102.96 % |
| 12/31/20 | 0.09484905% | (5,921,557) | 12,302,168 | 48.13 % | 105.26 % |
| 12/31/21 | 0.09529330% | (7,680,815) | 12,606,353 | 60.93 % | 106.02 % |
| 12/31/22 | 0.09689632% | 5,133,281 | 13,446,295 | 38.18 % | 95.72 % |
| 12/31/23 | 0.09879100% | 1,468,830 | 14,431,597 | 10.18 % | 98.85 % |

SCHEDULE OF CONTRIBUTIONS —
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll (Fiscal Year) | Contributions as a Percentage of Covered Payroll |
|-----------------------|--|---|--|-------------------------------------|---|
| 12/31/15 | \$ 870,444 | \$ 870,444 | \$ - | \$ 10,808,317 | 8.05 % |
| 12/31/16 | 890,178 | 890,178 | - | 11,279,812 | 7.89 % |
| 12/31/17 | 956,240 | 956,240 | - | 11,297,910 | 8.46 % |
| 12/31/18 | 980,740 | 980,740 | - | 11,511,789 | 8.52 % |
| 12/31/19 | 991,980 | 991,980 | - | 11,899,616 | 8.34 % |
| 12/31/20 | 1,081,683 | 1,081,683 | - | 12,302,169 | 8.79 % |
| 12/31/21 | 1,117,295 | 1,117,295 | - | 12,606,353 | 8.86 % |
| 12/31/22 | 1,167,094 | 1,167,094 | - | 13,446,295 | 8.68 % |
| 12/31/23 | 1,340,242 | 1,340,242 | - | 14,431,596 | 9.29 % |
| 12/31/24 | 1,437,391 | 1,437,391 | - | 14,682,456 | 9.79 % |

See Notes to Required Supplementary Information.

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability: | | | | | | | |
| Service Cost | \$ 213,744 | \$ 188,594 | \$ 332,749 | \$ 322,333 | \$ 354,074 | \$ 347,131 | \$ 355,549 |
| Interest | 275,934 | 303,900 | 161,572 | 163,634 | 308,561 | 315,176 | 301,683 |
| Changes of Benefit Terms | - | - | - | - | (343,744) | - | - |
| Differences Between Expected and Actual Experience | 2,520,122 | - | 398,100 | - | (1,005,945) | - | - |
| Changes of Assumptions | (153,001) | 345,849 | (105,616) | 38,653 | 1,049,847 | - | - |
| Benefit Payments | (553,045) | (533,883) | (387,559) | (412,303) | (304,140) | (328,495) | (311,475) |
| Net Change in Total OPEB Liability | 2,303,754 | 304,460 | 399,246 | 112,317 | 58,653 | 333,812 | 345,757 |
| Total OPEB Liability - Beginning | 8,740,760 | 8,436,300 | 8,037,054 | 7,924,737 | 7,866,084 | 7,532,272 | 7,186,515 |
| Total OPEB Liability - Ending | <u>\$ 11,044,514</u> | <u>\$ 8,740,760</u> | <u>\$ 8,436,300</u> | <u>\$ 8,037,054</u> | <u>\$ 7,924,737</u> | <u>\$ 7,866,084</u> | <u>\$ 7,532,272</u> |
| Covered-Employee Payroll | \$ 15,632,504 | \$ 15,241,307 | \$ 14,285,967 | \$ 13,366,187 | \$ 13,203,276 | \$ 12,454,203 | \$ 12,210,002 |
| City's Total OPEB Liability as a Percentage of Covered-Employee Payroll | 70.65% | 57.35% | 59.05% | 60.13% | 60.02% | 63.16% | 61.69% |

See Notes to Required Supplementary Information.

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS

| Measurement Period 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 | 0.21612700% | \$ 539,434 | \$ 11,297,910 | 4.77 % | 44.81 % |
| 12/31/18 | 0.21705100% | 560,065 | 11,511,789 | 4.87 % | 48.69 % |
| 12/31/19 | 0.21097000% | 898,349 | 11,899,616 | 7.55 % | 37.58 % |
| 12/31/20 | 0.21875200% | 1,203,293 | 12,606,353 | 9.55 % | 31.36 % |
| 12/31/21 | 0.20956900% | 1,238,630 | 12,420,000 | 9.97 % | 29.57 % |
| 12/31/22 | 0.19964100% | 760,599 | 12,745,000 | 5.97 % | 38.81 % |
| 12/31/23 | 0.20733300% | 953,867 | 13,799,000 | 6.91 % | 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 | \$ 4,357 | \$ 4,357 | \$ - | \$ 11,511,789 | 0.04 % |
| 12/31/19 | 4,192 | 4,192 | - | 11,899,616 | 0.04 % |
| 12/31/20 | 4,382 | 4,382 | - | 12,302,169 | 0.04 % |
| 12/31/21 | 4,182 | 4,182 | - | 12,606,353 | 0.03 % |
| 12/31/22 | 4,030 | 4,030 | - | 12,420,000 | 0.03 % |
| 12/31/23 | 4,294 | 4,294 | - | 14,431,596 | 0.03 % |
| 12/31/24 | 4,345 | 4,345 | - | 14,682,456 | 0.03 % |

See Notes to Required Supplementary Information.

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

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

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

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

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

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

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Postemployment Benefit Plan

There were no changes in benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

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

Benefit Terms: There were no recent changes in benefit terms.

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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

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

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

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

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

SUPPLEMENTARY INFORMATION

CITY OF KAUKAUNA, WISCONSIN
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

| | Special Revenue | | | | | | |
|--|---|---|------------------------------------|----------------------------------|-------------------|----------------------------|---------------------|
| ASSETS | 1000 Islands Environmental Center | Revolving Economic Development Loans | Rental Rehabilitation Grants | Housing Development Grants | CDBG Grant | Public Safety Grants | Subdivision Fees |
| Cash and Investments | \$ 12,564 | \$ 861,834 | \$ 3,165 | \$ 31,134 | \$ - | \$ 136,378 | \$ 207,465 |
| Restricted Cash and investments | 199,571 | - | - | - | - | - | - |
| Receivables: | | | | | | | |
| Taxes and Special Charges | - | - | - | - | - | - | 36 |
| Accounts, Net | - | 4,715 | - | - | - | - | - |
| Special Assessments | - | - | - | - | - | - | 291 |
| Loans | - | 633,013 | 13,960 | 65,700 | 108,371 | - | - |
| Due from Other Funds | - | - | - | - | - | - | - |
| Total Assets | \$ 212,135 | \$ 1,499,562 | \$ 17,125 | \$ 96,834 | \$ 108,371 | \$ 136,378 | \$ 207,792 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 2 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to Other Funds | - | - | - | - | - | - | - |
| Total Liabilities | 2 | - | - | - | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | - | - | 77 |
| Other Public Charges, Grants, and Donations | - | - | - | - | - | - | - |
| Loans Receivable | - | 633,013 | 13,960 | 65,700 | 108,371 | - | - |
| Special Assessments | - | - | - | - | - | - | 291 |
| Total Deferred Inflows of Resources | - | 633,013 | 13,960 | 65,700 | 108,371 | - | 368 |
| FUND BALANCES | | | | | | | |
| Restricted | 199,571 | - | - | - | - | - | - |
| Committed | 12,562 | 866,549 | 3,165 | 31,134 | - | 136,378 | 207,424 |
| Unassigned | - | - | - | - | - | - | - |
| Total Fund Balances | 212,133 | 866,549 | 3,165 | 31,134 | - | 136,378 | 207,424 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 212,135 | \$ 1,499,562 | \$ 17,125 | \$ 96,834 | \$ 108,371 | \$ 136,378 | \$ 207,792 |

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

| | Special Revenue (Continued) | | | | | | |
|--|-----------------------------|-------------------------|------------------|----------------------|-----------------------------|--------------------|------------------------|
| | Grignon Home | Vehicle Registration | Solid Waste | Red Hill Landfill | American Rescue Plan Act | Nelson Crossing | Library Special Use |
| ASSETS | | | | | | | |
| Cash and Investments | \$ - | \$ - | \$ - | \$ 126,266 | \$ 82,570 | \$ 5,687 | \$ 16,718 |
| Restricted Cash and investments | - | - | - | - | - | 1,858 | - |
| Receivables: | | | | | | | |
| Taxes and Special Charges | - | - | - | - | - | 1,642 | - |
| Accounts, Net | - | - | 1,505 | - | - | - | - |
| Special Assessments | - | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - | - |
| Due from Other Funds | - | - | 64,340 | - | - | - | - |
| Total Assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,845</u> | <u>\$ 126,266</u> | <u>\$ 82,570</u> | <u>\$ 9,187</u> | <u>\$ 16,718</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 13 | \$ - | \$ 82,570 | \$ 36 | \$ 861 |
| Due to Other Funds | - | 21,266 | 89,439 | - | - | - | - |
| Total Liabilities | - | 21,266 | 89,452 | - | 82,570 | 36 | 861 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Property Taxes Levied for Subsequent Year | - | - | - | - | - | 3,500 | - |
| Other Public Charges, Grants, and Donations | - | - | - | - | - | - | - |
| Loans Receivable | - | - | - | - | - | - | - |
| Special Assessments | - | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - | 3,500 | - |
| FUND BALANCES | | | | | | | |
| Restricted | - | - | - | - | - | 1,858 | - |
| Committed | - | - | - | 126,266 | - | 3,793 | 15,857 |
| Unassigned | - | (21,266) | (23,607) | - | - | - | - |
| Total Fund Balances | - | (21,266) | (23,607) | 126,266 | - | 5,651 | 15,857 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,845</u> | <u>\$ 126,266</u> | <u>\$ 82,570</u> | <u>\$ 9,187</u> | <u>\$ 16,718</u> |

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

| | Capital Projects | | | | | | |
|--|--------------------|------------------------|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Industrial Park | Special Assessments | Space Needs | Tax Incremental District #4 | Tax Incremental District #6 | Tax Incremental District #8 | Tax Incremental District #9 |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 926,753 | \$ 645,819 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash and investments | - | - | - | 342,181 | 436,802 | 64,554 | 81,712 |
| Receivables: | | | | | | | |
| Taxes and Special Charges | - | 333,674 | - | 68,165 | 367,785 | 56,232 | 20,109 |
| Accounts, Net | - | 2,984 | - | - | - | 181,660 | - |
| Special Assessments | - | 3,873,509 | - | - | - | - | - |
| Loans | - | - | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - | - | - |
| | | | | | | | |
| Total Assets | <u>\$ 926,753</u> | <u>\$ 4,855,986</u> | <u>\$ -</u> | <u>\$ 410,346</u> | <u>\$ 804,587</u> | <u>\$ 302,446</u> | <u>\$ 101,821</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 41 | \$ - | \$ - | \$ - | \$ 175 | \$ - | \$ - |
| Due to Other Funds | - | 7,284 | - | 290,035 | - | 811,272 | 132,886 |
| Total Liabilities | <u>41</u> | <u>7,284</u> | <u>-</u> | <u>290,035</u> | <u>175</u> | <u>811,272</u> | <u>132,886</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Property Taxes Levied for Subsequent Year | - | 711,153 | - | 145,280 | 783,853 | 119,846 | 42,858 |
| Other Public Charges, Grants, and Donations | - | - | - | - | - | 181,660 | - |
| Loans Receivable | - | - | - | - | - | - | - |
| Special Assessments | - | 3,873,509 | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>4,584,662</u> | <u>-</u> | <u>145,280</u> | <u>783,853</u> | <u>301,506</u> | <u>42,858</u> |
| FUND BALANCES | | | | | | | |
| Restricted | - | - | - | - | 20,559 | - | - |
| Committed | 926,712 | 264,040 | - | - | - | - | - |
| Unassigned | - | - | - | (24,969) | - | (810,332) | (73,923) |
| Total Fund Balances | <u>926,712</u> | <u>264,040</u> | <u>-</u> | <u>(24,969)</u> | <u>20,559</u> | <u>(810,332)</u> | <u>(73,923)</u> |
| | | | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 926,753</u> | <u>\$ 4,855,986</u> | <u>\$ -</u> | <u>\$ 410,346</u> | <u>\$ 804,587</u> | <u>\$ 302,446</u> | <u>\$ 101,821</u> |

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

| Capital Projects (Continued) | | | | | | | | |
|--|------------------------------------|------------------------------------|------------------------------------|-------------------------------------|---------------------|-------------------|--------------------------------|----------------------|
| ASSETS | Tax Incremental District #10 | Tax Incremental District #11 | Tax Incremental District #12 | Environmental Remediation TID | Equipment | RDA | Buildings and Miscellaneous | Total |
| Cash and Investments | \$ - | \$ - | \$ - | \$ - | \$ 2,615,039 | \$ - | \$ 780,613 | \$ 6,452,005 |
| Restricted Cash and investments | 228,977 | 310,768 | 459,921 | 410,624 | - | 735,598 | - | 3,272,566 |
| Receivables | | | | | | | | |
| Taxes and Special Charges | 97,807 | 75,543 | 15,992 | 57,203 | - | - | - | 1,094,188 |
| Accounts, Net | - | - | - | - | - | - | - | 190,864 |
| Special Assessments | - | - | - | - | - | - | - | 3,873,800 |
| Loans | - | - | 1,611,768 | - | - | - | - | 2,432,812 |
| Due from Other Funds | - | - | - | - | - | - | - | 64,340 |
| | | | | | | | | |
| Total Assets | <u>\$ 326,784</u> | <u>\$ 386,311</u> | <u>\$ 2,087,681</u> | <u>\$ 467,827</u> | <u>\$ 2,615,039</u> | <u>\$ 735,598</u> | <u>\$ 780,613</u> | <u>\$ 17,380,575</u> |
| | | | | | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | |
| | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 9 | \$ 7,302 | \$ - | \$ 6,994 | \$ 98,003 |
| Due to Other Funds | 129,320 | - | 607,676 | 673,273 | - | - | - | 2,762,451 |
| Total Liabilities | <u>129,320</u> | <u>-</u> | <u>607,676</u> | <u>673,282</u> | <u>7,302</u> | <u>-</u> | <u>6,994</u> | <u>2,860,454</u> |
| | | | | | | | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Property Taxes Levied for Subsequent Year | 208,455 | 161,004 | 34,084 | 121,915 | - | - | - | 2,332,025 |
| Other Public Charges, Grants, and Donations | - | - | - | - | - | - | - | 181,660 |
| Loans Receivable | - | - | 1,611,768 | - | - | - | - | 2,432,812 |
| Special Assessments | - | - | - | - | - | - | - | 3,873,800 |
| Total Deferred Inflows of Resources | <u>208,455</u> | <u>161,004</u> | <u>1,645,852</u> | <u>121,915</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,820,297</u> |
| | | | | | | | | |
| FUND BALANCES | | | | | | | | |
| Restricted | - | 225,307 | - | - | - | 735,598 | - | 1,182,893 |
| Committed | - | - | - | - | 2,607,737 | - | 773,619 | 5,975,236 |
| Unassigned | (10,991) | - | (165,847) | (327,370) | - | - | - | (1,458,305) |
| Total Fund Balances | <u>(10,991)</u> | <u>225,307</u> | <u>(165,847)</u> | <u>(327,370)</u> | <u>2,607,737</u> | <u>735,598</u> | <u>773,619</u> | <u>5,699,824</u> |
| | | | | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 326,784</u> | <u>\$ 386,311</u> | <u>\$ 2,087,681</u> | <u>\$ 467,827</u> | <u>\$ 2,615,039</u> | <u>\$ 735,598</u> | <u>\$ 780,613</u> | <u>\$ 17,380,575</u> |

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

| | Special Revenue | | | | | | | |
|---|---|---|------------------------------------|----------------------------------|---------------|----------------------------|-----------------------|---------------------|
| | 1000 Islands Environmental Center | Revolving Economic Development Loans | Rental Rehabilitation Grants | Housing Development Grants | CDBG Grant | Public Safety Grants | Library Foundation | Subdivision Fees |
| REVENUES | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 101 |
| Special Assessments | - | - | - | - | - | - | - | 15,250 |
| Intergovernmental | 25,000 | - | - | - | - | 4,686 | - | - |
| Public Charges for Services | - | - | - | - | - | 2,386 | - | - |
| Miscellaneous | 20,504 | 158,931 | - | 2,500 | - | - | - | - |
| Total Revenues | 45,504 | 158,931 | - | 2,500 | - | 7,072 | - | 15,351 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | 12,909 | - | - |
| Public Works | - | - | - | - | - | - | - | - |
| Culture and Recreation | 269,081 | - | - | - | - | - | - | - |
| Conservation and Development | - | 273,442 | - | 36 | 198,102 | - | - | - |
| Debt Service: | | | | | | | | |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Total Expenditures | 269,081 | 273,442 | - | 36 | 198,102 | 12,909 | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (223,577) | (114,511) | - | 2,464 | (198,102) | (5,837) | - | 15,351 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Long-Term Debt Issued | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Transfers Out | (40,000) | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (40,000) | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | (263,577) | (114,511) | - | 2,464 | (198,102) | (5,837) | - | 15,351 |
| Fund Balance - Beginning of Year | 475,710 | 981,060 | 3,165 | 28,670 | 198,102 | 142,215 | - | 192,073 |
| Change Within Financial Reporting Entity | | | | | | | | |
| Nonmajor to Major Fund | - | - | - | - | - | - | - | - |
| Fund Balance - Beginning of Year, as Adjusted | 475,710 | 981,060 | 3,165 | 28,670 | 198,102 | 142,215 | - | 192,073 |
| FUND BALANCE - END OF YEAR | \$ 212,133 | \$ 866,549 | \$ 3,165 | \$ 31,134 | \$ - | \$ 136,378 | \$ - | \$ 207,424 |

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

| | Special Revenue (Continued) | | | | | | |
|--|-----------------------------|-------------------------|----------------|----------------------|-----------------------------|--------------------|------------------------|
| | Grignon Home | Vehicle Registration | Solid Waste | Red Hill Landfill | American Rescue Plan Act | Nelson Crossing | Library Special Use |
| REVENUES | | | | | | | |
| Taxes | \$ - | \$ 159,577 | \$ - | \$ - | \$ - | \$ 3,500 | \$ - |
| Special Assessments | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 980,422 | - | - |
| Public Charges for Services | - | - | 384,226 | 59,850 | - | - | - |
| Miscellaneous | 31,921 | - | 9,066 | - | - | - | 5,467 |
| Total Revenues | 31,921 | 159,577 | 393,292 | 59,850 | 980,422 | 3,500 | 5,467 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | - | - | - | - | 40,448 | - | - |
| Public Safety | - | - | - | - | 285,899 | - | - |
| Public Works | - | - | 242,932 | - | - | - | - |
| Culture and Recreation | - | - | - | - | 335,009 | 1,519 | 4,582 |
| Conservation and Development | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | |
| Interest and Fiscal Charges | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - |
| Total Expenditures | - | - | 242,932 | - | 661,356 | 1,519 | 4,582 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 31,921 | 159,577 | 150,360 | 59,850 | 319,066 | 1,981 | 885 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Long-Term Debt Issued | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - |
| Transfers Out | (32,515) | (185,000) | (229,000) | (40,000) | (319,066) | - | - |
| Total Other Financing Sources (Uses) | (32,515) | (185,000) | (229,000) | (40,000) | (319,066) | - | - |
| NET CHANGE IN FUND BALANCES | (594) | (25,423) | (78,640) | 19,850 | - | 1,981 | 885 |
| Fund Balance - Beginning of Year | 594 | 4,157 | 55,033 | 106,416 | - | 3,670 | 14,972 |
| Change Within Financial Reporting Entity Nonmajor to Major Fund | - | - | - | - | - | - | - |
| Fund Balance - Beginning of Year, as Adjusted | 594 | 4,157 | 55,033 | 106,416 | - | 3,670 | 14,972 |
| FUND BALANCE - END OF YEAR | \$ - | \$ (21,266) | \$ (23,607) | \$ 126,266 | \$ - | \$ 5,651 | \$ 15,857 |

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

| | Capital Projects | | | | | | | |
|--|--------------------|------------------------|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Industrial Park | Special Assessments | Space Needs | Tax Incremental District #4 | Tax Incremental District #5 | Tax Incremental District #6 | Tax Incremental District #8 | Tax Incremental District #9 |
| REVENUES | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 130,558 | \$ - | \$ 968,957 | \$ 127,807 | \$ 37,947 |
| Special Assessments | - | 1,766,475 | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 8,421 | - | 12,976 | 14,645 | 220 |
| Public Charges for Services | - | - | - | - | - | - | - | - |
| Miscellaneous | 52,417 | 118,494 | - | - | - | - | 43,809 | - |
| Total Revenues | 52,417 | 1,884,969 | - | 138,979 | - | 981,933 | 186,261 | 38,167 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - | - |
| Conservation and Development | - | - | - | 81,094 | - | 29,711 | 92,272 | 21,586 |
| Debt Service: | | | | | | | | |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| Capital Outlay | 527 | - | - | 290,185 | - | 44,352 | 338 | 150 |
| Total Expenditures | 527 | - | - | 371,279 | - | 74,063 | 92,610 | 21,736 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 51,890 | 1,884,969 | - | (232,300) | - | 907,870 | 93,651 | 16,431 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Long-Term Debt Issued | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | 555,944 | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | 3,997,095 | - |
| Transfers Out | - | (2,955,000) | - | (50,750) | - | (870,800) | (4,486,596) | - |
| Total Other Financing Sources (Uses) | 555,944 | (2,955,000) | - | (50,750) | - | (870,800) | (489,501) | - |
| NET CHANGE IN FUND BALANCES | 607,834 | (1,070,031) | - | (283,050) | - | 37,070 | (395,850) | 16,431 |
| Fund Balance - Beginning of Year | 318,878 | 1,334,071 | - | 258,081 | (3,380,886) | (16,511) | (414,482) | (90,354) |
| Change Within Financial Reporting Entity Nonmajor to Major Fund | - | - | - | - | 3,380,886 | - | - | - |
| Fund Balance - Beginning of Year, as Adjusted | 318,878 | 1,334,071 | - | 258,081 | - | (16,511) | (414,482) | (90,354) |
| FUND BALANCE - END OF YEAR | <u>\$ 926,712</u> | <u>\$ 264,040</u> | <u>\$ -</u> | <u>\$ (24,969)</u> | <u>\$ -</u> | <u>\$ 20,559</u> | <u>\$ (810,332)</u> | <u>\$ (73,923)</u> |

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

| | Capital Projects (Continued) | | | | | | | | |
|---|------------------------------------|------------------------------------|------------------------------------|-------------------------------------|--------------|-------------------|------------|--------------------------------|--------------|
| | Tax Incremental District #10 | Tax Incremental District #11 | Tax Incremental District #12 | Environmental Remediation TID | Equipment | Pool and Parks | RDA | Buildings and Miscellaneous | Total |
| REVENUES | | | | | | | | | |
| Taxes | \$ 178,829 | \$ 153,872 | \$ - | \$ 113,096 | \$ - | \$ - | \$ - | \$ - | \$ 1,874,244 |
| Special Assessments | - | - | - | - | - | - | - | - | 1,781,725 |
| Intergovernmental | - | - | - | - | - | - | - | - | 1,046,370 |
| Public Charges for Services | - | - | - | - | - | - | - | - | 446,462 |
| Miscellaneous | - | - | 6,313 | - | 91,761 | - | 38,313 | 71,485 | 650,981 |
| Total Revenues | 178,829 | 153,872 | 6,313 | 113,096 | 91,761 | - | 38,313 | 71,485 | 5,799,782 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - | 40,448 |
| Public Safety | - | - | - | - | - | - | - | - | 298,808 |
| Public Works | - | - | - | - | - | - | - | 4,485 | 247,417 |
| Culture and Recreation | - | - | - | - | - | - | - | - | 610,191 |
| Conservation and Development | 20,263 | 718 | 13,676 | 327,543 | - | - | - | - | 1,058,443 |
| Debt Service: | | | | | | | | | |
| Interest and Fiscal Charges | - | - | - | - | - | - | 610 | - | 610 |
| Capital Outlay | - | 149 | 31,168 | 6,973 | 402,744 | - | 1,735 | 4,509 | 782,830 |
| Total Expenditures | 20,263 | 867 | 44,844 | 334,516 | 402,744 | - | 2,345 | 8,994 | 3,038,747 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 158,566 | 153,005 | (38,531) | (221,420) | (310,983) | - | 35,968 | 62,491 | 2,761,035 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Long-Term Debt Issued | - | - | - | - | 2,238,750 | - | - | 435,000 | 2,673,750 |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | - | - | 133,051 | 688,995 |
| Transfers In | - | - | 3,884,556 | 420,000 | - | - | - | - | 8,301,651 |
| Transfers Out | (77,888) | - | (3,997,095) | (165,188) | - | - | (38,998) | (1,000,000) | (14,487,896) |
| Total Other Financing Sources (Uses) | (77,888) | - | (112,539) | 254,812 | 2,238,750 | - | (38,998) | (431,949) | (2,823,500) |
| NET CHANGE IN FUND BALANCES | 80,678 | 153,005 | (151,070) | 33,392 | 1,927,767 | - | (3,030) | (369,458) | (62,465) |
| Fund Balance - Beginning of Year | (91,669) | 72,302 | (14,777) | (360,762) | 679,970 | 7,837,878 | 738,628 | 1,143,077 | 10,219,281 |
| Change Within Financial Reporting Entity | | | | | | | | | |
| Nonmajor to Major Fund | - | - | - | - | - | (7,837,878) | - | - | (4,456,992) |
| Fund Balance - Beginning of Year, as Adjusted | (91,669) | 72,302 | (14,777) | (360,762) | 679,970 | - | 738,628 | 1,143,077 | 5,762,289 |
| FUND BALANCE - END OF YEAR | \$ (10,991) | \$ 225,307 | \$ (165,847) | \$ (327,370) | \$ 2,607,737 | \$ - | \$ 735,598 | \$ 773,619 | \$ 5,699,824 |

CITY OF KAUKAUNA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL — DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2024

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ 4,435,704 | \$ 4,435,704 | \$ 4,435,704 | \$ - |
| Miscellaneous | - | - | 33,371 | 33,371 |
| Total Revenues | 4,435,704 | 4,435,704 | 4,469,075 | 33,371 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 5,436,000 | 5,436,000 | 5,436,000 | - |
| Interest and Fiscal Charges | 1,997,920 | 1,997,920 | 2,019,522 | (21,602) |
| Total Expenditures | 7,433,920 | 7,433,920 | 7,455,522 | (21,602) |
| EXCESS OF REVENUES UNDER EXPENDITURES | (2,998,216) | (2,998,216) | (2,986,447) | 11,769 |
| OTHER FINANCING SOURCES | | | | |
| Premium on Debt Issued | 220,000 | 220,000 | 597,620 | 377,620 |
| Transfers In | 2,709,250 | 2,709,250 | 2,713,248 | 3,998 |
| Total Other Financing Sources | 2,929,250 | 2,929,250 | 3,310,868 | 381,618 |
| NET CHANGE IN FUND BALANCE | (68,966) | (68,966) | 324,421 | 393,387 |
| Fund Balance - Beginning of Year | 5,425,238 | 5,425,238 | 5,425,238 | - |
| FUND BALANCE - END OF YEAR | <u>\$ 5,356,272</u> | <u>\$ 5,356,272</u> | <u>\$ 5,749,659</u> | <u>\$ 393,387</u> |



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