

NOTICES OF PUBLIC MEETINGS

A public meeting will take place at the time and place indicated below. The meeting is open to the public in keeping with Chapter 19, Subchapter IV, 1985 Wisconsin Statutes (Open Meeting Law).

Government Unit Conducting Meeting: Finance Committee
Date: June 23, 2025
Time: 4:30 p.m.
Place: Park Falls Public Library – 2nd Floor Conference Room

AGENDA

1. Call to Order
 2. Set Meeting Frequency
 3. Review Invoices for Approval
 4. Adjourn
-

A public meeting will take place at the time and place indicated below. The meeting is open to the public in keeping with Chapter 19, Subchapter IV, 1985 Wisconsin Statutes (Open Meeting Law).

Government Unit Conducting Meeting: Common Council
Date: June 23, 2025
Time: 5:00 p.m.
Place: 410 Division Street - 3rd Floor Auditorium

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Adopt the Agenda
5. Approval of Minutes:
 - A. Plan Commission Meeting June 5, 2025
 - B. Common Council Meeting June 9, 2025
6. Communications
7. Public Comment
8. New Business
 - A. Chicken Coop Permit – 1077 7th Avenue South
 - B. Request for Backflow Preventor Installation – N15544 Ash Street
 - C. Baker Tilly 2024 Audit Presentation
 - D. Ordinance 25-012 – Cemeteries-Privileges and Restrictions
9. Committee Reports
 - A. Finance
 1. Payment of Bills
 - B. Board of Public Works
 - C. Public Services
 - D. Personnel
10. Committee of the Whole Items
11. City Officials' Reports
12. Adjourn

Posted: June 18, 2025
Prepared By: Shannon Greenwood, Clerk

Services are provided on an Equal Opportunity basis. Reasonable accommodation for alternative means of communication or access for individuals with disabilities will be made upon request. Please call 715-762-2436.

PLAN COMMISSION MEETING MINUTES – 6/5/2025

Government Unit Conducting Meeting: Plan Commission
Date: June 5, 2025
Time: 4:00 P.M.
Place: 410 Division Street, Park Falls, WI 54552
2nd Floor Conference Room

Members of the Board of Plan Commission Present: Mayor Tara Tervort, Michael Mader, Dixie Weidman, Victor Ambrose, Michelle Scharp

Members Absent: Lauri Hart, Gary Wollerman

Staff: Scott Kluver, Shannon Greenwood, William Hoffman

Public: None

The meeting was called to order by Mayor Tara Tervort at 4:00 pm.

Public Comment – Alderman Mader asked if the Accessory Building Regulations can be added to the next Agenda for discussion.

Plan Commission Resolution 25-001 – Comprehensive Plan Future Land Use Map Amendments – Reviewed the proposed changes to the following Parcels:

1. 27111333000 – Parcel on both sides of the river – City owned, currently I-1, proposed to be R-2. Discussed making west side R2 and east side Agricultural.
2. 271112709000 – Damrow property – request to make entire parcel agricultural – parcel is currently split between two zoning districts. Property owners are ok with the requested change.
3. 271112906010, 271112902000, 271112807000, 271112806000, 271112805010, 271112805020, 271112804000 – A group of properties that are listed as C-1 Commercial that are being used for residential use along the river. Proposed change to R-2.
4. 271103201010 – A small triangular parcel that is part of a larger residential property across the street. Should be changed from I-1 to R-2.
5. 271100506000, 271100505000, 271100507000, 271100408000, 271100409000, 271100407000, 271100410000, 271100307000, 27110039000, 271100308000, 271100310000, 271102505000, 271102504000 – A group of properties that are vacant or currently used for residential purposes that are currently shown at C-1 Commercial that should be R-2 Residential. This area was missed in the initial revision to the land use map at the beginning of the year.
6. 271110006012, 271110006010 – Currently zoned A-1 and should be zoned R-2. These are residential lots at the end of Heritage Lane.

Administrator Kluver noted that he does not recommend changing parcel 271111603000 as originally discussed to R-2 as the housing project is on hold. This may create a spot zone in this area and leaving this parcel commercial would not impact a future housing development. There was a motion to approve the changes to suggested, including the changes to number one by Michelle Scharp and seconded by Victor Ambrose. Motion carried.

The meeting was adjourned at 4:28 p.m.

Prepared by: Shannon Greenwood, City Clerk

COMMON COUNCIL MEETING MINUTES 6/09/2025

The Common Council of the City of Park Falls met in regular session at 5:00 PM on Monday, June 9, 2025. Mayor Tara Tervort called the meeting to order at 5:00 PM and the following members were present:

Mayor:	Tara Tervort
Alderman:	Dan Greenwood Dennis Wartgow Terry Wilson James Corbett Anthony Thier Dixie Weidman Michael Mader Dina Bukachek
City Attorney:	Bryce Schoenborn
City and Zoning Administrator:	Scott Kluver

Staff present: Shannon Greenwood, Bill Hoffman, Marvin Nevelier, Becky Michels

Also present: Gary Wollerman, Helen Graham, Leon Graham, James Gelina, Victor Ambrose, Kortney Veitengruber

There was a motion by Alderman Weidman and seconded by Alderman Mader to adopt the agenda as presented. Motion carried.

There was a motion by Alderman Wartgow and seconded by Alderman Wilson to approve the minutes for the Common Council meeting on May 12, 2025. Motion carried.

COMMUNICATIONS – Alderman Mader noted that the Beautification Committee hung the hanging baskets in the downtown.

PUBLIC COMMENT – James Gelina, N15544 Ash Street – concerned about lift station near his home stating that it has been a problem for 15-20 years. This item is on the June 23rd Council meeting Agenda.
Helen Graham 274 5th Avenue North – concerned about amount of dust from PF Hardwoods that is settling in their yard and even creeping into the inside.

NEW BUSINESS

Opened the Public Hearing for Resolution 25-005 -Vacating 3rd Avenue South: The Mayor called three times for comments, questions, or concerns. Motion by Alderman Wartgow and seconded by Alderman Mader to approve Resolution 25-005-Vacating 3rd Avenue South. Motion carried. Reviewed CMAR Report. Motion by Alderman Greenwood and seconded by Alderman Wilson to approve Resolution 25-004-CMAR Report. Motion carried. Reviewed 2025-2026 Liquor License applications for approval and renewal. Chief Nevelier's report noted the number of issues has decreased considerably from prior years. Motion by Alderman Wartgow and seconded by Alderman Mader to approve. Motion carried. Motion by Alderman Mader and seconded by Weidman to approve the Temporary Class B Liquor License application from Young Professionals for the 4th of

July event. Motion carried. Motion by Alderman Bukachek and seconded by Alderman Wilson to approve the Temporary Class B Liquor License from the Chamber for Wednesday Night Live. Motion carried. Motion by Alderman Wilson and seconded by Alderman Bukachek to approve the Temporary Class B Liquor License from the Chamber for Flambeau Rama. Motion carried. The Mayor requested revisiting the Cell Tower Lease Buyout offer. The subsequent offer is less than the original. Motion by Alderman Wartgow and seconded by Alderman Greenwood to approve the buyout with the condition that the City maintains a perpetual easement to keep our EMS repeater on that tower. Motion carried. Motion by Alderman Wilson and seconded by Alderman Mader to create the Athletic Complex Committee to engage with the School District with regards to the track facilities. Motion carried. The Mayor would like to appoint herself, Administrator Kluver, Alderman Wartgow and Alderman Weidman to the Committee. Motion by Alderman Wilson and seconded by Alderman Greenwood to accept the appointments. Motion carried.

COMMITTEE REPORTS

Finance – There was a motion by Alderman Bukachek and seconded by Alderman Corbett to approve paying the bills in the amount of \$315,826.84. Motion carried, 8-0.

COMMITTEE OF THE WHOLE ITEMS – Administrator Kluver discussed the proposed Elected Officials Manual stating that it would be good to review and give to incoming elected officials. Atty. Schoenborn will review prior to final approval and the document will be on a future agenda.

CITY OFFICIALS' REPORTS

Mayor Tervort has started a quarterly video to be posted on social media with the intention of being transparent about what is happening in the City and to give the public an opportunity to ask questions or comment.

Administrator Kluver has revisited the Raze Order list and is pushing for action to address some of those properties. He noted that he will be starting the capital budget process soon and that an intern is starting on Friday as well. The City will be doing a series of RFPs to review services. Baker Tilly is expected to be presenting on the Audit at the next meeting.

City Clerk Greenwood stated that the swimming pool is officially open as of today and there are 11 Lifeguards this year.

PW Director Hoffman gave an update from MSA on the 2024 utility project. A1 will be back June 16th to finish shoulders and final completion July 1st. Janke Builders, the landscapers and concrete workers have been at the Park with still few items to complete including countertops and plumbing installation. The rest of the pavilion roofing material arrived today. There are 5 summer crew members and 4 are new. Park grand opening is scheduled with MSA proving ice cream to first 200 people on July 23rd. DPW crew built cornhole boards to add to the amenities at the Hines Park and will be updating the existing horseshoe pit that is in disrepair.

Chief of Police Nevelier: Wi-Fi has recently been installed at Old Abe Memorial Park and a security camera will be ordered tomorrow to provide 24-hour surveillance to hopefully deter any vandalism.

The meeting was adjourned at 6:07

Prepared by: Shannon Greenwood, City Clerk



410 Division Street
P.O. Box 146
Park Falls, WI 54552
Phone (715) 762-2436 • Fax (715) 762-2437
www.cityofparkfalls.com

C2025-_____

CHICKEN COOP PERMIT APPLICATION

MUNICIPAL ORDINANCE 6-6-1

Applicant's Name: Jaahcco James Thompson
Phone: 970 787 7996 email maxhpc@gmail.com
Address: 1077 7th Ave N Park Falls W 54552
Property Owner: Jaahcco James Thompson
Property Owner Signature: [Signature] Phone: _____
Number of Hens: 3 Size of Coop: 6X10
Size of Fenced Area: 10X10 Base Material: Dir

- Sketch of yard, buildings and chicken coop placement must be included with this application
- **Non-Refundable \$75.00 Permit Fee due at time of application.** Failure to obtain a permit before work has started will result in a double permit fee penalty.
- Permit expires December 31st each year. Renewal Fee is \$20.00 annually.

I certify that the information provided on this application is complete and accurate, and I agree to comply with all applicable codes and ordinances of the City of Park Falls and the State of Wisconsin. It is further agreed that the City of Park Falls has no responsibility as to the determination of property lines.

Applicant's Signature: [Signature] Date: 5-29-25

DO NOT WRITE BELOW THIS LINE – OFFICE USE ONLY

Date submitted: _____ Fee paid: _____

Letters sent: _____ Council meeting date: _____

Action: () Granted () Denied

If denied, basis for denial: _____

Signature: _____ Date: _____

Inspection Date: _____

6/12/25

We are OK with James Thompson
having a chicken-coop permit at 1077 7th
Av. So. Bunny Thompson,
Gary Thompson

fenced
chicken
coop

50'

at least
200
feet
from any
property line


House

Garage

my Drive

7th Ave S



Date created: 6/18/2025
Last Data Uploaded: 6/17/2025 9:41:41 PM
Developed by
 **SCHNEIDER**
CORPORATE A.V.

Real Estate Price County

Property Listing

Today's Date: 5/29/2025

Property Status: Current

Created On: 2/22/2006 9:02:45 AM

Description Updated: 2/10/2025

Tax ID: 24708
PIN: 50-271-2-40-01-26-1 02-000-10000
 Legacy PIN: 271113308000
 Map ID: 1109-A
 Municipality: (271) CITY OF PARK FALLS
 STR: S26 T40N R01W
 Description: 26-40-1W PRT OF NW-NE PCL
 DESC IN 405954 EXCPET HWY
 ROW IN 401110
 Recorded Acres: 1.900
 Calculated Acres: 1.900
 Lottery Claims: 0
 First Dollar: Yes
 Zoning: (C1) Commercial
 ESN: 501

Tax Districts Updated: 1/6/2020

1 STATE OF WISCONSIN
 50 PRICE COUNTY
 271 CITY OF PARK FALLS
 501071 SCHL-CHEQUAMEGON
 001500 TECHNICAL COLLEGE
 9250 PARK FALLS TID 5

Recorded Documents Updated: 8/19/2010

ADDRESS CHANGE

Date Recorded: 2/10/2025

WARRANTY DEED

Date Recorded: 7/31/2024 405954

ZONING CHANGE

Date Recorded: 8/7/2018

ACREAGE ADDED

Date Recorded: 12/20/2013

ABRIDGMENT OF JUDGMENT

Date Recorded: 2/6/2004 323586 534R-409

WARRANTY DEED

Date Recorded: 8/7/2000 301512 438R-533

PERSONAL REPRESENTATIVE'S DEED

Date Recorded: 6/26/2000 300947 437R-57

Ownership Updated: 2/10/2025

GARY D & BUNNY ROSE PARK FALLS WI
THOMPSON

Billing Address:

GARY D & BUNNY ROSE
THOMPSON
 805 ATWOOD AVE
 PARK FALLS WI 54552

Mailing Address:

GARY D & BUNNY ROSE
THOMPSON
 805 ATWOOD AVE
 PARK FALLS WI 54552

Site Address * indicates Private Road

1077 7TH AVE S PARK FALLS 54552

Property Assessment Updated: 10/4/2018

2025 Assessment Detail

Code	Acres	Land	Imp.
G1-RESIDENTIAL	1.900	12,600	58,600

2-Year Comparison

	2024	2025	Change
Land:	12,600	12,600	0.0%
Improved:	58,600	58,600	0.0%
Total:	71,200	71,200	0.0%

Property History

N/A

Susan Tollers
1114 South 7th Ave.
Park Falls, WI 54552
sktollers@charter.net

June 17, 2025

City of Park Falls, WI
P.O. Box 146
Park Falls, WI 54552
clerk@cityofparkfalls.com

I am today in receipt of the letter sent by the city to the neighbors of James Thompson who has requested a permit for a chicken coop at his residence at 1077 - 7th Ave. South.

I would like to go on file as objecting to the permit of this chicken coop. While I am not a full-time resident of Park Falls, I do spend many weeks at my home there. At my home in Minnesota, I have had the occasion to have a neighbor that had a chicken coop, so I feel I speak from experience. A chicken coop causes added irritating noise to a neighborhood. A chicken coop draws the attention and presence of other wild animals...not generally appreciated or welcome to home dwellers. The neighborhood's proximity to undeveloped wooded area already sees an increase in animal activity...we do NOT need more. I strongly oppose the granting of this request for a chicken coop.

Sincerely,
Susan Tollers

MN residence:
1827 16 ½ ST NW
Rochester, MN. 55901



Shannon Greenwood <clerk@cityofparkfalls.com>

Chicken Coop Permit

1 message

Don Neeck <don@neeckconstructioninc.com>

Wed, Jun 18, 2025 at 12:32 PM

To: "clerk@cityofparkfalls.com" <clerk@cityofparkfalls.com>

Hi Shannon,

Unfortunately I am not available to attend the city council meeting to express my opposition for the application of a chicken coop permit at the residence of James Thompson. I am a partial owner of Rosie Neecks home directly across the street from the Thompson residence.

Noise, Odor, and vermin attraction are some of the reasons I oppose the permit but my main concern is property devaluation. A chicken coop is invasive affecting all the property owners on that peaceful quiet 7th Ave hill.

If the permit is granted and the chicken coop is built it would be nearly impossible to reverse the permit and remove the structure as problems arise.

Sincerely,

Donald Neeck



Shannon Greenwood <clerk@cityofparkfalls.com>

Fwd: Voice message from NEECK,ROSE (7157624154) to 7157440167

1 message

tel: 7157624154 <non-mail-user@myphone.norvado.net>

To: Shannon Greenwood <7157440167@myphone.norvado.net>

Thu, Jun 12, 2025 at 9:14 AM

The attached message was recently left in your voicemail account for 7157440167. We are sending you this email because you have asked for your messages to be forwarded to this address.

The original message is still in your account, and will be played or shown as usual the next time you log in. If you prefer, you can use the link below to delete it. You can also mark messages as "read", which means they will be kept in your voicemail account, but will not be treated as new messages.

[Delete this message \(without further confirmation\)](#)[Mark this message as read](#)[Mark all messages as read](#)[Log in to your voicemail account](#)


Good morning, this is Rosemead. I am responding to the letter that I received about the chicken coop permit that is for the chicken coop to be located on 7th Ave. South. I just want to voice my opinion I strongly. I strongly am against having a chicken coop right across the street from me. Umm, and I know this isn't gonna make any difference, but I just wanna be on record as saying that I, uh, highly, umm, disapprove of it. So thank you.

 **message.wav**
351K



410 Division Street
P.O. Box 146
Park Falls, WI 54552
Phone (715)762-2436 Fax (715) 762-2437
www.cityofparkfalls.com

To: Honorable Mayor and Alders

From:  Scott J. Kluver, Administrator

Re: Request for Sewer Backflow Preventer Installation

Date: June 17, 2025

Enclosed you will find a letter from Mr. James Gelina who resides at N15544 Ash Street in the Town of Lake, and he is connected to the City's sewer system. Mr. Gelina has had a significant sewer backup into his home on two different occasions and is aware of a backup prior to him being the property owner. The last backup occurred this past winter and resulted in tens of thousands of dollars of damage. The cost was covered by the City's insurance, and the City has a specific policy coverage for sewer backups related to the City. Mr. Gelina is understandably upset by these disruptive incidents, and wants them to stop. As such, he is requesting that a backflow preventer be installed, at City expense, to prevent future backups.

This latest incident was caused by a computer failure on the lift station, and it was repaired the same day. However, by the time it was repaired, the damage had been done. The previous incident occurred in 2017 and was caused by heavy rain and flooding in the area. There was apparently another backup under previous owner of the property (pre-2014), but the circumstances of that backup are unknown.

The location of the lift station is not ideal, and the replacement of this station is on the list of future Sewer Utility projects to consider. The wet well for this station is located in the pavement of the roadway. If this station were to be reconstructed, it would be better to relocate the wet well to the right-of-way next to the road if possible. This would likely reduce the risk of backups due to flooding. In addition, there is no generator on site for this lift station. A power failure has not been known to occur here, but that is a potential risk for lift station failure. Another potential option to reduce risk is to have a redundant float system installed. In the case of the recent computer failure, had there been a float system at this lift station, it would have still turned the station on to pump. Upgrading the station to three-phase power would also be ideal as it would allow for more powerful pumps to better handle items that should not have been flushed in the first place (e.g. wet wipes, rags, objects, etc.)

We are aware of two other properties in the City of Park Falls where these sewer backflow preventers were installed. In both of those cases, the property owners installed and paid for them. In one of these cases, there was a failure in the sewer main (clog) and the property owner did it as a safety measure for their own piece of mind. A neighboring house installed it as a condition of the sale to be a safety measure as well.

While I understand that Mr. Gelina is upset about the backups into his property, as anyone would be, the City is not under any obligation to install the backflow preventer on his sewer lateral. I asked the insurance company if they would be willing to install it, and they would not be. The City pays for no-fault insurance related sewer back-ups to help protect property owners from backups. It is possible for the City to install the backflow preventer without being precedent setting, as each of these situations are different and there are different Council members in place. Nonetheless, people may argue differently about this in the future. Keep in mind that there is also no guarantee that a backflow preventer would prevent a backup. Should an issue be occurring, sewage from the property may backup causing an issue, or the pressure could be so great to cause the preventer to fail. There are no guarantees of anything.

In my opinion, as financing in the Sewer Utilities allows, improvements or replacement of the lift station should be considered. I am aware that the Council is sensitive to doing additional work that would further drive up rates, and so I will be looking at when payoff of existing debt may allow for new projects without increasing rates. The Council can consider installing a backflow preventer on this property if it so chooses, and weigh the pros and cons of doing so. If approved, the cost would be charged to the Sewer Utility.

To whom it may concern,

I James Gelina who resides at N15544 Ash St in Park Falls Wi am filing complaint against the city of Park Falls for the constant failure of the city sewer lift station located on Ash St in Park falls. Because of the failures of the lift station has caused the sewer to back up into my basement and 2 times now since I moved in on November of 2014 and has caused severe damage to my property!! I was told hat this is was the 3rd time that this has happened to this property twice with me a once withe the previous owners. In the spring of 2015 I was told by a employee that the lift station has been known to fail. So its been 10 plus years that the city knew the litf station needed repare or replacement!! I know for a fact that the city had received some state money to help fix the promblem. When I talked with Scott Kluver he did admit they did have the money and decided to use it in other projects and for that choice I to pay the price again!! Its not will it happen again its when it will happen again. In meantime I have to live in fear when will it happen again!!

I know its expensive thats when i talked with Scott on the phone I suggested to him to have a sewer backflow preventer with clean out installed. he said he would check. He called on 06/02/2025 and said the cost would be \$2,000 to \$3,000 which is peanuts compared to the cost of having to replace the lift station. Then he went on to say it would be at my cost I said absolutely not I will not pay a dime towards the backflow peventer because its a city issue not mine I'm a customer the city should be responsible for any repares not me!! I feel this reacuring problem is depreciating the value of my property and in a small town everyone has probably heard about as many times as it has happened. So with all this said I think the city should be 100 % responsible for all parts and labor to have the sewer backflow preventer with the clean out installed. Like I said I will not be willing to pay one dime for this. I have talked to several attorneys about this issue but decided I would give the city a chance to make things right firts.

Signed James A Gelina

Signature James A Gelina dated 06/05/2025

City of Park Falls

Financial Statements and
Supplementary Information

December 31, 2024

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City of Park Falls

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Independent Auditors' Report

To the City Council of
City of Park Falls

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June xx, 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.

Milwaukee, Wisconsin
June xx, 2025

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

See notes to financial statements

City of Park Falls

Statement of Activities

Year Ended December 31, 2024

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government	\$ 1,111,595	\$ 22,262	\$ 17,812	\$ -	\$ (1,071,521)	\$ -	\$ (1,071,521)
Public safety	1,131,204	21,327	9,325	-	(1,100,552)	-	(1,100,552)
Public works	1,137,451	30,117	469,812	-	(637,522)	-	(637,522)
Health and human services	34,005	27,593	-	-	(6,412)	-	(6,412)
Leisure activities	6,136,696	50,480	-	6,583,141	496,925	-	496,925
Conservation and development	176,586	-	-	3,429,182	3,252,596	-	3,252,596
Interest and fiscal charges	364,415	-	-	-	(364,415)	-	(364,415)
Depreciation, unallocated	608,088	-	-	-	(608,088)	-	(608,088)
	<u>10,700,040</u>	<u>151,779</u>	<u>496,949</u>	<u>10,012,323</u>	<u>(38,989)</u>	<u>-</u>	<u>(38,989)</u>
Total governmental activities							
Business-type activities:							
Water Utility	936,521	1,193,976	-	-	-	257,455	257,455
Sewer Utility	711,984	724,890	-	-	-	12,906	12,906
Refuse Utility	227,205	223,906	8,926	-	-	5,627	5,627
Economic Redevelopment Authority	10,490	-	-	-	-	(10,490)	(10,490)
	<u>1,886,200</u>	<u>2,142,772</u>	<u>8,926</u>	<u>-</u>	<u>-</u>	<u>265,498</u>	<u>265,498</u>
Total business-type activities							
	<u>\$ 12,586,240</u>	<u>\$ 2,294,551</u>	<u>\$ 505,875</u>	<u>\$ 10,012,323</u>	<u>(38,989)</u>	<u>265,498</u>	<u>226,509</u>
Total primary government							
General Revenues							
Taxes:							
Property taxes, levied for general purposes					1,502,704	-	1,502,704
Property taxes, levied for TIF districts					420,385	-	420,385
Other taxes					81,340	-	81,340
Intergovernmental revenues not restricted to specific programs					2,058,638	-	2,058,638
Interest and investment income					41,918	43,956	85,874
Miscellaneous					66,300	-	66,300
					<u>4,171,285</u>	<u>43,956</u>	<u>4,215,241</u>
Total general revenues							
					<u>(2,910,237)</u>	<u>2,910,237</u>	<u>-</u>
Transfers							
Change in net position					1,222,059	3,219,691	4,441,750
					<u>11,717,324</u>	<u>9,410,363</u>	<u>21,127,687</u>
Net Position, Beginning							
Net Position, Ending					<u>\$ 12,939,383</u>	<u>\$ 12,630,054</u>	<u>\$ 25,569,437</u>

See notes to financial statements

City of Park Falls

Balance Sheet -
Governmental Funds
December 31, 2024

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

See notes to financial statements

City of Park Falls

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

Total Fund Balance, Governmental Funds

\$ 2,069,829

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

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

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

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

1,733,537

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

1,084,078

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

(626,458)

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

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

Long-term liabilities at year end consist of:

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

Total Net Position, Governmental Activities

\$ 12,939,383

See notes to financial statements

City of Park Falls

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

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

See notes to financial statements

City of Park Falls

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

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

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

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

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

Grant and accounts receivables are reported as unavailable revenues in the fund financial statements if not collected within 60 days of year end but are recognized as revenue when earned in the government-wide financial statements.

701,473

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

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

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

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

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

20,117

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

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

Change in Net Position of Governmental Activities

\$ 1,222,059

See notes to financial statements

City of Park Falls

Statement of Net Position -
Proprietary Funds
December 31, 2024

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

See notes to financial statements

City of Park Falls

Statement of Revenues, Expenses and Changes in Net Position -
 Proprietary Funds
 Year Ended December 31, 2024

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

See notes to financial statements

City of Park Falls

Statement of Cash Flows -

Proprietary Funds

Year Ended December 31, 2024

DRAFT 6.17.25

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

See notes to financial statements

City of Park Falls

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

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

See notes to financial statements

City of Park Falls

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

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

See notes to financial statements

City of Park Falls

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December 31, 2024

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1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Unit

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

Component Unit Not Presented**Park Falls Public Library Memorial Trust**

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

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

Capital Projects Funds

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

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

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

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Wastewater Utility accounts for operations of the wastewater system.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

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

DARE
CDBG
Fair Housing

Debt Service Fund

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

Capital Projects Funds

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

TIF #3 Development
TIF #6 Development

Enterprise Funds

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

Refuse
Redevelopment Authority, Blended
Component Unit

In addition, the City reports the following fund types:

Custodial Fund

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

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

City of Park Falls

Notes to Financial Statements
December 31, 2024

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater utilities, refuse fund and redevelopment authority are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

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

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

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2024 tax roll:

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

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

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets**Government-Wide Financial Statements**

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

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

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

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

Fund Financial Statements

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

Deferred Outflows of Resources

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

Compensated Absences

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

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

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

Long-Term Obligations

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

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

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

Deferred Inflows of Resources

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

Equity Classifications**Government-Wide Statements**

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

See Note 3 for further information.

Pension

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

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

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

Basis for Existing Rates**Water and Wastewater Utilities**

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

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

2. Stewardship, Compliance and Accountability**Deficit Balances**

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

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

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

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

Budgetary Information

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

Limitations on the City's Tax Levy

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

Violation of Finance-Related Legal or Contractual Provisions

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

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

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

3. Detailed Notes on All Funds**Deposits and Investments**

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

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

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

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

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

Custodial Credit Risk**Deposits**

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

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

Receivables

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

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

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

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

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

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

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

Capital Assets

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

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

Depreciation expense was charged to functions as follows:

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

Business-Type Activities

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

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

Depreciation expense was charged to functions as follows:

Business-Type Activities

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

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

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

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

All amounts are due within one year.

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

Advances

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

The following is a schedule of interfund advances:

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

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

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

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

Transfers

The following is a schedule of interfund transfers:

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

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

Short-Term Debt Activity

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

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

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

Long-Term Obligations

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

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

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

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

General Obligation Debt

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

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

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

** Debt is considered direct borrowings or direct placements.

Debt service requirements to maturity are as follows:

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

Revenue Debt

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

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

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

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

Business-Type Activities Revenue Debt

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

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

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

Debt service requirements to maturity are as follows:

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

Other Debt Information

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

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

Current Refunding

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

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

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2024, includes the following:

Governmental Activities

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

Governmental Funds

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

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

Business-Type Activities

Net investment in capital assets:

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

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

City of Park Falls

Notes to Financial Statements
December 31, 2024

4. Other Information**Employees' Retirement System****Plan Description**

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

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

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

Vesting

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

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

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

Contributions

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

During the reporting period, the WRS recognized \$133,104 in contributions from the City.

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

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

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

At December 31, 2024, the City reported a liability of \$146,016 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.00982080%, which was an increase of 0.00029429% from its proportion measured as of December 31, 2022.

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

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

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

\$141,737 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

Actuarial Assumptions

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

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

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

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