

City of St. Francis

Financial Statements and
Supplementary Information

December 31, 2024

City of St. Francis

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Independent Auditors' Report

To the City Common Council of
City of St. Francis

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 St. Francis (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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 101, *Compensated Absences* effective January 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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.

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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
December 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024

The management of the City of St. Francis (the City) offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ended December 31, 2024. You are invited to read this narrative in conjunction with the City's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City of St. Francis exceeded its liabilities and deferred inflows of resources by \$11,427,654 (net position). Of this amount, \$(5,679,265) is considered an unrestricted net position deficit, \$3,239,064 is restricted for specific purposes (restricted net position), and \$13,311,247 is the net investment in capital assets.

The City's total net position increased \$3,422,790. Governmental activities net position increased by \$3,438,187, while business-type activities net position decreased by \$15,397.

On December 31, 2024, the City's governmental funds reported combined fund balances of \$11,389,445 an increase from \$9,131,330 in 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets/deferred outflows of resources and liabilities/deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position - the difference between the City's assets and deferred outflows and liabilities and deferred inflows - is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The government-wide financial statements include the City of St. Francis (primary government).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, Tax Incremental District No. 3, Tax Incremental District No. 4 and Tax Incremental District No. 5, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two different types of proprietary funds (sewer and stormwater utilities), which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

City of St. Francis

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2024

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budget comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the City as a Whole

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

A summary of the City's Statement of Net Position is presented below in Table 1.

Table 1
Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 28,493,917	\$ 26,270,128	\$ 2,243,609	\$ 2,647,284	\$ 30,737,526	\$ 28,917,412
Capital assets	29,856,590	30,480,757	1,630,577	1,494,664	31,487,167	31,975,421
Total assets	58,350,507	56,750,885	3,874,186	4,141,948	62,224,693	60,892,833
Total deferred outflows of resources	10,187,686	12,055,796	429,002	534,203	10,616,688	12,589,999
Long-term liabilities	36,766,627	39,817,312	693,787	783,360	37,460,414	40,600,672
Other liabilities	2,749,313	2,489,272	20,232	208,388	2,769,545	2,697,660
Total liabilities	39,515,940	42,306,584	714,019	991,748	40,229,959	43,298,332
Total deferred inflows of resources	20,785,454	21,746,485	398,314	433,151	21,183,768	22,179,636
Net investment in capital assets	11,680,670	10,633,953	1,630,577	1,494,664	13,311,247	12,128,617
Restricted	3,520,216	5,009,407	275,456	175,456	3,795,672	5,184,863
Unrestricted (deficit)	(6,964,087)	(10,889,748)	1,284,822	1,581,132	(5,679,265)	(9,308,616)
Total net position	\$ 8,236,799	\$ 4,753,612	\$ 3,190,855	\$ 3,251,252	\$ 11,427,654	\$ 8,004,864

City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024

One portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in two of the three categories of net position for the City as a whole, as well as for its separate governmental activities. The business-type activities had positive balances in all three categories of net position.

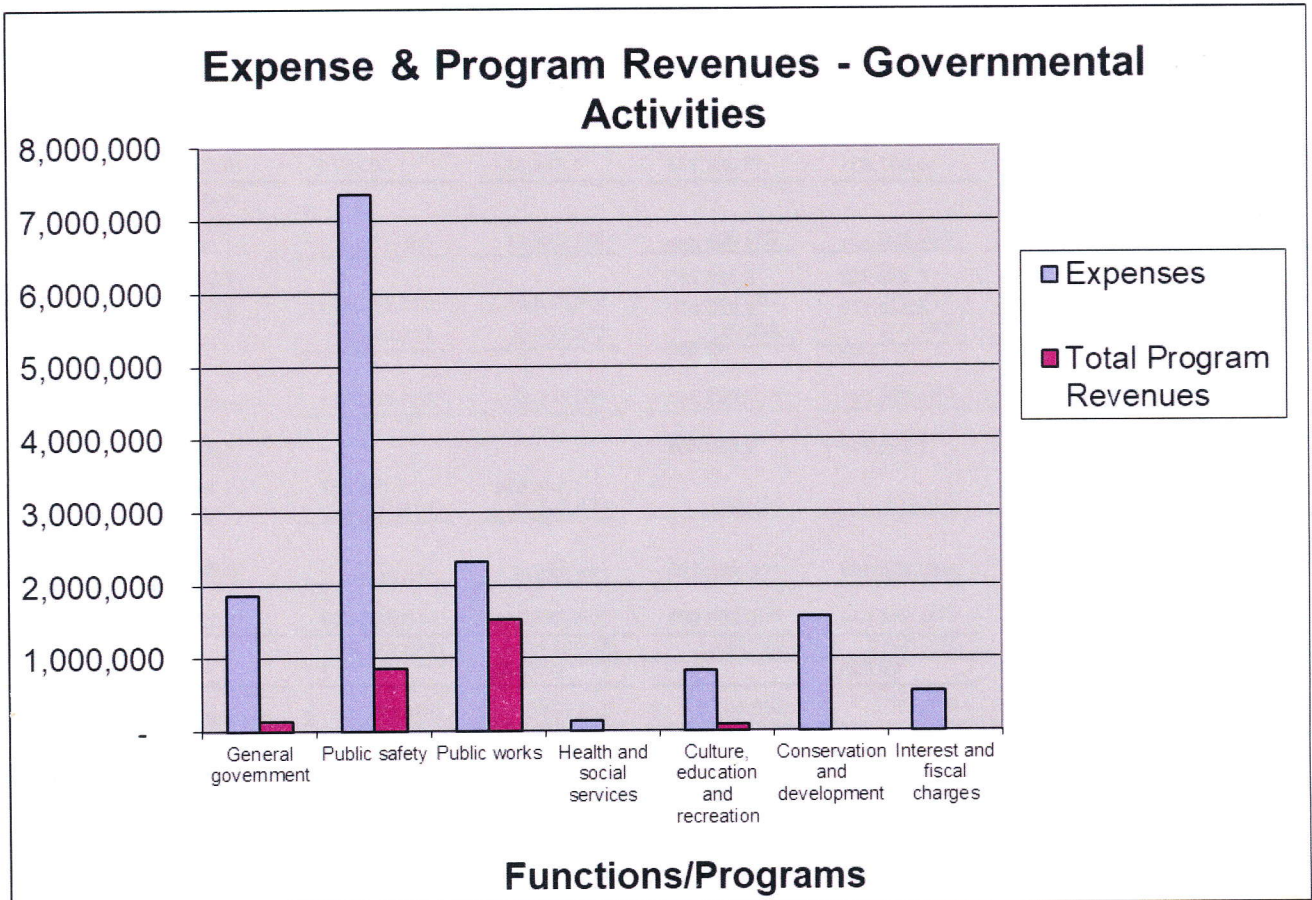
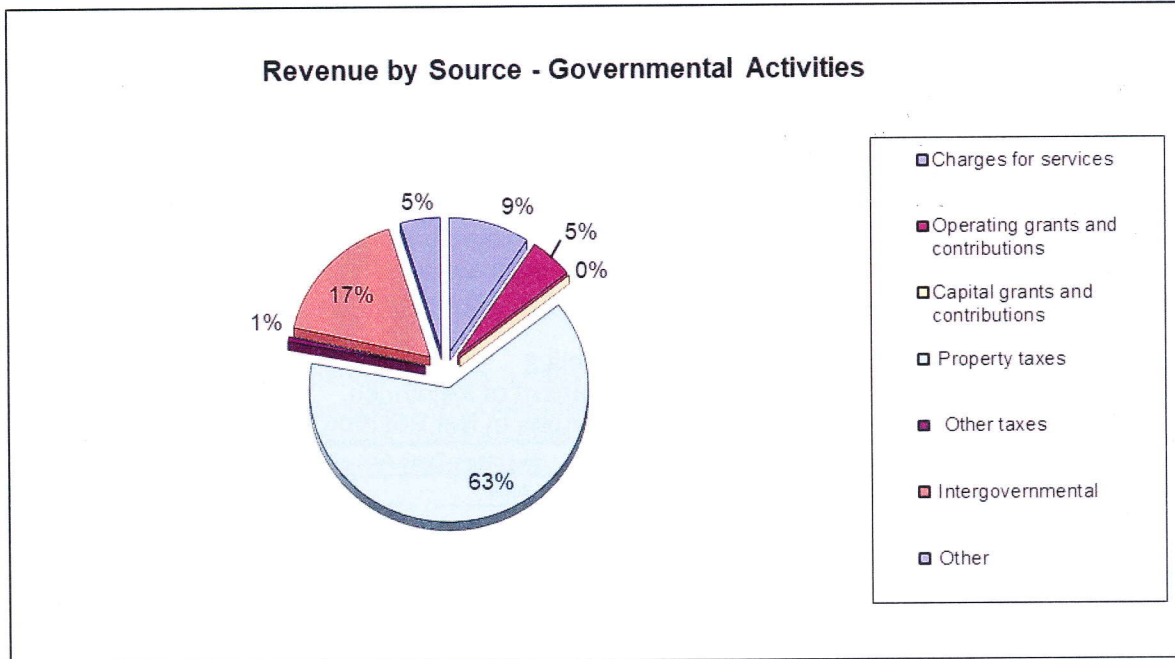
Table 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,696,719	\$ 1,617,932	\$ 1,506,885	\$ 1,547,688	\$ 3,203,604	\$ 3,165,620
Operating & capital grants and contributions	909,211	2,247,470	-	-	909,211	2,247,470
General revenues:						
Property taxes	11,448,274	10,858,122	-	-	11,448,274	10,858,122
Other taxes	106,813	114,788	-	-	106,813	114,788
Intergovernmental	3,004,173	2,478,799	-	-	3,004,173	2,478,799
Other	842,641	667,624	37,962	35,686	880,603	703,310
Total revenues	18,007,831	17,984,735	1,544,847	1,583,374	19,552,678	19,568,109
Expenses:						
General government	1,865,481	2,004,430	-	-	1,865,481	2,004,430
Public safety	7,372,932	8,325,263	-	-	7,372,932	8,325,263
Public works	2,320,176	2,525,070	-	-	2,320,176	2,525,070
Health and social services	137,060	142,982	-	-	137,060	142,982
Culture, education and recreation	824,741	882,343	-	-	824,741	882,343
Conservation and development	1,558,814	2,033,488	-	-	1,558,814	2,033,488
Sewer	-	-	1,148,074	1,196,267	1,148,074	1,196,267
Stormwater	-	-	367,170	346,996	367,170	346,996
Interest and fiscal charges	535,440	596,123	-	-	535,440	596,123
Total expenses	14,614,644	16,509,699	1,515,244	1,543,263	16,129,888	18,052,962
Transfers	45,000	-	(45,000)	-	-	-
Changes in net position	3,438,187	1,475,036	(15,397)	40,111	3,422,790	1,515,147
Beginning net position	4,798,612	3,278,576	3,206,252	3,211,141	8,004,864	6,489,717
Ending net position	\$ 8,236,799	\$ 4,753,612	\$ 3,190,855	\$ 3,251,252	\$ 11,427,654	\$ 8,004,864

City of St. Francis

Management's Discussion and Analysis (Unaudited)
 Year Ended December 31, 2024

As previously noted, the Statement of Net Position shows the net position for 2024 and 2023. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown above in Table 2.



City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024

Governmental Activities

Governmental activities increased the City's net position by \$3,438,187.

Business-Type Activities

Business-type activities decreased the City's net position by \$15,397. This decrease is a result of the following items:

- The sewer utility had a decrease in net position of \$31,104 as compared to a decrease in net position of \$40,701 in 2023.
- The stormwater utility had an increase in net position of \$15,707 as compared to an increase in net position of \$35,812 in 2023.

Financial Analysis of the City's Funds

Governmental Funds

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

At December 31, 2024, the City's governmental funds reported combined fund balances of \$11,389,445. Of this amount, \$3,331,638 constitutes nonspendable amounts that are not in spendable form or are required to remain intact by legal or contractual requirements. An additional \$6,297,884 is restricted by constraints placed on fund balance usage. \$667,247 is committed, or constrained, for specific purposes internally imposed by the council. An additional \$19,810 is assigned for specific purposes as authorized by the Council. The remaining amount of \$1,072,866 is unassigned.

General Fund

The City's general fund is the chief operating fund of the City. Total fund balance in the general fund increased \$826,797 or 15.19% to \$6,268,711. Nonspendable fund balance was \$2,969,241 which consists of advances of \$2,724,285, delinquent personal property taxes of \$40,404, and prepaids of \$204,552. Assigned fund balance is \$19,810 and detailed in Note 3.

The City evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2024, unassigned fund balance is \$3,279,660 and the 2025 general fund expenditure budget is \$12,325,602 resulting in an unassigned fund balance of 26.6% of 2025 budgeted general fund expenditures.

Debt Service Fund

The City's debt service fund accounts for resources that are restricted to expenditure for the payment of general long-term debt principal, interest and related costs. Total fund balance in the debt service fund is \$295,681 which is a decrease of \$473 from the prior year. This is primarily due to principal payments exceeding tax revenues for the year.

City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024

Capital Projects Fund

The City's capital projects fund accounts for proceeds from long-term borrowing and other resources is committed for capital improvement projects. Total fund balance in the capital projects fund is \$766,014 which is an increase of \$201,482 from the prior year. This is primarily due to a decrease in capital outlay expenses.

Tax Incremental Financing District (TID) No. 3

The tax incremental financing district No. 3 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is (\$1,861,304), which is an increase to the beginning of the year deficit of \$44,448 from the prior year.

Tax Incremental Financing District (TID) No. 4

The tax incremental financing district No. 4 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is (\$106,713), which is an increase of \$121,099 from the prior year.

Tax Incremental Financing District (TID) No. 5

The tax incremental financing district No. 5 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is \$5,299,755 which is an increase of \$1,044,834 from the prior year. This is primarily due to tax revenue exceeding expenses.

Nonmajor Governmental Funds

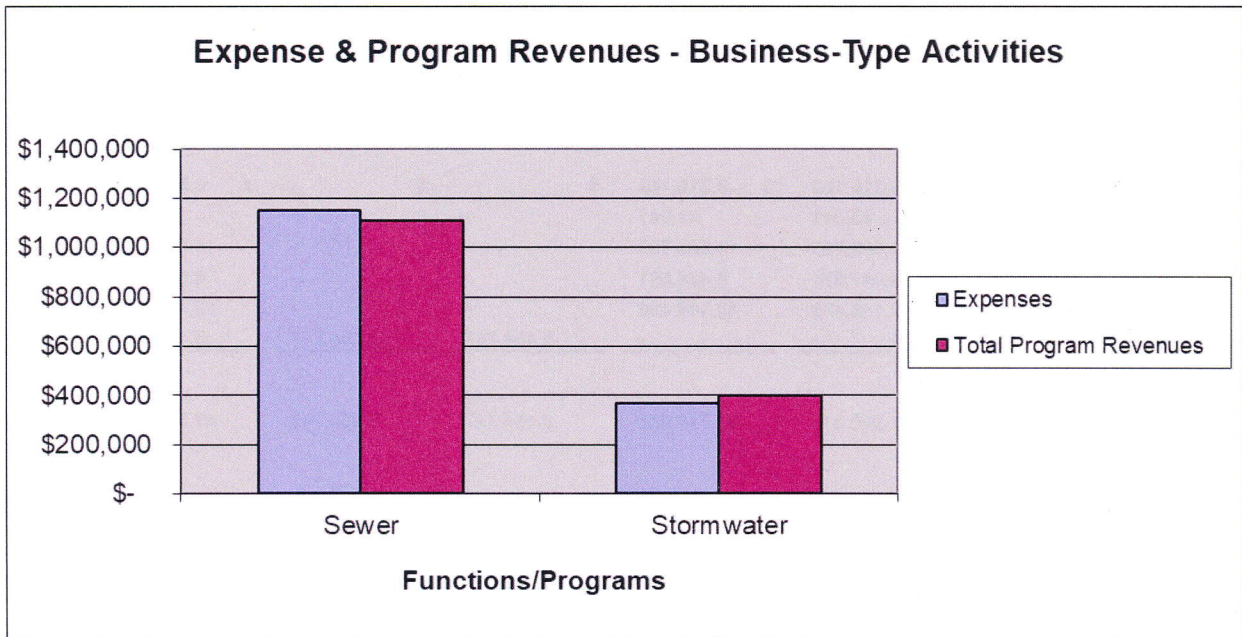
Fund balance of all other governmental funds is \$727,301. Of that amount, \$201,081 is nonspendable, \$702,448 is restricted for the recycling, library, library donations, library reciprocal borrowing, and garbage special revenue funds, \$62,549 is committed for police community relations, and (\$238,777) is unassigned.

Proprietary Funds

The City of St. Francis' proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

City of St. Francis

Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2024



General Fund Budgetary Highlights

The original General Fund budget had total appropriations of \$11,950,516 and the budget was not amended during the year.

Actual expenditures were \$9,760,905 as compared to the original budget of \$10,048,067 which is \$287,162 less than the budget. This was primarily due to favorable variances in public safety and public works.

Total revenues and other sources were \$10,587,702, which was \$539,635 more than the budget.

Capital Assets

At the end of 2024, the City had invested a total of \$31,487,167 in capital assets net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment and infrastructure. This investment does not include infrastructure acquired prior to 2004 which the City is not required to record.

**Table 3
Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
	Land	\$ 9,516,182	\$ 9,516,182	\$ -	\$ -	\$ 9,516,182
Intangibles	43,941	43,941	-	-	43,941	43,941
Buildings	14,565,723	14,565,723	-	-	14,565,723	14,565,723
Machinery and equipment	6,647,975	6,438,691	-	-	6,647,975	6,438,691
Infrastructure	12,146,496	12,146,496	-	-	12,146,496	12,146,496
Utility plant	-	-	5,464,747	5,264,747	5,464,747	5,264,747
Total capital assets	42,920,317	42,711,033	5,464,747	5,264,747	48,385,064	47,975,780
Less accumulated depreciation	(13,063,727)	(12,230,276)	(3,834,170)	(3,770,083)	(16,897,897)	(16,000,359)
Net capital assets	\$ 29,856,590	\$ 30,480,757	\$ 1,630,577	\$ 1,494,664	\$ 31,487,167	\$ 31,975,421

Additional information on the City's capital assets can be found in Note 3.

Long-Term Debt

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 village's jurisdiction. The debt limit as of December 31, 2024 was \$51,081,780. Total general obligation debt outstanding at year-end was \$20,435,481. Therefore, the City was at 40% of its legal debt limit.

Additional information on the City's long-term debt can be found in Note 3.

**Table 4
Long-Term Debt**

	Governmental Activities	
	2024	2023
General obligation debt	\$ 20,435,481	\$ 22,387,876

Currently Known Facts/Economic Conditions

All currently known facts and economic conditions were considered in preparing the 2025 City budget. None of these conditions are anticipated to change the overall financial position of the City.

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report, or need additional financial information, contact the City Clerk/Treasurer.

BASIC FINANCIAL STATEMENTS

City of St. Francis

Statement of Net Position

December 31, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 12,008,205	\$ 1,473,384	\$ 13,481,589
Receivables (net):			
Delinquent personal property taxes	40,404	-	40,404
Accounts	337,367	373,102	710,469
Special assessments	214,964	-	214,964
Taxes receivable	12,566,583	121,667	12,688,250
Prepaid items	566,949	-	566,949
Restricted assets			
Cash and investments	1,053	275,456	276,509
Assets held for resale	2,758,392	-	2,758,392
Capital assets:			
Land	9,516,182	-	9,516,182
Other capital assets, net of depreciation/amortization	20,340,408	1,630,577	21,970,985
	<u>58,350,507</u>	<u>3,874,186</u>	<u>62,224,693</u>
Total assets			
Deferred Outflows of Resources			
Pension related amounts	6,670,553	273,703	6,944,256
OPEB related amounts	3,517,133	155,299	3,672,432
	<u>10,187,686</u>	<u>429,002</u>	<u>10,616,688</u>
Total deferred outflows of resources			
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable and accrued liabilities	2,406,201	20,232	2,426,433
Deposits	120,283	-	120,283
Unearned revenues	222,829	-	222,829
Noncurrent liabilities:			
Due within one year	2,280,669	3,452	2,284,121
Due in more than one year	33,747,341	655,474	34,402,815
Net pension liability	738,617	34,861	773,478
	<u>39,515,940</u>	<u>714,019</u>	<u>40,229,959</u>
Total liabilities			
Deferred Inflows of Resources			
Unearned revenues	11,673,911	-	11,673,911
Pension related amounts	3,981,923	165,548	4,147,471
OPEB related amounts	5,129,620	232,766	5,362,386
	<u>20,785,454</u>	<u>398,314</u>	<u>21,183,768</u>
Total deferred inflows of resources			
Net Position			
Net investment in capital assets	11,680,670	1,630,577	13,311,247
Restricted for:			
Recycling and garbage	279,622	-	279,622
Asset forfeiture	1,053	-	1,053
Fire department donations	36,494	-	36,494
Debt service	3,572	-	3,572
Library	385,279	-	385,279
TID purposes	2,814,196	-	2,814,196
Equipment replacement	-	275,456	275,456
Unrestricted (deficit)	(6,964,087)	1,284,822	(5,679,265)
	<u>\$ 8,236,799</u>	<u>\$ 3,190,855</u>	<u>\$ 11,427,654</u>
Total net position			

See notes to financial statements

City of St. Francis

Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,865,481	\$ 128,830	\$ 8,500	\$ (1,728,151)	\$ -	\$ (1,728,151)
Public safety	7,372,932	800,815	56,358	(6,515,759)	-	(6,515,759)
Public works	2,320,176	752,908	768,656	(798,612)	-	(798,612)
Health and human services	137,060	-	-	(137,060)	-	(137,060)
Culture, education and recreation	824,741	14,166	75,697	(734,878)	-	(734,878)
Conservation and development	1,558,814	-	-	(1,558,814)	-	(1,558,814)
Interest and fiscal charges	535,440	-	-	(535,440)	-	(535,440)
Total governmental activities	14,614,644	1,696,719	909,211	(12,008,714)	-	(12,008,714)
Business-type activities:						
Sewer utility	1,148,074	1,109,008	-	-	(39,066)	(39,066)
Stormwater utility	367,170	397,877	-	-	30,707	30,707
Total business-type activities	1,515,244	1,506,885	-	-	(8,359)	(8,359)
Total	\$ 16,129,888	\$ 3,203,604	\$ 909,211	(12,008,714)	(8,359)	(12,017,073)
General Revenues						
Taxes:						
Property taxes, levied for general purposes				6,735,870	-	6,735,870
Property taxes, levied for TIF district				4,712,404	-	4,712,404
Other taxes				106,813	-	106,813
Intergovernmental revenues not restricted to specific programs				3,004,173	-	3,004,173
Public gifts and grants				34,751	-	34,751
Investment income				634,433	37,962	672,395
Miscellaneous				173,457	-	173,457
Total general revenues				15,401,901	37,962	15,439,863
Transfers				45,000	(45,000)	-
Change in net position				3,438,187	(15,397)	3,422,790
Net Position, Beginning				4,798,612	3,206,252	8,004,864
Net Position, Ending				\$ 8,236,799	\$ 3,190,855	\$ 11,427,654

See notes to financial statements

City of St. Francis

Governmental Funds -
Balance Sheet
December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets			
Cash and investments	\$ 3,692,464	\$ 295,681	\$ 639,276
Receivables (net):			
Taxes	6,238,192	584,193	395,876
Delinquent personal property taxes	40,404	-	-
Accounts	337,367	-	-
Special assessments	-	-	191,622
Prepaid items	204,552	-	161,316
Due from other funds	62,442	-	-
Advances to other funds	<u>2,724,285</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,299,706</u>	<u>\$ 879,874</u>	<u>\$ 1,388,090</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$ 323,150	\$ -	\$ 34,578
Accrued liabilities	1,276,042	-	-
Deposits	86,283	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,685,475</u>	<u>-</u>	<u>34,578</u>
Deferred Inflows of Resources			
Unearned revenues	5,345,520	584,193	395,876
Unavailable revenues	<u>-</u>	<u>-</u>	<u>191,622</u>
Total deferred inflows of resources	<u>5,345,520</u>	<u>584,193</u>	<u>587,498</u>
Fund Balances (Deficit)			
Nonspendable	2,969,241	-	161,316
Restricted	-	295,681	-
Committed	-	-	604,698
Assigned	19,810	-	-
Unassigned (deficit)	<u>3,279,660</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>6,268,711</u>	<u>295,681</u>	<u>766,014</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 13,299,706</u>	<u>\$ 879,874</u>	<u>\$ 1,388,090</u>

See notes to financial statements

Capital Projects			Nonmajor Governmental Funds	Total
TID No. 3	TID No. 4	TID No. 5		
\$ 862,981	\$ -	\$ 5,612,841	\$ 906,015	\$ 12,009,258
346,101	356,147	3,360,602	1,285,472	12,566,583
-	-	-	-	40,404
-	-	-	-	337,367
23,342	-	-	-	214,964
-	-	-	201,081	566,949
-	-	-	-	62,442
-	-	-	-	2,724,285
<u>\$ 1,232,424</u>	<u>\$ 356,147</u>	<u>\$ 8,973,443</u>	<u>\$ 2,392,568</u>	<u>\$ 28,522,252</u>
\$ -	\$ 56,420	\$ 279,086	\$ 118,019	\$ 811,253
-	-	-	26,798	1,302,840
-	-	34,000	-	120,283
-	50,293	-	12,149	62,442
-	-	-	222,829	222,829
2,724,285	-	-	-	2,724,285
<u>2,724,285</u>	<u>106,713</u>	<u>313,086</u>	<u>379,795</u>	<u>5,243,932</u>
346,101	356,147	3,360,602	1,285,472	11,673,911
23,342	-	-	-	214,964
<u>369,443</u>	<u>356,147</u>	<u>3,360,602</u>	<u>1,285,472</u>	<u>11,888,875</u>
-	-	-	201,081	3,331,638
-	-	5,299,755	702,448	6,297,884
-	-	-	62,549	667,247
-	-	-	-	19,810
(1,861,304)	(106,713)	-	(238,777)	1,072,866
<u>(1,861,304)</u>	<u>(106,713)</u>	<u>5,299,755</u>	<u>727,301</u>	<u>11,389,445</u>
<u>\$ 1,232,424</u>	<u>\$ 356,147</u>	<u>\$ 8,973,443</u>	<u>\$ 2,392,568</u>	<u>\$ 28,522,252</u>

See notes to financial statements

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City of St. Francis

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

Total Fund Balances, Governmental Funds \$ 11,389,445

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	9,516,182
Intangibles	43,941
Buildings	14,565,723
Machinery and equipment	6,647,975
Infrastructure	12,146,496
Less accumulated depreciation	(13,063,727)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 214,964

Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds. 6,670,553

Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds. (3,981,923)

Deferred outflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds. 3,517,133

Deferred inflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds. (5,129,620)

Assets held for resale 2,758,392

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(20,435,481)
Compensated absences	(764,001)
Accrued interest	(292,108)
Unamortized debt premium	(225,998)
Net pension liability	(738,617)
Other postemployment benefits	(14,602,530)

Net Position of Governmental Activities \$ 8,236,799

City of St. Francis

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues			
Taxes	\$ 5,127,362	\$ 578,543	\$ 404,162
Intergovernmental	3,574,051	-	3,750
Licenses and permits	260,856	-	-
Fines, forfeitures and penalties	203,404	-	-
Public charges for services	653,735	-	-
Special assessments	-	-	93,386
Investment income	643,626	-	70,155
Miscellaneous revenues	124,668	-	6,689
	<u>10,587,702</u>	<u>578,543</u>	<u>578,142</u>
Total revenues			
Expenditures			
Current:			
General government	1,554,216	-	-
Public safety	6,872,740	-	-
Public works	1,133,284	-	-
Health and human services	127,640	-	-
Culture, recreation and education	29,970	-	-
Conservation and development	43,055	-	-
Capital outlay	-	-	376,660
Debt service:			
Principal	-	510,000	-
Interest and fiscal charges	-	114,016	-
	<u>9,760,905</u>	<u>624,016</u>	<u>376,660</u>
Total expenditures			
Other Financing Sources			
Transfers in	-	45,000	-
	<u>-</u>	<u>45,000</u>	<u>-</u>
Total other financing sources			
Net change in fund balances	826,797	(473)	201,482
Fund Balances (Deficit), Beginning	<u>5,441,914</u>	<u>296,154</u>	<u>564,532</u>
Fund Balances (Deficit), Ending	<u>\$ 6,268,711</u>	<u>\$ 295,681</u>	<u>\$ 766,014</u>

See notes to financial statements

Capital Projects

TID No. 3	TID No. 4	TID No. 5	Nonmajor Governmental Funds	Total
\$ 363,184	\$ 507,878	\$ 3,841,342	\$ 1,022,406	\$ 11,844,877
-	29,420	35,781	254,708	3,897,710
-	-	-	-	260,856
-	-	-	-	203,404
-	-	-	226,754	880,489
-	-	-	-	93,386
-	-	-	209	713,990
-	6,327	21,976	32,807	192,467
<u>363,184</u>	<u>543,625</u>	<u>3,899,099</u>	<u>1,536,884</u>	<u>18,087,179</u>
-	-	-	-	1,554,216
-	-	-	34,471	6,907,211
-	-	-	632,358	1,765,642
-	-	-	-	127,640
-	-	-	704,573	734,543
1,500	123,037	1,017,177	-	1,184,769
-	88,896	311,260	145,554	922,370
170,000	175,000	1,097,395	-	1,952,395
147,236	35,593	428,433	-	725,278
<u>318,736</u>	<u>422,526</u>	<u>2,854,265</u>	<u>1,516,956</u>	<u>15,874,064</u>
-	-	-	-	45,000
-	-	-	-	45,000
44,448	121,099	1,044,834	19,928	2,258,115
<u>(1,905,752)</u>	<u>(227,812)</u>	<u>4,254,921</u>	<u>707,373</u>	<u>9,131,330</u>
<u>\$ (1,861,304)</u>	<u>\$ (106,713)</u>	<u>\$ 5,299,755</u>	<u>\$ 727,301</u>	<u>\$ 11,389,445</u>

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City of St. Francis

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 \$ 2,258,115

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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	922,370
Some items reported as capital outlay were not capitalized	(704,087)
Depreciation is reported in the government-wide financial statements	(840,753)
Net book value of assets retired	(1,697)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(51,362)
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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.	
Principal repaid	1,952,395

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. 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.	
Amortization	29,750

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.	
Compensated absences	(2,223)
Total and net OPEB liabilities	(759,332)
Accrued interest on debt	79,790
Net pension liability	1,830,095
Deferred outflows of resources related to pension	(3,036,867)
Deferred inflows of resources related to pension	1,447,937
Deferred outflows of resources related to OPEBs	1,168,757
Deferred inflows of resources related to OPEBs	(854,701)

Change in Net Position of Governmental Activities \$ 3,438,187

City of St. FrancisStatement of Net Position -
Proprietary Funds
December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Utility	Total
Assets			
Current assets:			
Cash and investments	\$ 408,495	\$ 1,064,889	\$ 1,473,384
Receivables:			
Taxes	99,156	22,511	121,667
Accounts	<u>279,691</u>	<u>93,411</u>	<u>373,102</u>
Total current assets	<u>787,342</u>	<u>1,180,811</u>	<u>1,968,153</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	275,456	-	275,456
Capital assets:			
Property and equipment	2,864,257	2,600,490	5,464,747
Less accumulated depreciation	<u>(2,370,512)</u>	<u>(1,463,658)</u>	<u>(3,834,170)</u>
Total noncurrent assets	<u>769,201</u>	<u>1,136,832</u>	<u>1,906,033</u>
Total assets	<u>1,556,543</u>	<u>2,317,643</u>	<u>3,874,186</u>
Deferred Outflows of Resources			
Pension related amounts	149,974	123,729	273,703
OPEB related amounts	<u>49,443</u>	<u>105,856</u>	<u>155,299</u>
Total deferred outflows of resources	<u>199,417</u>	<u>229,585</u>	<u>429,002</u>

See notes to financial statements

City of St. Francis

Statement of Net Position -
Proprietary Funds
December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Utility	Total
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 12,696	\$ 7,536	\$ 20,232
Current portion of compensated absences	1,415	2,037	3,452
Total current liabilities	<u>14,111</u>	<u>9,573</u>	<u>23,684</u>
Noncurrent liabilities:			
Long-term debt:			
Net pension liability	13,439	21,422	34,861
Compensated absences	2,535	3,647	6,182
Total OPEB liability	190,180	418,874	609,054
Net OPEB liability	<u>22,769</u>	<u>17,469</u>	<u>40,238</u>
Total noncurrent liabilities	<u>228,923</u>	<u>461,412</u>	<u>690,335</u>
Total liabilities	<u>243,034</u>	<u>470,985</u>	<u>714,019</u>
Deferred Inflows of Resources			
Pension related amounts	83,882	81,666	165,548
OPEB related amounts	<u>77,568</u>	<u>155,198</u>	<u>232,766</u>
Total deferred inflows of resources	<u>161,450</u>	<u>236,864</u>	<u>398,314</u>
Net Position			
Net investment in capital assets	493,745	1,136,832	1,630,577
Restricted for:			
Equipment replacement	275,456	-	275,456
Unrestricted	<u>582,275</u>	<u>702,547</u>	<u>1,284,822</u>
Total net position	<u>\$ 1,351,476</u>	<u>\$ 1,839,379</u>	<u>\$ 3,190,855</u>

City of St. Francis

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

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Utility	Total
Operating Revenues			
Charges for services	<u>\$ 1,109,008</u>	<u>\$ 397,877</u>	<u>\$ 1,506,885</u>
Total operating revenues	<u>1,109,008</u>	<u>397,877</u>	<u>1,506,885</u>
Operating Expenses			
Operation and maintenance	1,120,855	330,302	1,451,157
Depreciation expense	<u>27,219</u>	<u>36,868</u>	<u>64,087</u>
Total operating expenses	<u>1,148,074</u>	<u>367,170</u>	<u>1,515,244</u>
Operating income (loss)	<u>(39,066)</u>	<u>30,707</u>	<u>(8,359)</u>
Nonoperating Revenues			
Investment income	<u>37,962</u>	<u>-</u>	<u>37,962</u>
Transfers			
Transfers out	<u>(30,000)</u>	<u>(15,000)</u>	<u>(45,000)</u>
Change in net position	<u>(31,104)</u>	<u>15,707</u>	<u>(15,397)</u>
Net Position, Beginning	<u>1,382,580</u>	<u>1,823,672</u>	<u>3,206,252</u>
Net Position, Ending	<u>\$ 1,351,476</u>	<u>\$ 1,839,379</u>	<u>\$ 3,190,855</u>

See notes to financial statements

City of St. Francis

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Utility	Total
Cash Flows From Operating Activities			
Received from customers	\$ 930,450	\$ 371,219	\$ 1,301,669
Paid to suppliers for goods and services	(1,140,911)	(165,346)	(1,306,257)
Paid to employees for services	(199,061)	(153,204)	(352,265)
Net cash flows from operating activities	<u>(409,522)</u>	<u>52,669</u>	<u>(356,853)</u>
Cash Flows From Investing Activities			
Investment income	<u>37,962</u>	-	<u>37,962</u>
Cash Flows From Noncapital Financing Activities			
Transfers out	<u>(30,000)</u>	<u>(15,000)</u>	<u>(45,000)</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	<u>(200,000)</u>	-	<u>(200,000)</u>
Net change in cash and cash equivalents	(601,560)	37,669	(563,891)
Cash and Cash Equivalents, Beginning	<u>1,285,511</u>	<u>1,027,220</u>	<u>2,312,731</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 683,951</u></u>	<u><u>\$ 1,064,889</u></u>	<u><u>\$ 1,748,840</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	\$ (39,066)	\$ 30,707	\$ (8,359)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	27,219	36,868	64,087
Changes in assets and liabilities:			
Customer accounts receivable	(193,501)	(4,147)	(197,648)
Taxes receivable	14,943	(22,511)	(7,568)
Accounts payable	(188,618)	461	(188,157)
Compensated absences	(9,293)	(13,372)	(22,665)
Pension related amounts	(30,055)	4,595	(25,460)
Other postemployment benefits	8,849	20,068	28,917
Net cash flows from operating activities	<u><u>\$ (409,522)</u></u>	<u><u>\$ 52,669</u></u>	<u><u>\$ (356,853)</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds			
Cash and investments	\$ 408,495	\$ 1,064,889	\$ 1,473,384
Restricted cash and investments	<u>275,456</u>	-	<u>275,456</u>
Cash and cash equivalents	<u><u>\$ 683,951</u></u>	<u><u>\$ 1,064,889</u></u>	<u><u>\$ 1,748,840</u></u>

See notes to financial statements

City of St. Francis

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

	<u>Custodial Fund</u> <u>Tax Collection</u>
Assets	
Cash and investments	\$ 12,678,318
Total assets	<u>12,678,318</u>
Liabilities	
Due to other governments	<u>12,678,318</u>
Total liabilities	<u>12,678,318</u>
Net Position	
Total net position	<u>\$ -</u>

See notes to financial statements

City of St. Francis

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

	<u>Custodial Fund</u> <u>Tax Collection</u>
Additions	
Tax collections	\$ 11,535,186
Total additions	<u>11,535,186</u>
Deductions	
Property taxes distributed to other governments	<u>11,535,186</u>
Total deductions	<u>11,535,186</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

City of St. Francis

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December 31, 2024

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1. Summary of Significant Accounting Policies

The accounting policies of the City of St. Francis, 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.

Discretely Presented Component Unit

Community Development Authority of the City of St. Francis

The government-wide financial statements include the Community Development Authority of the City of St. Francis (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. The Community Development Authority of the City of St. Francis is part of the reporting entity of the City of St. Francis. However, the CDA had no financial transactions during 2024 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

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.

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.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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.

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, other than TID or enterprise debt.

Capital Projects Funds

Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvements program.

Tax Incremental District (TID) No. 3 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 4 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 5 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Enterprise Funds

The City reports the following major enterprise funds:

Sewer Utility accounts for operations of the Sewer system.

Stormwater Utility accounts for operations of the Stormwater system.

The City reports the following nonmajor governmental 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).

Recycling
Library
Library Donations
ARPA
Asset Forfeiture

Library Reciprocal Borrowing
Police Community Relations
Garbage
Fire Department Donations

In addition, the City reports the following fund type:

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 sewer and stormwater 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.

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 sewer and stormwater utilities 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 follows the state statute for allowable investments.

The City will minimize credit risk by limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603, approving by resolution the public depositories that are deemed appropriate for use under Wisconsin and Federal law and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual investor will be minimized. Investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer, industry or business sector, excluding U.S. Treasury obligations, investing in securities with varying maturities and continuously investing a portion of the investment portfolio in readily available funds such as local government investment pools, money market accounts.

The City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to see securities on the open market prior to maturity.

The City will minimize custodial credit risk by maintaining a list of public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services. Authorized public depositories which do not meet certain standards of capitalization, deposits, profitability and earnings and quality of assets shall fully collateralize all certificates of deposits or other time deposits of the City by obligations of the U.S. government or its agencies (if principal is guaranteed by the United States). The market value of the collateral shall at all times be equal to or exceed 102% of the principal amount of the time deposit.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2024, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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	May 31, 2025
Third installment due	July 31, 2024
Tax sale - 2024 delinquent real estate taxes	October 1, 2027

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 governmental-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.

Prepaid Items

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 general capital assets and \$10,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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	10-60 Years
Intangibles	5-10 Years
Machinery and equipment	3-40 Years
Utility system	75-85 Years
Infrastructure	30 Years

Lease assets are typically amortized over the lease term.

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.

Other Assets

Land reported as an expenditure in the fund statements is reclassified as asset held for resale in the government-wide financial statements. Asset held for resale is a type of inventory that is valued at the lower of cost or market.

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 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/amortization 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 City has a practice of authorizing the Council to assign amounts for a specific purpose. 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; and
- OPEB Expense (Revenue).

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

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the general fund, debt service, library, recycling, garbage special revenue funds, capital projects fund and TID No. 3, TID No. 4 and TID No. 5 capital projects funds. A budget has not been formally adopted for library donations, library reciprocal borrowing, ARPA, Fire Department Donations, Asset Forfeiture and the police community relations special revenue funds and the capital projects fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 623,543	\$ 624,016	\$ 473
Capital Projects, TID No. 4 Fund	402,099	422,526	20,427
Special Revenue Fund, Garbage	376,002	394,107	18,105

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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, TID No. 3	\$ (1,861,304)	Expenditures in excess of revenues
Capital Projects, TID No. 4	(106,713)	Expenditures in excess of revenues
Special Revenue, Garbage	(43,096)	Expenditures in excess of revenues

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. Special Revenue Garbage fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

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.

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 15,832,395	\$ 12,820,442	Custodial credit
LGIP	10,598,331	10,598,331	Credit
Petty cash	5,690	-	N/A
Total deposits and investments	<u>\$ 26,436,416</u>	<u>\$ 23,418,773</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 13,481,589		
Restricted cash and investments	276,509		
Per statement of net position, fiduciary fund:			
Cash and investments	<u>12,678,318</u>		
Total deposits and investments	<u>\$ 26,436,416</u>		

City of St. Francis

Notes to Financial Statements
December 31, 2024

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 maintains collateral agreements with its banks. At December 31, 2024, the banks had pledged various government securities in the amount of \$17,463,559 to secure the City's deposits.

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.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

Receivables

Receivables as of year-end for the government's individual major funds, nonmajor funds and fiduciary funds are detailed on the governmental funds balance sheet, proprietary funds statement of net position and fiduciary funds statement of net position. The General Fund has an allowance for uncollectible accounts in the amount of \$243,979. All amounts are expected to be collected within one year except for \$40,404 of delinquent personal property taxes reported in the General Fund and \$191,621 and \$23,342 of special assessments reported in the Capital Projects Fund and Capital Projects Fund - TID No. 3.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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	\$ 11,673,911	\$ -
ARPA funds	222,829	-
Special assessments not yet due	-	<u>214,964</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 11,896,740</u>	<u>\$ 214,964</u>
Unearned revenue included in liabilities	\$ 222,829	
Unearned revenue included in deferred inflows	<u>11,673,911</u>	
Total unearned revenue for governmental funds	<u>\$ 11,896,740</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Asset Forfeiture

The City established a special revenue fund to restrict cash for asset forfeiture.

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

	<u>Restricted Assets</u>
Equipment replacement account	\$ 275,456
Asset forfeiture	<u>1,053</u>
Total	<u>\$ 276,509</u>

City of St. Francis

Notes to Financial Statements
December 31, 2024

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,516,182	\$ -	\$ -	\$ 9,516,182
Total capital assets not being depreciated	<u>9,516,182</u>	<u>-</u>	<u>-</u>	<u>9,516,182</u>
Capital assets being depreciated/amortized:				
Intangibles	43,941	-	-	43,941
Building and improvements	14,565,723	-	-	14,565,723
Machinery and equipment	6,438,691	218,283	8,999	6,647,975
Infrastructure	12,146,496	-	-	12,146,496
Total capital assets being depreciated/amortized	<u>33,194,851</u>	<u>218,283</u>	<u>8,999</u>	<u>33,404,135</u>
Total capital assets	<u>42,711,033</u>	<u>218,283</u>	<u>8,999</u>	<u>42,920,317</u>
Less accumulated depreciation/amortization for:				
Intangibles	(43,941)	-	-	(43,941)
Building and improvements	(4,709,947)	(289,203)	-	(4,999,150)
Machinery and equipment	(4,004,996)	(237,145)	7,302	(4,234,839)
Infrastructure	(3,471,392)	(314,405)	-	(3,785,797)
Total accumulated depreciation/amortization	<u>(12,230,276)</u>	<u>(840,753)</u>	<u>7,302</u>	<u>(13,063,727)</u>
Net capital assets being depreciated/amortized	<u>20,964,575</u>	<u>(622,470)</u>	<u>1,697</u>	<u>20,340,408</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 30,480,757</u>	<u>\$ (622,470)</u>	<u>\$ 1,697</u>	<u>\$ 29,856,590</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 225,130
Public safety	155,822
Public works	394,418
Culture, education and recreation	64,415
Health and human services	968
Total governmental activities depreciation expense	<u>\$ 840,753</u>

City of St. Francis

Notes to Financial Statements
December 31, 2024

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets being depreciated:				
Sewer mains	\$ 2,664,257	\$ 200,000	\$ -	\$ 2,864,257
Stormwater mains	2,600,490	-	-	2,600,490
Total capital assets being depreciated	<u>5,264,747</u>	<u>200,000</u>	<u>-</u>	<u>5,464,747</u>
Less accumulated depreciation for:				
Sewer mains	(2,343,293)	(27,219)	-	(2,370,512)
Stormwater mains	(1,426,790)	(36,868)	-	(1,463,658)
Total accumulated depreciation	<u>(3,770,083)</u>	<u>(64,087)</u>	<u>-</u>	<u>(3,834,170)</u>
Net capital assets being depreciated	<u>1,494,664</u>	<u>135,913</u>	<u>-</u>	<u>1,630,577</u>
Business-type activities capital assets, net as reported in the statement of net position	<u>\$ 1,494,664</u>	<u>\$ 135,913</u>	<u>\$ -</u>	<u>\$ 1,630,577</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Sewer	\$ 27,219
Stormwater	<u>36,868</u>
Total business-type activities depreciation expense	<u>\$ 64,087</u>

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:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund, TID No. 4	\$ 50,293
General Fund	Special Revenue Fund, Garbage	<u>12,149</u>
Total, fund financial statements		62,442
Less fund eliminations		<u>(62,442)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

All amounts are due within one year.

City of St. Francis

Notes to Financial Statements
December 31, 2024

Advances

The general fund is advancing funds to Capital Projects Fund - TID No. 3. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the TID interest on the advance based on the average outstanding advance balance during the year at a rate of 3%. No repayment schedule has been established.

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	Capital Projects Fund, TID No. 3	\$ 2,724,285	\$ 2,724,285
Total, fund financial statements		2,724,285	
Less fund eliminations		<u>(2,724,285)</u>	
Total, interfund advances, government-wide statement of net position		<u><u>\$ -</u></u>	

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Debt Service Fund	Stormwater Utility	\$ 15,000
Debt Service Fund	Sewer Utility	<u>30,000</u>
Total, fund financial statements		<u><u>\$ 45,000</u></u>

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

City of St. Francis

Notes to Financial Statements
December 31, 2024

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 debt	\$ 15,485,000	\$ -	\$ 1,305,000	\$ 14,180,000	\$ 1,335,000
General obligation notes from direct borrowings and direct placements (Discounts)/Premiums	6,902,876	-	647,395	6,255,481	735,582
	255,748	-	29,750	225,998	-
Total bonds and notes payable	<u>22,643,624</u>	<u>-</u>	<u>1,982,145</u>	<u>20,661,479</u>	<u>2,070,582</u>
Other liabilities:					
Compensated absences*	761,778	2,223	-	764,001	210,087
Total OPEB liability	13,577,805	697,454	-	14,275,259	-
Net OPEB liability, LRLIF	265,393	61,878	-	327,271	-
Net pension liability, WRS	2,568,712	-	1,830,095	738,617	-
Total other liabilities	<u>17,173,688</u>	<u>761,555</u>	<u>1,830,095</u>	<u>16,105,148</u>	<u>210,087</u>
Total governmental activities long-term liabilities	<u>\$ 39,817,312</u>	<u>\$ 761,555</u>	<u>\$ 3,812,240</u>	<u>\$ 36,766,627</u>	<u>\$ 2,280,669</u>
Business-Type Activities					
Other liabilities:					
Compensated absences*	\$ 32,299	\$ -	\$ 22,665	\$ 9,634	\$ 3,452
Total OPEB liability	579,297	29,757	-	609,054	-
Net OPEB liability, LRLIF	41,078	-	840	40,238	-
Net pension liability, WRS	130,686	-	95,825	34,861	-
Total other liabilities	<u>783,360</u>	<u>29,757</u>	<u>119,330</u>	<u>693,787</u>	<u>3,452</u>
Total business-type activities long-term liabilities	<u>\$ 783,360</u>	<u>\$ 29,757</u>	<u>\$ 119,330</u>	<u>\$ 693,787</u>	<u>\$ 3,452</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 \$51,081,780. Total general obligation debt outstanding at year end was \$20,435,481.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2024</u>
General Obligation Debt					
G.O. Bonds	02/26/13	02/01/33	2.00-2.65%	\$ 5,995,000	\$ 4,270,000
Refunding G.O. Bonds	11/29/16	03/01/34	1.35-3.40	3,120,000	2,030,000
State Trust Fund Loan, direct	07/07/21	03/15/31	3.00	3,560,000	2,576,619
Taxable G.O. Bonds	03/22/21	03/01/36	1.55-2.1	9,815,000	7,880,000
State Trust Fund Loan, direct	10/17/22	03/15/32	4.00	4,000,000	<u>3,678,862</u>
Total governmental activities, general obligation debt					<u>\$ 20,435,481</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,335,000	\$ 303,740
2026	1,355,000	274,845
2027	1,390,000	244,900
2028	1,440,000	213,560
2029	1,320,000	183,935
2030-2034	6,305,000	461,891
2035-2036	<u>1,035,000</u>	<u>21,659</u>
Total	<u>\$ 14,180,000</u>	<u>\$ 1,704,530</u>

<u>Years</u>	<u>Governmental Activities Notes From Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 735,582	\$ 224,453
2026	761,643	198,393
2027	788,645	171,391
2028	816,230	143,805
2029	845,599	114,437
2030-2032	<u>2,307,782</u>	<u>158,740</u>
Total	<u>\$ 6,255,481</u>	<u>\$ 1,011,219</u>

Other Debt Information

Estimated payments of other postemployment benefits and pension liabilities are not included in the debt service requirement schedules. The other post employment benefit and pension liabilities attributable to governmental activities will be liquidated primarily by the general fund.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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	\$ 9,516,182
Other capital assets, net of accumulated depreciation/amortization	20,340,408
Less long-term debt outstanding	(20,435,481)
Plus unspent capital related debt proceeds	2,485,559
Less unamortized debt premium	<u>(225,998)</u>
Total net investment in capital assets	<u>\$ 11,680,670</u>

City of St. Francis

Notes to Financial Statements
December 31, 2024

Governmental Funds

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

	General	Debt Service	Capital Projects	Capital Projects - TID No. 3	Capital Projects - TID No. 4	Capital Projects - TID No. 5	Nonmajor Governmental Funds	Total
Fund Balances								
Nonspendable:								
Prepaid items	\$ 204,552	\$ -	\$ 161,316	\$ -	\$ -	\$ -	\$ 201,081	\$ 566,949
Delinquent personal property taxes	40,404	-	-	-	-	-	-	40,404
Receivables and advances	<u>2,724,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,724,285</u>
Subtotal	<u>2,969,241</u>	<u>-</u>	<u>161,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,081</u>	<u>3,331,638</u>
Restricted for:								
Recycling	-	-	-	-	-	-	279,622	279,622
Library	-	-	-	-	-	-	385,279	385,279
Debt service	-	295,681	-	-	-	-	-	295,681
TID activities	-	-	-	-	-	5,299,755	-	5,299,755
Fire department donations	-	-	-	-	-	-	36,494	36,494
Asset forfeiture	-	-	-	-	-	-	1,053	1,053
Subtotal	<u>-</u>	<u>295,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,299,755</u>	<u>702,448</u>	<u>6,297,884</u>
Committed to:								
Capital projects	-	-	604,698	-	-	-	-	604,698
Police community relations	-	-	-	-	-	-	62,549	62,549
Subtotal	<u>-</u>	<u>-</u>	<u>604,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,549</u>	<u>667,247</u>
Assigned to:								
EMS Fund	5,383	-	-	-	-	-	-	5,383
Police Evidence Fund	5,907	-	-	-	-	-	-	5,907
Fire Dept CPR	<u>8,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,520</u>
Subtotal	<u>19,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,810</u>
Unassigned (Deficit)								
	<u>3,279,660</u>	<u>-</u>	<u>-</u>	<u>(1,861,304)</u>	<u>(106,713)</u>	<u>-</u>	<u>(238,777)</u>	<u>1,072,866</u>
Total fund balances (deficit)	<u>\$6,268,711</u>	<u>\$295,681</u>	<u>\$ 766,014</u>	<u>\$ (1,861,304)</u>	<u>\$ (106,713)</u>	<u>\$5,299,755</u>	<u>\$ 727,301</u>	<u>\$ 11,389,445</u>

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 12/31/2016) 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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	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 \$703,924 in contributions from the City.

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

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
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 \$773,478 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 0.05202282%, which was an increase of 0.00106870% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$467,197.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 3,118,657	\$ 4,130,680
Changes in assumptions	337,137	-
Net differences between projected and actual earnings on pension plan investments	2,695,446	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,079	16,791
Employer contributions subsequent to the measurement date	<u>790,937</u>	<u>-</u>
Total	<u>\$ 6,944,256</u>	<u>\$ 4,147,471</u>

\$790,937 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 ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2025	\$ 409,109
2026	429,132
2027	1,687,620
2028	(520,013)

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.

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* as of December 31, 2023

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage***	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

** New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%

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

Single Discount Rate

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

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,476,042	\$ 773,478	\$ (3,916,589)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

City of St. Francis

Notes to Financial Statements
December 31, 2024

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

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of December 31, 2024. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

TID No. 3 Guaranteed Revenue

The City has entered into a development agreement with Asset Control, LLC relating to TID No. 3. The agreement guarantees that Asset Control, LLC will receive a payment equal to 80% of the tax increment revenue generated by the improved property, beginning in 2007 (or the first year of the increment increases) and ending in 2017 (or the 10th year after the tax increment revenue from the project was received by the City). Payments began during the year ended December 31, 2012. The payment made during 2024 was \$0 and cumulative payments totaled \$38,829.

TID No. 5 Developer Agreements

The CDA, a component unit of the City, has entered into an agreement with a developer relating to TID No. 5. The agreement states that the CDA will reimburse the developer for an amount not to exceed 27.5% of the \$9 million of value increment assigned to the TID. The CDA will continue reimbursing the developer until one of the following occur: the CDA pays 27.5% of \$9 million, the City terminates TID No. 5, the property becomes exempt from taxation, any termination or diminution of the tenant's occupancy of the property, the property fails to generate positive tax increment or the developer defaults on any of its obligation under the development agreement. The developer guarantees to maintain at least a minimum equalized value as specified in the agreement. No payments have been made as of December 31, 2024.

The City has entered into a developer agreement with Bear St. Francis 1, LLC relating to TID No. 5. The agreement states the City will provide the Developer with a loan totaling \$7.1 million disbursed in 11 installments related to developer having obtained occupancy permits for the apartment buildings. Payments made during 2024 totaled \$0.

Joint Ventures

Milwaukee Area Domestic Animal Control Commission

The City is a member of the Milwaukee Area Domestic Animal Control Commission (MADACC) along with 18 other communities within Milwaukee County. MADACC was created by an agreement signed in 1997 pursuant to the provisions of Section 66.0301 of the Wisconsin Statutes. MADACC was established to provide a jointly-operated animal control services facility for dogs and cats. MADACC is governed by a 19-member board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 1997, MADACC borrowed \$2.5 million at 4.40-5.00% due annually from 1998 through 2013, for the purchase of land and the construction of the facility. The City's share of operations in 2024 was \$16,004, which is accounted for in the general fund. The City does not have an equity interest in MADACC.

City of St. Francis

Notes to Financial Statements
December 31, 2024

Other Postemployment Benefits

The City administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for up to 12 years for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members.

General Information about the OPEB Plan

Plan Description

The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the monthly health insurance contribution on behalf of the retiree as determined at the time of retirement. The City contributes approximately 80% of the current year premiums for a family and a single plan for the eligible retired plan members and their spouses. Plan members receiving benefits contribute approximately 20% of their premium costs for a family plan and a single plan.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	20
Active plan members	<u>62</u>
Total	<u><u>82</u></u>

Total OPEB Liability

The City's total OPEB liability of \$14,884,313 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2024.

Actuarial Assumptions and Other Inputs

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

Inflation	2.63
Salary increases	2.67
Healthcare cost trend rates	9.0% ultimately decreasing to 4.7%
Discount Rate	4.08

Mortality rates were based on the RP-2014 Mortality Table projected to 2021 with Scale BB.

City of St. Francis

Notes to Financial Statements
December 31, 2024

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study 2018-2024.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2023	\$ 14,157,102
Changes for the year:	
Service cost	574,486
Interest	480,250
Differences between expected and actual experience	163,940
Benefit payments	<u>(491,465)</u>
Net changes	<u>727,211</u>
Balances at December 31, 2024	<u>\$ 14,884,313</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 16,853,508	\$ 14,884,313	\$ 13,250,015

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0% decreasing to 3.7%) or 1-percentage-point higher (10.0% decreasing to 5.7%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 13,553,655	\$ 14,884,313	\$ 16,462,050

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$932,115. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,856,620	\$ 1,119,899
Changes of assumptions or other inputs	<u>1,682,280</u>	<u>4,034,831</u>
Total	<u>\$ 3,538,900</u>	<u>\$ 5,154,730</u>

City of St. Francis

Notes to Financial Statements
December 31, 2024

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

Years Ending December 31:	Amount
2025	\$ (122,624)
2026	8,970
2027	(223,734)
2028	(223,729)
2029	(376,604)
Thereafter	(678,109)
Total	<u>\$ (1,615,830)</u>

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

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 Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits Provided

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

Contributions

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

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

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

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of member contribution
25% Postretirement Coverage	20% of member contribution

City of St. Francis

Notes to Financial Statements
December 31, 2024

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

Life Insurance Member Contribution Rates* for the Plan Year

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

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

During the reporting period, the LRLIF recognized \$1,627 in contributions from the employer.

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

At December 31, 2024, the City reported a liability of \$367,509 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.07988200%, which was an decrease of 0.00056000% from its proportion measured as of December 31, 2022.

City of St. Francis

Notes to Financial Statements
December 31, 2024

For the year ended December 31, 2024, the City recognized OPEB expense (revenue) of \$16,946.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 32,525
Net differences between projected and actual earnings on plan investments	4,964	-
Changes in actuarial assumptions	114,960	144,718
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,483	30,413
Employer contributions subsequent to the measurement date	<u>10,125</u>	<u>-</u>
Total	<u>\$ 133,532</u>	<u>\$ 207,656</u>

\$10,125 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2025	\$ (13,061)
2026	(5,744)
2027	(17,210)
2028	(26,609)
2029	(25,503)
Thereafter	(3,878)

City of St. Francis

Notes to Financial Statements

December 31, 2024

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018-December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10%-5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO 20-Bond Municipal index

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

Long-Term Expected Return on Plan Assets

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

**State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2023**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Intern Credit	40.00%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60.00	2.52
Inflation			2.30
Long-Term Expected Rate of Return			4.25

Single Discount Rate

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

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.32%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32%) or 1-percentage-point higher (4.32%) than the current rate:

	<u>1% Decrease to Discount Rate (2.32%)</u>	<u>Current Discount Rate (3.32%)</u>	<u>1% Increase to Discount Rate (4.32%)</u>
City's proportionate share of the net OPEB liability (asset)	\$ 493,800	\$ 367,509	\$ 271,109

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Francis

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
 General Fund
 Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
General property taxes	\$ 5,106,761	\$ 5,106,761	\$ -
Interest and penalties on taxes	40,000	20,601	(19,399)
Payments in lieu of taxes	8,000	-	(8,000)
	<u>5,154,761</u>	<u>5,127,362</u>	<u>(27,399)</u>
Total taxes			
Intergovernmental			
State shared revenues	2,737,078	2,759,828	22,750
Fire insurance tax (2% fire dues)	29,500	49,129	19,629
Other state shared taxes	10,000	13,739	3,739
State aid, law enforcement improvement	10,000	3,479	(6,521)
State aid, other public safety	12,900	-	(12,900)
State aid, general transportation aids	572,531	572,616	85
State aid, other highway aid	59,099	69,197	10,098
Other state payments	25,000	20,000	(5,000)
County aid, Milwaukee County	40,000	86,063	46,063
	<u>3,496,108</u>	<u>3,574,051</u>	<u>77,943</u>
Total intergovernmental			
Licenses and Permits			
Liquor and malt beverage licenses	13,000	12,640	(360)
Operators' license	3,000	3,030	30
Cigarette licenses	500	600	100
Vending machine tags	-	3,400	3,400
Amusement device licenses	5,000	2,000	(3,000)
Sundry licenses	1,000	1,530	530
Cable television franchise fees	90,000	81,992	(8,008)
Alarm licenses	375	-	(375)
Bicycle licenses	30	18	(12)
Dog and cat licenses	2,700	2,784	84
Peddlers permits	100	570	470
Building permits	120,000	80,174	(39,826)
Electrical permits	30,000	24,395	(5,605)
Plumbing permits	30,000	12,604	(17,396)
Dance hall permits	175	110	(65)
Street excavation/hauling permits	10,000	3,570	(6,430)
Parking permits	35,000	29,724	(5,276)
Sundry permits	300	1,715	1,415
	<u>341,180</u>	<u>260,856</u>	<u>(80,324)</u>
Total licenses and permits			
Fines, Forfeitures and Penalties			
Law and ordinance violations	272,000	203,404	(68,596)

See notes to required supplementary information

City of St. Francis

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Charges for Services			
Clerk's fees	\$ 7,000	\$ 12,304	\$ 5,304
Publication fees	400	140	(260)
Photocopies	1,000	1,172	172
Public safety	2,400	2,915	515
Law enforcement fees	30,000	54,260	24,260
Ambulance fees	424,121	540,236	116,115
County highway maintenance and construction	1,500	37,573	36,073
Culture, recreation and education	2,500	40	(2,460)
Park rental	5,000	4,875	(125)
Refuse and garbage collection	500	170	(330)
Weed and nuisance control	15,000	50	(14,950)
	<u>489,421</u>	<u>653,735</u>	<u>164,314</u>
Investment Income			
Interest on investments	<u>206,397</u>	<u>643,626</u>	<u>437,229</u>
Miscellaneous Revenues			
Workers comp/witness fees	1,000	20,532	19,532
Insurance dividends	-	32,988	32,988
Rent	84,200	65,593	(18,607)
Other miscellaneous	<u>3,000</u>	<u>5,555</u>	<u>2,555</u>
	<u>88,200</u>	<u>124,668</u>	<u>36,468</u>
	<u>10,048,067</u>	<u>10,587,702</u>	<u>539,635</u>
Expenditures			
General Government			
Common council	85,802	92,035	(6,233)
Municipal court	94,514	77,791	16,723
Attorney	140,000	209,122	(69,122)
Mayor	20,258	18,881	1,377
Administrator	118,318	107,563	10,755
Clerk/treasurer	190,228	175,339	14,889
Property taxes	2,000	1,049	951
Elections	17,600	16,757	843
Data processing	72,100	126,688	(54,588)
General administration	133,174	137,282	(4,108)
Treasury	-	60	(60)
Audit	32,000	23,582	8,418
Custodian/civic center	278,471	249,086	29,385
Insurance	258,188	268,749	(10,561)
Assessor	49,000	50,232	(1,232)
Contingency	<u>40,000</u>	<u>-</u>	<u>40,000</u>
	<u>1,531,653</u>	<u>1,554,216</u>	<u>(22,563)</u>
Public Safety			
Police	4,169,698	4,034,950	134,748
Fire protection	2,852,652	2,795,426	57,226
Ambulance	200	-	200
Building inspection	30,913	39,096	(8,183)
Sealer of weights and measures	3,143	2,989	154
Emergency government	<u>200</u>	<u>279</u>	<u>(79)</u>
	<u>7,056,806</u>	<u>6,872,740</u>	<u>184,066</u>

See notes to required supplementary information

City of St. Francis

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
 General Fund
 Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Works			
Engineering	\$ 100,000	\$ 114,222	\$ (14,222)
Traffic control	16,000	34,253	(18,253)
Highway and street maintenance for local	723,217	608,903	114,314
Snow and ice control	80,000	56,717	23,283
Bridges, culverts and rivers	100	-	100
Garages and sheds	59,100	62,543	(3,443)
City mechanic	63,526	51,193	12,333
Street lighting	190,000	197,415	(7,415)
Refuse and garbage collection	31,000	8,038	22,962
	<u>1,262,943</u>	<u>1,133,284</u>	<u>129,659</u>
Health and Human Services			
Public health services	107,440	111,636	(4,196)
Animal control	14,575	16,004	(1,429)
	<u>122,015</u>	<u>127,640</u>	<u>(5,625)</u>
Culture, Education and Recreation			
Parks	20,500	10,358	10,142
Recreation programs and events	17,700	19,612	(1,912)
	<u>38,200</u>	<u>29,970</u>	<u>8,230</u>
Conservation and Development			
Zoning	950	726	224
Industrial development	500	15	485
Other conservation and development	35,000	42,314	(7,314)
	<u>36,450</u>	<u>43,055</u>	<u>(6,605)</u>
Total conservation and development	<u>36,450</u>	<u>43,055</u>	<u>(6,605)</u>
Total expenditures	<u>10,048,067</u>	<u>9,760,905</u>	<u>287,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>826,797</u>	<u>826,797</u>
Net change in fund balance	<u>\$ -</u>	<u>826,797</u>	<u>\$ 826,797</u>
Fund Balance, Beginning		<u>5,441,914</u>	
Fund Balance, Ending		<u>\$ 6,268,711</u>	

See notes to required supplementary information

City of St. Francis

Schedule of Changes in the Total OPEB Liability and Related Ratios -

Health Insurance

Year Ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 574,486	\$ 799,965	\$ 638,857	\$ 535,143	\$ 479,953	\$ 406,038	\$ 450,198
Interest	480,250	497,593	359,591	351,163	406,726	503,690	441,133
Prior year adjustment						(863,939)	-
Difference between expected and actual experience	1,904,622	(46,271)	(1,425,306)	85,661	199,831	(137,262)	-
Changes in assumptions	(1,740,682)	765,362	(3,371,747)	47,498	1,176,031	1,998,880	-
Benefit payments	(491,465)	(435,747)	(442,218)	(389,361)	(385,695)	(340,368)	(484,563)
Net change in total OPEB liability	727,211	1,580,902	(4,240,823)	630,104	1,876,846	1,567,039	406,768
Total OPEB Liability, Beginning	<u>14,157,102</u>	<u>12,576,200</u>	<u>16,817,023</u>	<u>16,186,919</u>	<u>14,310,073</u>	<u>12,743,034</u>	<u>12,336,266</u>
Total OPEB Liability, Ending	<u>\$ 14,884,313</u>	<u>\$ 14,157,102</u>	<u>\$ 12,576,200</u>	<u>\$ 16,817,023</u>	<u>\$ 16,186,919</u>	<u>\$ 14,310,073</u>	<u>\$ 12,743,034</u>
Covered-Employee Payroll	\$ 5,544,349	\$ 5,472,416	\$ 5,330,102	\$ 5,105,416	\$ 4,972,646	\$ 4,150,517	\$ 4,150,517
Total OPEB Liability as a Percentage of Covered-Employee Payroll	268.46 %	258.70 %	235.95 %	329.40 %	325.52 %	344.78 %	307.02 %

Notes to Schedule:

The City implemented GASB Statements No. 75 in 2018. Information prior to 2018 is not available.

City of St. Francis

Schedule of Proportionate Share of the Net OPEB Liability -
 Wisconsin Life Insurance Plan
 Year Ended December 31, 2024

ETF Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage OPEB Liability
12/31/17	0.10105300 %	\$ 304,026	\$ 4,249,568	7.15 %	44.81 %
12/31/18	0.09395700 %	242,441	4,480,000	5.41 %	48.69 %
12/31/19	0.08653300 %	368,474	4,454,000	8.27 %	37.58 %
12/31/20	0.08297500 %	456,422	4,313,000	10.58 %	31.36 %
12/31/21	0.08450600 %	499,462	4,649,000	10.74 %	29.57 %
12/31/22	0.08044200 %	306,470	4,793,000	6.39 %	38.81 %
12/31/23	0.07988200 %	367,509	4,953,000	7.42 %	33.90 %

Schedule of Employer Contributions - Wisconsin Life Insurance Plan
 Year Ended December 31, 2024

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 16,321	\$ 16,321	\$ -	\$ 4,480,000	0.36 %
12/31/19	10,234	10,234	-	4,822,550	0.21 %
12/31/20	9,003	9,003	-	4,892,774	0.18 %
12/31/21	10,826	10,826	-	5,153,896	0.21 %
12/31/22	8,714	8,714	-	5,348,947	0.16 %
12/31/23	10,540	10,540	-	5,546,131	0.19 %
12/31/24	10,125	10,125	-	5,707,632	0.18 %

See notes to required supplementary information

City of St. Francis

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2024

WRS Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Liability
12/31/14	0.05068276 %	\$ (1,244,907)	\$ 5,028,033	24.76 %	102.74 %
12/31/15	0.05089090 %	826,967	5,103,921	16.20 %	98.20 %
12/31/16	0.04965754 %	409,297	4,675,875	8.75 %	99.12 %
12/31/17	0.04951798 %	(1,470,247)	4,811,050	30.56 %	102.93 %
12/31/18	0.04929048 %	1,753,600	4,853,074	36.13 %	96.45 %
12/31/19	0.05004019 %	(1,613,524)	4,822,550	33.46 %	102.96 %
12/31/20	0.04989726 %	(3,115,155)	4,892,774	63.67 %	105.26 %
12/31/21	0.05008580 %	(4,037,007)	5,153,896	78.48 %	106.02 %
12/31/22	0.05095412 %	2,699,398	5,348,947	50.47%	95.72%
12/31/23	0.05202282 %	773,478	5,546,131	13.95%	98.85%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2024

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 556,246	\$ 556,246	\$ -	\$ 5,103,921	10.90 %
12/31/16	474,958	474,958	-	4,675,875	10.16 %
12/31/17	565,571	565,571	-	4,811,050	11.76 %
12/31/18	580,333	580,333	-	4,853,074	11.96 %
12/31/19	562,134	562,134	-	4,822,550	11.66 %
12/31/20	594,507	594,507	-	4,892,774	12.15 %
12/31/21	620,991	620,991	-	5,153,896	12.05 %
12/31/22	640,904	640,904	-	5,348,947	11.98 %
12/31/23	717,226	717,226	-	5,546,131	12.93 %
12/31/24	790,937	790,937	-	5,707,632	13.86 %

See notes to required supplementary information

City of St. Francis

Notes to Required Supplementary Information
Year Ended December 31, 2024

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

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

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

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

City of St. Francis

Notes to Required Supplementary Information
Year Ended December 31, 2024

Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

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

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

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

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

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

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

Other Postemployment Benefits - Health

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

Changes in benefit terms. There were no changes of benefit terms.

Changes in assumptions. The discount rate changed from 3.26% to 4.08%, the inflation rate changed from 1.81% to 2.63%.

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SUPPLEMENTARY INFORMATION

City of St. Francis

Combining Balance Sheet -
 Nonmajor Governmental Funds
 December 31, 2024

	<u>Special Revenue Funds</u>				
	<u>Recycling</u>	<u>Library</u>	<u>Library Donations</u>	<u>Library Reciprocal Borrowing</u>	<u>Police Community Relations</u>
Assets					
Cash and investments	\$ 292,770	\$ 87,320	\$ 40,089	\$ 299,356	\$ 62,549
Receivables:					
Tax roll receivable	229,860	670,210	-	-	-
Prepaid items	<u>-</u>	<u>5,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 522,630</u>	<u>\$ 762,930</u>	<u>\$ 40,089</u>	<u>\$ 299,356</u>	<u>\$ 62,549</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 12,493	\$ 11,915	\$ -	\$ 3,428	\$ -
Accrued liabilities	655	26,143	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,148</u>	<u>38,058</u>	<u>-</u>	<u>3,428</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenues	<u>229,860</u>	<u>670,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>229,860</u>	<u>670,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)					
Nonspendable	-	5,400	-	-	-
Restricted	279,622	49,262	40,089	295,928	-
Committed	-	-	-	-	62,549
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>279,622</u>	<u>54,662</u>	<u>40,089</u>	<u>295,928</u>	<u>62,549</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 522,630</u>	<u>\$ 762,930</u>	<u>\$ 40,089</u>	<u>\$ 299,356</u>	<u>\$ 62,549</u>

Special Revenue Funds

<u>Garbage</u>	<u>ARPA Fund</u>	<u>Fire Department Donations</u>	<u>Asset Forfeiture</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 86,384	\$ 36,494	\$ 1,053	\$ 906,015
385,402	-	-	-	1,285,472
-	195,681	-	-	201,081
<u>\$ 385,402</u>	<u>\$ 282,065</u>	<u>\$ 36,494</u>	<u>\$ 1,053</u>	<u>\$ 2,392,568</u>
\$ 30,947	\$ 59,236	\$ -	\$ -	\$ 118,019
-	-	-	-	26,798
12,149	-	-	-	12,149
-	222,829	-	-	222,829
<u>43,096</u>	<u>282,065</u>	<u>-</u>	<u>-</u>	<u>379,795</u>
<u>385,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,472</u>
<u>385,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,472</u>
-	195,681	-	-	201,081
-	-	36,494	1,053	702,448
-	-	-	-	62,549
(43,096)	(195,681)	-	-	(238,777)
<u>(43,096)</u>	<u>-</u>	<u>36,494</u>	<u>1,053</u>	<u>727,301</u>
<u>\$ 385,402</u>	<u>\$ 282,065</u>	<u>\$ 36,494</u>	<u>\$ 1,053</u>	<u>\$ 2,392,568</u>

City of St. Francis

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

	Special Revenue Funds				
	<u>Recycling</u>	<u>Library</u>	<u>Library Donations</u>	<u>Library Reciprocal Borrowing</u>	<u>Police Community Relations</u>
Revenues					
Taxes	\$ -	\$ 646,404	\$ -	\$ -	\$ -
Intergovernmental	33,457	-	-	75,697	-
Public charges for services	217,503	9,251	-	-	-
Investment income	-	-	-	-	-
Miscellaneous revenues	-	431	11,677	-	20,699
Total revenues	<u>250,960</u>	<u>656,086</u>	<u>11,677</u>	<u>75,697</u>	<u>20,699</u>
Expenditures					
Current:					
Public safety	-	-	-	-	21,990
Public works	238,251	-	-	-	-
Culture, recreation and education	-	667,732	7,404	29,437	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>238,251</u>	<u>667,732</u>	<u>7,404</u>	<u>29,437</u>	<u>21,990</u>
Net change in fund balances	12,709	(11,646)	4,273	46,260	(1,291)
Fund Balances, Beginning	<u>266,913</u>	<u>66,308</u>	<u>35,816</u>	<u>249,668</u>	<u>63,840</u>
Fund Balances, Ending	<u><u>\$ 279,622</u></u>	<u><u>\$ 54,662</u></u>	<u><u>\$ 40,089</u></u>	<u><u>\$ 295,928</u></u>	<u><u>\$ 62,549</u></u>

Special Revenue Funds

<u>Garbage</u>	<u>ARPA Fund</u>	<u>Fire Department Donations</u>	<u>Asset Forfeiture</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 376,002	\$ -	\$ -	\$ -	\$ 1,022,406
-	145,554	-	-	254,708
-	-	-	-	226,754
-	-	-	209	209
-	-	-	-	32,807
<u>376,002</u>	<u>145,554</u>	<u>-</u>	<u>209</u>	<u>1,536,884</u>
-	-	12,481	-	34,471
394,107	-	-	-	632,358
-	-	-	-	704,573
-	145,554	-	-	145,554
<u>394,107</u>	<u>145,554</u>	<u>12,481</u>	<u>-</u>	<u>1,516,956</u>
(18,105)	-	(12,481)	209	19,928
<u>(24,991)</u>	<u>-</u>	<u>48,975</u>	<u>844</u>	<u>707,373</u>
<u><u>\$ (43,096)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,494</u></u>	<u><u>\$ 1,053</u></u>	<u><u>\$ 727,301</u></u>

