

CITY OF MEDFORD, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023

**CITY OF MEDFORD, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF ACTIVITIES	7
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	15
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	16
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	17
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	18
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	20
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	21
NOTES TO BASIC FINANCIAL STATEMENTS	22
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	59
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	59
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) – LOCAL RETIREE LIFE INSURANCE FUND	60
SCHEDULE OF CONTRIBUTIONS –LOCAL RETIREE LIFE INSURANCE FUND	60

**CITY OF MEDFORD, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	64
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	66
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	69
SCHEDULE OF FINDINGS AND RESPONSES	71



INDEPENDENT AUDITORS' REPORT

City Council
City of Medford, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medford, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Medford, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medford, Wisconsin, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Medford, Wisconsin'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 of Medford, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the City of Medford, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Medford, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Medford, Wisconsin's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wausau, Wisconsin
June 26, 2024

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 6,938,125	\$ 5,410,973	\$ 12,349,098
Receivables:			
Taxes	1,796,323	-	1,796,323
Accounts	48,315	1,240,824	1,289,139
Special Assessments	452,729	-	452,729
Delinquent Specials Held by County	2,639	-	2,639
Loans	987,000	-	987,000
Interest	-	142	142
Inventories and Prepaid Items	11,296	543,056	554,352
Investment in Joint Venture	527,200	-	527,200
Restricted and Other Assets:			
Cash and Investments	100,380	901,001	1,001,381
Capital Assets, Nondepreciable	1,918,483	1,410,511	3,328,994
Capital Assets, Depreciable	19,943,251	26,702,178	46,645,429
Total Assets	32,725,741	36,208,685	68,934,426
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	2,341,205	861,171	3,202,376
Other Postemployment Related Amounts	20,921	7,691	28,612
Total Deferred Outflows of Resources	2,362,126	868,862	3,230,988
LIABILITIES			
Accounts Payable	286,459	1,013,695	1,300,154
Accrued and Other Current Liabilities	257,134	22,753	279,887
Due to Other Governments	697	8	705
Accrued Interest Payable	5,469	5,054	10,523
Unearned Revenues	269,549	4,718	274,267
Public Benefits	-	36,164	36,164
Long-Term Obligations:			
Due Within One Year	300,000	255,000	555,000
Customer Advances for Construction	-	15,651	15,651
Due in More than One Year	2,212,232	2,018,214	4,230,446
Net Pension Liability	623,077	229,069	852,146
Other Postemployment Benefits	55,343	20,347	75,690
Total Liabilities	4,009,960	3,620,673	7,630,633
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,534,957	-	2,534,957
Pension Related Amounts	1,304,610	479,630	1,784,240
Other Postemployment Related Amounts	72,161	26,529	98,690
Total Deferred Inflows of Resources	3,911,728	506,159	4,417,887
NET POSITION			
Net Investment in Capital Assets	21,260,080	25,521,378	44,755,287
Restricted:			
Debt Service	775,171	-	775,171
Affordable Housing	394,204	-	394,204
Community Development	138,646	-	138,646
Capital Projects	-	901,001	901,001
TID Expenditures	105,401	-	105,401
Other	128,823	-	128,823
Unrestricted	4,363,854	6,528,336	12,918,361
Total Net Position	\$ 27,166,179	\$ 32,950,715	\$ 60,116,894

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 878,276	\$ 207,248	\$ -	\$ 74,503
Public Safety	1,290,848	140,242	17,154	-
Public Works	2,549,885	50,834	552,957	126,233
Health and Human Services	12,963	-	-	-
Culture and Recreation	1,100,815	54,628	574,097	-
Conservation and Development	155,592	-	-	-
Interest and Fiscal Charges	108,442	-	-	-
Total Governmental Activities	6,096,821	452,952	1,144,208	200,736
BUSINESS-TYPE ACTIVITIES				
Electric Utility	9,392,451	9,233,670	-	-
Water Utility	770,253	1,076,834	-	-
Sewer Utility	1,985,414	1,703,689	-	-
Recycling Utility	410,007	382,441	25,977	-
Total Business-Type Activities	12,558,125	12,396,634	25,977	-
Total	\$ 18,654,946	\$ 12,849,586	\$ 1,170,185	\$ 200,736

GENERAL REVENUES

Taxes:

Property Taxes

Tax Increments

Other Taxes

Federal and State Grants and Other Contributions

Not Restricted to Specific Functions

Interest and Investment Earnings (Loss)

Miscellaneous

Gain on Sale of Asset

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (596,525)	\$ -	\$ (596,525)
(1,133,452)	-	(1,133,452)
(1,819,861)	-	(1,819,861)
(12,963)	-	(12,963)
(472,090)	-	(472,090)
(155,592)	-	(155,592)
(108,442)	-	(108,442)
(4,298,925)	-	(4,298,925)
-	(158,781)	(158,781)
-	306,581	306,581
-	(281,725)	(281,725)
-	(1,589)	(1,589)
-	(135,514)	(135,514)
(4,298,925)	(135,514)	(4,434,439)
1,841,437	-	1,841,437
503,487	-	503,487
209,044	-	209,044
1,189,733	-	1,189,733
521,592	137,464	659,056
23,434	286	23,720
17,926	69,288	87,214
331,477	(331,477)	-
4,638,130	(124,439)	4,513,691
339,205	(259,953)	79,252
26,826,974	33,210,668	60,037,642
<u>\$ 27,166,179</u>	<u>\$ 32,950,715</u>	<u>\$ 60,116,894</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Construction
ASSETS			
Cash and Investments	\$ 4,837,970	\$ 795,209	\$ -
Restricted Cash and Investments	-	-	-
Receivables:			
Taxes	798,438	35,431	525,088
Accounts	30,661	-	-
Special Assessments	452,729	-	-
Delinquent Specials Held by County	2,639	-	-
Loans	-	-	-
Due from Other Funds	647,932	-	-
Advance to Other Funds	2,828,102	-	-
Inventories and Prepaid Items	11,296	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,609,767</u>	<u>\$ 830,640</u>	<u>\$ 525,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 124,670	\$ -	\$ 117,105
Accrued and Other Current Liabilities	257,134	-	-
Due to Other Funds	-	-	645,980
Advance from Other Funds	-	-	-
Due to Other Governments	697	-	-
Special Deposits	-	-	12,093
Unearned Revenues	15,020	-	-
Total Liabilities	<u>397,521</u>	<u>-</u>	<u>775,178</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	1,126,749	50,000	741,000
Loans Receivable	-	-	-
Special Assessments	356,630	-	-
Total Deferred Inflows of Resources	<u>1,483,379</u>	<u>50,000</u>	<u>741,000</u>
FUND BALANCES			
Nonspendable	2,878,705	-	-
Restricted	-	780,640	-
Committed	-	-	-
Assigned	1,257,709	-	-
Unassigned	3,592,453	-	(991,090)
Total Fund Balances	<u>7,728,867</u>	<u>780,640</u>	<u>(991,090)</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,609,767</u>	<u>\$ 830,640</u>	<u>\$ 525,088</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	TID No. 14	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 13,609	\$ 1,291,337	\$ 6,938,125
Restricted Cash and Investments	-	100,380	100,380
Receivables:			
Taxes	33,097	404,269	1,796,323
Accounts	-	17,654	48,315
Special Assessments	-	-	452,729
Delinquent Specials Held by County	-	-	2,639
Loans	800,000	187,000	987,000
Due from Other Funds	-	-	647,932
Advance to Other Funds	-	-	2,828,102
Inventories and Prepaid Items	-	-	11,296
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 846,706</u>	<u>\$ 2,000,640</u>	<u>\$ 13,812,841</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 32,591	\$ 274,366
Accrued and Other Current Liabilities	-	-	257,134
Due to Other Funds	-	1,952	647,932
Advance from Other Funds	2,087,072	741,030	2,828,102
Due to Other Governments	-	-	697
Special Deposits	-	-	12,093
Unearned Revenues	-	254,529	269,549
Total Liabilities	<u>2,087,072</u>	<u>1,030,102</u>	<u>4,289,873</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	46,706	570,502	2,534,957
Loans Receivable	800,000	187,000	987,000
Special Assessments	-	-	356,630
Total Deferred Inflows of Resources	<u>846,706</u>	<u>757,502</u>	<u>3,878,587</u>
FUND BALANCES			
Nonspendable	-	-	2,878,705
Restricted	-	580,074	1,360,714
Committed	-	373,899	373,899
Assigned	-	-	1,257,709
Unassigned	<u>(2,087,072)</u>	<u>(740,937)</u>	<u>(226,646)</u>
Total Fund Balances	<u>(2,087,072)</u>	<u>213,036</u>	<u>5,644,381</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 846,706</u>	<u>\$ 2,000,640</u>	<u>\$ 13,812,841</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF MEDFORD, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

Total Fund Balances as Shown on Previous Page	\$ 5,644,381
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	21,861,734
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	1,343,630
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	2,341,205
Deferred Inflows Related to Pensions	(1,304,610)
Deferred Outflows Related to Other Postemployment Benefits	20,921
Deferred Inflows Related to Other Postemployment Benefits	(72,161)
Long-term assets are not current financial resources; therefore, are not reported in the funds:	
Investment in Joint Venture	527,200
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(2,495,000)
Premium on Debt	(9,639)
Compensated Absences	(7,593)
Net Pension Liability	(623,077)
Other Postemployment Benefit	(55,343)
Accrued Interest on Long-Term Obligations	(5,469)
	<hr/>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 27,166,179</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Construction
REVENUES			
Taxes	\$ 1,130,887	\$ 46,580	\$ 812,964
Special Assessments	166,246	-	-
Intergovernmental	1,784,106	-	-
Licenses and Permits	88,711	-	-
Fines and Forfeits	36,220	-	-
Public Charges for Services	92,181	-	-
Intergovernmental Charges for Services	87,342	-	-
Miscellaneous	797,391	-	-
Total Revenues	<u>4,183,084</u>	<u>46,580</u>	<u>812,964</u>
EXPENDITURES			
Current:			
General Government	792,932	-	-
Public Safety	1,156,872	-	-
Public Works	1,186,646	-	26,474
Health and Human Services	12,963	-	-
Culture and Recreation	339,154	-	-
Conservation and Development	58,528	-	-
Debt Service:			
Principal	-	335,000	-
Interest and Fiscal Charges	-	33,128	-
Capital Outlay	482,091	-	1,744,404
Total Expenditures	<u>4,029,186</u>	<u>368,128</u>	<u>1,770,878</u>
Excess of Revenues Over (Under)			
Expenditures	153,898	(321,548)	(957,914)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	331,477	326,048	54,036
Transfers Out	(219,192)	-	-
Total Other Financing Sources (Uses)	<u>112,285</u>	<u>326,048</u>	<u>54,036</u>
NET CHANGE IN FUND BALANCES	266,183	4,500	(903,878)
Fund Balances - Beginning of Year	<u>7,462,684</u>	<u>776,140</u>	<u>(87,212)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 7,728,867</u></u>	<u><u>\$ 780,640</u></u>	<u><u>\$ (991,090)</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	TID No. 14	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ -	\$ 563,481	\$ 2,553,912
Special Assessments	-	-	166,246
Intergovernmental	-	366,390	2,150,496
Licenses and Permits	-	-	88,711
Fines and Forfeits	-	-	36,220
Public Charges for Services	-	73,612	165,793
Intergovernmental Charges for Services	-	8,628	95,970
Miscellaneous	-	72,498	869,889
Total Revenues	-	1,084,609	6,127,237
EXPENDITURES			
Current:			
General Government	-	20,000	812,932
Public Safety	-	100,857	1,257,729
Public Works	96,246	29,577	1,338,943
Health and Human Services	-	-	12,963
Culture and Recreation	-	701,220	1,040,374
Conservation and Development	2,967	358,645	420,140
Debt Service:			
Principal	-	-	335,000
Interest and Fiscal Charges	58,167	22,703	113,998
Capital Outlay	-	5,889	2,232,384
Total Expenditures	157,380	1,238,891	7,564,463
Excess of Revenues Over (Under) Expenditures	(157,380)	(154,282)	(1,437,226)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	17,325	-	17,325
Transfers In	-	217,914	929,475
Transfers Out	-	(378,806)	(597,998)
Total Other Financing Sources (Uses)	17,325	(160,892)	348,802
NET CHANGE IN FUND BALANCES	(140,055)	(315,174)	(1,088,424)
Fund Balances - Beginning of Year	(1,947,017)	528,210	6,732,805
FUND BALANCES - END OF YEAR	<u>\$ (2,087,072)</u>	<u>\$ 213,036</u>	<u>\$ 5,644,381</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances as Shown on Previous Page \$ (1,088,424)

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

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

Capital Assets Reported as Expenditures in the Governmental Fund Statements	2,453,586
Depreciation Expense Reported in the Statement of Activities	(1,208,141)
Net Book Value of Disposals	(149,459)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(40,013)
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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 bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repaid	335,000
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The proportionate share of the change in net position related to the joint venture reported in the Statement of Net Position neither provides or uses current financial resources and are not reported in the fund statements	3,268
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	738
Amortization of Premiums	4,818
Compensated Absences	(2,596)
Net Pension Liability (Asset)	(1,594,239)
Deferred Outflows of Resources Related to Pensions	450,987
Deferred Inflows of Resources Related to Pensions	982,752
Other Postemployment Benefits	43,464
Deferred Outflows of Resources Related to Other Postemployment Benefits	(10,219)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(29,317)

Repayment of principal on long-term receivable and loans made are reported in the governmental funds as a revenue or expenditure, but are reported as a change in the long-term receivable in the Statement of Net Position and does not affect the statement of activities. Current year activity consists of:

Loans Issued	187,000
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Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 339,205
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See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,151,893	\$ 1,151,893	\$ 1,130,887	\$ (21,006)
Special Assessments	164,611	164,611	166,246	1,635
Intergovernmental	1,686,760	1,686,760	1,784,106	97,346
Licenses and Permits	61,400	61,400	88,711	27,311
Fines and Forfeits	14,500	14,500	36,220	21,720
Public Charges for Services	47,500	47,500	92,181	44,681
Intergovernmental Charges for Services	92,600	92,600	87,342	(5,258)
Miscellaneous	158,000	158,000	797,391	639,391
Total Revenues	3,377,264	3,377,264	4,183,084	805,820
EXPENDITURES				
Current:				
General Government	905,590	905,590	792,932	112,658
Public Safety	1,142,183	1,142,183	1,156,872	(14,689)
Public Works	1,149,669	1,149,669	1,186,646	(36,977)
Health and Human Services	12,880	12,880	12,963	(83)
Culture and Recreation	306,647	306,647	339,154	(32,507)
Conservation and Development	51,950	51,950	58,528	(6,578)
Capital Outlay	73,029	73,029	482,091	(409,062)
Total Expenditures	3,641,948	3,641,948	4,029,186	(387,238)
Excess of Revenues Over (Under) Expenditures	(264,684)	(264,684)	153,898	418,582
OTHER FINANCING SOURCES (USES)				
Transfers In	390,000	390,000	331,477	(58,523)
Transfers Out	(219,192)	(219,192)	(219,192)	-
Total Other Financing Sources (Uses)	170,808	170,808	112,285	(58,523)
NET CHANGE IN FUND BALANCE	(93,876)	(93,876)	266,183	360,059
Fund Balance - Beginning of Year	7,462,684	7,462,684	7,462,684	-
FUND BALANCE - END OF YEAR	<u>\$ 7,368,808</u>	<u>\$ 7,368,808</u>	<u>\$ 7,728,867</u>	<u>\$ 360,059</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
ASSETS					
CURRENT ASSETS					
Cash and Investments	\$ 722,669	\$ 1,921,306	\$ 2,033,499	\$ 733,499	\$ 5,410,973
Receivables:					
Accounts	924,007	128,917	132,185	55,715	1,240,824
Interest	-	142	-	-	142
Inventories and Prepaid Items	465,589	77,467	-	-	543,056
Total Current Assets	2,112,265	2,127,832	2,165,684	789,214	7,194,995
NONCURRENT ASSETS					
Restricted and Other Assets:					
Cash and Investments	-	-	901,001	-	901,001
CAPITAL ASSETS					
Nondepreciable	102,869	66,418	1,241,224	-	1,410,511
Depreciable	8,234,311	12,311,844	6,153,203	2,820	26,702,178
Total Capital Assets	8,337,180	12,378,262	7,394,427	2,820	28,112,689
Total Assets	10,449,445	14,506,094	10,461,112	792,034	36,208,685
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	483,411	91,086	286,674	-	861,171
Other Postemployment Related Amounts	4,339	825	2,527	-	7,691
Total Deferred Outflows of Resources	487,750	91,911	289,201	-	868,862
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	\$ 635,203	\$ 14,845	\$ 333,437	\$ 28,293	\$ 1,011,778
Other Accrued Liabilities	22,456	-	297	-	22,753
Due to Other Governments	1,917	8	-	-	1,925
Accrued Interest	-	1,392	3,662	-	5,054
Unearned Revenue	4,718	-	-	-	4,718
Public Benefits	36,164	-	-	-	36,164
Current Portion of Long-Term Debt	-	85,000	170,000	-	255,000
Total Current Liabilities	700,458	101,245	507,396	28,293	1,337,392
LONG-TERM OBLIGATIONS, LESS CURRENT PORTION					
General Obligation Debt	-	590,000	1,428,214	-	2,018,214
Customer Advances for Construction	15,651	-	-	-	15,651
Net Pension Liability	129,231	24,577	75,261	-	229,069
Other Postemployment Benefits	11,479	2,183	6,685	-	20,347
Total Long-Term Liabilities	156,361	616,760	1,510,160	-	2,283,281
Total Liabilities	856,819	718,005	2,017,556	28,293	3,620,673
DEFERRED INFLOWS OF RESOURCES					
Pension Related Amounts	295,911	26,136	157,583	-	479,630
Other Postemployment Related Amounts	14,967	2,846	8,716	-	26,529
Total Deferred Inflows of Resources	310,878	28,982	166,299	-	506,159
NET POSITION					
Net Investment In Capital Assets	8,337,182	11,703,263	5,478,113	2,820	25,521,378
Restricted					
Capital Expenditures	-	-	901,001	-	901,001
Unrestricted	1,432,316	2,147,755	2,187,344	760,921	6,528,336
Total Net Position	\$ 9,769,498	\$ 13,851,018	\$ 8,566,458	\$ 763,741	\$ 32,950,715

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
OPERATING REVENUES					
Charges for Services	\$ 9,187,692	\$ 1,043,182	\$ 1,645,978	\$ 382,441	\$ 12,259,293
Other	45,978	27,452	57,711	-	131,141
Total Operating Revenues	9,233,670	1,070,634	1,703,689	382,441	12,390,434
OPERATING EXPENSES					
Operation and Maintenance	8,624,712	426,037	775,184	405,545	10,231,478
Depreciation	560,516	326,507	1,143,546	4,462	2,035,031
Taxes	81,480	9,352	33,312	-	124,144
Total Operating Expenses	9,266,708	761,896	1,952,042	410,007	12,390,653
OPERATING INCOME (LOSS)	(33,038)	308,738	(248,353)	(27,566)	(219)
NONOPERATING REVENUES (EXPENSES)					
Interest Income	59,819	(28,899)	91,477	15,067	137,464
Nonoperating Grants	-	-	-	25,977	25,977
Gain (Loss) on Disposal of Capital Assets	(69,335)	-	-	-	(69,335)
Interest and Fiscal Charges	-	(5,808)	(32,142)	-	(37,950)
Amortization of Debt Discount/Premium	-	-	(1,230)	-	(1,230)
Other Nonoperating Revenues (Expenses)	12,880	3,651	286	-	16,817
Total Nonoperating Revenues (Expenses)	3,364	(31,056)	58,391	41,044	71,743
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(29,674)	277,682	(189,962)	13,478	71,524
Transfers Out	(164,016)	(167,461)	-	-	(331,477)
CHANGE IN NET POSITION	(193,690)	110,221	(189,962)	13,478	(259,953)
Net Position - Beginning of Year	9,963,188	13,740,797	8,756,420	750,263	33,210,668
NET POSITION - END OF YEAR	<u>\$ 9,769,498</u>	<u>\$ 13,851,018</u>	<u>\$ 8,566,458</u>	<u>\$ 763,741</u>	<u>\$ 32,950,715</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 9,214,800	\$ 1,084,271	\$ 1,703,020	\$ 382,978	\$ 12,385,069
Cash Paid for Employee Wages and Benefits	(676,677)	(186,925)	(339,458)	-	(1,203,060)
Cash Paid to Suppliers	(7,851,271)	(239,072)	(492,194)	(404,781)	(8,987,318)
Net Cash Provided (Used) by Operating Activities	686,852	658,274	871,368	(21,803)	2,194,691
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Merchandising/Jobbing (Net)	12,880	3,651	286	-	16,817
Intergovernmental	-	-	-	25,977	25,977
Transfer to Other Funds	(164,016)	(167,461)	-	-	(331,477)
Net Cash Provided (Used) by Noncapital Financing Activities	(151,136)	(163,810)	286	25,977	(288,683)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(1,299,493)	(183,772)	(992,485)	-	(2,475,750)
Cost of Disposal	(833)	-	-	-	(833)
Principal Paid on Long-Term Debt	-	(80,000)	(165,000)	-	(245,000)
Interest Paid on Long-Term Debt	-	(5,888)	(32,088)	-	(37,976)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(1,300,326)	(269,660)	(1,194,801)	-	(2,764,787)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	17,176	-	80,858	-	98,034
CHANGE IN CASH AND CASH EQUIVALENTS	(747,434)	224,804	(242,289)	4,174	(760,745)
Cash and Cash Equivalents - Beginning of Year	1,414,643	1,696,969	3,159,234	723,726	6,994,572
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 667,209</u>	<u>\$ 1,921,773</u>	<u>\$ 2,916,945</u>	<u>\$ 727,900</u>	<u>\$ 6,233,827</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED BY					
OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (33,038)	\$ 308,738	\$ (248,353)	\$ (27,566)	\$ (219)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation	560,516	326,507	1,143,546	4,462	2,035,031
Depreciation Charged to Other Accounts	34,830	17,257	(17,257)	-	34,830
Change on Liability (Asset) and Deferred Outflows and Inflows of Resources:					
Change in WRS Asset/Liability	336,915	66,045	174,519	-	577,479
Change in WRS Deferred Outflow	(79,512)	(11,966)	(95,339)	-	(186,817)
Change in WRS Deferred Inflow	(193,244)	(71,532)	(76,197)	-	(340,973)
Change in OPEB Liability	(9,651)	(2,036)	(3,414)	-	(15,101)
Change in OPEB Deferred Outflow	2,320	505	656	-	3,481
Change in OPEB Deferred Inflow	5,805	1,017	4,337	-	11,159
Change in Operating Assets and Liabilities:					
Accounts Receivables	(14,946)	13,637	(669)	537	(1,441)
Inventories and Prepaid Items	138,401	2,602	-	-	141,003
Accounts Payable	(57,397)	7,492	(10,726)	764	(59,867)
Other Accrued Liabilities	254	-	-	-	254
Due to Other Governments	1,652	8	265	-	1,925
Unearned Revenue	495	-	-	-	495
Compensated Absences	(2,129)	-	-	-	(2,129)
Public Benefits	(4,419)	-	-	-	(4,419)
Net Cash Provided by Operating Activities	<u>\$ 686,852</u>	<u>\$ 658,274</u>	<u>\$ 871,368</u>	<u>\$ (21,803)</u>	<u>\$ 2,194,691</u>
RECONCILIATION OF CASH AND CASH					
EQUIVALENTS TO THE STATEMENT OF					
NET POSITION					
Cash and Cash Equivalents in Current Assets	\$ 722,669	\$ 1,921,306	\$ 2,033,499	\$ 733,499	\$ 5,410,973
Cash and Cash Equivalents in Restricted and Other Assets	-	-	901,001	-	901,001
Total Cash and Investments	722,669	1,921,306	2,934,500	733,499	6,311,974
Less: Noncash Equivalents	(55,460)	467	(17,555)	(5,599)	(78,147)
Total Cash and Cash Equivalents	<u>\$ 667,209</u>	<u>\$ 1,921,773</u>	<u>\$ 2,916,945</u>	<u>\$ 727,900</u>	<u>\$ 6,233,827</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH					
CAPITAL AND RELATED FINANCING					
ACTIVITIES					
Capital Assets Purchased on Account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,097</u>	<u>\$ -</u>	<u>\$ 318,097</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MEDFORD, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Tax Collection Custodial Fund	Medford Area Fire Department Custodial Fund	State CDBG Loan Collections	Total
ASSETS				
Cash and Investments	\$ 1,502,451	\$ 718,730	\$ 1,060	\$ 2,222,241
Accounts Receivable	-	9,451	-	9,451
Property Taxes Receivable	3,653,893	-	-	3,653,893
Total Assets	5,156,344	728,181	1,060	5,885,585
LIABILITIES				
Accounts Payable	-	12,845	-	12,845
Accrued Liabilities	-	11,318	-	11,318
Due to Other Governments	1,502,451	-	1,060	1,503,511
Unearned Revenue	-	16,172	-	16,172
Total Liabilities	1,502,451	40,335	1,060	1,543,846
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	3,653,893	-	-	3,653,893
NET POSITION				
Held for Others	\$ -	\$ 687,846	\$ -	\$ 687,846

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Tax Collection Custodial Fund	Medford Area Fire Department Custodial Fund	State CDBG Loan Collections	Total
ADDITIONS				
Property Tax Collections	\$ 1,502,451	\$ -	\$ -	\$ 1,502,451
Public Charges for Services	-	27,936	-	27,936
Intergovernmental Charges for Services	-	208,650	-	208,650
Miscellaneous	-	5,698	66,095	71,793
Total Additions	1,502,451	242,284	66,095	1,810,830
DEDUCTIONS				
Payments to Taxing Jurisdictions	1,502,451	-	-	1,502,451
Payments to State	-	-	66,095	66,095
Payments to Vendors and Suppliers	-	139,509	-	139,509
Total Deductions	1,502,451	139,509	66,095	1,708,055
CHANGE IN NET POSITION	-	102,775	-	102,775
Net Position - Beginning of Year	-	585,071	-	585,071
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 687,846</u>	<u>\$ -</u>	<u>\$ 687,846</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected eight-member council. In accordance with U.S. GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements in accordance with standards.

City of Medford Community Development Authority

The City of Medford Community Development Authority (CDA) of the City of Medford, Wisconsin, was created on September 5, 2000 by resolution of the Common Council of the City of Medford pursuant to the authority granted in Section 66.1335 of the Wisconsin Statutes. The Authority is governed by a seven-member Commission appointed by the Mayor and approved by the Common Council. Commission members must be residents of the City (two must also be members of the Common Council or Mayor of the City) and serve staggered terms. The Authority is expressly granted exclusive power to carry on economic development and blight elimination projects in the City. The CDA is granted various powers under Wisconsin Statutes to enable it to carry out its duties, including the specific authority to take title to real and personal property and to issue bonds for redevelopment purposes. Wisconsin statutes provide for circumstances whereby the City can impose their will on the Authority, and also create a potential financial benefit to or burden on the City. The Authority has no taxing power. The CDA's financial statements have been blended in the City's basic financial statements.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture

The Medford Fire and Rescue Joint Ownership District (the District) was established in 1990 for the purpose of providing fire and rescue service protection to the territory included within the District. The municipalities participating in the District and their percentage shares are as follows:

City of Medford	40.02 %
Town of Browning	7.77
Town of Chelsea	7.30
Town of Goodrich	4.78
Town of Grover	4.29
Town of Hammel	9.28
Town of Medford	21.53
Town of Molitor	5.03
Total	<u>100.00 %</u>

The City operates as the fiscal agent for the District's operations. The activity of the District and its related financial information is accounted for in the City's financial system as a custodial fund.

The percentage share of each municipality is based on their share of equalized value within the District. The governing body consists of fourteen voting members, six from the City of Medford, two from one township, and one from each of the remaining six townships. Each municipality may select their "commissioner" in such manner as they see fit. Budgets and equipment purchases over \$5,000 require an affirmative vote of nine or more commissioners. All other action requires a majority vote of the commissioners present. District dues are based on the above percentages. Other fire calls are billed on an as used basis. Shortfalls are allocated to each member based on the equalized valuation as of January 1 of the year in question.

The City accounts for its share of the operation as an expense in the general fund. In 2023, the City made contributions totaling \$49,356. The City has a residual equity interest in the District only upon liquidation equal to its percentage share of participation. The equity interest at December 31, 2023 is \$527,200.

C. Government-Wide and Fund Financial Statements

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Construction Capital Projects Fund

This fund accounts for financial resources of public works construction projects other than those financed by proprietary fund types.

Tax Incremental District 14 Capital Projects Fund

These funds are used to account for the project plan costs of the City's Tax Incremental District No. 14.

The City reports the following major enterprise funds:

Electric Utility Fund

This fund accounts for the purchase and resale of electricity to utility customers.

Water Utility Fund

This fund accounts for the operations of the City's water utility.

Sewer Utility Fund

This fund accounts for the operations of the City's sewer utility.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City also reports the following fiduciary fund type:

Custodial Fund

The tax collection custodial fund accounts for property taxes and special charges collected on behalf of other governments. The Medford Area Fire Department Custodial Fund accounts for the activities of the Medford Area Fire Department, a separate entity from the City of Medford. The City also acts as a collecting entity for various CDBG loans which are then remitted to the State.

D. Measurement Focus and Basis of Accounting

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

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

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

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and investments are pooled (including restricted assets) and considered essentially demand deposits.

2. Property Taxes

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

In addition to its levy, the City also levies and collects taxes for the Medford School District, Taylor County, and Northcentral Technical College. Collections and remittances of taxes for other entities are accounted for in a custodial fund.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Accounts Receivable

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

4. Special Assessments

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

5. Interfund Receivables and Payables

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

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

6. Inventories and Prepaid Items

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

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Inventories and Prepaid Items (Continued)

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Buildings and Improvements	20 - 40	25 - 50
Machinery and Equipment	5 - 20	3 - 10
Infrastructure	25 - 100	66 - 100

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Outflows/Inflows of Resources

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

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

10. Long-Term Obligations

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

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

11. Pensions

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

- Net Pension Liability (asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenues)

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Pensions (Continued)

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 purposes, 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.

12. Other Postemployment Benefits Other Than Pensions (OPEB)

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

13. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory or prepaid items) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific employee to assign fund balance.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

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

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

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. Sales Tax

The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

G. Use of Estimates

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except for the police department and fire department membership funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions. The expenditures of the tax increment districts are controlled and authorized by project plans and borrowing resolutions.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2023.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2023 as follows:

Fund(s)	Excess Expenditures
General Fund:	
Attorney	\$ 23,777
City Clerk	3,334
Clerical	5,829
Planner	1,539
Treasurer	4,966
Police	7,177
Emergency Government	8,724
Public Works Administration	20,931
DPW Labor	54,450
Traffic Control	2,709
Snow and Ice Control	43,885
City Shop	28,401
Storm Sewer Maintenance	1,473
Taxi Service	19,294
Cemetery	83
Park Grounds	41,978
Riverwalk Expense	2,662
Brush Control	8,717
Capital Outlay	399,062

C. Deficit Fund Equity

The following funds had deficit fund balance or net position as of December 31, 2023:

Funds	Deficit Fund Balance
Capital Projects:	
Construction	\$ 991,090
TID No. 7	146,787
TID No. 10	273,515
TID No. 13	320,635
TID No. 14	2,087,072

The City anticipates funding the above deficits from future revenues, borrowings, and tax increments of the funds.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2023 and 2024 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2023 budget was 0.91%. The actual limit for the City for the 2024 budget was 0.59%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

For budget year 2024, the City incorrectly calculated the property tax levy and levied taxes \$55,000 higher than the allowable amount. The City will see a reduction of State Shared Revenue of \$55,000 in 2024 as a result of this levy limit violation.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

The carrying amount of the City's cash and investments totaled \$15,572,720 on December 31, 2023 as summarized below:

Petty Cash and Cash on Hand	\$ 1,027
Deposits with Financial Institutions	10,296,457
Investments	
U.S. Treasuries	468,528
Money Market Mutual Funds	126,515
Negotiable Certificates of Deposit	3,406,035
Federal Agency Securities	1,274,158
Total	<u>\$ 15,572,720</u>

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:

Cash and Investments \$ 12,349,098

Restricted Cash and Investments 1,001,381

Fiduciary Fund Statement of Net Position:

Custodial Funds 2,222,241

Total \$ 15,572,720

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2023:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasuries	\$ -	\$ 468,528	\$ -
Money Market Mutual Funds	126,515	-	-
Negotiable Certificates of Deposit	3,406,035	-	-
Federal Agency Securities	-	1,274,158	-
Total	<u>\$ 3,532,550</u>	<u>\$ 1,742,686</u>	<u>\$ -</u>

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

Custodial Credit Risk

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2023, \$5,018,874 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits and was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasuries	\$ 468,528	\$ 468,528	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	3,406,035	-	-	-	3,406,035
Federal Agency Securities	1,274,158	-	1,274,158	-	-
Totals	<u>\$ 5,148,721</u>	<u>\$ 468,528</u>	<u>\$ 1,274,158</u>	<u>\$ -</u>	<u>\$ 3,406,035</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities and structuring investment portfolios based on cash requirements of ongoing operations as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
US Treasuries	\$ 468,528	\$ 468,528	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	3,406,035	2,070,938	1,251,966	83,131	-
Federal Agency Securities	1,274,158	156,701	384,131	733,326	-
Totals	<u>\$ 5,148,721</u>	<u>\$ 2,696,167</u>	<u>\$ 1,636,097</u>	<u>\$ 816,457</u>	<u>\$ -</u>

B. Restricted Assets

Restricted and other assets on December 31, 2023 totaled \$1,001,381 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Community Development Authority		
TID 13 Contribution	\$ 100,380	To be spent on TIF eligible expenditures within TID 13
Sewer Utility:		
Equipment Replacement	<u>901,001</u>	To be used for the replacement of certain equipment of the sewer utility in accordance with Wisconsin Department of Natural Resources requirements
Total	<u>\$ 1,001,381</u>	

C. Long-Term Receivables

The City's outstanding loan receivable of \$800,000 as of December 31, 2023 represent a loan to a local business owner. The loan is scheduled to be repaid through 2043. Based on the payment schedule for loans receivables, \$772,012, of the amounts reported is not expected to be collected within the next year.

Based on the payment schedule for special assessment receivables, \$374,745 of the amounts reported in the general fund is not expected to be collected within the next year.

CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 1,147,362	\$ 351,746	\$ -	\$ 1,499,108
Construction in Progress	-	419,375	-	419,375
Total Capital Assets, Nondepreciable	1,147,362	771,121	-	1,918,483
Capital Assets, Depreciable:				
Buildings and Improvements	5,175,597	878,868	36,496	6,017,969
Machinery and Equipment	2,694,916	354,769	189,851	2,859,834
Infrastructure	33,262,701	448,828	18,500	33,693,029
Subtotals	41,133,214	1,682,465	244,847	42,570,832
Less Accumulated Depreciation for:				
Buildings and Improvements	3,081,133	152,761	14,474	3,219,420
Machinery and Equipment	1,974,246	167,703	74,078	2,067,871
Infrastructure	16,459,449	887,677	6,836	17,340,290
Subtotals	21,514,828	1,208,141	95,388	22,627,581
Total Capital Assets, Depreciable, Net	19,618,386	474,324	149,459	19,943,251
Governmental Activities Capital Assets, Net	<u>\$ 20,765,748</u>	<u>\$ 1,245,445</u>	<u>\$ 149,459</u>	21,861,734
Less: Capital Related Debt				468,827
Less: Debt Premium				9,639
Less: Capital Related Payables				<u>123,188</u>
Net Investment in Capital Assets				<u>\$ 21,260,080</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 149,539	\$ -	\$ -	\$ 149,539
Construction in Progress	81,906	1,120,670	-	1,202,576
Non-Utility Property	58,396	-	-	58,396
Total Capital Assets, Nondepreciable	289,841	1,120,670	-	1,410,511
Capital Assets, Depreciable:				
Buildings and Improvements	13,036,829	96,963	-	13,133,792
Machinery and Equipment	13,419,764	473,187	194,538	13,698,413
Infrastructure	34,764,714	1,103,027	47,778	35,819,963
Subtotals	61,221,307	1,673,177	242,316	62,652,168
Less Accumulated Depreciation	34,053,943	2,069,861	173,814	35,949,990
Total Capital Assets, Depreciable, Net	27,167,364	(396,684)	68,502	26,702,178
Business-Type Activities Capital Assets, Net	<u>\$ 27,457,205</u>	<u>\$ 723,986</u>	<u>\$ 68,502</u>	28,112,689
Less: Capital Related Debt				2,240,000
Less: Debt Premium				33,214
Less: Capital Related Payables				<u>318,097</u>
Net Investment in Capital Assets				<u>\$ 25,521,378</u>

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

An additional \$2,026,173 of governmental activities debt related to business-type activities capital assets. This debt reduces total net investments in capital assets for the City to \$44,755,287.

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

Governmental Activities:

General Government	\$ 19,604
Public Safety	57,914
Public Works	1,025,486
Culture and Recreation	<u>105,137</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,208,141</u></u>

Business-Type Activities:

Electric Utility	\$ 560,516
Electric Utility Charged to Clearing Accounts	34,830
Water Utility	326,507
Sewer Utility	1,143,546
Recycling Utility	<u>4,462</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 2,069,861</u></u>

CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2023 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Cash Deficits of Other Funds:		
Governmental Funds:		
General Fund	\$ 647,932	\$ -
Construction	-	645,980
Room Tax	-	1,952
Subtotal	<u>647,932</u>	<u>647,932</u>
Long-Term Cash Advances:		
General Fund	2,828,102	-
Capital Projects Funds:		
TID No. 7	-	146,787
TID No. 10	-	273,515
TID No. 13	-	320,728
TID No. 14	-	2,087,072
Subtotal	<u>2,828,102</u>	<u>2,828,102</u>
Totals	<u><u>\$ 3,476,034</u></u>	<u><u>\$ 3,476,034</u></u>

Advance from the General Fund

General fund advances to tax incremental districts have been made to fund implementation of the District's project plan. No established repayment schedules exist. Interest on the advance is recorded annually.

Interfund transfers for the year ended December 31, 2023 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 331,477	\$ 219,192
Special Revenue:		
Library	165,156	-
Affordable Housing	52,758	-
Debt Service	326,048	-
Capital Projects:		
Construction	54,036	-
TID No. 6	-	52,758
TID No. 13	-	326,048
Enterprise:		
Electric Utility	-	164,016
Water Utility	-	167,461
Total	<u>929,475</u>	<u>\$ 929,475</u>
Interfund Elimination	<u>(597,998)</u>	
Transfers - Governmental Activities	<u><u>\$ 331,477</u></u>	

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Electric Utility to General Fund	\$ 164,016
Tax Equivalent Payment Made by Water Utility to General Fund	167,461
Tax Incremental District Transfers for Debt Retirement Related to the District	326,048
TID Residual Transfer for Affordable Housing	52,758
Fund Capital Projects	54,036
Moving Revenues from the Fund Required to Collect Them to the Fund Required or Allowed to Expend Them	165,156
Total	<u>\$ 929,475</u>

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 2,790,000	\$ -	\$ 295,000	\$ 2,495,000	\$ 300,000
Notes	40,000	-	40,000	-	-
Total General Obligation Debt	2,830,000	-	335,000	2,495,000	300,000
Debt Premium	14,457	-	4,818	9,639	-
Compensated Absences	4,997	2,596	-	7,593	-
Governmental Activities Long-Term Obligations	<u>\$ 2,849,454</u>	<u>\$ 2,596</u>	<u>\$ 339,818</u>	<u>\$ 2,512,232</u>	<u>\$ 300,000</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 2,485,000	\$ -	\$ 245,000	\$ 2,240,000	\$ 255,000
Debt Premium	37,212	-	3,998	33,214	-
Compensated Absences	2,129	-	2,129	-	-
Business-Type Activities Long-Term Obligations	<u>\$ 2,524,341</u>	<u>\$ -</u>	<u>\$ 251,127</u>	<u>\$ 2,273,214</u>	<u>\$ 255,000</u>

Total interest paid during the year on long-term debt totaled \$75,693.

CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
General Obligation Bond	02/06/18	12/01/32	3.00%	\$ 2,445,000	\$ 1,245,000
General Obligation Bond	08/11/20	04/01/31	0.35 - 1.15%	4,455,000	3,490,000
Total Outstanding General Obligation Debt					<u>\$ 4,735,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$4,735,000 on December 31, 2023 are detailed below:

Year Ended December 31,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 300,000	\$ 26,878	\$ 255,000	\$ 40,115	\$ 555,000	\$ 66,993
2025	305,000	22,468	250,000	36,418	555,000	58,886
2026	310,000	17,693	255,000	32,668	565,000	50,361
2027	310,000	15,678	260,000	28,543	570,000	44,221
2028	310,000	13,198	265,000	24,153	575,000	37,351
2029-2032	960,000	19,534	955,000	45,964	1,915,000	65,498
Total	<u>\$ 2,495,000</u>	<u>\$ 115,449</u>	<u>\$ 2,240,000</u>	<u>\$ 207,861</u>	<u>\$ 4,735,000</u>	<u>\$ 323,310</u>

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2023 was \$16,122,680 as follows:

Equalized Valuation of the City	\$ 417,153,600
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	20,857,680
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>4,735,000</u>
Legal Margin for New Debt	<u>\$ 16,122,680</u>

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/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.

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.

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

3. Contributions

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

During the reporting period ended December 31, 2023, the WRS recognized \$223,987 in contributions from the City.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

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

At December 31, 2023, the City reported a liability of \$852,146 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the City's proportion was 0.01608521%, which was a decrease of 0.00028627% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$434,157.

At December 31, 2023, 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 Expected and Actual Experience	\$ 1,357,205	\$ 1,783,063
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,447,602	-
Changes in Assumptions	167,567	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,015	1,177
Employer Contributions Subsequent to the Measurement Date	223,987	-
Total	<u>\$ 3,202,376</u>	<u>\$ 1,784,240</u>

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

\$223,987 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ 50,360
2025	247,449
2026	254,212
2027	642,128
Total	<u>\$ 1,194,149</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
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.*

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0 %	7.6%	5.0%
Public Fixed Income	25.0	5.3%	2.7%
Inflation Sensitive Assets	19.0	3.6%	1.1%
Real Estate	8.0	5.2%	2.6%
Private Equity/Debt	15.0	9.6%	6.9%
Cash	(15.0)	N/A	N/A
Total Core Fund	100.0 %	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2%	4.6%
International Equities	30.0	8.1%	5.5%
Total Variable Fund	100.0 %	7.7%	5.1%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (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, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,828,247	\$ 852,146	\$ (507,240)

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan

The City reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

H. Other Postemployment Benefits

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found using 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 contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2023 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$414 in contributions from the employer.

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

At December 31, 2023, the City reported a liability of \$75,690 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.01986700%, which was a decrease of 0.00284800% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense of \$3992.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 7,408
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	1,420	-
Changes in Assumptions	27,192	44,677
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	46,605
Total	<u>\$ 28,612</u>	<u>\$ 98,690</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ (13,110)
2025	(13,332)
2026	(10,991)
2027	(12,777)
2028	(11,257)
Thereafter	(8,611)
Total	<u>\$ (70,078)</u>

Actuarial Assumptions. The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset):	December 31, 2022
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*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

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, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50%	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

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

Single Discount Rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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 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 3.76%, 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 (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 103,195	\$ 75,690	\$ 54,610

Payable to the OPEB Plan

The City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2023.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2023, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Inventory and Prepaid Items	\$ 11,296
Delinquent Specials Held by County	2,639
Utility Special Assessments	36,668
Advances to Other Funds	2,828,102
Total Nonspendable Fund Balance	<u><u>\$ 2,878,705</u></u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2023, restricted fund balance was as follows:

Special Revenue Funds

Restricted for:

Community Development Authority	\$ 138,646
Police Department	50,199
Fire Department Membership	78,624
Affordable Housing	207,204

Debt Service Fund

Restricted for:

Retirement of Long-Term Debt	780,640
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Capital Projects Fund

Restricted for:

TID No. 5	79,388
TID No. 11	<u>26,013</u>

Total Restricted Fund Balance	<u><u>\$ 1,360,714</u></u>
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**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2023, fund balance was committed as follows:

Special Revenue Funds:

Committed for:

Landfill	\$ 157,914
Library	215,985
Total Committed Fund Balance	<u>\$ 373,899</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2023, fund balance was assigned as follows:

General Fund:

Capital Construction	\$ 155,430
Chamber Building Maintenance	25,000
City Office Equipment	53,672
Citywide Assessment Revaluation	68,783
Fire Department - Vehicles	10,259
Geographical Information System (GIS)	10,400
Insurance Premium	287,255
Park Development	227,351
Police Vehicles	9,980
Public Works Equipment	133,853
Public Works Sand, Salt, and Rental	200,249
Recreation	28,552
Swimming Pool	40,346
Website Development	6,579
Total	<u>\$ 1,257,709</u>

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) No. 5, No. 6, No. 7, No. 10, No. 11, No. 13 and No. 14 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City’s District is still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2023, the City can recover \$5,217,608 from future excess tax increment revenues of the following:

	Advance / Due from Other Funds	Portion of General Obligation Debt	Deficit or (Available Resources)	Total
TID No. 5	\$ -	\$ -	\$ (79,388)	\$ (79,388)
TID No. 7	146,787	-	-	146,787
TID No. 10	273,515	-	-	273,515
TID No. 11	-	-	(26,013)	(26,013)
TID No. 13	320,728	2,495,000	(93)	2,815,635
TID No. 14	2,087,072	-	-	2,087,072
Total	<u>\$ 2,828,102</u>	<u>\$ 2,495,000</u>	<u>\$ (105,494)</u>	<u>\$ 5,217,608</u>

During the year ended December 31, 2023, the City terminated TID No. 5 and TID No. 11. The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Base Year	Maximum Life
TID No. 7 ⁽¹⁾	1997	9/16/2030
TID No. 10 ⁽¹⁾	1999	9/16/2030
TID No. 13 ⁽¹⁾	2005	9/16/2030
TID No. 14 ⁽¹⁾	2022	3/21/2043

⁽¹⁾ The District has been designated as a donor or donee district; therefore, the District’s maximum life has been extended.

**CITY OF MEDFORD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Enterprise Fund – Significant Customer

The electric utility has one significant customer who was responsible for 13% of operating revenues for the year ended December 31, 2023.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded the commercial coverage in any of the past three years.

D. Contingencies

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDFORD, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.01632356%	\$ (400,951)	\$ 2,098,523	19.11%	102.74%
12/31/15	0.01633878%	265,502	2,056,590	12.91%	98.50%
12/31/16	0.01636869%	265,502	2,122,925	12.51%	99.12%
12/31/17	0.01635136%	134,917	2,164,968	6.23%	102.93%
12/31/18	0.01652390%	587,868	2,199,504	26.73%	96.45%
12/31/19	0.01662122%	(535,944)	2,298,779	-23.31%	102.96%
12/31/20	0.01647381%	(1,028,483)	2,272,813	-45.25%	105.26%
12/31/21	0.01637148%	(1,319,572)	2,351,180	-56.12%	106.02%
12/31/22	0.01608521%	852,146	2,306,835	36.94%	95.72%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 154,908	\$ 154,908	\$ -	\$ 2,056,590	7.53%
12/31/16	155,771	155,771	-	2,122,925	7.34%
12/31/17	169,741	169,741	-	2,164,968	7.84%
12/31/18	170,064	170,064	-	2,199,504	7.73%
12/31/19	177,142	177,142	-	2,298,779	7.71%
12/31/20	183,721	183,721	-	2,272,813	8.08%
12/31/21	189,768	189,768	-	2,351,180	8.07%
12/31/22	185,901	185,901	-	2,306,835	8.06%
12/31/23	223,987	223,987	-	2,631,534	8.51%

See accompanying Notes to Required Supplementary Information.

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

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.04205500%	\$ 126,526	\$ 2,164,968	5.84%	44.84%
12/31/18	0.03982800%	102,771	2,199,504	4.67%	48.69%
12/31/19	0.03524700%	150,089	2,199,504	6.82%	37.58%
12/31/20	0.02601900%	143,123	2,272,813	6.30%	37.58%
12/31/21	0.02271500%	134,255	2,351,180	5.71%	29.57%
12/31/22	0.01986700%	75,690	2,306,835	3.28%	38.81%

SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
12/31/18	\$ 770	\$ 770	\$ -	\$ 2,199,504	0.04%
12/31/19	744	744	-	2,298,779	0.03%
12/31/20	441	441	-	2,272,813	0.02%
12/31/21	456	456	-	2,351,180	0.02%
12/31/22	464	464	-	2,306,835	0.02%
12/31/23	414	414	-	2,631,534	0.02%

See accompanying Notes to Required Supplementary Information.

**CITY OF MEDFORD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lower 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-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lower 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

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

**CITY OF MEDFORD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND

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

Changes of Assumptions. The ETF Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

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

- Lowering the discount rate from 2.25% to 2.17%
- 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.

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

SUPPLEMENTARY INFORMATION

**CITY OF MEDFORD, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Special Revenue							
	Room Tax	Landfill	Library	Community Development Authority	American Rescue Plan Act	Police Department	Fire Department Membership Fund	Affordable Housing
ASSETS								
Cash and Investments	\$ -	\$ 157,914	\$ 234,881	\$ 38,266	\$ 254,863	\$ 47,604	\$ 78,971	\$ 207,204
Restricted Cash and Investments	-	-	-	100,380	-	-	-	-
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	14,966	-	-	-	-	2,595	-	-
Loans	-	-	-	-	-	-	-	187,000
Total Assets	<u>\$ 14,966</u>	<u>\$ 157,914</u>	<u>\$ 234,881</u>	<u>\$ 138,646</u>	<u>\$ 254,863</u>	<u>\$ 50,199</u>	<u>\$ 78,971</u>	<u>\$ 394,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 13,014	\$ -	\$ 18,896	\$ -	\$ 334	\$ -	\$ 347	\$ -
Due to Other Funds	1,952	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	254,529	-	-	-
Total Liabilities	14,966	-	18,896	-	254,863	-	347	-
DEFERRED INFLOWS OF RESOURCES								
Property Taxes Levied for Subsequent Year	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	187,000
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	187,000
FUND BALANCES								
Restricted	-	-	-	138,646	-	50,199	78,624	207,204
Committed	-	157,914	215,985	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>157,914</u>	<u>215,985</u>	<u>138,646</u>	<u>-</u>	<u>50,199</u>	<u>78,624</u>	<u>207,204</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,966</u>	<u>\$ 157,914</u>	<u>\$ 234,881</u>	<u>\$ 138,646</u>	<u>\$ 254,863</u>	<u>\$ 50,199</u>	<u>\$ 78,971</u>	<u>\$ 394,204</u>

**CITY OF MEDFORD, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

Capital Projects							
	TID No. 5	TID No. 6	TID No. 7	TID No. 10	TID No. 11	TID No. 13	Total
ASSETS							
Cash and Investments	\$ 101,658	\$ -	\$ 9,878	\$ 16,252	\$ 43,922	\$ 99,924	\$ 1,291,337
Restricted Cash and Investments	-	-	-	-	-	-	100,380
Receivables:							
Taxes	54,161	-	24,023	39,522	43,553	243,010	404,269
Accounts	-	-	-	-	-	93	17,654
Loans	-	-	-	-	-	-	187,000
Total Assets	<u>\$ 155,819</u>	<u>\$ -</u>	<u>\$ 33,901</u>	<u>\$ 55,774</u>	<u>\$ 87,475</u>	<u>\$ 343,027</u>	<u>\$ 2,000,640</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,591
Due to Other Funds	-	-	-	-	-	-	1,952
Advances from Other Funds	-	-	146,787	273,515	-	320,728	741,030
Unearned Revenues	-	-	-	-	-	-	254,529
Total Liabilities	<u>-</u>	<u>-</u>	<u>146,787</u>	<u>273,515</u>	<u>-</u>	<u>320,728</u>	<u>1,030,102</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	76,431	-	33,901	55,774	61,462	342,934	570,502
Loans Receivable	-	-	-	-	-	-	187,000
Total Deferred Inflows of Resources	<u>76,431</u>	<u>-</u>	<u>33,901</u>	<u>55,774</u>	<u>61,462</u>	<u>342,934</u>	<u>757,502</u>
FUND BALANCES							
Restricted	79,388	-	-	-	26,013	-	580,074
Committed	-	-	-	-	-	-	373,899
Unassigned	-	-	(146,787)	(273,515)	-	(320,635)	(740,937)
Total Fund Balances	<u>79,388</u>	<u>-</u>	<u>(146,787)</u>	<u>(273,515)</u>	<u>26,013</u>	<u>(320,635)</u>	<u>213,036</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 155,819</u>	<u>\$ -</u>	<u>\$ 33,901</u>	<u>\$ 55,774</u>	<u>\$ 87,475</u>	<u>\$ 343,027</u>	<u>\$ 2,000,640</u>

CITY OF MEDFORD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Special Revenue							
	Room Tax	Landfill	Library	Community Development Authority	American Rescue Plan Act	Police Department	Fire Department Membership Fund	Affordable Housing
REVENUES								
Taxes	\$ 59,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	265,831	-	74,503	1,120	-	-
Public Charges for Services	-	-	10,214	-	-	63,398	-	-
Intergovernmental Charges for Services	-	-	-	-	-	-	8,628	-
Miscellaneous	-	2,597	41,249	1,258	-	11,600	15,794	-
Total Revenues	59,994	2,597	317,294	1,258	74,503	76,118	24,422	-
EXPENDITURES								
Current:								
General Government	-	-	-	20,000	-	-	-	-
Public Safety	-	-	-	-	-	72,568	28,289	-
Public Works	-	8,408	-	-	21,169	-	-	-
Culture and Recreation	-	-	647,886	-	53,334	-	-	-
Conservation and Development	73,863	-	-	7,936	-	-	-	187,000
Debt Service:								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	5,739	-	-
Total Expenditures	73,863	8,408	647,886	27,936	74,503	78,307	28,289	187,000
Excess of Revenues Over (Under) Expenditures	(13,869)	(5,811)	(330,592)	(26,678)	-	(2,189)	(3,867)	(187,000)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	165,156	-	-	-	-	52,758
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	165,156	-	-	-	-	52,758
NET CHANGE IN FUND BALANCES	(13,869)	(5,811)	(165,436)	(26,678)	-	(2,189)	(3,867)	(134,242)
Fund Balance - Beginning of Year	13,869	163,725	381,421	165,324	-	52,388	82,491	341,446
FUND BALANCES - END OF YEAR	\$ -	\$ 157,914	\$ 215,985	\$ 138,646	\$ -	\$ 50,199	\$ 78,624	\$ 207,204

CITY OF MEDFORD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Capital Projects						
	TID No. 5	TID No. 6	TID No. 7	TID No. 10	TID No. 11	TID No. 13	Total
REVENUES							
Taxes	\$ 64,025	\$ 52,758	\$ 30,318	\$ 46,914	\$ 53,443	\$ 256,029	\$ 563,481
Intergovernmental	2,270	10,151	82	824	2,876	8,733	366,390
Public Charges for Services	-	-	-	-	-	-	73,612
Intergovernmental Charges for Services	-	-	-	-	-	-	8,628
Miscellaneous	-	-	-	-	-	-	72,498
Total Revenues	66,295	62,909	30,400	47,738	56,319	264,762	1,084,609
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	20,000
Public Safety	-	-	-	-	-	-	100,857
Public Works	-	-	-	-	-	-	29,577
Culture and Recreation	-	-	-	-	-	-	701,220
Conservation and Development	2,175	79,120	2,175	2,025	2,176	2,175	358,645
Debt Service:							
Interest and Fiscal Charges	-	-	5,097	9,294	819	7,493	22,703
Capital Outlay	-	-	-	150	-	-	5,889
Total Expenditures	2,175	79,120	7,272	11,469	2,995	9,668	1,238,891
Excess of Revenues Over (Under) Expenditures	64,120	(16,211)	23,128	36,269	53,324	255,094	(154,282)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	217,914
Transfers Out	-	(52,758)	-	-	-	(326,048)	(378,806)
Total Other Financing Sources (Uses)	-	(52,758)	-	-	-	(326,048)	(160,892)
NET CHANGE IN FUND BALANCES	64,120	(68,969)	23,128	36,269	53,324	(70,954)	(315,174)
Fund Balance - Beginning of Year	15,268	68,969	(169,915)	(309,784)	(27,311)	(249,681)	528,210
FUND BALANCES - END OF YEAR	<u>\$ 79,388</u>	<u>\$ -</u>	<u>\$ (146,787)</u>	<u>\$ (273,515)</u>	<u>\$ 26,013</u>	<u>\$ (320,635)</u>	<u>\$ 213,036</u>

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



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

City Council
City of Medford, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, , each major fund, and the aggregate remaining fund information of the City of Medford, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Medford, Wisconsin's basic financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-003 and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

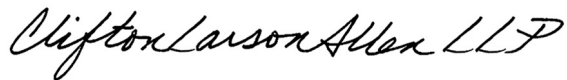
As part of obtaining reasonable assurance about whether the City of Medford, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-004.

City of Medford, Wisconsin's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
June 26, 2024

**CITY OF MEDFORD, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting

2023-001: Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

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

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

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

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

Repeat Finding: Repeat of Finding 2022-001

Recommendation: We recommend the City Council continue to monitor the transactions and the financial records of the City.

Views of Responsible Officials and Planned Corrective Action: The City understands that some key controls are not separated between employees, but at this time the City does not warrant additional staff to be hired. The City Council will continue to monitor the internal control environment, transactions and financial records to mitigate the lack of segregation of duties issue and continue to work with the audit firm to better understand the risks.

**CITY OF MEDFORD, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting (Continued)

2023-002: Adjustments to the City's Financial Records

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

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

Criteria or Specific Requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

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

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

Repeat Finding: Repeat of Finding 2022-002

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

Views of Responsible Officials and Planned Corrective Action: The City's treasurer reviews and approves all journal entries prepared by the auditors.

**CITY OF MEDFORD, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting (Continued)

2023-003: Preparation of Annual Financial Report

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

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

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

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

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

Repeat Finding: Repeat of Finding 2022-003

Recommendation: We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Views of Responsible Officials and Planned Corrective Action: Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

**CITY OF MEDFORD, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section I – Internal Control Over Financial Reporting (Continued)

2023-004: Levy Limit Violation

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting, Yellow Book Compliance

Condition: During the budget process, the City determines the amount of property taxes that will be levied on the properties within the municipal boundaries. To assist in the determination of the maximum property tax levy for a given year, the Wisconsin Department of Revenue requires the completion of the Municipal Levy Limit Worksheet. The City incorrectly completed the Municipal Levy Limit Worksheet and approved a property tax levy for fiscal year 2024 that was \$55,000 in excess of the levy limit requirements detailed in Wisconsin State Statute 66.0602.

Criteria or Specific Requirement: Wisconsin State Statute 66.0602 restricts the amount that a City, Village, or Town may levy for property taxes. Statute 66.0602 limit the amount of increase in the property tax levy to a percentage increase of net new construction added onto a base value, adjusted for additional factors specific to each municipality such as debt service for general obligation debt.

Cause: City management incorrectly interpreted the instructions for completing the Municipal Levy Limit Worksheet and included an incorrect amount on an adjustment line within the worksheet.

Effect: The City levied property taxes \$55,000 higher then was allowable under Wisconsin State Statutes. As a result of the violation, the State of Wisconsin will lower the amount of State Shared Revenue the City will receive in 2024 by \$55,000.

Repeat Finding: No

Recommendation: We recommend the City review the instructions prepared by the Wisconsin Department of Revenue related to completing the Municipal Levy Limit Worksheet to gain a better understanding of the permissible adjustments to the City's property tax levy. We also recommend the City consider consulting with a government financial advisor if there are questions related to the determination of the City's property tax levy.

Views of Responsible Officials and Planned Corrective Action: Going forward, the City will ask its Auditors to review the Levy Limit Worksheet prior to submission to the State to avoid any rules violations.