Ashland Committee of the Whole Meeting
Tuesday, January 14, 2025 – 6:00 PM
601 Main Street W. Ashland WI 54806

Take notice that the City of Ashland Committee of the Whole will meet immediately following the adjournment of the City Council Meeting in the City Hall Council Chambers, 601 Main Street W. Ashland, WI, to consider and act upon the following agenda.

To attend the meeting from your computer, tablet or smartphone:
https://global.gotomeeting.com/join/500263957
Or dial in using your phone. United States (Toll Free): 1-877-309-2073 Access Code: 500-263-957
Please contact the Clerk's office if you require accommodations to attend the meeting.

Tuesday, January 14, 2025 Ashland Committee of the Whole Meeting Agenda

1. **Roll Call**
2. **Approval of Agenda**
3. **Council President's Report**
4. **Administrator's Report**
5. **DISCUSSION ITEMS**
   A. **Presentation and Discussion Regarding the 2023 Financial Audit Reports Prepared by Baker Tilly US, LLP**
   B. **Discussion and Possible Action Regarding a Resolution Petitioning the Secretary of Transportation for Airport Improvement Aid for JFK Memorial Airport *(Airport)***
   C. **Discussion and Possible Action on Purchase of New Snow Plow Truck *(Public Works)***
   D. **Discussion and Possible Action on Changes to Special Assessment Policy for 2025 Capital Projects *(Public Works)***
6. **Items for Future Discussion**
7. **Adjournment**

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Upon reasonable notice, the City of Ashland will accommodate the needs of disabled individuals or individuals with limited English proficiency through auxiliary aids or services. For additional information or to request this service, contact the City Clerk's Office at 715-682-7071 (not a TDD telephone number) or FAX: 715-682-7048.

Ref: 2025-011-COW | **COMMITTEE AGENDA: 5.A. (1/14/2025)**

SUBJECT: **Presentation and Discussion Regarding the 2023 Financial Audit Reports Prepared by Baker Tilly US, LLP**

RECOMMENDATION: Presentation and Discussion only

DEPARTMENT OF ORIGIN: Committee of the Whole

CLEARANCES: Council President

EXHIBITS:

1. Ashland City of WI 12-31-23 FS FINAL
2. Ashland City of WI 12-31-23 Single Audit FINAL
3. Ashland City of WI 12-31-23 Audit Results FINAL

COMPLIANCE WITH STRATEGIC PLAN: Good Governance

SUMMARY STATEMENT:

Vanessa Kane of Baker Tilly US, LLP gave a presentation of the 2023 Financial Audit for the City of Ashland at the December 12, 2024 Council meeting. During the Committee of the Whole meeting that followed, Councilors requested more discussion regarding the results of the audit and recommendations of how to make improvements.

City of Ashland

Financial Statements and
Supplementary Information

December 31, 2023

bakertilly

Independent Auditors' Report

To the City Council of
City of Ashland

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ashland Ore Dock Charitable Trust. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Ashland Ore Dock Charitable Trust were not audited in accordance with *Government Auditing Standards.*

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
September 19, 2024

City of Ashland

Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ashland Ore Dock Charitable Trust
Assets				
Cash and investments	$ 7,811,425	$ 762,757	$ 8,574,182	$ 1,075,653
Taxes receivable	5,329,732	-	5,329,732	-
Special assessments receivable	44,476	-	44,476	-
Notes receivable, net	1,668,430	-	1,668,430	-
Other receivables, net	662,614	710,605	1,373,219	800
Due from other governments	636,456	506,822	1,143,278	-
Internal balances	898,943	(898,943)	-	-
Prepaid items and inventories	23,447	366,911	390,358	670
Restricted assets, cash and investments	364,455	2,807,052	3,171,507	-
Capital assets:				
Construction in progress	263,623	1,956,373	2,219,996	-
Land and right of way	4,563,071	506,830	5,069,901	-
Other capital assets, net of depreciation/amortization	75,139,551	35,766,688	110,906,239	-
Total assets	97,406,223	42,485,095	139,891,318	1,077,123
Deferred Outflows of Resources				
OPEB related amounts	529,617	361,859	891,476	-
Pension related amounts	8,828,397	1,194,496	10,022,893	-
Total deferred outflows of resources	9,358,014	1,556,355	10,914,369	-
Liabilities				
Accounts payable	436,003	188,034	624,037	99,941
Accrued liabilities and deposits	356,447	70,656	427,103	-
Unearned revenue	429,619	-	429,619	-
Short-term notes payable	277,550	-	277,550	-
Current portion, lease liabilities	132,511	-	132,511	-
Noncurrent liabilities:				
Noncurrent, due within one year	1,557,102	578,982	2,136,084	-
Noncurrent, due in more than one year	11,955,280	9,067,279	21,022,559	-
OPEB liability	1,387,083	947,719	2,334,802	-
Net pension liability	2,403,375	294,000	2,697,375	-
Lease liabilities	214,881	-	214,881	-
Total liabilities	19,149,851	11,146,670	30,296,521	99,941
Deferred Inflows of Resources				
Unearned revenues	5,301,626	12,635	5,314,261	-
OPEB related amounts	336,526	229,930	566,456	-
Pension related amounts	5,015,846	630,508	5,646,354	-
Total deferred inflows of resources	10,653,998	873,073	11,527,071	-
Net Position				
Net investment in capital assets	69,899,991	29,114,444	99,014,435	-
Restricted:				
Future housing and economic development loans	1,769,200	-	1,769,200	-
Future debt service	148,950	-	148,950	-
Library	365,790	-	365,790	-
Police programs	119,305	-	119,305	-
NSP breakwall	387,838	-	387,838	-
Home improvement program	8,348	-	8,348	-
Future beautification projects	1,835	-	1,835	-
Community planning and development	87,945	-	87,945	-
Future TIF projects	61,026	-	61,026	-
Waterfront development	458,647	-	458,647	-
Ore Dock	-	-	-	977,182
Debt service reserve	-	408,064	408,064	-
Debt service redemption	-	296,883	296,883	-
Equipment replacement	27,112	1,591,186	1,618,298	-
Capital improvements	538,039	-	538,039	-
Unrestricted	3,086,362	611,130	3,697,492	-
Total net position	$ 76,960,388	$ 32,021,707	$ 108,982,095	$ 977,182

See notes to financial statements

City of Ashland

Statement of Activities
Year Ended December 31, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Ashland Ore Dock Charitable Trust
Functions/Programs								
Primary government:								
Governmental activities:								
General government	$ 2,055,499	$ 466,390	$ 750	$ -	$ (1,588,359)	$ -	$ (1,588,359)	$ -
Public safety	6,812,179	1,744,069	260,155	227,892	(4,580,063)	-	(4,580,063)	-
Public works	4,422,612	644,245	794,417	7,608	(2,976,342)	-	(2,976,342)	-
Health and human services	264,171	3,601	108,884	-	(151,686)	-	(151,686)	-
Leisure activities	2,110,755	269,826	175,038	577,224	(1,088,667)	-	(1,088,667)	-
Conservation and development	600,756	-	265,809	-	(334,947)	-	(334,947)	-
Interest and fiscal charges	207,554	-	-	-	(207,554)	-	(207,554)	-
Total governmental activities	16,473,526	3,128,131	1,605,053	812,724	(10,927,618)	-	(10,927,618)	-
Business-type activities:								
Water	1,969,083	2,358,763	-	405,543	-	795,223	795,223	-
Wastewater	2,708,801	2,178,051	-	338,775	-	(191,975)	(191,975)	-
Airport	488,059	279,436	-	-	-	(208,623)	(208,623)	-
Marina	287,324	283,161	-	-	-	(4,163)	(4,163)	-
Total business-type activities	5,453,267	5,099,411	-	744,318	-	390,462	390,462	-
Total primary government	$ 21,926,793	$ 8,227,542	$ 1,605,053	$ 1,557,042	(10,927,618)	390,462	(10,537,156)	-
Component Unit								
Ashland Ore Dock Charitable Trust	$ 1,752,836	$ -	$ -	$ -	-	-	-	(1,752,836)
General Revenues								
Taxes:								
Property taxes, levied for general purposes					2,852,457	-	2,852,457	-
Property taxes, levied for debt service					1,656,265	-	1,656,265	-
Property taxes, levied for TIF districts					625,972	-	625,972	-
Other taxes					245,027	-	245,027	-
Intergovernmental revenues not restricted to specific programs					4,046,553	45,000	4,091,553	-
Investment income					94,837	33,166	128,003	57,908
Miscellaneous					2,830,975	22,516	2,853,491	70
Total general revenues					12,352,086	100,682	12,452,768	57,978
Transfers					260,708	(260,708)	-	-
Change in net position					1,685,176	230,436	1,915,612	(1,694,858)
Net Position, Beginning					75,275,212	31,791,271	107,066,483	2,672,040
Net Position, Ending					$ 76,960,388	$ 32,021,707	$ 108,982,095	$ 977,182

See notes to financial statements

City of Ashland

Balance Sheet -
Governmental Funds
December 31, 2023

	General Fund	Special Revenue: Housing Rehab Revolving Loan Fund	Capital Projects: Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total
Assets						
Current assets:						
Cash and investments	$ 3,252,063	$ 100,918	$ 2,043,239	$ 310,529	$ 1,686,856	$ 7,393,605
Restricted assets, construction account	-	-	-	-	364,455	364,455
Receivables:						
Taxes	2,932,302	-	1,883	1,665,264	722,539	5,321,988
Delinquent personal property taxes, net	7,744	-	-	-	-	7,744
Accounts, net	437,676	-	126,124	-	98,814	662,614
Notes, net	-	1,609,286	-	-	59,144	1,668,430
Special assessments	-	-	44,476	-	-	44,476
Due from other governments	59,280	-	320,516	-	256,660	636,456
Due from other funds	1,037,587	-	-	-	-	1,037,587
Advances to other funds	105,264	-	-	-	171,318	276,582
Prepaid items and inventory	23,447	-	-	-	-	23,447
Total assets	$ 7,855,363	$ 1,710,204	$ 2,536,238	$ 1,975,793	$ 3,359,786	$ 17,437,384
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	$ 212,649	$ -	$ 82,178	$ -	$ 141,176	$ 436,003
Accrued liabilities	224,981	-	-	-	16,377	241,358
Unearned revenue	-	-	-	-	429,619	429,619
Due to other funds	-	-	-	-	100,564	100,564
Short-term notes payable	277,550	-	-	-	-	277,550
Due to other governments	1,221	-	-	-	-	1,221
Advances from other funds	-	-	-	51,728	276,582	328,310
Total liabilities	716,401	-	82,178	51,728	964,318	1,814,625
Deferred Inflows of Resources						
Unearned revenues	2,866,549	-	2,348	1,665,264	767,465	5,301,626
Unavailable revenues	148,355	1,609,286	582,311	-	285,545	2,625,497
Total deferred inflows of resources	3,014,904	1,609,286	584,659	1,665,264	1,053,010	7,927,123
Fund Balances						
Nonspendable	60,647	-	-	-	160,902	221,549
Restricted	-	100,918	1,773,547	258,801	1,222,170	3,355,436
Committed	-	-	-	-	128,755	128,755
Assigned	198,527	-	95,854	-	207,503	501,884
Unassigned (deficit)	3,864,884	-	-	-	(376,872)	3,488,012
Total fund balances	4,124,058	100,918	1,869,401	258,801	1,342,458	7,695,636
Total liabilities, deferred inflows of resources and fund balances	$ 7,855,363	$ 1,710,204	$ 2,536,238	$ 1,975,793	$ 3,359,786	$ 17,437,384

See notes to financial statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balance, Governmental Funds		$ 7,695,636
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:		
Capital assets	$ 114,059,105	
Accumulated depreciation/amortization	(34,092,860)	79,966,245
Special assessments, certain grant receivables, loan receivables and various other receivables are reported as unavailable revenues in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note 3 for details.		2,625,497
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		8,828,397
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.		529,617
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(5,015,846)
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.		(336,526)
An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		427,456
Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements. Long-term liabilities at year end consist of:		
General obligation debt	(12,069,146)	
Accrued interest on general obligation debt	(109,856)	
Landfill liability	(783,881)	
OPEB liability	(1,387,083)	
Net pension liability	(2,403,375)	
Lease liabilities	(347,392)	
Vested compensated absences	(659,355)	(17,760,088)
Total Net Position, Governmental Activities		$ 76,960,388

See notes to financial statements

City of Ashland

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2023

	General Fund	Special Revenue: Housing Rehab Revolving Loan Fund	Capital Projects: Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total
Revenues						
Taxes	$ 2,893,373	$ -	$ 149,564	$ 1,656,265	$ 625,972	$ 5,325,174
Intergovernmental	4,857,593	-	1,582,718	-	780,937	7,221,248
Licenses and permits	209,188	-	-	-	-	209,188
Fines, forfeitures and penalties	15,342	-	573,500	-	292	589,134
Public charges for services	1,908,661	-	127,062	-	3,079	2,038,802
Intergovernmental charges for services	839,104	-	-	-	-	839,104
Special assessments	-	-	7,971	-	-	7,971
Investment income (loss)	54,269	20	10,648	-	29,324	94,261
Miscellaneous	91,158	52,460	1,868,659	-	327,652	2,339,929
Total revenues	10,868,688	52,480	4,320,122	1,656,265	1,767,256	18,664,811
Expenditures						
Current:						
General government	2,037,974	-	7,921	-	7,889	2,053,784
Public safety	5,544,354	-	-	-	209,509	5,753,863
Public works	2,238,742	-	286,891	-	146,220	2,671,853
Health and human services	153,325	-	-	-	108,884	262,209
Leisure activities	665,170	-	107,685	-	551,932	1,324,787
Conservation and development	237,152	82,608	37,546	-	356,551	713,857
Capital outlay	-	-	3,730,076	-	1,410,214	5,140,290
Debt service:						
Principal retirement	-	-	-	1,200,439	-	1,200,439
Interest and fiscal charges	-	-	47,464	263,883	27,843	339,190
Total expenditures	10,876,717	82,608	4,217,583	1,464,322	2,819,042	19,460,272
Excess (deficiency) of revenues over expenditures	(8,029)	(30,128)	102,539	191,943	(1,051,786)	(795,461)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	1,600,000	-	905,000	2,505,000
Premium on long-term debt	-	-	81,205	-	45,102	126,307
Proceeds from sale of capital assets	-	-	-	-	59,592	59,592
Proceeds from leases	-	-	172,185	-	119,268	291,453
Transfers in	371,359	-	348,000	84,479	829,699	1,633,537
Transfers out	(673,924)	-	(23,859)	(266,000)	(409,046)	(1,372,829)
Total other financing sources (uses)	(302,565)	-	2,177,531	(181,521)	1,549,615	3,243,060
Net change in fund balances	(310,594)	(30,128)	2,280,070	10,422	497,829	2,447,599
Fund Balances (Deficit), Beginning	4,434,652	131,046	(410,669)	248,379	844,629	5,248,037
Fund Balances, Ending	$ 4,124,058	$ 100,918	$ 1,869,401	$ 258,801	$ 1,342,458	$ 7,695,636

See notes to financial statements

City of Ashland

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds	$ 2,447,599
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The following differ in their presentation in the two statements:	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,140,290
Some items reported as capital outlay were not capitalized	(1,905)
Some functional expenditures are capitalized	369,811
Depreciation/amortization is reported in the government-wide statements	(2,346,973)
Book value of capital assets disposed of in the current year	(980,788)
Special assessments are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(17,294)
Governmental funds report repayments of economic development and housing loans and notes receivables as revenue and issuing new loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses; they are reported as changes in the receivables balances.	(60,983)
Grant and accounts receivables are reported as unavailable revenues in the fund financial statements if not collected within 60 days of year end but are recognized as revenue when earned in the government-wide financial statements.	(717,574)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(2,505,000)
Principal payments paid	1,200,439
Leases issued	(291,453)
Lease principal paid	130,474
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in the landfill liability	13,177
Change in the vested compensated absences	(76,833)
Change in accrued interest payable	5,323
Change in the OPEB liability (and OPEB related deferred inflows and outflows of resources)	22,058
Change in net pension liability (and pension related deferred inflows and outflows of resources)	(682,652)
An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.	37,460
Change in Net Position of Governmental Activities	$ 1,685,176

See notes to financial statements

City of Ashland

Statement of Net Position -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Dental/FLEX
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	Internal Service Fund
Assets					
Current assets:					
Cash and investments	$ -	$ 392,812	$ 369,945	$ 762,757	$ 417,820
Restricted assets, redemption account	225,423	110,682	41,523	377,628	-
Restricted assets, construction account	329,303	-	100,871	430,174	-
Customer accounts receivable	324,946	369,645	-	694,591	-
Other accounts receivable	-	-	16,014	16,014	-
Due from other governments	310,223	196,599	-	506,822	-
Current portion of advances to other funds	12,660	-	-	12,660	-
Inventories and prepaid items	155,613	161,424	49,874	366,911	-
Total current assets	1,358,168	1,231,162	578,227	3,167,557	417,820
Noncurrent assets:					
Restricted assets:					
Reserve account	388,063	20,001	-	408,064	-
Replacement account	-	1,591,186	-	1,591,186	-
Capital assets:					
Construction work in progress	1,473,962	471,465	10,946	1,956,373	-
Land	30,611	38,951	437,268	506,830	-
Capital assets being depreciated	26,116,694	35,370,210	8,267,392	69,754,296	-
Accumulated depreciation	(9,579,749)	(20,327,701)	(4,080,158)	(33,987,608)	-
Other assets:					
Advances to other funds	39,068	-	-	39,068	-
Total noncurrent assets	18,468,649	17,164,112	4,635,448	40,268,209	-
Total assets	19,826,817	18,395,274	5,213,675	43,435,766	417,820
Deferred Outflows of Resources					
OPEB related amounts	171,845	190,014	-	361,859	-
Pension related amounts	442,722	578,740	173,034	1,194,496	-
Total deferred outflows of resources	614,567	768,754	173,034	1,556,355	-
Liabilities					
Current liabilities:					
Accounts payable	91,257	93,419	3,358	188,034	-
Accrued expenses	7,150	11,188	2,944	21,282	4,012
Deposits	4,000	-	-	4,000	-
Due to other funds	937,023	-	-	937,023	-
Liabilities payable from restricted assets:					
Accrued interest	28,798	10,424	6,152	45,374	-
Current portion of long-term debt	348,176	124,663	39,000	511,839	-
Current portion of accrued compensated absences	25,867	27,079	14,197	67,143	-
Total current liabilities	1,442,271	266,773	65,651	1,774,695	4,012
Noncurrent liabilities:					
Long-term debt	6,133,515	2,641,267	259,000	9,033,782	-
Accrued compensated absences	12,583	-	20,914	33,497	-
OPEB liability	450,066	497,653	-	947,719	-
Net pension liability	113,982	138,710	41,308	294,000	-
Total noncurrent liabilities	6,710,146	3,277,630	321,222	10,308,998	-
Total liabilities	8,152,417	3,544,403	386,873	12,083,693	4,012
Deferred Inflows of Resources					
Unearned revenues	12,635	-	-	12,635	-
OPEB related amounts	109,192	120,738	-	229,930	-
Pension related amounts	234,023	301,470	95,015	630,508	-
Total deferred inflow of resources	355,850	422,208	95,015	873,073	-
Net Position					
Net investment in capital assets	11,889,130	12,786,995	4,438,319	29,114,444	-
Restricted for:					
Debt service reserve	388,063	20,001	-	408,064	-
Debt service redemption	196,625	100,258	-	296,883	-
Equipment replacement	-	1,591,186	-	1,591,186	-
Unrestricted (deficit)	(540,701)	698,977	466,502	624,778	413,808
Total net position	$ 11,933,117	$ 15,197,417	$ 4,904,821	32,035,355	$ 413,808
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(13,648)	
Net position of business-type activities				$ 32,021,707	

See notes to financial statements

City of Ashland

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	Dental/FLEX Internal Service Fund
Operating Revenues	$ 2,358,763	$ 2,178,051	$ 562,597	$ 5,099,411	$ 128,377
Operating Expenses					
Operation and maintenance	1,271,894	1,870,926	509,427	3,652,247	120,028
Depreciation	496,221	799,189	257,500	1,552,910	-
Taxes	2,070	-	-	2,070	-
Total operating expenses	1,770,185	2,670,115	766,927	5,207,227	120,028
Operating income (loss)	588,578	(492,064)	(204,330)	(107,816)	8,349
Nonoperating Revenues (Expenses)					
Investment income	3,676	25,151	4,339	33,166	3,578
Interest and fiscal charges	(196,840)	(50,761)	(8,456)	(256,057)	-
Grants revenue	-	-	45,000	45,000	-
Miscellaneous revenue	7,147	4,234	11,135	22,516	35,550
Total nonoperating revenue (expenses)	(186,017)	(21,376)	52,018	(155,375)	39,128
Income (loss) before contributions and transfers	402,561	(513,440)	(152,312)	(263,191)	47,477
Contributions and Transfers					
Capital contributions	405,543	338,775	-	744,318	-
Transfers in	-	-	86,792	86,792	-
Transfers out	(347,500)	-	-	(347,500)	-
Total contributions and transfers	58,043	338,775	86,792	483,610	-
Change in net position	460,604	(174,665)	(65,520)	220,419	47,477
Net Position, Beginning	11,472,513	15,372,082	4,970,341	31,814,936	366,331
Net Position, Ending	$ 11,933,117	$ 15,197,417	$ 4,904,821	$ 32,035,355	$ 413,808
Change in Net Position, Enterprise Funds				$ 220,419	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				10,017	
Change in Net Position of Business-Type Activities				$ 230,436	

See notes to financial statements

	Business-Type Activities - Enterprise Funds				
	Water Utility	**Wastewater Utility**	**Nonmajor Funds**	**Total**	**Dental/FLEX Internal Service Fund**
Cash Flows From Operating Activities					
Cash received from customers	$ 2,362,489	$ 2,102,753	$ 614,776	$ 5,080,018	$ 167,759
Cash received from the City	18,932	-	-	18,932	-
Cash paid to suppliers for goods and services	(999,901)	(1,671,666)	(603,878)	(3,275,445)	(118,277)
Cash paid to employees for services	(385,343)	(456,366)	(179,368)	(1,021,077)	-
Net cash flows from operating activities	996,177	(25,279)	(168,470)	802,428	49,482
Cash Flows From Noncapital Financing Activities					
Negative cash implicitly financed (paid)	589,523	(369,938)	-	219,585	-
Transfers from other funds	-	-	86,792	86,792	-
Transfers to other funds	(347,500)	-	-	(347,500)	-
Net cash flows from investing activities	242,023	(369,938)	86,792	(41,123)	-
Cash Flows From Investing Activities					
Noncash equivalents purchased	(340,685)	(552,107)	-	(892,792)	-
Noncash equivalents sold	224,195	535,473	-	759,668	-
Investment income	3,676	25,151	4,339	33,166	3,578
Net cash flows from investing activities	(112,814)	8,517	4,339	(99,958)	3,578
Cash Flows From Capital and Related Financing Activities					
Debt proceeds	1,585,000	1,007,623	-	2,592,623	-
Debt retired	(280,813)	(95,939)	(38,000)	(414,752)	-
Interest paid	(198,411)	(46,956)	(9,240)	(254,607)	-
Special assessments received	-	79,481	-	79,481	-
Contributions in aid of construction	267,052	1,014,652	409,321	1,691,025	-
Acquisition and construction of capital assets	(2,417,338)	(1,438,161)	(44,898)	(3,900,397)	-
Net cash flows from capital and related financing activities	(1,044,510)	520,700	317,183	(206,627)	-
Net increase (decrease) in cash and cash equivalents	80,876	134,000	239,844	454,720	53,060
Cash and Cash Equivalents, Beginning	521,228	1,428,574	272,495	2,222,297	364,760
Cash and Cash Equivalents, Ending	$ 602,104	$ 1,562,574	$ 512,339	$ 2,677,017	$ 417,820
Reconciliation of Cash and Cash Equivalents					
Cash and cash equivalents per statement of net position:					
Cash and investments	$ -	$ 392,812	$ 369,945	$ 762,757	$ 417,820
Restricted cash and investments:					
Reserve account	388,063	20,001	-	408,064	-
Redemption account	225,423	110,682	41,523	377,628	-
Construction account	329,303	-	100,871	430,174	-
Replacement account	-	1,591,186	-	1,591,186	-
Total cash and investments	942,789	2,114,681	512,339	3,569,809	417,820
Less noncash equivalents	(340,685)	(552,107)	-	(892,792)	-
Cash and cash equivalents per statement of cash flows	$ 602,104	$ 1,562,574	$ 512,339	$ 2,677,017	$ 417,820

See notes to financial statements

	Business-Type Activities - Enterprise Funds				
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	Dental/FLEX Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	$ 588,578	$ (492,064)	$ (204,330)	$ (107,816)	$ 8,349
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Nonoperating income	7,147	2,834	56,135	66,116	35,550
Noncash items included in income:					
Depreciation	496,221	799,189	257,500	1,552,910	-
Depreciation charged to other accounts	24,834	(24,834)	-	-	-
Change in assets and liabilities:					
Customer accounts receivable	21,826	(18,753)	-	3,073	-
Other accounts receivable	-	-	(3,956)	(3,956)	3,832
Inventories and prepaid items	9,275	(51,051)	(13,244)	(55,020)	-
Accounts payable	(122,236)	(237,031)	(50,216)	(409,483)	(250)
Payable to municipality	(33,523)	-	(211,399)	(244,922)	-
Other current liabilities	(1,413)	2,156	1,547	2,290	2,001
Accrued compensated absences	3,790	5,360	1,589	10,739	-
Other postemployment benefits	(14,277)	(16,080)	-	(30,357)	-
Pension related deferrals and asset	15,955	4,995	(2,096)	18,854	-
Net cash flows from operating activities	$ 996,177	$ (25,279)	$ (168,470)	$ 802,428	$ 49,482

Noncash Capital, Investing and Financing Activities

None

See notes to financial statements

Statement of Fiduciary Net Position -
Fiduciary Fund
December 31, 2023

	Custodial Fund
	Tax Collection Fund
Assets	
Cash and investments	$ 3,455,056
Taxes receivable	4,014,287
Total assets	7,469,343
Liabilities	
Due to other taxing units	7,469,343
Total liabilities	7,469,343
Total net position	$ -

See notes to financial statements

City of Ashland

Statement of Changes in Fiduciary Net Position -
Fiduciary Fund
Year Ended December 31, 2023

	Custodial Fund Tax Collection Fund
Additions	
Property taxes collected for other governments	$ 4,886,525
Deductions	
Property taxes distributed to other governments	4,886,525
Change in fiduciary net position	-
Net Position, Beginning	-
Net Position, Ending	$ -

See notes to financial statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Discretely Presented Component Unit

The government-wide financial statements include the Ashland Ore Dock Charitable Trust as a component unit. The Ashland Ore Dock Charitable Trust is a legally separate organization. The board of the Ashland Ore Dock Charitable Trust consists of the mayor of the City of Ashland; a member of the Ashland City Council, nominated by the mayor and confirmed by the Council; the chairperson of the Ashland Harbor Commission; the director of the Ashland Park and Recreation Department; the president of the Ashland Historical Society; the president of Northland College; a representative of the Ashland business community, selected by the Ashland Area Chamber of Commerce; a representative of the Ashland banking, financial services or investment community, selected by the members of the board; and a resident of the City of Ashland, not a member of the City Council or of the Harbor Commission, selected by the members of the board. Wisconsin Statues provide for circumstances whereby the City can impose its will on the Ashland Ore Dock Charitable Trust and also create a potential financial benefit to or burden on the City. The Ashland Ore Dock Charitable Trust is part of the reporting entity of the City. See Note 3.

As a component unit, the Ashland Ore Dock Charitable Trust's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2023. The Ashland Ore Dock Charitable Trust is a not-for-profit organization that follows Financial Accounting Standards Board (FASB) for accounting and financial reporting principles. Separately issued financial statements of the Ashland Ore Dock Charitable Trust may be requested at 601 Main Street West, Ashland, WI 54806.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type and

b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund

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

Special Revenue Fund - Housing Rehab Revolving Loan Fund

Special Revenue Fund - Housing Rehab Revolving Loan Fund accounts for and reports the grants and local revenues legally restricted or committed to supporting expenditures for the City's housing loan program.

Capital Improvements Fund

Capital Improvement Fund is used to account for and report financial resources that are restricted or assigned to expenditures for various types of capital improvement projects.

Beginning in 2023, the City combined the Street Improvements, Leisure and Recreation Improvements, Public Transportation, Building Facilities, Waterfront Development, Park Grounds Improvements, Land Sales and Acquisition, Capital Sidewalk Improvements, Urban Forestry and Landfill Improvement Funds into a single fund for increased consistency in reporting.

Debt Service Fund

Debt Service Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs, other than TIF or enterprise debt.

The City reports the following major enterprise funds:

Water Utility

Water Utility accounts for the construction, operations and maintenance of the municipal water pumping, treatment and distribution systems.

Wastewater Utility

Wastewater Utility accounts for the construction, operations and maintenance of the municipal sewage collection and treatment system.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

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

Recycling	Evidence Funds
Economic Development Revolving Loan	Bretting Teen Center
Library Grants and Special Revenue	Beautification
TIF No. 6 Increment	Vaughn Library
TIF No. 9 Increment	Insured Loss Deductible
TIF No. 10 Increment	Hazardous Materials
Community Planning and Development	Home Improvement Program
NSP Breakwall	

Capital Projects Funds

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

TIF No. 10 Development	Capital Equipment

Enterprise Funds

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

Airport	Marina

In addition, the City reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units, on a cost-reimbursement basis. The City reports its Dental/FLEX Fund as an internal service fund.

Custodial Funds

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

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

All Financial Statements

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

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

Deposits and Investments

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

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

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

The City has not adopted a formal investment policy; however, the City's budget document indicates that the City follows state statutes regarding allowable investments and abides by the following criteria: preservation of capital, maintenance of liquid position and maximum yield.

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

See Note 3 for further information.

Receivables

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

Property tax calendar, 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale, 2023 delinquent real estate taxes	October 2026

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

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

All receivables have been adjusted for estimated uncollectible accounts. The amounts recorded as receivables in the general fund have been reduced by an allowance for uncollectible accounts of $1,697,768.

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

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

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as notes receivable has been reduced by an allowance for uncollectible accounts of $36,824.

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

Inventories and Prepaid Items

Governmental fund inventory items, if significant, are recorded at cost based on average cost using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at average cost based on FIFO and charged to construction or operation and maintenance expense when used.

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 for general capital assets and $25,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings	50-75 years
Land improvements	25 years
Machinery and equipment	4-20 years
Utility system	7-100 years
Infrastructure	40-100 years

Lease assets are typically amortized over the lease term.

Fund Financial Statements

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

Deferred Outflows of Resources

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2023 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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

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

Leases

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The City Council has adopted a policy authorizing the City Administrator or Finance Director to assign amounts for a specific purpose; and 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

The City has a formal minimum fund balance policy. That policy is to maintain a total fund balance (excluding nonspendable and restricted fund balances) in the General Fund equal to 30% of expenditures. The balance at year-end was $4,063,411 or 37% of expenditures.

See Note 3 for further information.

Basis for Existing Utility Rates

Current water rates were authorized by Public Service Commission order 250-WR-104 and were in effect for services rendered on or after November 28, 2016.

Current wastewater rates were approved by the City Council and were in effect for services rendered on or after May 24, 2017.

Pension

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

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

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

Postemployment Benefits Other Than Pensions (OPEB)

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

2. Stewardship, Compliance and Accountability

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2023, the following individual funds held a deficit balance:

Fund	Amount	Reason
Economic Development Revolving Loan	$ 148	Unavailable revenues related to current year expenditures
TIF No. 9 Increment	105,264	Expenditures in excess of increment
TIF No. 10 Increment	170,924	Expenditures in excess of increment
Home Improvement Program	100,536	Unavailable revenues related to current year expenditures

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. TIF No. 9 adopted a plan amendment in 2015 that designated the district as distressed under Wisconsin State Statute Section 66.1105(4e), with TIF No. 6 being the donor district for increment revenue sharing. This extended the life of TIF No. 9 by 10 years to 33 years after its creation date.

Deficits in the remaining funds are anticipated to be funded with future contributions, general tax revenues or grant reimbursements.

Limitations on the City's Tax Levy

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

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Bank Balance	Associated Risks
Demand and time deposits	$ 15,199,570	$ 15,774,274	Custodial credit risk
Cash on hand and petty cash	1,175		
Total cash and investments	$ 15,200,745		
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investments	$ 8,574,182		
Restricted cash and investments	3,171,507		
Per statement of fiduciary net position:			
Tax collection fund	3,455,056		
Total cash and investments	$ 15,200,745		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2023, the banks had pledged various government securities of approximately $12,810,052 to secure the City's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2023, $3,386,918 of the City's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized deposits.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except as follows:

General Fund	$ 37,200
Housing Rehab Revolving Loan Fund	1,609,286
Capital Improvements Fund	40,028
Nonmajor Governmental Funds	106,580

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

	Unearned	Unavailable
Property taxes receivables	$ 5,256,492	$ -
Other receivables	208	69,726
Grant receivables	44,926	843,069
Grants received in advance of meeting eligibility requirements	429,619	-
Special assessments not yet due	-	44,272
Economic development and housing rehabilitation loans	-	1,668,430
Total unearned/unavailable revenue for governmental funds	$ 5,731,245	$ 2,625,497
Unearned revenue included in liabilities	$ 429,619	
Unearned revenue included in deferred inflows	5,301,626	
Total unearned revenue for governmental funds	$ 5,731,245	

Restricted Assets

The following represent the balances of the restricted assets.

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2023:

	Governmental Activities	Business-Type Activities
Restricted cash and investments:		
Redemption account	$ -	$ 377,628
Construction account	364,455	430,174
Reserve account	-	408,064
Equipment replacement account	-	1,591,186
Total restricted assets	$ 364,455	$ 2,807,052

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Construction in progress	$ 584,171	$ 2,973,130	$ (3,293,678)	$ 263,623
Land	4,371,607	-	-	4,371,607
Right of way	191,464	-	-	191,464
Total capital assets not being depreciated/amortized	5,147,242	2,973,130	(3,293,678)	4,826,694
Capital assets being depreciated/amortized:				
Land improvements	8,107,926	2,522,944	(575,859)	10,055,011
Buildings	17,124,890	82,666	-	17,207,556
Leased assets	243,070	291,453	-	534,523
Machinery and equipment	9,250,057	1,375,995	(230,919)	10,395,133
Roads	37,715,991	1,130,394	(521,206)	38,325,179
Alleys	663,828	9,917	(1,915)	671,830
Bridges	313,693	-	-	313,693
Trails	1,999,709	15,588	-	2,015,297
Storm sewers	9,636,582	256,683	(13,244)	9,880,021
Sidewalks	5,857,854	143,104	(66,790)	5,934,168
Breakwater	13,900,000	-	-	13,900,000
Total capital assets being depreciated/amortized	104,813,600	5,828,744	(1,409,933)	109,232,411
Less accumulated depreciation/amortization:				
Land improvements	(1,951,911)	(211,392)	46,069	(2,117,234)
Buildings	(3,627,430)	(249,567)	-	(3,876,997)
Leased assets	(56,657)	(130,474)	-	(187,131)
Machinery and equipment	(5,925,181)	(485,861)	202,802	(6,208,240)
Roads	(12,485,860)	(721,916)	131,650	(13,076,126)
Alleys	(432,540)	(3,040)	1,532	(434,048)
Bridges	(128,972)	(4,505)	-	(133,477)
Trails	(471,068)	(50,382)	-	(521,450)
Storm sewers	(3,695,807)	(204,271)	13,244	(3,886,834)
Sidewalks	(2,808,856)	(146,565)	33,848	(2,921,573)
Breakwater	(590,750)	(139,000)	-	(729,750)
Total accumulated depreciation/ amortization	(32,175,032)	(2,346,973)	429,145	(34,092,860)
Net capital assets being depreciated/amortized	72,638,568	3,481,771	(980,788)	75,139,551
Total governmental activities capital assets, net of accumulated depreciation/amortization	$ 77,785,810	$ 6,454,901	$ (4,274,466)	$ 79,966,245

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	$ 62,805
Public safety	450,542
Public works, which includes the depreciation of roads, storm sewers and sidewalks	1,522,745
Leisure activities	310,881
Total governmental activities depreciation/amortization expense	$ 2,346,973

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Water Utility				
Capital assets, not being depreciated:				
Construction in progress	$ 286,915	$ 2,372,999	$ (1,185,952)	$ 1,473,962
Land and land rights	30,611	-	-	30,611
Total capital assets not being depreciated	317,526	2,372,999	(1,185,952)	1,504,573
Capital assets, being depreciated:				
Source of supply	88,116	-	-	88,116
Pumping	832,593	-	-	832,593
Treatment	2,648,489	15,390	-	2,663,879
Transmission and distribution	20,716,769	1,212,081	(325,838)	21,603,012
Administrative and general assets	916,594	12,500	-	929,094
Total capital assets, being depreciated	25,202,561	1,239,971	(325,838)	26,116,694
Total capital assets	25,520,087	3,612,970	(1,511,790)	27,621,267
Less accumulated depreciation:				
Source of supply	(57,413)	(1,498)	-	(58,911)
Pumping	(748,981)	(26,073)	-	(775,054)
Treatment	(1,772,259)	(83,520)	-	(1,855,779)
Transmission and distribution	(6,079,263)	(387,596)	325,838	(6,141,021)
Administrative and general assets	(726,616)	(22,368)	-	(748,984)
Total accumulated depreciation	(9,384,532)	(521,055)	325,838	(9,579,749)
Total capital assets, being depreciated, net	15,818,029	718,916	-	16,536,945
Total water utility capital assets, net	$ 16,135,555	$ 3,091,915	$ (1,185,952)	$ 18,041,518

	Beginning Balance	Additions	Deletions	Ending Balance
Wastewater Utility				
Capital assets, not being depreciated:				
Construction in progress	$ 745,200	$ 1,039,528	$ (1,313,263)	$ 471,465
Land and land rights	38,951	-	-	38,951
Total capital assets, not being depreciated	784,151	1,039,528	(1,313,263)	510,416
Capital assets, being depreciated:				
Collection system	17,275,027	1,313,263	(15,753)	18,572,537
Collection system pumping	3,688,271	-	-	3,688,271
Treatment and disposal	10,222,521	-	-	10,222,521
Administrative and general assets	2,886,881	-	-	2,886,881
Total capital assets, being depreciated	34,072,700	1,313,263	(15,753)	35,370,210
Total capital assets	34,856,851	2,352,791	(1,329,016)	35,880,626
Less accumulated depreciation	(19,569,099)	(774,355)	15,753	(20,327,701)
Total capital assets, being depreciated, net	14,503,601	538,908	-	15,042,509
Total wastewater utility capital assets, net	$ 15,287,752	$ 1,578,436	$ (1,313,263)	$ 15,552,925

	Beginning Balance	Additions	Deletions	Ending Balance
Airport				
Capital assets, not being depreciated:				
Construction in progress	$ 10,096	$ 850	$ -	$ 10,946
Land and land rights	45,768	-	-	45,768
Total capital assets, not being depreciated	55,864	850	-	56,714
Capital assets, being depreciated:				
Land improvements	3,079,415	-	-	3,079,415
Buildings	574,074	12,925	-	586,999
Equipment	1,205,862	14,177	-	1,220,039
Total capital assets, being depreciated	4,859,351	27,102	-	4,886,453
Total capital assets	4,915,215	27,952	-	4,943,167
Less accumulated depreciation:				
Land improvements	(1,748,294)	(118,425)	-	(1,866,719)
Buildings	(258,424)	(11,530)	-	(269,954)
Equipment	(814,118)	(45,220)	-	(859,338)
Total accumulated depreciation	(2,820,836)	(175,175)	-	(2,996,011)
Total capital assets, being depreciated, net	2,038,515	(148,073)	-	1,890,442
Total airport capital assets, net	$ 2,094,379	$ (147,223)	$ -	$ 1,947,156

	Beginning Balance	Additions	Deletions	Ending Balance
Marina				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Land and land rights	391,500	-	-	391,500
Total capital assets, not being depreciated	391,500	-	-	391,500
Capital assets, being depreciated:				
Land improvements	1,201,239	-	-	1,201,239
Buildings	974,139	-	-	974,139
Equipment	1,205,561	-	-	1,205,561
Total capital assets, being depreciated	3,380,939	-	-	3,380,939
Total capital assets	3,772,439	-	-	3,772,439
Less accumulated depreciation:				
Land improvements	(22,935)	(24,025)	-	(46,960)
Buildings	(270,202)	(19,483)	-	(289,685)
Equipment	(708,685)	(38,817)	-	(747,502)
Total accumulated depreciation	(1,001,822)	(82,325)	-	(1,084,147)
Total capital assets, being depreciated, net	2,379,117	(82,325)	-	2,296,792
Total marina capital assets, net	$ 2,770,617	$ (82,325)	$ -	$ 2,688,292
Business-type capital assets, net	$ 36,288,303	$ 4,440,803	$ (2,499,215)	$ 38,229,891

Accumulated depreciation is not available by capital asset class for the wastewater utility.

Depreciation expense was charged to function as follows:

Business-Type Activities	
Water	$ 496,221
Wastewater	799,189
Airport	175,175
Marina	82,325
Total business-type activities depreciation expense	$ 1,552,910

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

Additional disclosures of the lease assets are included in the Lease Disclosures note.

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Home Improvement Program	$ 100,564
General Fund	Water Utility	937,023
Total, fund financial statements		1,037,587
Less advances		(51,728)
Add interfund receivable created with internal service fund eliminations		13,648
Less fund and government-wide eliminations		(100,564)
Total internal balances for government-wide statement of net position		$ 898,943
Governmental activities	Business-type activities	$ 950,671
Business-type activities	Governmental activities	(51,728)
Total internal balances for government-wide statement of net position		$ 898,943

All amounts are due within one year.

The purpose for the interfund between the General Fund and the Water Utility is the payment in lieu of taxes. The primary purpose of most of the interfunds is a negative balance in pooled cash. Other interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Advances

The Water Utility advance to the Debt Service Fund is to repay the Water Utility for the City's portion of debt related to construction project costs. A repayment schedule has been established for this advance.

The NSP Breakwall Fund advanced funds to the TIF No. 10 Increment Fund to fund project costs. The NSP Breakwall Fund is charging interest on the advance based on the average outstanding balance during the year at a rate based on the average annual interest income rate of the City's money market account. A repayment schedule has been established for this advance.

No repayment schedule has been established for the remaining advances. Those advances are a result of a negative balance in pooled cash in those funds. TIF No. 9 Increment Fund is expected to repay $105,264 of the advance within one year.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount
General Fund	TIF No. 9 Increment	$ 105,264
NSP Breakwall	TIF No. 10 Increment	171,318
Water Utility	Debt Service Fund	51,728
Total, fund financial statements		328,310
Less fund and government-wide eliminations		(276,582)
Total advances for government-wide statement of net position		$ 51,728

The repayment schedule for the Water Utility advance to the Debt Service Fund:

	Principal
Years ending December 31:	
2024	$ 12,660
2025	12,840
2026	13,022
2027	13,206
Total	$ 51,728

The repayment schedule for the NSP Breakwall advance to the TIF No. 10 Increment Fund:

	Principal
Years ending December 31:	
2024	$ 10,547
2025	10,678
2026	10,812
2027	10,947
2028	11,084
2029-2033	57,532
2034-2038	59,718
Total	$ 171,318

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
Capital Improvements	General Fund	$ 81,000
Recycling	General Fund	90,000
Beautification	General Fund	3,950
Vaughn Library	General Fund	316,000
Capital Equipment	General Fund	96,182
Airport	General Fund	86,792
General Fund	Capital Improvements	23,859
Capital Improvements	Debt Service	266,000
TIF No. 9 Increment	TIF No. 6 Increment	293,447
Debt Service	TIF No. 10 Increment	75,473
TIF No.10 Development	TIF No. 10 Increment	30,120
Capital Improvements	Community Planning and Development	1,000
Debt Service	Community Planning and Development	9,006
General Fund	Water Utility	347,500
Total fund financial statements		1,720,329
Less fund and government-wide eliminations		(1,459,621)
Total government-wide statement of activities		$ 260,708
Governmental Activities	Business-Type Activities	$ 347,500
Business-Type Activities	Governmental Activities	(86,792)
Total transfers for government-wide statement of activities		$ 260,708

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds payable	$ 3,109,997	$ -	$ (340,000)	$ 2,769,997	$ 345,000
General obligation notes payable	6,820,000	2,505,000	(675,000)	8,650,000	680,000
General obligation notes from direct borrowings and direct placements	834,588	-	(185,439)	649,149	192,102
Total bonds and notes payable	10,764,585	2,505,000	(1,200,439)	12,069,146	1,217,102
Other liabilities:					
Vested compensated absences	582,522	113,257	(36,424)	659,355	340,000
Landfill liability	797,058	-	(13,177)	783,881	-
Total other liabilities	1,379,580	113,257	(49,601)	1,443,236	340,000
Total governmental activities, long-term liabilities	$ 12,144,165	$ 2,618,257	$ (1,250,040)	$ 13,512,382	$ 1,557,102

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	$ 907,000	$ -	$ (104,000)	$ 803,000	$ 106,000
Revenue bonds	5,166,716	1,585,000	(211,456)	6,540,260	278,137
Revenue bonds from direct borrowings and direct placements	1,294,034	1,007,623	(99,296)	2,202,361	127,702
Total bonds and notes payable	7,367,750	2,592,623	(414,752)	9,545,621	511,839
Other liabilities:					
Vested compensated absences	89,901	12,716	(1,977)	100,640	67,143
Total other liabilities	89,901	12,716	(1,977)	100,640	67,143
Total business-type activities, long-term liabilities	$ 7,457,651	$ 2,605,339	$ (416,729)	$ 9,646,261	$ 578,982

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2023, was $31,349,840. Total general obligation debt outstanding at year-end was $12,872,146.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund and by tax increments generated by the TIF districts. Business-type activities debt is payable by revenues from user fees of those funds or if the revenues are not sufficient, by future tax levies.

General obligation debt payable for the City at December 31, 2023, consists of the following:

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023
Note payable*	2015	2025	2.59 %	$ 890,000	$ 249,991
Bond payable	2015	2035	2.00-3.25	4,470,000	2,769,997
Note payable	2017	2027	2.00-2.25	2,065,000	750,000
Note payable*	2018	2028	4.00	550,000	335,948
Note payable	2020	2030	1.91	6,545,000	5,395,000
Note payable*	2022	2031	3.00	70,000	63,210
Note payable	2023	2033	4.00-5.00	2,505,000	2,505,000
Total governmental activities, general obligation debt					$ 12,069,146

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

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023
Water Utility:					
Note payable	2020	2030	2.27 %	$ 700,000	$ 505,000
Marina:					
Note payable	2020	2030	2.75	410,000	298,000
Total governmental activities, general obligation debt					$ 803,000

Debt service requirements to maturity are as follows:

	Governmental Activities			
	General Obligation Debt		General Obligation Notes From Direct Borrowings or Direct Placements	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2024	$ 1,025,000	$ 312,442	$ 192,102	$ 21,851
2025	960,000	289,529	198,828	15,930
2026	1,245,000	267,539	74,637	9,841
2027	1,035,000	225,973	77,547	6,931
2028	905,000	196,263	80,561	3,917
2029-2033	5,775,000	466,860	25,474	1,544
2034-2035	474,997	19,419	-	-
Total	$ 11,419,997	$ 1,778,025	$ 649,149	$ 60,014

	Business-Type Activities	
	General Obligation Debt	
	Principal	Interest
Years ending December 31:		
2024	$ 106,000	$ 19,659
2025	109,000	17,065
2026	112,000	14,399
2027	115,000	11,660
2028	118,000	8,843
2029-2030	243,000	8,965
Total	$ 803,000	$ 80,591

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water and wastewater utilities.

The water utility has pledged future water utility revenues, net of specified operating expenses, to repay water revenue bonds issued in 2008, 2009, 2016, 2017 and 2023. Proceeds from the bonds provided financing for the water utility. The bonds are payable solely from water utility revenues and are payable through 2056. Annual principal and interest payments on the water bonds are expected to require 32.3% of net revenues. The total principal and interest remaining to be paid on the bonds is $7,983,382. Principal and interest paid for the current year and total customer net revenues were $334,381 and $417,976, respectively.

The wastewater utility has pledged future wastewater utility revenues, net of specified operating expenses, to repay wastewater revenue bonds issued in 2014, 2016, 2018 and 2022. Proceeds from the bonds provided financing for the wastewater utility. The bonds are payable solely from wastewater utility revenues and are payable through 2052. Annual principal and interest payments on the wastewater bonds are expected to require 33.8% of net revenues. The total principal and interest remaining to be paid on the bonds is $3,288,713. Principal and interest paid for the current year and total customer net revenues were $142,895 and $156,684, respectively.

Revenue debt payable at December 31, 2023 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023	
Water Utility						
Revenue bonds*	2008	2027	1.420 %	$ 442,199	$ 103,177	
Revenue bonds*	2009	2028	1.600	345,702	101,314	
Revenue bonds	2016	2056	1.875	1,883,000	1,642,200	
Revenue bonds	2017	2038	1.150-4.000	3,315,000	2,545,000	
Revenue bonds	2023	2043	4.000	1,585,000	1,585,000	
Total water utility					5,976,691	
Wastewater Utility						
Revenue bonds*	2014	2034	2.630	581,416	370,878	
Revenue bonds*	2016	2036	1.960	193,550	135,819	
Revenue bonds	2018	2038	2.750	960,000	768,060	
Revenue bonds*	2022	2051	0.970	623,081	592,454	
Revenue bonds*	2022	2052	1.353	898,719	898,719	(1)
Total wastewater utility					2,765,930	
Total business-type activities, revenue debt					$ 8,742,621	

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

(1) During 2022 the Wastewater utility was authorized to issue Clean Water Fund Loan revenue bonds up to the amount of $1,716,132. The original amount reported above has been issued as of December 31, 2023. The repayment schedule includes payments for the amount issued.

Debt service requirements to maturity are as follows:

	Business-Type Activities			
	Revenue Debt		Revenue Debt From Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2024	$ 278,137	$ 186,200	$ 127,702	$ 32,217
2025	275,038	188,766	129,855	30,138
2026	282,050	181,044	132,050	27,923
2027	293,974	172,791	134,286	25,668
2028	296,010	164,096	109,848	23,557
2029-2033	1,637,113	673,416	469,459	91,913
2034-2038	1,938,438	375,043	326,587	55,805
2039-2043	769,600	137,651	269,449	38,624
2044-2048	274,100	59,521	285,989	21,983
2049-2053	301,100	32,577	217,136	5,021
2054-2056	194,700	5,520	-	-
Total	$ 6,540,260	$ 2,176,625	$ 2,202,361	$ 352,849

Other Debt Information

Estimated payments of accumulated employee benefits are not included in the debt service requirement schedules. The vested compensated absences attributable to governmental activities will be liquidated primarily by the general fund.

The City's outstanding 2015 General Obligation notes from direct borrowings and/or direct placements related to governmental activities with a balance totaling $249,991, contain provisions that in the event of default, the outstanding balance shall become immediately due and payable.

The City's outstanding 2018 and 2022 State Trust Fund Loans from direct borrowings related to governmental activities with balances totaling $399,158 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the City.

The City's 2008 and 2009 Safe Drinking Water Loans and 2014, 2016 and 2022 Clean Water Fund Loans from direct borrowings and/or direct placements related to business-type activities with balances totaling $2,202,361, contain provisions that amounts due may be deducted from any state payments due to the City, that the Wisconsin Department of Administration may add a special charge to the amount of taxes apportioned to and levied upon the county in which the City is located, that the state has the right to bill the users of the City's utility system directly and that the state has the right to declare the entire principal balance immediately due and payable.

A statutory mortgage lien upon the water and wastewater utilities' systems and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the 2016 and 2018 revenue bond issues. The utilities' systems and the earnings of the systems remain subject to the lien until payment in full of the principal and interest on the bonds. As provided for the resolutions creating various other bond issues, the utilities' earnings remain subject to a lien until a payment in full of the principal and interest on the bonds.

Short-Term Debt

The City issued two short-term promissory notes during 2023. Series 2023A was issued in the amount of $1,365,000 as a note anticipation note for the City's 2023 general obligation note payable issued December 19, 2023. The note had an interest rate of 5.00% and matured on December 21, 2023. Series 2023B was issued in the amount of $277,550 to be used for general operations. The note has an interest rate of 6.75% and matures on December 20, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance
Promissory notes, direct placement	$ 266,000	$ 1,642,550	$ 1,631,000	$ 277,550

Lease Disclosures

Lessee – Lease Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Lease liabilities	$ 186,413	$ 291,453	$ (130,474)	$ 347,392	$ 132,511
Total	$ 186,413	$ 291,453	$ (130,474)	$ 347,392	$ 132,511

Governmental Activities

Lease Description	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
Enterprise – vehicles	various	various	3.63%	$ 243,070	$ 96,756
Enterprise – vehicles	2023	various	5.00%	291,453	250,636
Total governmental activities lease liabilities					$ 347,392

Debt service requirements to maturity are as follows:

	Governmental Activities		
Years	Principal	Interest	Total
2024	$ 132,511	$ 18,007	$ 150,518
2025	81,859	11,502	93,361
2026	67,439	6,979	74,418
2027	43,844	3,266	47,110
2028	21,739	883	22,622
Total	$ 347,392	$ 40,637	$ 388,029

Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its concrete and demolition disposal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. The $783,881 reported as landfill closure and postclosure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. The landfill was closed and capped in 2003. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care or to maintain an Irrevocable Letter of Credit for the present value of estimated long-term care costs for the landfill. The City is in compliance with these requirements. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2023 includes the following:

Governmental Activities

Net investment in capital assets:	
Construction in progress	$ 263,623
Land and right of way	4,563,071
Other capital assets, net of accumulated depreciation/amortization	75,139,551
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)	(10,066,254)
Total net investment in capital assets	$ 69,899,991

Governmental fund balances reported on the fund financial statements at December 31, 2023 include the following:

Fund Balances	General Fund	Housing Rehab Revolving Loan	Capital Improve-ments	Debt Service Fund	Nonmajor Funds	Total
Nonspendable						
Prepaid items and inventory	$ 23,447	$ -	$ -	$ -	$ -	$ 23,447
Delinquent taxes	7,744	-	-	-	-	7,744
Delinquent utilities included in due from other governments	29,456	-	-	-	-	29,456
NSP Breakwall	-	-	-	-	160,902	160,902
Subtotal	60,647	-	-	-	160,902	221,549
Restricted						
Housing and economic development loans	-	100,918	-	-	-	100,918
Debt service	-	-	-	258,801	-	258,801
Library	-	-	-	-	365,791	365,791
Buildings and facilities	-	-	55,833	-	-	55,833
Police programs	-	-	-	-	116,845	116,845
NSP Breakwall	-	-	-	-	387,838	387,838
Beautification	-	-	-	-	1,835	1,835
TIF No. 10 development	-	-	-	-	61,026	61,026
Waterfront development	-	-	458,648	-	-	458,648
Capital equipment	-	-	-	-	288,835	288,835
Street improvements	-	-	1,259,066	-	-	1,259,066
Subtotal	-	100,918	1,773,547	258,801	1,222,170	3,355,436
Committed						
Bretting Teen Center	-	-	-	-	23,684	23,684
Insured loss deductible	-	-	-	-	45,613	45,613
Community planning and development	-	-	-	-	59,458	59,458
Subtotal	-	-	-	-	128,755	128,755
Assigned						
Fund balance applied to subsequent year's budget	198,527	-	-	-	-	198,527
Public transportation	-	-	22,000	-	-	22,000
Recycling	-	-	-	-	738	738
Park grounds improvements	-	-	56,556	-	-	56,556
Sidewalk improvements	-	-	223,015	-	-	223,015
Landfill improvement	-	-	44,083	-	-	44,083
Capital equipment	-	-	-	-	206,765	206,765
Street improvements	-	-	151,933	-	-	151,933
Building and facilities	-	-	74,298	-	-	74,298
Reduction to zero out unassigned fund balance	-	-	(476,031)	-	-	(476,031)
Subtotal	198,527	-	95,854	-	207,503	501,884
Unassigned (Deficit)	3,864,884	-	-	-	(376,872)	3,488,012
Total fund balances (deficit)	$ 4,124,058	$ 100,918	$ 1,869,401	$ 258,801	$ 1,342,458	$ 7,695,636

Business-Type Activities

Net investment in capital assets:		
Construction in progress	$	1,956,373
Land		506,830
Other capital assets, net of accumulated depreciation		35,766,688
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)		(9,115,447)
Total net investment in capital assets	$	29,114,444

Component Unit - Ashland Ore Dock Charitable Trust

This report contains the Ashland Ore Dock Charitable Trust, which is included as a component unit. In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Summary of Significant Accounting Principles

Organization

The Ashland Ore Dock Charitable Trust (Trust) was established on May 13, 2014 and is a not-for-profit organization governed by the law of the State of Wisconsin. The purpose of the Trust is to provide funds to the City of Ashland to preserve the legacy of the Ore Dock and to develop the Ore Dock as a vibrant municipal asset to be used by the City and its residents for generations to come.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Support and Revenue

The Trust received its support primarily from a one-time donation made by Wisconsin Central, Ltd. These monies are being invested for use in future years by the Trust. Contributions are recognized when realizable and are reported as either without donor restrictions or with donor restrictions.

Income Taxes and Uncertain Tax Positions

For tax purposes, the Trust has been given status as an organization exempt from income tax liability under Section 501(c)(3) of the Internal Revenue Code on May 20, 2015. While the Trust is generally exempt from income taxes, it is subject to taxes on unrelated trade or business income. For the year ended December 31, 2023, the Trust did not incur taxes for unrelated trade or business income. The Trust believes that it has appropriate support for any tax positions taken and as such, does not have any uncertain tax positions that are material to the financial statements. The Trust's federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination for three years after it is filed.

Deposits and Investments

The Trust deposits cash directly into savings and share accounts and certificates of deposit held in FDIC member banks and NCUA member credit unions. The cash and certificate of deposit balances are insured through the FDIC or NCUA up to an amount of $250,000. The Trust has an excess deposit insurance bond of $1,000,000 as of December 31, 2023. As of December 31, 2023, the uninsured portion of this balance was $75,652.

Liquid Resources

The Trust's working capital and cash flows vary each year as their main focus is to reimburse the City of Ashland for approved expenses on the Ashland Ore Dock renovation project. Timing of the requests are dependent on project workflow. Because of this, a large amount is kept in liquid assets. As of December 31, 2023, the Trust had $264,129 of cash and other net financial assets available to meet cash needs for general expenses within one year.

Related-Party Transactions

Costs for maintenance, betterment and operation of the Ore Dock are paid by the City of Ashland, after which the City requests reimbursement for such approved costs from the Trust. Amounts owed from the Trust to the City as of December 31, 2023 totaled $99,941.

Subsequent Events

Management has evaluated subsequent events through July 26, 2024 the date on which the Trust financial statements were available to be issued.

4. Other Information

Employees' Retirement System

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual 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 age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

	Core Fund Adjustment	Variable Fund Adjustment
Years ending December 31:		
2013	(9.6) %	9.0 %
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $592,919 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2023 are:

	Employee	Employer
Employee category:		
General (executives and elected officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2023, the City reported a liability of $2,697,375 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 0.05091593%, which was a decrease of 0.00061460% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of $1,225,990.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 4,296,082	$ 5,644,088
Changes in actuarial assumptions	530,415	-
Net differences between projected and actual earnings on pension plan investments	4,582,217	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,731	2,266
Employer contributions subsequent to the measurement date	600,448	-
Total	$ 10,022,893	$ 5,646,354

$600,448 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 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:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ended December 31:	
2024	$ 158,214
2025	782,632
2026	803,285
2027	2,031,960

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 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.*

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:

Asset Allocation Targets and Expected Returns* as of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	48	7.6	5.0
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

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

*** *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%.*

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
City's proportionate share of the net pension liability (asset)	$ 8,952,500	$ 2,697,375	$ (1,605,614)

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-reportsand-statements.

At December 31, 2023, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

The City self-insures for the dental care of its employees. The maximum benefit per person per year is $1,200, the maximum orthodontic benefit per dependent up to age 19 per lifetime is $1,500.

Commitments and Contingencies

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

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

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

The City operated a state licensed sanitary landfill and demolition landfill on Woodbury Lane for approximately 20 years. Disposal operations ceased in 2002 and both landfills were closed and capped in 2003. As required by the Wis. DNR, the City maintains an Irrevocable Letter of Credit with a local bank for the present value of estimated Long Term Care Costs for the landfill. The long-term care obligation extends through year 2044. The City has letters of credit at a local bank of $729,605, to be drawn upon for cleanup costs. No draws have been made on these letters of credit as of December 31, 2023.

On April 13, 2015, the City through its Tax Incremental Financing District (TID) No. 9 entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on 90% of the tax increment revenue received up to $197,380 and an achieved value of $1.184 million. Incentive payments for the year ended December 31, 2023 were $27,597.

Joint Ventures

The City of Ashland and surrounding communities jointly operate the Bay Area Rural Transit system which provides bus service. Summary financial information of the system was not available. The transactions of the system are not reflected in these financial statements.

Postemployment Benefits Other Than Pensions

General Information About the OPEB Plan

Plan Description and Benefits Provided

The City's other postemployment benefit (OPEB) plan provides group health insurance coverage for all active employees and retirees (or other qualified terminated employees) at blended premium rates, resulting in an implicit rate subsidy for all retirees with group health coverage.

Retirees or single eligible spouses are required to contribute for their coverage 100% of the total premium, with the following exceptions: police officers hired before January 1, 1987 or firefighters hired before January 1, 1986 receive free single medical and dental coverage until they are eligible for Medicare, disabled police officers, firefighters and union City employees received free single medical and dental coverage until eligible for Medicare and utility employees hired before January 1, 1997 with 20 years of service receive free family medical starting at age 65 for life. This results in an OPEB for the retirees who do not contribute 100% of the total premium for their coverage.

The City administers its single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The benefit terms are established through collective bargaining agreements and the City's employee handbook. Administrative costs of the plan are financed by the City.

Employees Covered by Benefit Terms

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	17
Active plan members	43
	60

Total OPEB Liability

The City's total OPEB liability of $2,334,802 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2024 with no adjustments.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Payroll growth	3.0% plus merit/productivity increases based on WRS actuarial valuation as of December 31, 2022
Healthcare cost trend rates	8.00% for 2024, decreasing 0.5% per year to an ultimate rate of 4.5% for 2031 and later years

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 General, Public Safety, Non-Safety Disabled Retiree and Public Safety Disabled Retiree and Continuing Survivor Headcount-weighted Mortality Tables fully generational using scale MP-2021, as appropriate.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the Wisconsin Retirement System actuarial valuation as of December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2022	$ 1,711,360
Changes for the year:	
Service cost	70,769
Interest	73,119
Changes of benefit terms	-
Differences between expected and actual experience	350,484
Changes in assumptions or other inputs	302,157
Benefit payments	(173,087)
Net changes	623,442
Balance at December 31, 2023	$ 2,334,802

Change in Assumptions

The discount rate changed from 4.31% in 2022 to 4.00% in 2023. Health care cost trend rates were updated from an initial rate of 7.5% in 2022 to 8.0% in 2023.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 2,531,066	$ 2,334,802	$ 2,159,091

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 3.5%) or 1-percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
Total OPEB liability	$ 2,176,206	$ 2,334,802	$ 2,466,664

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

For the year ended December 31, 2023, the City recognized OPEB expense of $120,671. 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	$ 527,598	$ (209,214)
Changes of assumptions or other inputs	363,878	(357,242)
Total	$ 891,476	$ (566,456)

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

Years ending December 31:	
2024	$ (23,217)
2025	(23,219)
2026	(2,526)
2027	96,811
2028	68,871
Thereafter	208,300

Related Organizations

The City's officials are responsible for appointing the board members of the Housing Authority of Ashland, but the City's accountability for this organization does not extend beyond making the appointments.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103*, Financial Reporting Model Improvements*

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

Subsequent Event

On February 28, 2024 and August 14, 2024, the City made additional draws of $509,334 and $30,146, respectively, on its 2022B Clean Water Fund Loan.

On June 25, 2024, the City approved the issuance of $1,097,053 of Clean Water Fund Loan Program Sewerage System Revenue Bonds, series 2024. The Bonds have an interest rate of 1.353% and mature on May 1, 2054. A draw was made on this loan on July 10, 2024, in the amount of $164,883.

On June 25, 2024, the City approved the issuance of $847,920 of Safe Drinking Water Loan Program Water System Revenue Bonds, series 2024. The Bonds have an interest rate of 1.353% and mature on May 1, 2054. A draw was made on this loan on July 10, 2024, in the amount of $650,793.46.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ashland

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues				
Taxes:				
General property tax for local purposes	$ 2,852,073	$ 2,852,073	$ 2,852,457	$ 384
Payments in lieu of taxes	40,000	40,000	1,949	(38,051)
Sales tax-city share	140	140	167	27
Mobile home taxes	24,000	24,000	23,562	(438)
Room tax	10,500	10,500	10,846	346
Interest on taxes	2,500	2,500	4,392	1,892
Total taxes	2,929,213	2,929,213	2,893,373	(35,840)
Intergovernmental:				
Shared taxes from state	3,800,419	3,800,419	3,804,850	4,431
State aid, computer aid	37,133	37,133	39,976	2,843
State aid, highways	76,688	76,688	76,688	-
State aid, local streets	660,685	660,685	660,771	86
State aid, other public safety	50,000	50,000	53,919	3,919
Protection services	19,650	19,650	20,293	643
State aid, fire insurance tax	21,000	21,000	23,769	2,769
Expenditure restraint	177,327	177,327	177,327	-
Total intergovernmental	4,842,902	4,842,902	4,857,593	14,691
Licenses and permits:				
Liquor and malt beverage licenses	35,000	35,000	30,470	(4,530)
Nonbusiness licenses	10	10	1	(9)
Cable franchise fee	76,000	76,000	74,624	(1,376)
Building permits	47,000	47,000	98,070	51,070
Zoning permits	4,000	4,000	6,023	2,023
Total licenses and permits	162,010	162,010	209,188	47,178
Fines, forfeitures and penalties:				
Court penalties and costs	16,500	16,500	15,342	(1,158)
Total fines, forfeitures and penalties	16,500	16,500	15,342	(1,158)

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Public charges for services:				
General government fees	$ 10,000	$ 10,000	$ 13,874	$ 3,874
Police department fees	5,000	5,000	3,955	(1,045)
Fire department fees	1,000	1,000	-	(1,000)
Ambulance fees	1,060,000	1,060,000	1,125,960	65,960
Ambulance protection fees	12,000	12,000	23,440	11,440
Other public safety fees	6,100	6,100	70	(6,030)
Public works fees	51,100	51,100	97,811	46,711
Fuel tax refund	3,500	3,500	2,844	(656)
Parking revenues	10,000	10,000	9,444	(556)
Refuse and garbage fees	389,000	389,000	397,196	8,196
Animal control	3,000	3,000	3,601	601
Park fees	150,000	150,000	138,140	(11,860)
Weed and nuisance control	5,000	5,000	-	(5,000)
Leisure programs	80,000	80,000	92,326	12,326
Total public charges for services	1,785,700	1,785,700	1,908,661	122,961
Intergovernmental charges for services:				
Liaison officer	85,000	85,000	86,458	1,458
Fire yearly fees	142,710	142,710	143,858	1,148
Ambulance yearly fees	321,179	321,179	321,179	-
Airport fees	8,000	8,000	8,000	-
Attorney reimbursement from water utility	5,000	5,000	-	(5,000)
Utility cost sharing	228,610	228,610	243,328	14,718
Charges to library	43,700	43,700	36,281	(7,419)
Total intergovernmental charges for services	834,199	834,199	839,104	4,905
Investment income:				
Interest on temporary investments	10,000	10,000	54,269	44,269
Total investment income	10,000	10,000	54,269	44,269
Miscellaneous:				
Rent/lease	30,000	30,000	28,013	(1,987)
Insurance dividends	30,000	30,000	26,843	(3,157)
Donations	1,000	1,000	-	(1,000)
Insurance workman's compensation	2,000	2,000	8,961	6,961
Other miscellaneous revenue	4,150	4,150	27,341	23,191
Total miscellaneous	67,150	67,150	91,158	24,008
Total revenues	10,647,674	10,647,674	10,868,688	221,014

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
General government:				
Council	$ 35,825	$ 26,489	$ 26,411	$ 78
Police/fire commission	7,900	15,371	15,371	-
Mayor	28,595	18,595	18,575	20
Administrator	149,805	148,805	148,743	62
Clerk:				
Legislative support	108,260	107,260	107,224	36
Elections	60,010	80,202	80,202	-
Personnel, labor relations	153,610	81,610	53,512	28,098
Data processing	308,080	280,626	279,869	757
Other city hall	90,960	85,754	82,353	3,401
Financial administration, finance department	418,480	442,608	442,608	-
Assessment of property	33,050	33,050	32,327	723
Legal	70,000	85,324	85,324	-
Municipal buildings	489,074	511,618	511,618	-
Uncollectible taxes/special assessment refunds	2,500	245	245	-
Property and liability insurance	131,500	153,592	153,592	-
Total general government	2,087,649	2,071,149	2,037,974	33,175
Public safety:				
Police	2,487,600	2,487,600	2,486,718	882
Ambulance and fire	3,158,355	3,029,102	2,905,603	123,499
Hydrant rental	19,300	19,300	18,932	368
Building inspection	138,565	138,565	129,901	8,664
Weights and measures	5,600	5,600	3,200	2,400
Total public safety	5,809,420	5,680,167	5,544,354	135,813
Public works:				
Administration	176,361	195,731	161,892	33,839
Road maintenance	1,159,547	1,159,547	1,260,622	(101,075)
Street lighting	174,964	174,964	182,337	(7,373)
Sidewalk maintenance	22,139	22,139	16,643	5,496
Storm sewers	114,262	114,262	60,730	53,532
Parking facilities	3,179	3,179	8,259	(5,080)
Bay Area Transit	34,000	34,000	34,000	-
GIS and engineering	107,088	107,088	86,427	20,661
Garbage and refuse collection	356,802	351,450	351,450	-
Landfill	67,395	76,382	76,382	-
Total public works	2,215,737	2,238,742	2,238,742	-

See notes to required supplementary information

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Health and human services:				
Animal and pest control	$ 91,800	$ 91,800	$ 90,325	$ 1,475
Mount Hope cemetery	63,000	63,000	63,000	-
Total health and human services	154,800	154,800	153,325	1,475
Leisure activities:				
Museum	10,000	10,000	10,000	-
Parks	268,607	317,673	317,673	-
Leisure services	328,690	315,870	315,817	53
Municipal band	5,000	5,320	5,980	(660)
Community events	17,550	17,550	15,700	1,850
Total leisure activities	629,847	666,413	665,170	1,243
Conservation and development:				
Historic preservation	400	400	-	400
AADC contribution	53,000	53,000	53,000	-
Community development	202,275	198,325	184,152	14,173
Total conservation and development	255,675	251,725	237,152	14,573
Total expenditures	11,153,128	11,062,996	10,876,717	186,279
Excess of revenues over expenditures	(505,454)	(415,322)	(8,029)	407,293
Other Financing Sources (Uses)				
Transfers in	513,070	513,070	371,359	(141,711)
Transfers out	(581,390)	(671,522)	(673,924)	(2,402)
Total other financing sources (uses)	(68,320)	(158,452)	(302,565)	(144,113)
Net change in fund balance	$ (573,774)	$ (573,774)	(310,594)	$ 263,180
Fund Balance, Beginning			4,434,652	
Fund Balance, Ending			$ 4,124,058	

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -
Special Revenue Fund - Housing Rehab Revolving Loan Fund
Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Investment income	$ -	$ -	$ 20	$ 20
Miscellaneous	90,000	52,480	52,460	(20)
Total revenues	90,000	52,480	52,480	-
Expenditures				
Current:				
Conservation and development	150,000	82,610	82,608	2
Total expenditures	150,000	82,610	82,608	2
Net change in fund balance	$ (60,000)	$ (30,130)	(30,128)	$ 2
Fund Balance, Beginning			131,046	
Fund Balance, Ending			$ 100,918	

See inotes to required supplementary information

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 70,769	$ 90,324	$ 55,768	$ 48,355	$ 140,668	$ 150,703	$ 139,541
Interest	73,119	40,067	37,485	50,186	94,923	85,119	85,273
Differences between expected and actual experience	350,484	215,189	(43,742)	97,380	(445,107)	(59,839)	-
Changes of assumptions	302,157	(256,774)	51,514	126,193	(349,606)	(105,699)	48,530
Benefit payments	(173,087)	(134,980)	(111,156)	(90,358)	(146,257)	(137,344)	(126,004)
Net change in total OPEB liability	623,442	(46,174)	(10,131)	231,756	(705,379)	(67,060)	147,340
Total OPEB Liability, Beginning	1,711,360	1,757,534	1,767,665	1,535,909	2,241,288	2,308,348	2,161,008
Total OPEB Liability, Ending	$ 2,334,802	$ 1,711,360	$ 1,757,534	$ 1,767,665	$ 1,535,909	$ 2,241,288	$ 2,308,348
Covered-Employee Payroll	$ 2,851,142	$ 2,676,308	$ 2,598,357	$ 2,297,650	$ 2,230,728	$ 5,124,538	$ 4,975,280
Total OPEB Liability as a Percentage of Covered-Employee Payroll	81.89%	63.94%	67.64%	76.93%	68.85%	43.74%	46.40%

See notes to required supplementary information

City of Ashland

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Year Ended December 31, 2023

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability/(Asset)	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City's 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
12/31/22	0.05091593 %	$ 2,697,375	$ 5,669,066	47.58 %	95.72 %
12/31/21	0.05153053 %	(4,153,455)	5,580,917	74.42 %	106.02 %
12/31/20	0.05235825 %	(3,268,798)	5,704,184	57.31 %	105.26 %
12/31/19	0.05279944 %	(1,702,495)	5,627,783	30.25 %	102.96 %
12/31/18	0.05205305 %	1,851,884	5,477,661	33.81 %	96.45 %
12/31/17	0.05058435 %	(1,501,909)	5,435,264	27.63 %	102.93 %
12/31/16	0.04893186 %	403,315	5,287,897	7.63 %	99.12 %
12/31/15	0.04770946 %	775,269	5,222,200	14.85 %	98.20 %
12/31/14	0.04797177 %	(1,178,315)	5,094,425	23.13 %	102.74 %

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)
Year Ended December 31, 2023

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	$ 600,448	$ 600,448	$ -	$ 6,038,177	9.94 %
12/31/22	524,484	524,484	-	5,669,066	9.25 %
12/31/21	636,640	636,640	-	5,581,316	11.41 %
12/31/20	647,008	647,008	-	5,704,185	11.34 %
12/31/19	621,865	621,865	-	5,626,103	11.05 %
12/31/18	567,882	567,882	-	5,477,661	10.37 %
12/31/17	562,334	562,334	-	5,435,264	10.35 %
12/31/16	479,733	479,733	-	5,287,897	9.07 %
12/31/15	466,331	466,331	-	5,222,200	8.93 %

See notes to required supplementary information

1. Budgetary Information

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

The budgeted amounts presented include any amendments made. The City administrator may authorize transfers of budgeted amounts within departments. Transfers between departments may be authorized by resolution by the City Council and a public hearing must be held to increase the total appropriations of any governmental fund type.

Appropriations lapse at year-end unless specifically carried over. Budgets are adopted at the department level of expenditure for the general fund and the enterprise funds. The debt service fund budget is adopted at the function level. Budgets are adopted at the fund level for special revenue funds, capital projects funds and the internal service fund.

2. Wisconsin Retirement System

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

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

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

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

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

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

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

3. Other Postemployment Benefit (OPEB) Plan

The City implemented GASB Statement No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

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

Accumulation of Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Changes in Benefit Terms and Assumptions

There were no changes in the benefit terms. The discount rate changed from 4.31% in 2022 to 4.00% in 2023. The Health care trend rates have been updated to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%. Dental trend rates have been updated to a flat rate of 4.00%. Termination rates, retirement rates and disability rates have been updated to reflect the most recent WRS Actuarial Valuation as of December 31, 2022.

SUPPLEMENTARY INFORMATION

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
Assets			
Current assets:			
Cash and investments	$ 1,516,977	$ 169,879	$ 1,686,856
Restricted assets, construction account	-	364,455	364,455
Taxes receivable	722,539	-	722,539
Accounts receivable	63,209	35,605	98,814
Notes receivable, net	59,144	-	59,144
Due from other governments	219,548	37,112	256,660
Advances to other funds	171,318	-	171,318
Total assets	$ 2,752,735	$ 607,051	$ 3,359,786
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ 117,863	$ 23,313	$ 141,176
Accrued liabilities	16,377	-	16,377
Unearned revenues	429,619	-	429,619
Due to other funds	100,564	-	100,564
Advances from other funds	276,582	-	276,582
Total liabilities	941,005	23,313	964,318
Deferred Inflows of Resources			
Unearned revenues	767,465	-	767,465
Unavailable revenues	258,433	27,112	285,545
Total deferred inflows of resources	1,025,898	27,112	1,053,010
Fund Balances			
Nonspendable	160,902	-	160,902
Restricted	872,309	349,861	1,222,170
Committed	128,755	-	128,755
Assigned	738	206,765	207,503
Unassigned (deficit)	(376,872)	-	(376,872)
Total fund balances	785,832	556,626	1,342,458
Total liabilities, deferred inflows of resources and fund balances	$ 2,752,735	$ 607,051	$ 3,359,786

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 625,972	$ -	$ 625,972
Intergovernmental	492,319	288,618	780,937
Fines, forfeitures and penalties	292	-	292
Public charges for services	3,079	-	3,079
Investment income	29,307	17	29,324
Miscellaneous	206,428	121,224	327,652
Total revenues	1,357,397	409,859	1,767,256
Expenditures			
Current:			
General government	7,889	-	7,889
Public safety	76,691	132,818	209,509
Public works	146,220	-	146,220
Health and human services	108,884	-	108,884
Leisure activities	551,932	-	551,932
Conservation and development	351,651	4,900	356,551
Capital outlay	51,360	1,358,854	1,410,214
Debt service:			
Interest and fiscal charges	-	27,843	27,843
Total expenditures	1,294,627	1,524,415	2,819,042
Excess (deficiency) of revenues over expenditures	62,770	(1,114,556)	(1,051,786)
Other Financing Sources (Uses)			
Long-term debt issued	-	905,000	905,000
Premium on long-term debt	-	45,102	45,102
Proceeds from sale of capital assets	-	59,592	59,592
Leases issued	-	119,268	119,268
Transfers in	703,397	126,302	829,699
Transfers out	(409,046)	-	(409,046)
Total other financing sources (uses)	294,351	1,255,264	1,549,615
Net change in fund balances	357,121	140,708	497,829
Fund Balances, Beginning	428,711	415,918	844,629
Fund Balances, Ending	$ 785,832	$ 556,626	$ 1,342,458

City of Ashland

Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2023

	Recycling	Economic Development Revolving Loan	Library Grants and Special Revenue	TIF No. 6 Increment	TIF No. 9 Increment	TIF No. 10 Increment	Community Planning and Development	NSP Breakwall
Assets								
Cash and investments	$ 12,955	$ 2,398	$ 239,273	$ -	$ -	$ 394	$ 483,330	$ 377,422
Taxes receivable	-	-	-	318,601	255,696	148,242	-	-
Accounts receivable	-	-	-	-	-	-	63,209	-
Notes receivable, net	-	59,144	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	87,180	-
Advances to other funds	-	-	-	-	-	-	-	171,318
Total assets	$ 12,955	$ 61,542	$ 239,273	$ 318,601	$ 255,696	$ 148,636	$ 633,719	$ 548,740
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)								
Liabilities								
Accounts payable	$ 12,217	$ 2,546	$ -	$ -	$ -	$ -	$ 92,387	$ -
Accrued liabilities	-	-	-	-	-	-	84	-
Unearned revenues	-	-	-	-	-	-	429,619	-
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	105,264	171,318	-	-
Total liabilities	12,217	2,546	-	-	105,264	171,318	522,090	-
Deferred Inflows of Resources								
Unearned revenues	-	-	-	318,601	255,696	148,242	-	-
Unavailable revenues	-	59,144	-	-	-	-	87,945	-
Total deferred inflows of resources	-	59,144	-	318,601	255,696	148,242	87,945	-
Fund Balances (Deficit)								
Nonspendable	-	-	-	-	-	-	-	160,902
Restricted	-	-	239,273	-	-	-	-	387,838
Committed	-	-	-	-	-	-	23,684	-
Assigned	738	-	-	-	-	-	-	-
Unassigned (deficit)	-	(148)	-	-	(105,264)	(170,924)	-	-
Total fund balances (deficit)	738	(148)	239,273	-	(105,264)	(170,924)	23,684	548,740
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 12,955	$ 61,542	$ 239,273	$ 318,601	$ 255,696	$ 148,636	$ 633,719	$ 548,740

	Evidence Funds	Bretting Teen Center	Beautification	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
Assets								
Cash and investments	$ 105,478	$ 45,613	$ 1,835	$ 142,715	$ 59,458	$ 46,106	$ -	$ 1,516,977
Taxes receivable	-	-	-	-	-	-	-	722,539
Accounts receivable	-	-	-	-	-	-	-	63,209
Notes receivable, net	-	-	-	-	-	-	-	59,144
Due from other governments	15,658	-	-	-	-	7,798	108,912	219,548
Advances to other funds	-	-	-	-	-	-	-	171,318
Total assets	$ 121,136	$ 45,613	$ 1,835	$ 142,715	$ 59,458	$ 53,904	$ 108,912	$ 2,752,735
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)								
Liabilities								
Accounts payable	$ 1,831	$ -	$ -	$ 7,340	$ -	$ 1,542	$ -	$ 117,863
Accrued liabilities	-	-	-	8,857	-	7,436	-	16,377
Unearned revenues	-	-	-	-	-	-	-	429,619
Due to other funds	-	-	-	-	-	-	100,564	100,564
Advances from other funds	-	-	-	-	-	-	-	276,582
Total liabilities	1,831	-	-	16,197	-	8,978	100,564	941,005
Deferred Inflows of Resources								
Unearned revenues	-	-	-	-	-	44,926	-	767,465
Unavailable revenues	2,460	-	-	-	-	-	108,884	258,433
Total deferred inflows of resources	2,460	-	-	-	-	44,926	108,884	1,025,898
Fund Balances (Deficit)								
Nonspendable	-	-	-	-	-	-	-	160,902
Restricted	116,845	-	1,835	126,518	-	-	-	872,309
Committed	-	45,613	-	-	59,458	-	-	128,755
Assigned	-	-	-	-	-	-	-	738
Unassigned (deficit)	-	-	-	-	-	-	(100,536)	(376,872)
Total fund balances (deficit)	116,845	45,613	1,835	126,518	59,458	-	(100,536)	785,832
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 121,136	$ 45,613	$ 1,835	$ 142,715	$ 59,458	$ 53,904	$ 108,912	$ 2,752,735

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Recycling	Economic Development Revolving Loan	Library Grants & Special Revenue	TIF No. 6 Increment	TIF No. 9 Increment	TIF No. 10 Increment	Community Planning & Development	NSP Breakwall
Revenues								
Taxes	$ -	$ -	$ -	$ 282,672	$ 224,870	$ 118,430	$ -	$ -
Intergovernmental	56,958	-	-	9,195	2,707	-	153,629	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-
Public charges for services	-	-	2,806	-	-	-	-	-
Investment income	-	2,586	3,808	1,730	(5,344)	394	11,074	8,327
Miscellaneous	-	50,239	76,147	-	-	-	8,400	-
Total revenues	56,958	52,825	82,761	293,597	222,233	118,824	173,103	8,327
Expenditures								
Current:								
General government	-	-	-	150	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	146,220	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Leisure activities	-	-	20,828	-	-	-	-	-
Conservation and development	-	52,825	-	-	27,747	2,421	262,063	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	146,220	52,825	20,828	150	27,747	2,421	262,063	-
Excess (deficiency) of revenues over expenditures	(89,262)	-	61,933	293,447	194,486	116,403	(88,960)	8,327
Other Financing Sources (Uses)								
Transfers in	90,000	-	-	-	293,447	-	-	-
Transfers out	-	-	-	(293,447)	-	(105,593)	(10,006)	-
Total other financing sources (uses)	90,000	-	-	(293,447)	293,447	(105,593)	(10,006)	-
Net change in fund balances	738	-	61,933	-	487,933	10,810	(98,966)	8,327
Fund Balances (Deficit), Beginning	-	(148)	177,340	-	(593,197)	(181,734)	122,650	540,413
Fund Balances (Deficit), Ending	$ 738	$ (148)	$ 239,273	$ -	$ (105,264)	$ (170,924)	$ 23,684	$ 548,740

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Evidence Funds	Bretting Teen Center	Beautification	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 625,972
Intergovernmental	110,424	-	-	137,763	-	21,643	-	492,319
Fines, forfeitures and penalties	292	-	-	-	-	-	-	292
Public charges for services	-	-	-	273	-	-	-	3,079
Investment income	1,278	780	-	4,054	-	620	-	29,307
Miscellaneous	7,782	24,395	1,544	73	37,763	85	-	206,428
Total revenues	119,776	25,175	1,544	142,163	37,763	22,348	-	1,357,397
Expenditures								
Current:								
General government	-	-	-	-	7,739	-	-	7,889
Public safety	54,343	-	-	-	-	22,348	-	76,691
Public works	-	-	-	-	-	-	-	146,220
Health and human services	-	-	-	-	-	-	108,884	108,884
Leisure activities	-	28,794	8,754	493,556	-	-	-	551,932
Conservation and development	-	-	-	-	-	-	6,595	351,651
Capital outlay	51,360	-	-	-	-	-	-	51,360
Total expenditures	105,703	28,794	8,754	493,556	7,739	22,348	115,479	1,294,627
Excess (deficiency) of revenues over expenditures	14,073	(3,619)	(7,210)	(351,393)	30,024	-	(115,479)	62,770
Other Financing Sources (Uses)								
Transfers in	-	-	3,950	316,000	-	-	-	703,397
Transfers out	-	-	-	-	-	-	-	(409,046)
Total other financing sources (uses)	-	-	3,950	316,000	-	-	-	294,351
Net change in fund balances	14,073	(3,619)	(3,260)	(35,393)	30,024	-	(115,479)	357,121
Fund Balances (Deficit), Beginning	102,772	49,232	5,095	161,911	29,434	-	14,943	428,711
Fund Balances (Deficit), Ending	$ 116,845	$ 45,613	$ 1,835	$ 126,518	$ 59,458	$ -	$ (100,536)	$ 785,832

Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2023

	TIF #10 Development	Capital Equipment	Total Nonmajor Capital Project Funds
Assets			
Current assets:			
Cash and investments	$ 61,026	$ 108,853	$ 169,879
Restricted assets, construction account	-	364,455	364,455
Accounts receivable	-	35,605	35,605
Due from other governments	-	37,112	37,112
Total assets	$ 61,026	$ 546,025	$ 607,051
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 23,313	$ 23,313
Total liabilities	-	23,313	23,313
Deferred Inflows of Resources			
Unavailable revenues	-	27,112	27,112
Total deferred inflows of resources	-	27,112	27,112
Fund Balances			
Restricted	61,026	288,835	349,861
Assigned	-	206,765	206,765
Total fund balances	61,026	495,600	556,626
Total liabilities, deferred inflows of resources and fund balances	$ 61,026	$ 546,025	$ 607,051

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2023

	TIF #10 Development	Capital Equipment	Total Nonmajor Capital Project Funds
Revenues			
Intergovernmental	$ -	$ 288,618	$ 288,618
Investment income	-	17	17
Miscellaneous	-	121,224	121,224
Total revenues	-	409,859	409,859
Expenditures			
Current:			
Public safety	-	132,818	132,818
Conservation and development	4,900	-	4,900
Capital outlay	-	1,358,854	1,358,854
Debt service:			
Interest and fiscal charges	-	27,843	27,843
Total expenditures	4,900	1,519,515	1,524,415
Excess (deficiency) of revenues over expenditures	(4,900)	(1,109,656)	(1,114,556)
Other Financing Sources			
Long-term debt issued	-	905,000	905,000
Premium on long-term debt issued	-	45,102	45,102
Proceeds from sale of capital assets	-	59,592	59,592
Leases issued	-	119,268	119,268
Transfers in	30,120	96,182	126,302
Total other financing sources	30,120	1,225,144	1,255,264
Net change in fund balances	25,220	115,488	140,708
Fund Balances, Beginning	35,806	380,112	415,918
Fund Balances, Ending	$ 61,026	$ 495,600	$ 556,626

City of Ashland

Combining Statement of Net Position -
Nonmajor Enterprise Funds
December 31, 2023

	Airport	Marina	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and investments	$ 184,163	$ 185,782	$ 369,945
Restricted assets, redemption account	-	41,523	41,523
Restricted assets, construction account	-	100,871	100,871
Other accounts receivable	12,322	3,692	16,014
Inventories and prepaid items	43,708	6,166	49,874
Total current assets	240,193	338,034	578,227
Noncurrent assets:			
Capital assets:			
Construction work in progress	10,946	-	10,946
Land	45,768	391,500	437,268
Capital assets being depreciated	4,886,453	3,380,939	8,267,392
Accumulated depreciation	(2,996,011)	(1,084,147)	(4,080,158)
Total noncurrent assets	1,947,156	2,688,292	4,635,448
Total assets	2,187,349	3,026,326	5,213,675
Deferred Outflows of Resources			
Pension related amounts	96,445	76,589	173,034
Total deferred outflows of resources	96,445	76,589	173,034
Liabilities			
Current liabilities:			
Accounts payable	1,833	1,525	3,358
Accrued expenses	1,824	1,120	2,944
Accrued interest	-	6,152	6,152
Current portion of long-term debt	-	39,000	39,000
Current portion of accrued compensated absences	6,717	7,480	14,197
Total current liabilities	10,374	55,277	65,651
Noncurrent liabilities:			
Long-term debt	-	259,000	259,000
Accrued compensated absences	7,054	13,860	20,914
Net pension liability	22,130	19,178	41,308
Total noncurrent liabilities	29,184	292,038	321,222
Total liabilities	39,558	347,315	386,873
Deferred Inflows of Resources			
Pension related amounts	49,822	45,193	95,015
Total deferred inflows of resources	49,822	45,193	95,015
Net Position			
Net investment in capital assets	1,947,156	2,491,163	4,438,319
Unrestricted	247,258	219,244	466,502
Total net position	$ 2,194,414	$ 2,710,407	$ 4,904,821

City of Ashland

Combining Statement of Revenues, Expenses and Changes in Net Position -
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Airport	Marina	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	$ 279,436	$ 283,161	$ 562,597
Total operating revenues	279,436	283,161	562,597
Operating Expenses			
Operation and maintenance	312,884	196,543	509,427
Depreciation	175,175	82,325	257,500
Total operating expenses	488,059	278,868	766,927
Operating income (loss)	(208,623)	4,293	(204,330)
Nonoperating Revenues (Expenses)			
Investment income	2,393	1,946	4,339
Interest and fiscal charges	-	(8,456)	(8,456)
Grants revenue	45,000	-	45,000
Miscellaneous revenue	10,574	561	11,135
Total nonoperating revenue (expenses)	57,967	(5,949)	52,018
Income (loss) before contributions and transfers	(150,656)	(1,656)	(152,312)
Contributions and Transfers			
Transfers in	86,792	-	86,792
Total contributions and transfers	86,792	-	86,792
Change in net position	(63,864)	(1,656)	(65,520)
Net Position, Beginning	2,258,278	2,712,063	4,970,341
Net Position, Ending	$ 2,194,414	$ 2,710,407	$ 4,904,821

City of Ashland

Combining Statement of Cash Flows -
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Airport	Marina	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities			
Cash received from customers	$ 333,108	$ 281,668	$ 614,776
Cash paid to suppliers for goods and services	(245,784)	(358,094)	(603,878)
Cash paid to employees for services	(85,666)	(93,702)	(179,368)
Net cash flows from operating activities	1,658	(170,128)	(168,470)
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	86,792	-	86,792
Net cash flows from noncapital financing activities	86,792	-	86,792
Cash Flows From Investing Activities			
Investment income	2,393	1,946	4,339
Net cash flows from investing activities	2,393	1,946	4,339
Cash Flows From Capital and Related Financing Activities			
Debt retired	-	(38,000)	(38,000)
Interest paid	-	(9,240)	(9,240)
Contributions in aid of construction	-	409,321	409,321
Acquisition and construction of capital assets	(27,952)	(16,946)	(44,898)
Net cash flows from capital and related related financing activities	(27,952)	345,135	317,183
Net decrease in cash and cash equivalents	62,891	176,953	239,844
Cash and Cash Equivalents, Beginning	121,272	151,223	272,495
Cash and Cash Equivalents, Ending	$ 184,163	$ 328,176	$ 512,339
Reconciliation of Cash and Cash Equivalents			
Cash and cash equivalents per statement of net position:			
Cash and investments	$ 184,163	$ 185,782	$ 369,945
Restricted cash and investments:			
Redemption account	-	41,523	41,523
Construction account	-	100,871	100,871
Cash and cash equivalents per statement of cash flows	$ 184,163	$ 328,176	$ 512,339
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	$ (208,623)	$ 4,293	$ (204,330)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Nonoperating income	55,574	561	56,135
Noncash items included in income:			
Depreciation	175,175	82,325	257,500
Change in assets and liabilities:			
Other accounts receivable	(1,902)	(2,054)	(3,956)
Inventories and prepaid items	(16,767)	3,523	(13,244)
Accounts payable	(3,717)	(46,499)	(50,216)
Payable to municipality	-	(211,399)	(211,399)
Other current liabilities	74	1,473	1,547
Accrued compensated absences	3,566	(1,977)	1,589
Pension related deferrals and asset	(1,722)	(374)	(2,096)
Net cash flows from operating activities	$ 1,658	$ (170,128)	$ (168,470)

Noncash Capital, Investing and Financing Activities
None

City of Ashland

Report on Federal and State Awards

December 31, 2023

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*

<u>Independent Auditors' Report</u>

To the City Council of
City of Ashland

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashland, Wisconsin (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Ashland Ore Dock Charitable Trust or that are reported on separately by those auditors who audited the financial statements of the discretely presented component unit.

Report on Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

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

Purpose of This Report

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

Baker Tilly US, LLP

Eau Claire, Wisconsin
September 19, 2024

Report on Compliance
for the Major Federal and Major State Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal and State Awards
Required by the Uniform Guidance and the *State Single Audit Guidelines*

Independent Auditors' Report

To the City Council of
City of Ashland

Report on Compliance for the Major Federal and Major State Program

Opinion on the Major Federal and Major State Program

We have audited the City of Ashland's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on each of the City's major federal and major state programs for the year ended December 31, 2023. The City's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2023.

Basis for Opinion on the Major Federal and Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 19, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Ashland Ore Dock Charitable Trust, as described in our report on the City of Ashland's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Eau Claire, Wisconsin
September 19, 2024

City of Ashland

Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2023

Grantor Agency / Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency ID	Federal Expenditures
Federal Programs				
U.S. Department of Commerce				
Coastal Zone Management Administration Awards	11.419	WI DOA	AD229118-023.33	$ 5,201
Coastal Zone Management Administration Awards	11.419	WI DOA	AD199124-020.35	127,200
Total ALN # 11.419				132,401
Total U.S. Department of Commerce				132,401
U.S. Department of Defense				
Section 154 Program – Ashland Ore Dock Gateway/Stuntz Ave Extension	12.XXX	N/A	N/A	59,466
Section 154 Program – Water Intake	12.XXX	N/A	N/A	391,985
Total ALN # 12.XXX				451,451
Total U.S. Department of Defense				451,451
U.S. Department of Natural Resources				
Fish and Wildlife Cluster				
COVID-19: Sport Fish Restoration Program	15.605	WI DNR	SFRF2-F95P67-20.1	50,757
Total Fish and Wildlife Cluster				50,757
Total U.S. Department of Natural Resources				50,757
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	N/A	N/A	2,460
Total U.S. Department of Justice				2,460
U.S. Department of Transportation				
COVID-19: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	WI DOT	CRRSAA	13,000
COVID-19: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	WI DOT	ARPA	32,000
Total ALN # 20.106				45,000
Highway Planning and Construction	20.205	WI DOT	8995-00-03/04	10,561
Total U.S. Department of Transportation				55,561
U.S. Department of Treasury				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	153,629
Total U.S. Department of Treasury				153,629
U.S. Election Assistance Commission				
HAVA Election Security Grant	90.404	WI EAC	N/A	750
Total U.S. Election Assistance Commission				750
U.S. Department of Homeland Security				
Assistance to Firefighters Grant	97.044	N/A	N/A	227,892
Total U.S. Department of Homeland Security				227,892
Total expenditures of federal awards				$ 1,074,901

See notes to schedule of expenditures of federal and state awards

City of Ashland

Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2023

Grantor Agency / Program Title	State ID Number	Pass-through Agency	Agency Grant Number	State Expenditures
State Programs				
Wisconsin Department of Natural Resources				
Forest Fire Protection	370.545	N/A	N/A	$ 1,622
Urban Forestry	370.587	N/A	N/A	25,000
Recycling Grants to Responsible Units	370.670	N/A	N/A	56,957
Knowles-Nelson Stewardship Program	370.TA10	N/A	N/A	300,000
Total Wisconsin Department of Natural Resources				383,579
Wisconsin Department of Justice				
Body-Worn Cameras	455.213	N/A	N/A	25,680
Total Wisconsin Department of Justice				25,680
Wisconsin Department of Military Affairs				
Regional Emergency Response Teams	465.306	City of Superior	None	22,348
Emergency Response Equipment Grants	465.308	Price County/Ashland County	None	15,251
Total Wisconsin Department of Military Affairs				37,599
Total expenditures of state awards				$ 446,858

See notes to schedule of expenditures of federal and state awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Ashland (the City) under programs of the federal and state government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the City of Ashland, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board. The City is the primary government according to GASB criteria, while the Ashland Ore Dock Trust is a component unit. The Ashland Ore Dock Trust did not expend any federal or state awards during 2023.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate.

4. Pass-Through Grantors

The City received federal awards from the following pass-through agencies:

WI DOA	Wisconsin Department of Administration
WI DNR	Wisconsin Department of Natural Resources
WI DOT	Wisconsin Department of Transportation
WI EAC	Wisconsin Election Assistance Commission

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	X	yes		no
Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal and State Awards

Internal control over major programs:

	Federal Programs				State Programs			
Material weakness(es) identified?		yes	X	no		yes	X	no
Significant deficiencies identified that are not considered to be material weakness(es)?		yes	X	none reported		yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified				Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?		yes	X	no		yes	X	no
Auditee qualified as low-risk auditee?		yes	X	no		yes	X	no
Dollar threshold used to distinguish between type A and type B programs:	$ 750,000				$ 250,000			

Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
12.XXX	Section 154 Program – Ashland Ore Dock Gateway/Stuntz Ave Extension; Section 154 Program –Water Intake

Identification of major state program:

State Number	Name of State Program
370.TA10	Knowles-Nelson Stewardship Program

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2023-001: Material Weakness - Internal Control Over Financial Reporting

Repeat of Prior Year Finding 2022-001

Criteria: Auditing standards require us to report a material weakness if the auditor prepares the annual financial statements, including the footnotes and schedule of expenditures of federal and state awards, and GASB 34 conversion entries.

Condition: We, as your auditors, prepared the City's financial statements, including the footnotes and schedule of expenditures of federal and state awards, and GASB 34 conversion entries.

Cause: The City has chosen to have the auditors prepare these entries and documents, as a means of supplementing its internal capabilities.

Effect: The annual financial statements are not available to the City until they are completed by the auditors.

Recommendation: The City should consider whether preparation of its financial statements and schedule of expenditures of federal and state awards, including the note disclosures and GASB 34 conversion entries, by city staff is cost effective.

Views of Responsible Officials: Because of its size, the City does not feel it is cost effective to hire an employee(s) with the experience and technical training to prepare its financial statements. The City is, however, willing to assist with the preparation and will continue to work to gain experience in this area.

Finding 2023-002: Material Weakness - Internal Control Environment

Repeat of Prior Year Finding 2022-002

Criteria: A system of internal controls should be in place to achieve a higher level of reliability that errors or irregularities in your processes would be discovered by your staff. A critical component of a solid internal control system is ensuring that individuals have access to only one phase of the accounting process.

Condition: There is a lack of controls over payroll and monthly and year-end accounting, due to a lack of segregation of duties in the accounting functions.

Cause: The City does not believe it has the resources needed to implement ideal controls over these significant transaction cycles and has not assigned duties to have appropriate controls in place.

Effect: Because of the lack of internal controls, it is less likely that errors or irregularities would be discovered internally. Because of the lack of segregation of duties, the accounting records may be misstated.

Recommendations: The City should consider whether implementing additional controls is cost effective. The City council should rely more heavily on their direct knowledge of the City's operations and the City administrator's contact with employees to control and safeguard assets. The City council should also continue to make a reasonable effort to be knowledgeable about the City's key transaction cycles.

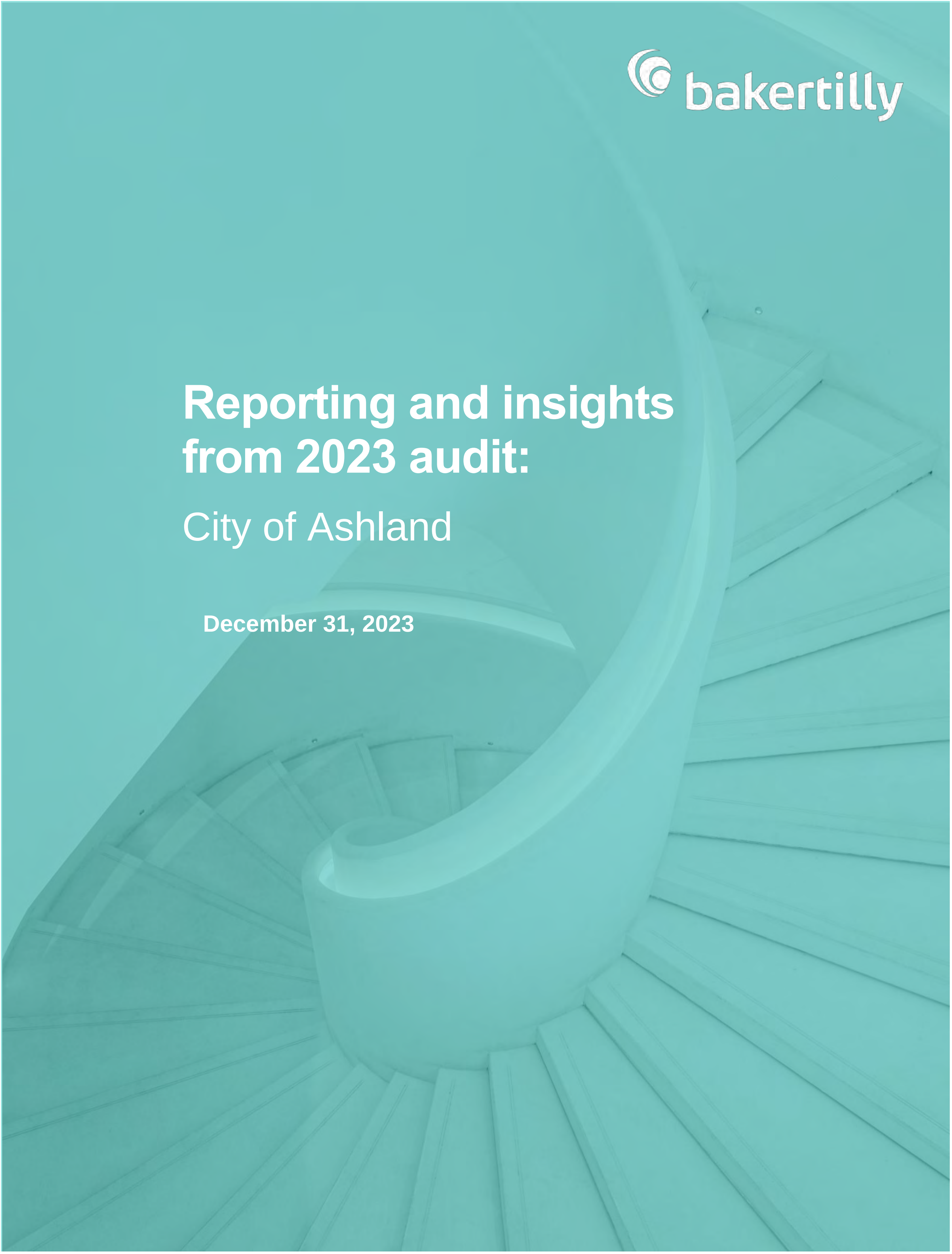
Views of Responsible Officials: The City is aware of its lack of controls over accounts payable/disbursements, payroll, property taxes, work orders, and monthly and year-end accounting. The City did add a new staff position to the finance department in 2023 in order to resolve some of the deficiencies, but because of its size, they do not feel it is cost effective to hire the number of employees needed to resolve all internal control deficiencies. The City council receives a monthly treasurers' report. Staff is working toward the goal of issuing quarterly interim financial statements.

Section III - Federal and State Awards Findings and Questioned Costs

None.

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	____ yes	X no
Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:		
Department of Natural Resources	____ yes	X no
Department of Justice	____ yes	X no
Department of Military Affairs	____ yes	X no
Was a Management Letter or other document conveying audit comments issued as a result of this audit?	X yes	____ no
Name and signature of principal	Sheanne Hediger Sheanne Hediger, CPA, Principal	
Date of report	September 19, 2024	



Reporting and insights from 2023 audit:

City of Ashland

December 31, 2023

Executive summary

September 19, 2024

To the City Council of
City of Ashland
601 Main Street West
Ashland, WI 54806

We have completed our audit of the financial statements of the City of Ashland, Wisconsin (City) for the year ended December 31, 2023, and have issued our report thereon dated September 19, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your City's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

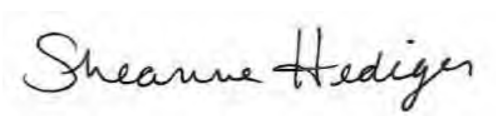
Additionally, we have included information on key risk areas the City should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Sheanne Hediger, Principal: sheanne.hediger@bakertilly.com or +1 (612) 876-4599
- Vanessa Kane, Senior Manager: vanessa.kane@bakertilly.com or +1 (612) 876-4791

Sincerely,

Baker Tilly US, LLP



Sheanne Hediger, CPA, Principal

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the City's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
    - Are free from material misstatement
    - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Considering internal control over compliance with requirements that could have a direct and material effect on major federal and major state programs to design tests of both controls and compliance with identified requirements
- Forming and expressing an opinion based on our audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines* about the entity's compliance with requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs.
- Our audit does not relieve management or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Internal control matters
- Qualitative aspects of the City's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the City and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the City's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion
Inadequate segregation of duties	Incorporate unpredictability into audit procedures, emphasize professional skepticism, utilize audit team with industry expertise and performance of sufficient substantive procedures.	Procedures identified provided sufficient evidence for our audit opinion.

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position and fund balance calculations	Financial reporting and required disclosures

Internal control matters

We considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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 identified the following deficiencies as material weaknesses:

- **Inadequate segregation of duties**
  A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

  At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

  There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

  Controls over payroll

  - Persons preparing the payroll should be restricted from having full access to the payroll system and should not be able to change employees' pay rates and other information.
  - Council approved and union contract annual pay rate adjustments and other changes to rates should be reviewed and approved after entry into the payroll software.

  Controls over monthly and year-end accounting

  - Account reconciliations prepared throughout the year should be performed by someone independent of processing transactions in the account.
  - Adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer.
  - Interim financial statements should be reviewed by a responsible party who is not the original preparer to ensure that accurate numbers are being reported.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

- **Financial statement close process**

  Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

  Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

  - There is adequate staffing to prepare financial reports throughout the year and at year-end.
  - Material misstatements are identified and corrected during the normal course of duties.
  - Complete and accurate financial statements, including footnotes, are prepared.
  - Complete and accurate schedule of expenditures of federal and state awards is prepared.
  - Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes including the schedule of expenditures of federal and state awards, adjusting journal entries identified by the auditors and an independent review of financial reports. Additionally, material misstatements in the general ledger were identified during the financial audit.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles or a complete schedule of expenditures of federal and state awards that is in conformance with the applicable federal or state requirements.

Other comments and recommendations

Control recommendations

A system of internal control should be in place to achieve a higher level of reliability that errors or irregularities in your processes would be discovered by your staff. As part of our review of the City's internal controls, we identified certain control deficiencies and our recommendations for strengthening controls are listed below.

Controls over accounts payable/disbursements

- Persons processing accounts payable and those with access to the system should be separate from those ordering or receiving goods or services.

Water utility financial results

The water utility experienced net income before capital contributions and transfers of $402,561 in 2023 compared to net income before capital contributions and transfers of $682,300 in 2022. Operating revenues increased by 1.2% while operating expenses increased by 16.1% from the prior year. Total cash equivalents increased by $80,876 during 2023, primarily due to spending $2,417,338 of cash on hand for acquisition and construction of capital assets, net of $1,585,000 of debt proceeds and $996,177 of cash inflows from operations. The water utility met the debt coverage requirements of its revenue bonds in the current year.

The water utility had a 2.71% rate of return in 2023 compared to a 4.56% rate of return in 2022. The authorized rate of return is 5%. A utility's authorized "rate of return" is set by the Public Service Commission of Wisconsin and is the percent return on equity that a utility is authorized to recover in utility rates. It is designed to fairly incent sufficient equity investment in the utility while keeping the cost of debt relatively low. The return is not guaranteed.

Wastewater utility financial results

The wastewater utility realized a net loss before capital contributions and transfers of $ (513,440) in 2023 compared to a net loss of $(92,557) in 2022. Operating revenues increased 0.03% over the previous year while operating expenses increased 15.1%. Total cash and equivalents increased by $134,000 during 2023, primarily due to spending $1,438,161 of cash on hand for acquisition and construction of capital assets and $369,938 to pay back the general fund for cash advances, net against $1,007,623 of debt proceeds and $1,014,652 of capital contributions. The wastewater utility met the debt coverage requirements of its revenue bonds in the current year. The wastewater rates in effect during 2023 were implemented effective for services rendered on or after May 24, 2017.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2023. We noted no transactions entered into by the City during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts – notes receivable and ambulance accounts receivable	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third-party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Liability for post-closure landfill monitoring	Key assumptions set by management with assistance from the Wisconsin DNR	Reasonable in relation to the financial statements as a whole

  There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the City or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors’ standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the management representation letter summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management and the attachments contain the corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. Some of the corrected misstatements are considered material to the financial statements. The internal control matters section of this report describes the effects on the financial reporting process indicated by the uncorrected misstatements and corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management’s consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

We will issue a separate document which contains the results of our audit procedures to comply with the Uniform Guidance and *State Single Audit Guidelines.*

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the City's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Group audits

The City's financial statements include information that was audited by other auditors as follows:

- We did not audit the financial statements of the Ashland Ore Dock Charitable Trust, a discretely presented component unit of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ashland Ore Dock Charitable Trust, is based solely on the report of the other auditors.

In addition, if we had any concerns about the quality of work of the other auditors, if there were any limitations related to the group audit or if there was any fraud or suspected from involving group management, component management, employees who have significant roles in group-wide controls or others in which material misstatement of the group financial statements has or may have resulted from fraud we would be required to report those to you. We have not identified any circumstances that are required to be reported.

Independence

We are not aware of any relationships between Baker Tilly and the City that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the City's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Preparation of the Financial statement, including schedule of expenditures of federal and state awards.
- Adjusting journal entries
- Compiled regulatory reports
- CIVIC Systems software
- Utility rate consulting
- Preparation of auditee sections of the data collection form
- Utility review and budget analysis
- Executive search services
- Utility cost allocation review

In addition, we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Governing body resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at https://www.bakertilly.com/insights/audit-committee-resource-page.

Management representation letter

Find yourself next to the water.

ASHLAND

City of Ashland, Wisconsin
601 Main Street West — Ashland, WI 54806 — www.coawi.org
PHONE 715-682-7071 FAX 715-682-7048

September 19, 2024

Baker Tilly US, LLP
3410 Oakwood Mall Drive, Suite 200
Eau Claire, Wisconsin 54701

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Ashland as of December 31, 2023 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashland and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.

6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

7) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.

8) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.

9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

Other

17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18) We have a process to track the status of audit findings and recommendations.

19) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.

21) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.

22) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

23) There are no:

    a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

24) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a) Financial statement preparation, including schedule of expenditures of federal and state awards

b) Adjusting journal entries

c) Compiled regulatory reports

d) Civic Systems software

e) Utility rate consulting

f) Preparation of auditee sections of the data collection form

g) Utility review and budget analysis

h) Executive search services

i) Utility cost allocation review

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

25) The City of Ashland has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

26) The City of Ashland has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

27) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.

28) The financial statements include all fiduciary activities required by GASB No. 84.

29) The financial statements properly classify all funds and activities.

30) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

32) The City of Ashland has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

33) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

35) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

37) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

38) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

40) We believe that the estimate made for the pollution remediation liability is in accordance with GASB 49 and reflects all known available facts at the time it was recorded.

41) Tax-exempt bonds issued have retained their tax-exempt status.

42) We have appropriately disclosed the City of Ashland's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

44) With respect to the supplementary information, (SI):

    a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

45) We assume responsibility for, and agree with, the findings of specialists in evaluating the other post-employment benefits liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

46) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

47) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.

48) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.

49) We have considered the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* We compiled related documentation of outstanding subscription arrangements and have concluded that the standard is not material to the City.

50) We have identified any leases or other contracts that are required to be reported as leases and are in agreement with the key assumptions used in the measurement of any lease related assets, liabilities or deferred inflows of resources.

51) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

52) With respect to federal and state award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance),and the *State Single Audit Guidelines,* including requirements relating to preparation of the schedule of expenditures of federal and state awards (SEFSA).

b) We acknowledge our responsibility for preparing and presenting the SEFSA and related disclosures in accordance with the requirements of the Uniform Guidance and the *State Single Audit Guidelines,* and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.

c) If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* and included in the SEFSA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are administering our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to the programs and related activities.

h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement and the *State Single Audit Guidelines,* relating to federal and state awards.

j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relate to the objectives of the compliance audit, if any, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.

r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.

t) We have charged costs to federal and state awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines* and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Sincerely,

City of Ashland

Signed: Julie Vaillancourt
Julie Vaillancourt, Finance Director

Signed: __________
Brant Kucera, City Administrator

Dated: Sept. 19, 2024

City of Ashland

Summary of Uncorrected Financial Statement Misstatements
December 31, 2023

	Financial Statements Effect - Debit (Credit) to Financial Statement Total											
	Current Assets	Noncurrent Assets	Deferred Outflows	Total Assets/ Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Deferred Inflows	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Revenues	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances
Governmental Activities	-	-	-	-	-	(534,285)	-	(534,285)	534,285	-	154,346	154,346
Business-Type Activities	-	-	-	-	-	-	-	-	-	-	(63,147)	(63,147)
Major Enterprise Fund - Water Utility	-	-	8,945	8,945	-	(55,930)	(16,250)	(72,180)	63,235	-	40,902	40,902
Major Enterprise Fund - Wastewater Utili	-	-	6,192	6,192	-	(14,030)	(11,249)	(25,279)	19,087	-	873	873
Nonmajor Funds	-	-	-	-	-	(20,584)	-	(20,584)	20,584	-	(9,139)	(9,139)

Accounting changes relevant to the City of Ashland

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24
102	Certain Risk Disclosures	✓	12/31/25
103	Financial Reporting Model Improvements	✓	12/31/26

Further information on upcoming GASB pronouncements.

Revised guidance for accounting changes and error corrections

GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, seeks to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability.

The standard establishes the following categories:

1. Accounting changes, which is comprised of:

    a. Changes in accounting principles – result from a change from one generally accepted accounting principle to another that is justified on the basis that the newly adopted principle is preferable to the previously applied principle, or the implementation of a new pronouncement.

    b. Changes in accounting estimates – occur when inputs change due to a change in circumstances, new information, or more experience. Note that the focus is on changes to the inputs used; a change in the value of an input such as an annual inflation update does not require disclosure under this standard.

    c. Changes to or within the financial reporting entity – result from the addition or removal of a fund that results from the movement of continuing operations (such as moving sanitation operation from the general fund to its own separate fund), a change in a fund's presentation as major or nonmajor, the addition or removal of a component unit (with certain exceptions), or a change in a component unit's presentation as blended or discretely presented.

2. Error corrections – result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time of the financial statements were issued (i.e., facts that could reasonably be expected to have been obtained and considered at that time).

A summary of the reporting impact of each category is as follows:

	Accounting changes			
Reporting considerations	**Change in accounting principle**	**Change in estimate**	**Change to the financial reporting entity**	**Correction of an error**
Basic financial statement schedules:	Restate earliest period presented	Report prospectively	Adjust current year beginning balances	Restate earliest period presented
Required supplementary information & supplementary information:	Should match the financial statement presentation noted above; no adjustments to earlier periods needed			Restate all periods impacted
Additional disclosures?	Yes	Yes	Yes	Yes

The City should become familiar with the new guidance in advance of the implementation effective date.

Updated accounting and reporting for compensated absences

The Governmental Accounting Standards Board (GASB) issued its Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to update the recognition and measurement guidance for compensated absences for state & local government employers. It supersedes GASB No. 16, *Accounting for Compensated Absences*, issued in 1992, as well as earlier guidance, and addresses changes resulting from the types of leave now being offered. GASB 101 is effective for fiscal years beginning after December 15, 2023 (i.e., December 31, 2024, and June 30, 2025 year-end reporting entities).

GASB 101 more appropriately reflects a liability *when* a government incurs an obligation for compensated absences, and will improve comparability of reporting between governments that offer different types of leave. It requires that liabilities be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled-up via non-cash means. Compensated absences is defined as leave for which employees may receive one or more of the following:

- Cash payments when the leave is used for time off;
- Other cash payments, such as payment for unused leave upon termination of employment, or;
- Noncash settlements, such as conversion to defined benefit postemployment benefits.

Examples of compensated absences provided in GASB 101 include vacation, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave. Payment or settlement of compensated absences could occur during employment, or upon termination of employment. GASB 101 does not apply to benefits that are within the scope of GASB 47, *Accounting for Termination Benefits*.

GASB 101 requires that a liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered;
- The leave accumulates, and;
- The leave is “more likely than not” (i.e., likelihood of more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means (101 provides factors to assess this criteria). (This differs from GASB 16, which required payment to be “probable” to be recognized).

Under GASB 101, governments will now need to accrue for time that has accumulated and is likely to be used, even if the employee is not eligible for a payout upon termination. This was not a requirement under GASB 16, and thus may result in a higher compensated absence liability.

GASB 101 requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled. GASB 101 did not change the report for financial statements prepared using the current financial resources measurement focus (i.e., governmental funds).

Other changes in financial statement disclosures include the change in compensated absences liability can now be disclosed as a net change, rather than gross increases/decreases in the liability. Also, governments are no longer required to disclose which fund has typically liquidated the liability.

We recommend that governments begin to review the guidance contained in GASB 101 within the context of your existing compensated absences policies and accounting practices, in order to be better informed in terms of the information that you will need for this implementation.

Updated reporting for certain risk disclosures

The Governmental Accounting Standards Board (GASB) issued its Statement No. 102, *Certain Risk Disclosures*, in June 2022. The objective of GASB 102 is to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- The concentration or constraint is known to the government prior to issuing the financial statements.
- The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Corrected misstatements

Following is a comprehensive listing of entries proposed during the City audit and subsequently corrected by management. Some of these entries did have a material impact on the City's financial statements.

Number	Date	Name	Account No	Debit	Credit
A01	12/31/2023	POOLED CASH/INVESTMENTS	460-11100 460	44,911.73	
A01	12/31/2023	BONDS, NOTES, ST TRUST PROCEED	460-49100 460		-45,700.00
A01	12/31/2023	BT created - Premium on debt	460-49120 460		-43,110.20
A01	12/31/2023	POOLED CASH/INVESTMENTS	461-11100 461	5,104.60	
A01	12/31/2023	BONDS, NOTES, ST TRUST PROCEED	461-49100 461		-4,500.00
A01	12/31/2023	BT created - Premium on debt	461-49120 461		-1,991.60
A01	12/31/2023	POOLED CASH/INVESTMENTS	470-11100 470		-50,016.33
A01	12/31/2023	BONDS, NOTES, ST TRUST PROCEED	470-49100 470	50,200.00	
A01	12/31/2023	Premium on debt	470-49120 470		-81,205.30
A01	12/31/2023	NOTE ISSUANCE COSTS	460-58290-690 460	43,898.47	
A01	12/31/2023	DEBT ISSUE COSTS	461-58290-690 461	1,387.00	
A01	12/31/2023	Note Issuance Costs DEBT ISSUA	470-58290-690 470	81,021.63	
		To correct 2023A note distribution of proceeds, issuance costs, and premium between accounts and funds to match issuance document			
A02	12/31/2023	BT created - Premium on debt issued	680-29170 680		-35,660.95
A02	12/31/2023	INTEREST EXPENSE-LT DEBT	680-46453-4270 680	101,539.10	
A02	12/31/2023	MISC. CREDITS TO SURPLUS	680-46453-4340 680	35,660.95	
A02	12/31/2023	MISC DEPITS-SURPLUS	680-46453-4350 680		-101,539.10
		To adjust amounts related to the 2023B Water Revenue Bonds to correct accounts			
A03	12/31/2023	NET PENSION ASSET	610-19640 610		-48,428.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	610-19645 610	84,953.00	
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	610-19645 610		-21,809.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	610-19645 610	16,690.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	610-29645 610	29,342.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	610-29645 610		-42,336.00
A03	12/31/2023	DEFERRED INFLOW - PENSION	610-29645 610		-16,690.00
A03	12/31/2023	NET PENSION ASSET	620-19640 620		-43,369.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	620-19645 620	73,902.00	
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	620-19645 620		-18,898.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	620-19645 620	19,201.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	620-29645 620	25,428.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	620-29645 620		-36,689.00
A03	12/31/2023	DEFERRED INFLOW - PENSION	620-29645 620		-19,201.00
A03	12/31/2023	NET PENSION ASSET	690-19640 690		-321,259.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	690-19645 690	534,398.00	
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	690-19645 690		-136,689.00
A03	12/31/2023	DEFERRED OUTFLOW - PENSION	690-19645 690	77,151.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	690-29645 690	183,915.00	
A03	12/31/2023	DEFERRED INFLOW - PENSION	690-29645 690		-265,360.00
A03	12/31/2023	DEFERRED INFLOW - PENSION	690-29645 690		-77,151.00
A03	12/31/2023	AIRPORT DEFERRED PENSION ADJ	610-53511-195 610		-1,722.00
A03	12/31/2023	MARINA DEFERRED PENSION ADJ	620-55480-195 620		-374.00
A03	12/31/2023	EMPLOYEE BENEFITS EMPLR-R	690-85400-152 690	4,995.00	
		To record changes in deferred outflows, inflows, and net pension asset/liability for GASB 68			
A04	12/31/2023	MISC GENERAL EXPENSE MATERIALS	690-85600-400 690	73,800.00	
A04	12/31/2023	Rev from Merch, Jobbing, Contr	690-46413-4150 690		-73,800.00
		To move forgiven special assessments from revenue account to expense. In 2022 assessed for 6th street, then in 2023 decided not to assess - cleared receivable but revenue was recorded in 2022. Expense for 2023.			
A05	12/31/2023	DEFERRED OUTFLOW OPEB	680-19646 680	99,842.00	
A05	12/31/2023	MISC ACCRUED LIAB - OPEB BENEF	680-24290 680		-116,714.00
A05	12/31/2023	DEFERRED OUTFLOW - OPEB	680-29646 680	31,149.00	
A05	12/31/2023	DEFERRED OUTFLOWS OPEB	690-19646 690	110,346.00	
A05	12/31/2023	MISC ACCRUED LIAB - OPEB BENEF	690-24290 690		-128,811.00
A05	12/31/2023	DEFERRED OUTFLOW - OPEB	690-29646 690	34,545.00	
A05	12/31/2023	ADMIN/GENERAL POST-EMPLOYMENT	680-92000-190 680		-14,277.00
A05	12/31/2023	ADMIN/GENERAL POST-EMPLOYMENT	690-85000-190 690		-16,080.00
		To record GASB 75 OPEB Liability activity for the current year and related deferred inflows and outflows (enterprise funds only).			
A06	12/31/2023	BT Created - GASB 87 Lease Proceeds	454-49150 454		-172,185.00
A06	12/31/2023	BT Created - GASB 87 Lease Proceeds	461-49150 461		-18,551.00
A06	12/31/2023	BT Created - GASB 87 Lease Proceeds	462-49150 462		-100,717.00
A06	12/31/2023	BT Created - GASB 87 Lease Outlay	454-57210-000 454	172,185.00	
A06	12/31/2023	BT Created - GASB 87 Lease Outlay	461-57210-000 461	18,551.00	
A06	12/31/2023	BT Created - GASB 87 Lease Outlay	462-57210-000 462	100,717.00	
		To record GASB 87 Lease proceeds and Capital Outlay for Governmental Fund leases issued during 2023.			
A07	12/31/2023	BT created - Short Term Note Payable	100-21201 100		-277,550.00
A07	12/31/2023	BONDS,NOTES,ST TRUST PROCEEDS	100-49100 100	277,550.00	
		To move short term debt in GF from Proceeds account to ST Note payable liability			
A08	12/31/2023	BT created - Premium on debt issued	680-29170 680	35,660.95	
A08	12/31/2023	DEBT SERVICE DISCOUNT & EXPENS	680-46453-4280 680		-35,660.95
		To expense full premium in year of issuance. Passed asjustment approved for income statement effects.			

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   - Identify types of potential misstatements.
   - Consider factors that affect the risks of material misstatement.
   - Design tests of controls, when applicable, and substantive procedures.

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and the Uniform Guidance, and the *State Single Audit Guidelines*, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

e. In connection with our audit, we intend to place reliance on the audit of the financial statements of the Ashland Ore Dock Charitable Trust, a discretely presented component unit of the City of Ashland, as of December 31, 2024 and for the year then ended completed by Anderson Hager & Moe S.C. All necessary conditions have been met to allow us to make reference to the component auditors.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.
b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
c. We need to know your views about your organization’s objectives and strategies, and the related business risks that may result in material misstatements.
d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
e. Have you had any significant communications with regulators or grantor agencies?
f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity’s internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the summer to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 8-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Ref: 2025-012-COW

COMMITTEE AGENDA: 5.B. (1/14/2025)

SUBJECT: **Discussion and Possible Action Regarding a Resolution Petitioning the Secretary of Transportation for Airport Improvement Aid for JFK Memorial Airport *(Airport)***

RECOMMENDATION: Forward to Council for Formal Approval

DEPARTMENT OF ORIGIN: Airport

CLEARANCES:

EXHIBITS:

1. Correspondence from WI-DOT RE: JFK Petition Package
2. Public Hearing Notice

COMPLIANCE WITH STRATEGIC PLAN: INFRASTRUCTURE

SUMMARY STATEMENT:

An approved resolution is required to be submitted for continued annual funding from the FAA and the Wisconsin Bureau of Aeronautics. As described within the resolution, the requested improvement description includes the runway reconstruction including lighting and signs which is slated for 2025.

A public hearing is required prior to approval of the resolution. The public hearing is planned during the January 28, 2025 City Council meeting, and a Type 1 notice will be published in the Ashland Daily Press on January 16, 2025, or at least ten days before the hearing, and posted in three public places as well as on City social medias.

Council is asked to forward this item to the January 28, 2025 Council meeting for formal approval.

Division of Transportation
Investment Management
PO Box 7914
Madison, WI 53707-7914

Scott Walker, Governor
Dave Ross, Secretary
Internet: http://wisconsindot.gov

Telephone: 608-266-3351
Facsimile (FAX): 608-267-6748

December 16, 2024

KARL KEMPER
JOHN F. KENNEDY MEMORIAL AIRPORT
ASHLAND, WISCONSIN

John F. Kennedy Memorial Airport Petition Package

Dear Karl:

As we discussed, here is a petition package to match the items covered in the July hearing notice. It covers all the items coming up in the airport's improvement program, including a refreshing of some of the items in the last petition. I have made up separate documents for the city and the county to sign. I think this is the way John has done these in the past—that is, having the city and county sign their own petition resolutions rather than having the airport commission sign and then get validation resolutions from the city and county.

I have enclosed the following to get you started on your airport's petition for federal and state aid for an airport development project:

1. Airport Aid Petition Resolution Checklist.
2. Resolution petitioning the Secretary for Airport Improvement Aid (one for the City and one for the County)
3. Agency and Assurances Agreement (one for the City and one for the County)
4. Chapter Trans 55, Wisconsin Administrative Code.
5. Federal Owner Assurances
6. Sample of the Notice of Public Hearing.
7. Sample of the Affidavit of Publication of the hearing notice.
8. Information on the airport development hearing process.
9. Information to be submitted in support of airport aid petitions.

It may be helpful for you to call Evan Krueger, the bureau's project manager for your airport, to discuss your request, to be ensure all needed work items are included. This will help assure no step in the process is missed and avoid the need for a new resolution.

The public hearing is the first step in the petition process. Wisconsin Statutes require at least **ten (10)** days notice of the public hearing is provided by publication of a Class I notice in the local legal paper. It is also imperative that **<u>all</u>** the work items you wish to petition for are listed in the notice and addressed in the public hearing. An affidavit of publication signed by the publisher and notarized is also required. An exhibit showing the location of the proposed work (including land to be acquired) should be made available for inspection at the public hearing. Please include a copy of this exhibit in your petition package to clarify the intent of your request.

The sample hearing notice includes suggested wording for meeting the requirements of the Americans with Disabilities Act (ADA).

After the public hearing, the airport's governing body can pass the petition resolution. The petition resolution authorizes representatives of the governing body to execute the agency agreement and owner assurances. Please return one original copy of the petition resolution and two copies of the agency agreement and owner assurances. A copy of the agency and assurances agreement will be returned to you after it is signed by the bureau director.

The Bureau of Aeronautics recommends that general aviation airport sponsors budget 20% of the project costs as their share of all projects.

Please contact me at brandon.benjamin@dot.wi.gov with any questions.

Sincerely,
Brandon Benjamin
Airport System Planner

W:\Airports\JFK Memorial Airport\Petition\12-24ASXltr.doc
Enclosures

102dev.dot/r.01/09/2017

THE CITY OF ASHLAND WISCONSIN

NOTICE OF PUBLIC HEARING REGARDING A RESOLUTION PETITIONING THE WISCONSIN SECRETARY OF TRANSPORTATION FOR AIRPORT IMPROVEMENT AID BY THE COMMON COUNCIL OF THE CITY OF ASHLAND, ASHLAND AND BAYFIELD COUNTIES, WISCONSIN

PLEASE TAKE NOTICE that the governing body of the City of Ashland, Wisconsin, will consider a resolution for approval to petition for aid for improvements at the John F. Kennedy Memorial Airport, 50511 State Highway 112, Ashland, Wisconsin.

The character, extent, and kind of improvements desired under the project are as follows:

Rehabilitate/Reconstruct Runway 13/31, including lighting and signs; Rehabilitate/Reconstruct Runway 2/20, including lighting and signs; Install Precision Approach Path Indicators (PAPI) for Runway 13; Convert Runway 20 PAPI to LED; Install Runway End Identifier Lights (REIL) for Runway 13/31; Rehabilitate/Reconstruct/Widen/Construct entrance road; Reconstruct/Rehabilitate/Construct Taxiways/Taxilanes, including lighting and signs; Reconstruct/Rehabilitate/Expand apron; Pavement maintenance and markings; Land acquisition for runway approaches; Land acquisition for entrance road widening; Construct/Rehabilitate/Reconstruct/Purchase snow removal equipment storage building, including drainage improvements; Replace/enhance/improve/expand/purchase fuel system, including containment; Construct Drainage improvements; Purchase mowing equipment; Purchase snow removal equipment; Conduct wildlife site visit update; Rehabilitate/Expand/Construct/Purchase terminal building; Prepare airport master plan; Update Airport Layout Plan, including bringing Exhibit A Property Map to standards; Conduct airport boundary survey; Wind Cone and segmented circle improvements; Rehabilitate/Reconstruct parking lot(s); Rehabilitate/Reconstruct/Construct/Purchase hangar(s); Rehabilitate/Reconstruct/Construct fencing/gates; Construct/expand hangar development area; Automated Weather Observation System (AWOS) improvements; Reimburse Development of Airport Overlay Land Use Ordinance; Clear and maintain runway approaches as stated in Wis. Admin. Code Trans §55, and any necessary related work.

You are further notified that the governing body of the City of Ashland, Wisconsin, will hear all interested persons, or their agents of attorneys, concerning the matter contained in the resolution above described report on **January 28, 2024 at 6:00 PM at City Hall Council Chambers, 601 Main Street West, Ashland, WI**. All objections will be considered at this hearing. To attend virtually, the meeting from your computer, tablet or smartphone: https://global.gotomeeting.com/join/500263957 or dial in using your phone (Toll Free): 1-877-309-2073 Access Code: 500-263-957. Please contact the Clerk's office at 715-682-7071 if you require accommodations to attend the meeting.

The City of Ashland does not discriminate on the basis of race, sexual orientation, color, national origin, sex, religion, age or disability in employment or provisions of services programs or activities.

Denise Oliphant,
Ashland City Clerk

Ref: 2025-014-COW

COMMITTEE AGENDA: 5.C. (1/14/2025)

SUBJECT: **Discussion and Possible Action on Purchase of New Snow Plow Truck *(Public Works)***

RECOMMENDATION: Forward to Council for Formal Approval

DEPARTMENT OF ORIGIN: Public Works

CLEARANCES: City Administrator
Public Works Director

EXHIBITS: 1. Bid Tabulation 2024 Salt Truck

COMPLIANCE WITH STRATEGIC PLAN: Infrastructure-Reliable Streets
Economic Development- Access to Main Street

SUMMARY STATEMENT:

The Public Works Department maintains two single axle plow trucks with a salt/sander box. These trucks are used during the winter to plow the various highways in the City limits as well as other priority streets. The salt/sander box allows for application of material to improve safety during winter conditions. The Department also uses a small pick-up truck to apply sand to residential streets, but the two single axle plow trucks are the only means of salt application. In the summer, one of the trucks is used to transport rock for spray patching, which is the City's primary method of repair streets with City forces.

One truck was purchased in 2006. The Department previously completed some renovation/repairs on the truck to extend its useful life up to twenty years. One issue with the truck is a lack of a stainless-steel box, which has led to corrosion due to the storage of salt. In anticipation of very long lead times for this type of equipment, the Department recently solicited bids for a replacement truck. Bids were opened on December 3, 2024. The lowest bid for the truck and salt/sander box that met the department's specifications totaled $282,645.00. The truck chassis would be purchased from U.P. Truck Center in Quinnesec, MI at the cost of $125,250, and the salt/sander box would be purchased from Monroe Truck Equipment at a cost of $157,395.

The truck with installed salt/sander will not be ready for delivery, with payment due, until Spring 2026. The truck chassis will be ready for delivery, with payment due, in Fall 2025.

The Public Works Department is requesting approval of the purchase with funds being budgeted in the 2026 Capital Improvement plan. Both items would be paid via planned general obligation borrowing, with the truck chassis being purchased with internal funds and then reimbursed from the borrowing following budget approval.

BIDDING SUMMARY: Single Axle Salter Chassis & Salter Sander box w/Attachments
BID DATE: December 3, 2024 at 2:30pm

Bidder	Item to Bid	Bid Amount		Warranty Info Included	Comments
Premier Truck Group	2026 Western Star 47X SFA (included Monroe Truck Package in bid folder)	$142,121.50	W/Monroe Truck Package: $299,516.50		
Truck Country	Chassis Only: 2026 Western Star 47X	$135,773.00			
Truck Country	Chassis Only: 2026 Freightliner 114SD	$124,088.00			Did not meet specs
Truck Country	Chassis Only: 2026 Freightliner 108SD	$118,588.00			Did not meet specs
I State Truck Center	2026 Western Star 47X Setforward (included Monroe Truck Package in bid folder)	$131,000.00	W/Monroe Truck Package: $288,395.00		
Ascendance Truck Centers	2026 International HV507 (included Monroe Truck Package in bid folder)	$121,905.00	W/Monroe Truck Package: $279,300.00		Did not meet specs
U.P. Truck Center Inc.	Chassis Only: 2026 Western Star 47X	$125,250.00			
Boyer Trucks	Chassis Only: 2026 Western Star 47X	$137,739.00			
Monroe Truck Equipment	2025 Monroe RDS-120-96-56-SS	$157,395.00			
	MP48R12-I5CT-HHL				
	MS4512-FX				
	9DFWMB				
	LDS-455				
	10FT SANDER/DUMP BODY & HYDROLICS - $95,534.00				
	9FT DOUBLE FUNCTION HEAVY DUTY PATROL WING W/FULL FLOTATION - $16,541.00				
	12FT REVERSIBLE HEAD PLOW - $19,652.00				
	12FT FIXED ANGLE UNDERBODY SCRAPER - $17,355.00				
	LIQUID DISPENSER PRE-WET SYSTEM - $8,313.00				

Ref: 2025-013-COW	**COMMITTEE AGENDA: 5.D. (1/14/2025)**

SUBJECT: **Discussion and Possible Action on Changes to Special Assessment Policy for 2025 Capital Projects *(Public Works)***

RECOMMENDATION: Staff recommends that the Council direct staff to develop the required revisions to current policies and practices rather than pursuing the debt levy.

DEPARTMENT OF ORIGIN: Public Works

CLEARANCES: Public Works Director

EXHIBITS:
1. Strategic Plan-Infrastructure
2. MEMO Possible Changes to Special Assessments

COMPLIANCE WITH STRATEGIC PLAN: Infrastructure-By 2022, City of Ashland residents and businesses with have access to reliable and reasonably priced City water, sewer, stormwater and streets through the development and implementation of a 20-year repair and replacement plan, supported by budget plans on 5-year increments.

SUMMARY STATEMENT:

The City's 2025 Capital Improvement Plan (CIP) included two projects that were funded based on an increase in revenue from special assessments: Chapple Ave Reconstruction (6th Street West-11th Street West) and Lower Willis Avenue Reconstruction (11th Street East- terminus). The increase in revenue would require revisions to the City's special assessment policies and practices. Using the Chapple Avenue Project as an example, current policies and practices would provide approximately $35,000 in revenue at an average cost per resident of $775. This represents approximately 2.25% of the total estimated project cost. These costs would be repayable over a ten-year period and subject to interest at approximately 3% annually.

The 2025 CIP proposed that the City levy special assessments to provide approximately $190,000 in revenue at an average cost per property owner of $4,300. This represents approximately 12.5% of the total estimated project cost. These costs would also be repayable over a ten-year period and subject to interest at approximately 3% annually. This approach was supported by the Public Works Committee's recommendation at the October 10, 2024 meeting.

Council requested continued discussion on this topic with comparison to the alternative of levying, through increased property taxes to all City property owners, for the $190,000 in revenue.

Staff's position is that the proposed street reconstruction conveys benefits specific to those property owners in the project area and that the proposed revisions to the current policies and practices would provide a more equitable means of financing street reconstruction costs. These benefits are improved infrastructure (smoother street surface, improved stormwater infrastructure, more reliable water service, improved fire flow) and increased property values.

In addition, the special assessment approach offers stability to the City's planning and budgeting for capital improvements. Best practices for capital improvement planning include developing plans in five-year increments. The debt levy approach would require Council approval on a year-to-year basis and offer no additional stability beyond current budgeting practices.

Staff recommends that the Council direct staff to develop the required revisions to current policies and practices rather than pursuing the debt levy. The Public Works Director will provide additional information prior to the meeting to support this recommendation.

INFRASTRUCTURE

By 2022, pedestrians and cyclists will experience safe passage crossing the highway to reach the lakeside.

By 2023, City of Ashland residents and visitors will experience consistent, reliable and affordable high-speed internet access throughout the City.

By 2022, City of Ashland residents and businesses will have access to reliable and reasonably priced City water, sewer, stormwater and streets through the development and implementation of a 20-year repair and replacement plan, supported by budget plans on 5-year increments.

By 2024, City of Ashland residents and visitors will experience improved access to and from Ashland via Lake Superior through the installation of a commercial boat access point at the Marina and additional recreational access points along the shore.

By 2026, Taxpayers and City employees will have access to and work in City buildings and facilities that project the historical character of the City, generate lower operating costs, and have extended life spans.

THE CITY OF ASHLAND PUBLIC WORKS

DEPARTMENT OF PUBLIC WORKS
2020 6TH STREET EAST ASHLAND WI 54806 WWW.COAWI.ORG

MEMO: Possible Changes to Special Assessment Policies
TO: City Council
FROM: John Butler, Director of Public Works

At the October 10, 2024 meeting the Public Works Committee recommended that staff propose to the City Council changes to the City's policies for special assessments in order to enhance funding for street reconstruction projects.

During the 2025 budget process, the Council requested continued discussion on the topic with comparison to the alternative of financing the work through the debt levy.

The PW Department follows a project ranking system from the 2017 Master Plan to select projects for street reconstruction. The attached map shows the top 9 priorities and status of each project. The attached table shows priorities beyond the top 9 and estimated year of construction.

The City's 2025 Capital Improvement incorporated roughly $190,000 in additional funding from special assessments for the Chapple Ave Reconstruction project, which serves 51 properties, at an estimated cost of $4,300 per property paid over a period of up to 10 years.

Placing the $190,000 on the debt levy would result in $49.53 in additional taxes per $100,000 of assessed property value for all properties in the City. The attached table shows the cumulative amount of additional taxes residents of each project area would pay before street reconstruction occurs at their property, with an assumed annual inflationary value of 5%.

It is important to note that street reconstruction in the City is not scheduled according to the lifecycle of each street. Rather, projects are scheduled as funds, often via grants, are available. Many streets will not be reconstructed until 60 years after the last project was completed.

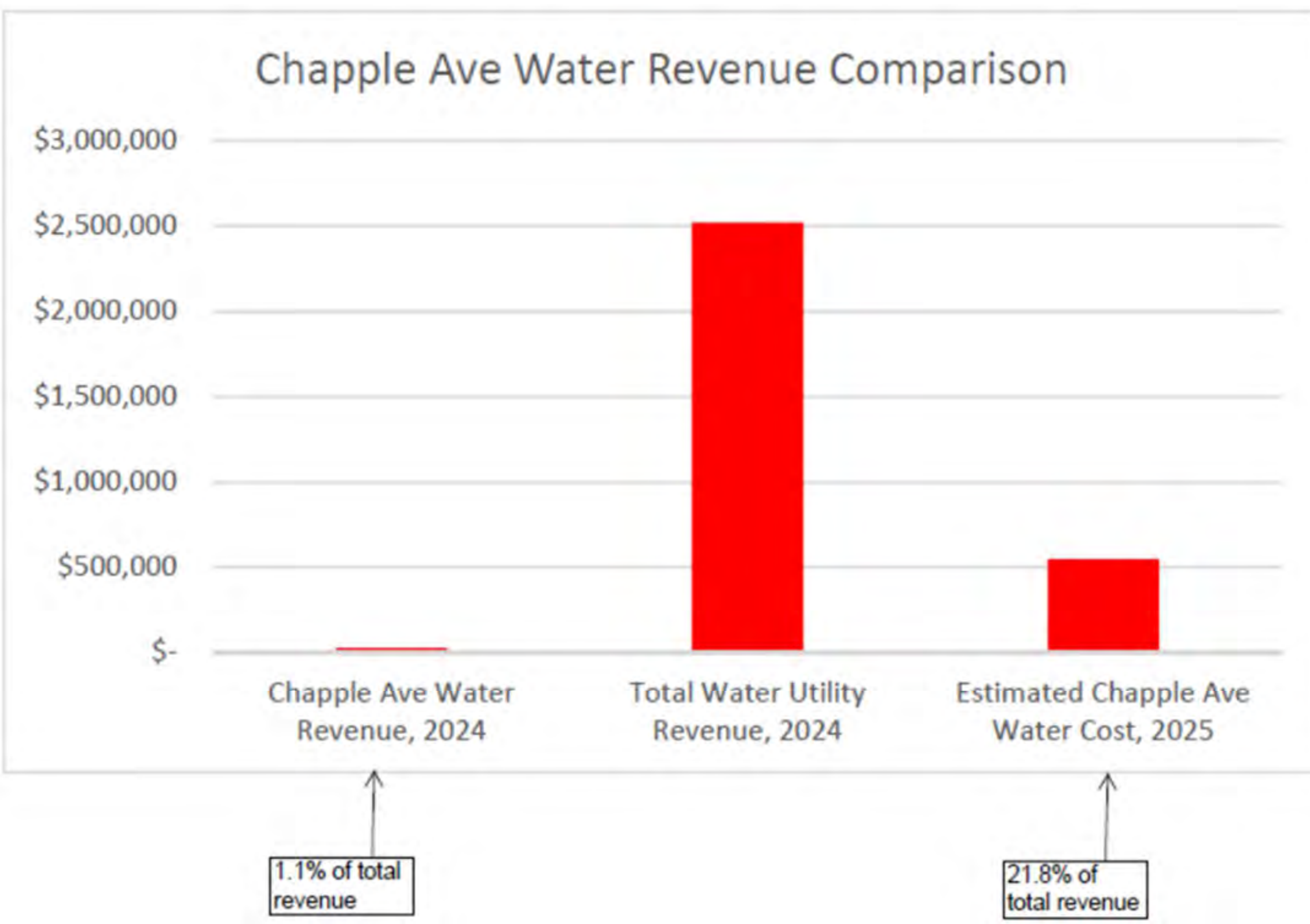
While the debt levy approach has the effect of "smoothing" out the cost paid per property to be lower amount, it has the inverse effect of increasing costs to property owners not benefiting from projects constructed and creating issues with equitable use of tax dollars.

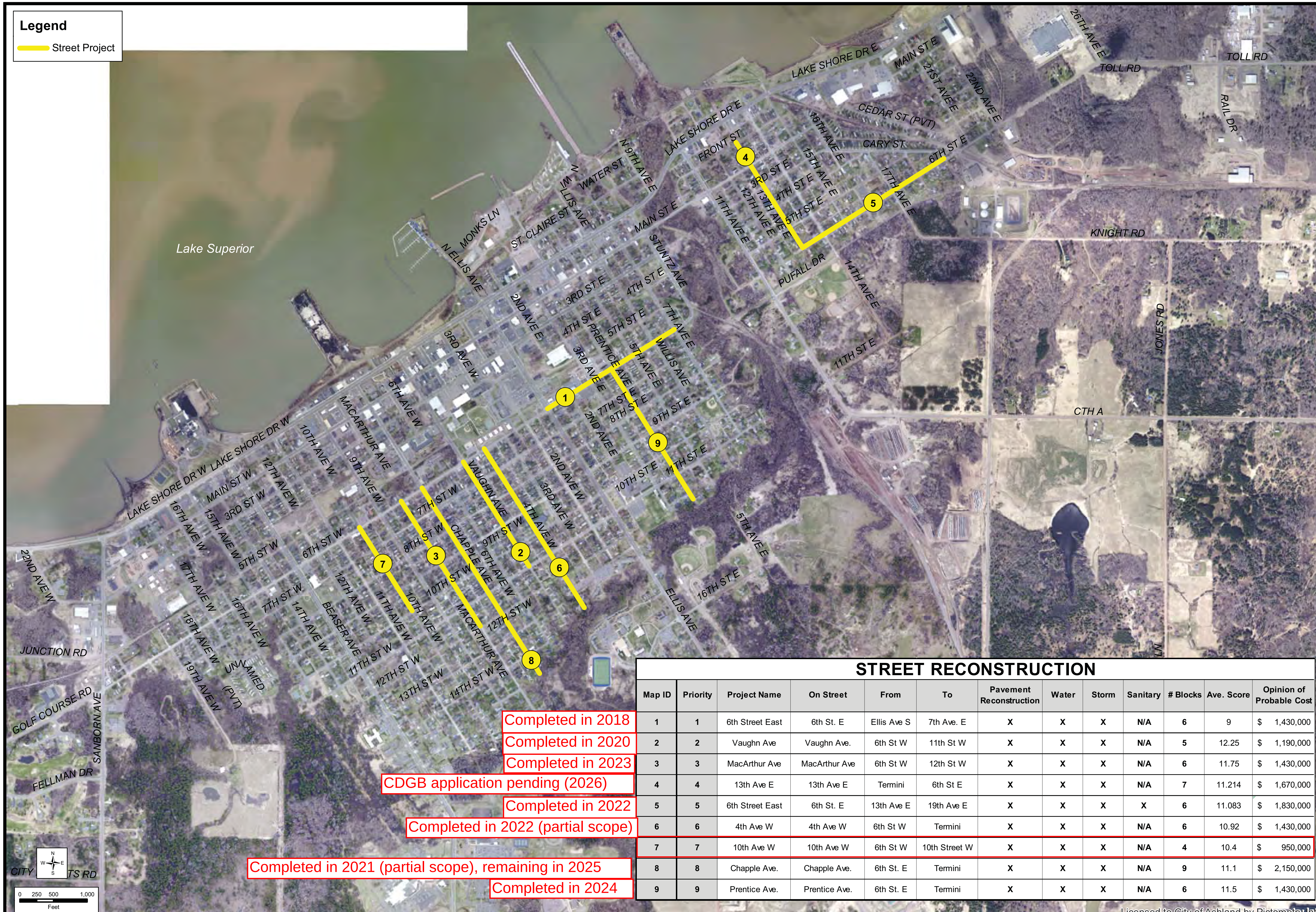
Another way to illustrate these equity issues is review of the revenue paid by the 51 properties to the Water Utility in 2024 and comparison to the estimated amount of expenditures on water main construction, roughly $550,00, included in the Chapple Ave Reconstruction project. The attached graph shows that the expense required for watermain replacement is 20x greater than the revenue these properties provide annually.

To staff, this analysis points to the need to utilize special assessments to allocate a greater portion of project costs to properties benefitting from street reconstructions to improve equity in financing projects. As described in the attached article from the League of Municipalities, this approach is common in the state of WI due to regulations placed on municipalities to generate revenue.

	Street	From	To	Last Improve. Year	Const. Year	Cumulative Debt Levy*
10	12th Ave E	Front St	Termini	1977	2029	$237.74
11	Main St W	Sanborn Ave	Beaser Ave	2006	2029	$237.74
12	2nd Ave W	6th St W	12th St W	1967	2030	$309.56
13	11th Ave W	Main St W	6th St W	1989	2031	$386.33
14	11th Ave W	6th St W	11th St W	1967	2032	$468.06
15	11th Ave W	11th St W	S Termini	1967	2032	$468.06
16	14th Ave E	Main St E	6th St E	1967	2033	$554.74
17	14th Ave W	Main St W	6th St W	1997	2034	$646.37
18	2nd Ave E	6th St W	10th St W	1958	2035	$742.95
19	3rd Ave W	6th St W	11th St W	1992	2035	$742.95
20	Willis Ave.	USH 2	6th St E	1987	2036	$844.49
21	Willis Ave.	6th St. E	11th St E	1980	2037	$950.98
22	9th Ave W	11th Ave W	S Termini	1985	2038	$1,062.42
23	10th Ave W	11th St W	S Termini	1983	2038	$1,062.42
24	Vaughn Ave	3rd St W	6th St W	2014	2039	$1,178.81
25	14th St W	Beaser Ave	6th Ave W	1997	2040	$1,300.16

*per $100K of assessed property value





STREET RECONSTRUCTION

	Map ID	Priority	Project Name	On Street	From	To	Pavement Reconstruction	Water	Storm	Sanitary	# Blocks	Ave. Score	Opinion of Probable Cost
Completed in 2018	1	1	6th Street East	6th St. E	Ellis Ave S	7th Ave. E	X	X	X	N/A	6	9	$ 1,430,000
Completed in 2020	2	2	Vaughn Ave	Vaughn Ave.	6th St W	11th St W	X	X	X	N/A	5	12.25	$ 1,190,000
Completed in 2023	3	3	MacArthur Ave	MacArthur Ave	6th St W	12th St W	X	X	X	N/A	6	11.75	$ 1,430,000
CDGB application pending (2026)	4	4	13th Ave E	13th Ave E	Termini	6th St E	X	X	X	N/A	7	11.214	$ 1,670,000
Completed in 2022	5	5	6th Street East	6th St. E	13th Ave E	19th Ave E	X	X	X	X	6	11.083	$ 1,830,000
Completed in 2022 (partial scope)	6	6	4th Ave W	4th Ave W	6th St W	Termini	X	X	X	N/A	6	10.92	$ 1,430,000
	7	7	10th Ave W	10th Ave W	6th St W	10th Street W	X	X	X	N/A	4	10.4	$ 950,000
Completed in 2021 (partial scope), remaining in 2025	8	8	Chapple Ave.	Chapple Ave.	6th St. E	Termini	X	X	X	N/A	9	11.1	$ 2,150,000
Completed in 2024	9	9	Prentice Ave.	Prentice Ave.	6th St. E	Termini	X	X	X	N/A	6	11.5	$ 1,430,000

ROADWAY SECTION PRIORITIZATION SCORING

PRELIMINARY ENGINEERING REPORT
CITY OF ASHLAND
ASHLAND COUNTY, WISCONSIN
VOLUME 4

STRAND ASSOCIATES®

FIGURE 3.05-2
1300.013

Path: S:\MAD\1300--1399\1300\013\Data\GIS\Figures\Figure 3.05-2 Roadway Scoring 11x17.mxd User: danc Date: 8/23/2017 Time: 2:18:08 PM

Legal

Special Assessments – A Common Way to Recover Costs of Public Improvements

Curt Witynski, Deputy Executive Director, League of Wisconsin Municipalities

Several months ago a state legislator called me into his office to discuss a question he had received from a constituent. The constituent had called to complain about the city charging her a special assessment of over $1,000 for sidewalk and curb and gutter repairs. The legislator asked me whether the city could do this and if so whether other municipalities charge property owners for similar public improvements. I assured the legislator that municipalities have clear and longstanding authority to specially assess property owners to help pay for public improvements and that it was common for communities to do so.

I was surprised the legislator was unaware that communities have been able to specially assess property owners to recover the cost of public improvements for over 100 years. Our conversation started me thinking that perhaps other legislators and even some local officials are unfamiliar with this traditional method of paying for public work.

Special assessments are charges levied by municipalities against real property to recover some or all of the costs of a public work or improvement that specially benefits such property. Special assessments can be used to pay for street construction, sidewalks, curb and gutter, storm and sanitary sewer improvements, water mains, tree removal, parkland condemnation, and many other public improvements. Special assessments may be levied against nearly all public[1] and private property, including tax exempt parcels, for all or a portion of the cost of a public work or improvement as long as the following basic requirements are met:

1. The property is in fact specially benefited by the improvement; and
2. The amount of the assessment is made on a "reasonable basis." *CIT Group v. Village of Germantown*, 163 Wis.2d 426, 471 N.W.2d 610 (Ct. App. 1991).

The procedure for levying special assessments is set forth in the statutes at Wis. Stat. sec. 66.0703. The Wisconsin special assessment statute first appeared in its present form in 1945.[2] That statute was quite similar to the current one, which generally enables and sets out a process for municipalities to levy and collect special assessments for any municipal work or improvement. Prior to 1945, separate grants of authority to levy special assessments were sprinkled throughout the statutes and were connected to the specific type of work being performed.

Over the years, court decisions have made it clear that the procedure for levying special assessments set forth in the statutes must be strictly followed. Failure by a municipality to strictly adhere to the procedural requirements may result in a court voiding the assessment and requiring that the assessment be refunded.

The process for levying special assessments includes the following critical steps:

1. **Preliminary resolution**. The governing body adopts a preliminary resolution declaring that the governing body intends to exercise its police or taxing power to specially assess for a stated municipal purpose. The resolution must contain a description of the purposes for which the assessment is to be levied and other information specified in Wis. Stat. sec. 66.0703(4). The preliminary resolution must also order the public works director or other appropriate municipal officer or employee to prepare a report on the proposed work or improvement and the proposed special assessments.
2. **Report**. The public works director or other appropriate municipal officer shall prepare a report consisting of:
   a. Preliminary or final plans and specifications.
   b. An estimate of the entire cost of the proposed work or improvement.
   c. An estimate, as to each parcel of property affected, of the assessment to be levied.
3. **Public Hearing**. The governing body, one of its committees, or the board of public works must conduct a hearing prior to the levying of the special assessments. When the report mentioned above has been completed and filed with the clerk, the clerk sets a hearing date and publishes a class 1 notice of a public hearing on the proposed work and special assessment. In addition, a copy of the hearing notice must be mailed to every interested party whose post office address is known or can be ascertained with reasonable diligence. After the public hearing the governing body may approve, disapprove, or modify

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the report. Alternatively, the governing body may re-refer the report to the officer or employee who prepared it with directions to add or alter the plans and specifications and to accomplish a fair and equitable assessment.

4. **Final Resolution**. When the governing body determines to proceed with the work, it must approve the plans and specifications contained in the report and adopt a final resolution. The resolution should contain:

   a. A direction that the public work or improvement be performed and the special assessments levied as indicated in the report or as modified after the public hearing and set forth in the resolution.

   b. The number and terms of any installment payments allowed.

   c. A provision for collection of the assessment and any penalties imposed for failure to timely pay the assessment or any installments.

   d. A statement that all assessments or installments not paid by the date specified shall be extended on the tax roll as a delinquent tax and collected in the same manner as delinquent real estate taxes.

   e. The terms and conditions of any allowed deferral of an assessment while no use is made of the improvement.

The final resolution must be published as a class 1 notice in the assessment district and mailed to each interested person whose address is known or can be ascertained with reasonable diligence.

In addition to the general special assessment enabling law, the statutes also allow a common council or village board to establish local special assessment procedures by ordinance provided the ordinance includes provisions for reasonable notice and hearing. Wis. Stat. sec. 66.0701. Also, the statutes provide a simplified procedure to order sidewalks constructed or repaired at the abutting property owners' expense. Wis. Stat. sec. 66.0907. The statutes even allow a municipality to specially assess property in an adjacent town, city, or village which abuts and benefits from an improvement as long as the governing body of the adjacent municipality adopts a resolution approving the levy. Wis. Stats. sec. 66.0707.

Municipalities have discretion whether to use special assessments. Some communities don't. Many do. Communities also have discretion regarding the types of public improvements for which they specially assess. For example, some communities may specially assess for new sidewalks, but not for sidewalk repairs. Others may specially assess for curb and

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gutter, but not full street repairs. A community that specially assesses must also decide the percentage of the cost of a public improvement that it chooses to recover from special assessments. Some communities may recover 50 percent or less of the cost of a project through special assessments. Others may, depending on the type of work, specially assess 100 percent of the cost.

Some communities have adopted special assessment policies guiding staff and informing the public about what types of improvements and how much of the cost of the improvement will be specially assessed.

The special assessment process can be complex and at times controversial. The League has several resources providing more information on this important tool for recovering the cost of municipal work. Contact the League office for more information about the following:

- League legal opinions on the topic of special assessments. (League attorneys have written hundreds of formal opinions in the last 70 years covering many different special assessment issues.) Use the search function on our website.
- The League publishes a *Special Assessments in Wisconsin Manual*, which includes sample forms.
- Special Assessment FAQs are posted under the legal tab on the League's website: http://www.lwm-info.org/1095/Special-Assessments
- The League has collected sample municipal special assessment policies, resolutions, and ordinances, which are posted on the League's website: http://bit.ly/SpecialAssessments

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About the Author:

Curt Witynski, League Deputy Director manages the League's lobbying program, representing the League before the Legislature, the governor's office, and state agencies. He writes the *Legislative Bulletin* and *Capitol Buzz* newsletters, organizes legislative material and the Budgeting Toolkit for the League's web page, and answers questions from the media and members about legislation. Contact Curt at witynski@lwm-info.org

1. Property of the United States is exempt from special assessments. Wis. Stat. sec. 1.04. Other property specified in Wis. Stat. sec. 66.0705, such as state property held for highway right of way purposes, is also exempt from special assessments.

2. Sec. 66.60, Wis. Stats. (1945).