

# PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2024

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, based on present federal laws, regulations, rulings and decisions, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and certain covenants of the City, interest to be paid on the Notes is not includable in gross income of the recipient for federal income tax purposes, and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See "Tax Exemption" herein for a more detailed discussion. The interest on the Notes is not exempt from present Wisconsin income or franchise tax.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

**Rating Application Made: S&P Global Ratings**

## CITY OF SUPERIOR, WISCONSIN (Douglas County)

### \$1,950,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024B

**BID OPENING:** May 7, 2024, 10:00 A.M., C.T.

**CONSIDERATION:** May 7, 2024, 6:30 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,950,000\* General Obligation Promissory Notes, Series 2024B (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Superior, Wisconsin (the "City"), for the purchase of a new Fire Engine. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

**DATE OF NOTES:** May 29, 2024

**MATURITY:** November 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$75,000	2030	\$120,000	2035	\$145,000
2026	105,000	2031	125,000	2036	150,000
2027	110,000	2032	130,000	2037	155,000
2028	115,000	2033	135,000	2038	160,000
2029	120,000	2034	140,000	2039	165,000

**\*MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** May 1, 2025 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing on November 1, 2033 and thereafter are subject to call for prior optional redemption on November 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

**MINIMUM BID:** \$1,925,625.

**MAXIMUM BID:** \$2,125,500.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$39,000 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation.

**BOND COUNSEL:** Fryberger, Buchanan, Smith & Frederick, P.A..

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **CITY OF SUPERIOR COMMON COUNCIL**

		<u>Term Expires</u>
Jim Paine	Mayor	April 2027
Tylor Elm	Alderman	April 2025
Brent Fennessey	Alderman	April 2026
Lindsey Graskey	Alderman	April 2025
Mike Herrick	Alderman	April 2025
Mark Johnson	Alderman	April 2026
Garner Moffat	Alderman	April 2026
Nicholas Ledin	Alderman	April 2026
Ruth Ludwig	Alderman	April 2026
Jack Sweeney	Alderman	April 2025
Jenny Van Sickle	Alderman	April 2025

## **ADMINISTRATION**

Nick Rhinehart, Finance Director

Heidi Blunt, City Clerk

Frog Pell, City Attorney

## **PROFESSIONAL SERVICES**

Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota

*(Other office located in Waukesha, Wisconsin)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Superior, Wisconsin (the "City") and the issuance of its \$1,950,000\* General Obligation Promissory Notes, Series 2024B (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Award Resolution") to be adopted by the Common Council on May 7, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 29, 2024. The Notes will mature on November 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

\*Preliminary, subject to change.

### OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after November 1, 2033 shall be subject to optional redemption prior to maturity on November 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for the purchase of a new Fire Engine.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	<u>\$1,950,000</u>	
<b>Total Sources</b>		<b>\$1,950,000</b>
<b>Uses</b>		
Total Underwriter's Discount (1.250%)	\$24,375	
Costs of Issuance	56,000	
Deposit to Construction Fund	1,867,202	
Rounding Amount	<u>2,423</u>	
<b>Total Uses</b>		<b>\$1,950,000</b>

\*Preliminary, subject to change.

**SECURITY**

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

**RATING**

General obligation debt of the City, is currently rated "AA" by S&P Global Ratings ("S&P").

The City has requested an underlying rating on the Notes from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The City did not timely file financial obligations dated June 8, 2022 and September 22, 2023. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL MATTERS**

Legal matters incident to the issuance and sale of the Notes and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the City. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX MATTERS" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

## **TAX EXEMPTION**

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Notes or receipt of interest on the Notes. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including without limitation, the determination of gain or loss on the sale of a bond, the calculation of alternative minimum tax liability; the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Notes, and applicable state and local tax rules.

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, based on present federal laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the City with certain tax covenants, interest to be paid on the Notes is excluded from gross income for purposes of federal income taxation. Interest on the Notes is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Notes in order that interest on the Notes be and remain excludable from federal gross income. These requirements include, but are not limited to, provisions regarding the use of bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Notes to be includable in federal gross income retroactively to their date of issue. Compliance with the City's tax covenants will satisfy the current requirements of the Code with respect to exclusion of interest on the Notes from federal gross income. No provision has been made for redemption of or for an increase in the interest rate on the Notes in the event that interest on the same becomes includable in federal gross income.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax exempt status of interest on the Notes or the tax consequences of ownership of the Notes. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Notes from gross income for federal income tax purposes.

The interest on the Notes is not exempt from present Wisconsin income or franchise tax.

### *Proposed Federal Legislation*

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal if enacted could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes. Prospective purchasers of Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending litigation or proposed federal tax legislation.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.



## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by Baker Tilly US, LLP, Eau Claire, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## **RISK FACTORS**

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Notes will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

**Secondary Market for the Notes:** No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$2,693,084,200
2023 Equalized Value Reduced by Tax Increment Valuation	\$2,627,045,600
2023 Assessed Value	\$1,705,095,700

## 2023 EQUALIZED VALUE BY CLASSIFICATION

	<b>2023 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$1,645,212,000	61.090%
Commercial	849,655,800	31.550%
Manufacturing	82,268,800	3.055%
Agricultural	26,500	0.001%
Undeveloped	19,700	0.001%
Personal Property	<u>115,901,400</u>	<u>4.304%</u>
Total	<u>\$2,693,084,200</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2019	\$1,683,794,100	\$1,769,188,200	2.18%
2020	1,679,349,800	1,876,478,900	6.06%
2021	1,682,950,400	2,053,869,500	9.45%
2022	1,685,576,600	2,340,295,500	13.95%
2023	1,705,095,700	2,693,084,200	15.07%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value <sup>1</sup>	Percent of City's Total Equalized Value
KM Superior Terminals Inc.	Commercial	\$50,570,758	1.88%
Dome Petroleum LLC	Commercial	35,366,916	1.31%
Superior Refining LLC	Commercial	22,377,831	0.83%
Central Flats LLC	Apartments	20,492,690	0.76%
Wal-Mart	Commercial	18,249,980	0.68%
Harvest States Cooperatives	Commercial	15,793,738	0.59%
Menard Inc.	Commercial	14,050,425	0.52%
F Street Apartments LLC	Apartments	13,585,615	0.50%
Bardon Apartments LLC	Apartments	13,177,979	0.49%
Welltower 1915 North 34 <sup>th</sup> Street LLC	Apartments/Senior Living	<u>13,026,833</u>	<u>0.48%</u>
Total		\$216,692,763	8.05%
City's Total 2023 Equalized Value <sup>2</sup>		\$2,693,084,200	

Source: The City.

## DEBT

### DIRECT DEBT<sup>3</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$29,892,451</u></u>
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\*Preliminary, subject to change.

#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$8,635,697</u></u>
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Total revenue debt secured by storm water revenues	<u><u>\$1,130,776</u></u>
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<sup>1</sup> Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt is as of the dated date of the Notes.

**Lease Purchase Obligations (see schedule following)**

Total lease purchase obligations paid by annual appropriations<sup>1</sup> \$790,309

**Lease Obligations**

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
2/5/20	\$492,060	TXT Gas Golf Carts	10/1/24	\$82,010
2/8/20	\$138,074	Hauler 800G, Truckster XD, Refresher Oasis, Hauler 1200G	10/1/24	\$23,012

**Other Obligations\*\***

Issue Date	Original Amount	Name of Issue	Final Maturity	Amount Drawn to Date
9/22/23	\$3,000,000	Taxable Grant Anticipation Note, Series 2023A	9/1/25	\$2,130,439
9/22/23	8,368,000	Taxable Grant Anticipation Note, Series 2023B	9/1/25	\$2,409,650

\*\* Both of the Grant Anticipation Notes have been all or mostly repaid as of the dated date of the Notes.

**DEBT PAYMENT HISTORY**

The City has no record of default in the payment of principal and interest on its debt.

**FUTURE FINANCING**

The City has plans to issue approximately \$3,600,000 through the State of Wisconsin's Clean Water Fund loan program for sewer projects in the next 12 months.

**DEBT LIMIT**

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$2,693,084,200
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$134,654,210
Less: General Obligation Debt*	<u>(29,892,451)</u>
Unused Debt Limit*	<u><u>\$104,761,759</u></u>

\*Preliminary, subject to change.

<sup>1</sup> Non-general obligation debt has not been included in the debt ratios.

City of Superior, Wisconsin  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 05/29/2024)

	State Trust Fund Loan		State Trust Fund Loan		Corporate Purpose Bonds Series 2014A		Street Improvement Bonds Series 2015A		Corporate Purpose Bonds Series 2016A	
Dated	01/09/2006		07/11/2006		08/05/2014		02/03/2015		06/15/2016	
Amount	\$482,077		\$214,991		\$6,160,000		\$3,870,000		\$2,065,000	
Maturity	03/15		03/15		12/01		08/01		12/01	
					Final Maturity 06/01		Final Maturity 02/01		Final Maturity 06/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	0	0	0	140,000	64,450	185,000	38,538	95,000	34,510
2025	36,923	1,662	14,928	1,374	145,000	58,850	190,000	71,525	95,000	31,660
2026			15,600	702	145,000	54,500	195,000	66,775	100,000	28,810
2027					150,000	50,150	200,000	61,900	105,000	26,810
2028					155,000	44,900	205,000	56,400	115,000	24,710
2029					165,000	39,475	210,000	50,763	115,000	22,410
2030					170,000	33,700	220,000	44,463	115,000	20,110
2031					175,000	27,750	225,000	37,863	115,000	17,810
2032					180,000	21,188	230,000	31,113	120,000	15,280
2033					185,000	14,438	240,000	24,213	120,000	12,640
2034					200,000	3,750	245,000	16,413	125,000	9,760
2035							260,000	4,225	125,000	6,760
2036									135,000	1,755
2037										
2038										
2039										
2040										
2041										
	36,923	1,662	30,528	2,076	1,810,000	413,150	2,605,000	504,188	1,480,000	253,025

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City of Superior, Wisconsin  
 Schedule of Bonded Indebtedness continued  
 General Obligation Debt Secured by Taxes  
 (As of 05/29/2024)

	Promissory Notes Series 2016B		Street Improvement Bonds Series 2017B		Refunding Bonds Series 2017C		Corporate Purpose Bonds Series 2018A		Taxable Community Development Bonds Series 2018C	
Dated	06/15/2016		04/11/2017		09/21/2017		04/10/2018		08/01/2018	
Amount	\$770,000		\$5,380,000		\$3,240,000		\$5,500,000		\$1,415,000	
Maturity	12/01		10/01		12/01		10/01		12/01	
	Final Maturity 06/01		Final Maturity 04/01				Final Maturity 04/01			
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	80,000	4,375	260,000	74,238	440,000	0	355,000	75,609	80,000	41,725
2025	85,000	2,975	270,000	138,075	440,000	0	120,000	140,569	85,000	39,165
2026	85,000	744	280,000	127,275			275,000	136,969	85,000	36,403
2027			285,000	116,075			280,000	128,719	90,000	33,428
2028			295,000	107,525			285,000	120,319	95,000	30,278
2029			310,000	98,675			295,000	111,769	95,000	27,048
2030			320,000	89,375			300,000	102,919	100,000	23,770
2031			325,000	79,775			310,000	93,919	105,000	20,270
2032			330,000	70,025			315,000	84,619	105,000	16,543
2033			340,000	60,125			330,000	75,169	110,000	12,710
2034			355,000	49,925			340,000	64,856	115,000	8,695
2035			365,000	38,388			355,000	53,806	120,000	4,440
2036			380,000	26,525			360,000	41,825		
2037			405,000	7,088			405,000	29,225		
2038							430,000	7,525		
2039										
2040										
2041										
	250,000	8,094	4,520,000	1,083,088	880,000	0	4,755,000	1,267,816	1,185,000	294,473

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City of Superior, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 05/29/2024)

	Taxable Community Development Bonds Series 2019A		Corporate Purpose Bonds Series 2020B		Corporate Purpose Bonds Series 2021A		Refunding Bonds Series 2021B		Promissory Notes Series 2024B									Calendar Year Ending
Dated Amount	12/05/2019 \$1,345,000		04/08/2020 \$3,750,000		04/01/2021 \$3,090,000		08/19/2021 \$4,090,000		05/29/2024 \$1,950,000*									
Maturity	03/01		10/01 Final Maturity 04/01		10/01 Final Maturity 04/01		10/01		11/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid			
2024	0	11,044	135,000	49,649	65,000	31,813	100,000	18,668	0	0	1,935,000	444,617	2,379,617	27,957,451	6.47%			2024
2025	130,000	20,788	140,000	93,898	160,000	61,675	340,000	35,335	75,000	97,127	2,326,851	794,676	3,121,527	25,630,600	14.26%			2025
2026	135,000	18,104	225,000	88,298	160,000	56,875	340,000	28,535	105,000	65,555	2,145,600	709,543	2,855,143	23,485,000	21.44%			2026
2027	135,000	15,269	235,000	79,298	165,000	52,075	350,000	21,735	110,000	61,985	2,105,000	647,443	2,752,443	21,380,000	28.48%			2027
2028	140,000	12,243	245,000	69,898	165,000	47,125	360,000	14,735	115,000	58,300	2,175,000	586,431	2,761,431	19,205,000	35.75%			2028
2029	140,000	9,023	260,000	60,098	165,000	42,175	360,000	11,135	120,000	54,505	2,235,000	527,074	2,762,074	16,970,000	43.23%			2029
2030	145,000	5,601	260,000	54,898	165,000	37,225	365,000	7,535	120,000	50,545	2,280,000	470,140	2,750,140	14,690,000	50.86%			2030
2031	150,000	1,913	265,000	49,698	170,000	35,410	370,000	3,885	125,000	46,585	2,335,000	414,876	2,749,876	12,355,000	58.67%			2031
2032			265,000	44,398	175,000	33,370			130,000	42,460	1,850,000	358,994	2,208,994	10,505,000	64.86%			2032
2033			155,000	38,965	180,000	30,920			135,000	38,170	1,795,000	307,349	2,102,349	8,710,000	70.86%			2033
2034			160,000	35,788	180,000	28,400			140,000	33,648	1,860,000	251,234	2,111,234	6,850,000	77.08%			2034
2035			165,000	32,348	180,000	25,700			145,000	28,888	1,715,000	194,554	1,909,554	5,135,000	82.82%			2035
2036			170,000	28,800	185,000	23,000			150,000	23,813	1,380,000	145,718	1,525,718	3,755,000	87.44%			2036
2037			175,000	24,975	185,000	19,300			155,000	18,413	1,325,000	99,000	1,424,000	2,430,000	91.87%			2037
2038			295,000	21,038	190,000	15,600			160,000	12,678	1,075,000	56,840	1,131,840	1,355,000	95.47%			2038
2039			295,000	14,253	195,000	11,800			165,000	6,518	655,000	32,570	687,570	700,000	97.66%			2039
2040			305,000	3,660	195,000	7,900					500,000	11,560	511,560	200,000	99.33%			2040
2041					200,000	2,000					200,000	2,000	202,000	0	100.00%			2041
	975,000	93,983	3,750,000	789,954	3,080,000	562,363	2,585,000	141,563	1,950,000	639,187	29,892,451	6,054,618	35,947,069					

\* Preliminary, subject to change.

City of Superior, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Sewer Revenues  
(As of 05/29/2024)

	Sewerage System Revenue Bonds Series 2012		Sewerage System Revenue Bonds Series 2017A		Sewerage System Revenue Bonds Series 2018		Sewerage System Revenue Bonds 1) Series 2020A (CWFL)		Sewerage System Revenue Bonds 2) Series 2022A	
<b>Dated</b>	02/22/2012		02/22/2017		07/11/2018		02/26/2020		06/08/2022	
<b>Amount</b>	\$3,348,738		\$1,640,000		\$1,439,290		\$3,217,370		\$1,059,522	
<b>Maturity</b>	05/01		05/01		05/01		05/01		05/01	
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	0	17,167	0	13,343	0	5,713	0	21,620	0	9,887
2025	190,119	32,053	81,828	25,712	148,523	10,036	155,406	41,957	45,241	19,314
2026	194,682	27,435	83,776	23,741	151,301	7,233	157,970	39,372	46,162	18,384
2027	199,354	22,706	85,770	21,723	154,130	4,377	160,576	36,744	47,101	17,435
2028	204,139	17,865	87,811	19,658	157,012	1,468	163,226	34,073	48,060	16,467
2029	209,038	12,906	89,901	17,543			165,919	31,357	49,038	15,479
2030	214,055	7,829	92,040	15,378			168,657	28,597	50,036	14,471
2031	219,193	2,630	94,231	13,161			171,440	25,791	51,054	13,442
2032			96,474	10,892			174,268	22,939	52,093	12,393
2033			98,770	8,569			177,144	20,040	53,153	11,322
2034			101,120	6,190			180,067	17,093	54,235	10,229
2035			103,527	3,755			183,038	14,097	55,338	9,114
2036			105,991	1,261			186,058	11,052	56,465	7,977
2037							189,128	7,957	57,614	6,816
2038							192,249	4,810	58,786	5,632
2039							195,421	1,612	59,982	4,423
2040									61,203	3,190
2041									62,448	1,932
2042									63,719	648
2043										
	1,430,581	140,591	1,121,238	180,925	610,966	28,827	2,620,566	359,111	971,728	198,559

- 1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4186-23, the amount of disbursements as of April 7, 2024, is \$2,908,408.05.
- 2) Pursuant to the Wisconsin Capital Finance Office, Project No. 4186-28, the amount of disbursements as of April 7, 2024, is \$894,736.04.

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City of Superior, Wisconsin  
Schedule of Bonded Indebtedness continued  
Revenue Debt Secured by Sewer Revenues  
(As of 05/29/2024)

Sewerage System Revenue Bonds 3)  
Series 2024A

Dated	01/10/2024							
Amount	\$1,880,617							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	20,170	0	87,899	87,899	8,635,697	.00%	2024
2025	81,220	39,468	702,338	168,540	870,878	7,933,359	8.13%	2025
2026	82,962	37,707	716,852	153,872	870,725	7,216,507	16.43%	2026
2027	84,742	35,909	731,673	138,895	870,568	6,484,834	24.91%	2027
2028	86,559	34,071	746,807	123,602	870,409	5,738,026	33.55%	2028
2029	88,416	32,195	602,312	109,481	711,793	5,135,714	40.53%	2029
2030	90,313	30,278	615,101	96,553	711,654	4,520,613	47.65%	2030
2031	92,250	28,320	628,167	83,345	711,512	3,892,446	54.93%	2031
2032	94,229	26,320	417,064	72,544	489,607	3,475,383	59.76%	2032
2033	96,250	24,277	425,316	64,208	489,524	3,050,066	64.68%	2033
2034	98,314	22,190	433,736	55,703	489,439	2,616,330	69.70%	2034
2035	100,423	20,059	442,327	47,025	489,352	2,174,004	74.83%	2035
2036	102,577	17,882	451,091	38,172	489,263	1,722,913	80.05%	2036
2037	104,777	15,658	351,519	30,431	381,950	1,371,394	84.12%	2037
2038	107,025	13,386	358,060	23,829	381,888	1,013,334	88.27%	2038
2039	109,321	11,066	364,724	17,102	381,825	648,611	92.49%	2039
2040	111,666	8,696	172,869	11,886	184,755	475,742	94.49%	2040
2041	114,061	6,275	176,509	8,207	184,716	299,233	96.53%	2041
2042	116,507	3,802	180,227	4,451	184,677	119,006	98.62%	2042
2043	119,006	1,276	119,006	1,276	120,283	0	100.00%	2043
	1,880,617	429,007	8,635,697	1,337,020	9,972,717			

3) Pursuant to the Wisconsin Capital Finance Office, Project No. 4186-29, the amount of disbursements as of April 7, 2024, is \$1,150,898.44.

City of Superior, Wisconsin  
 Schedule of Bonded Indebtedness  
 Revenue Debt Secured by Stormwater Revenues  
 (As of 05/29/2024)

Storm Water System Revenue Bonds Series 2010								
<b>Dated Amount</b>	01/13/2010 \$3,398,121							
<b>Maturity</b>	05/01							
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
<b>2024</b>	0	17,827	0	17,827	17,827	1,130,776	.00%	<b>2024</b>
<b>2025</b>	212,336	32,306	212,336	32,306	244,642	918,439	18.78%	<b>2025</b>
<b>2026</b>	219,031	25,505	219,031	25,505	244,537	699,408	38.15%	<b>2026</b>
<b>2027</b>	225,937	18,490	225,937	18,490	244,428	473,471	58.13%	<b>2027</b>
<b>2028</b>	233,061	11,254	233,061	11,254	244,316	240,410	78.74%	<b>2028</b>
<b>2029</b>	240,410	3,790	240,410	3,790	244,200	0	100.00%	<b>2029</b>
	1,130,776	109,173	1,130,776	109,173	1,239,949			

City of Superior, Wisconsin  
 Schedule of Bonded Indebtedness  
 Non-General Obligation Debt Secured by Annual Appropriation  
 (As of 05/29/2024)

Equipment Lease Purchase Agreement Series 2020								
Dated	09/10/2020							
Amount	\$1,273,400							
Maturity	01/15							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	123,215	21,054	123,215	21,054	144,269	667,094	15.59%	2025
2026	126,497	17,771	126,497	17,771	144,269	540,597	31.60%	2026
2027	129,867	14,402	129,867	14,402	144,268	410,730	48.03%	2027
2028	133,327	10,942	133,327	10,942	144,269	277,403	64.90%	2028
2029	136,878	7,390	136,878	7,390	144,269	140,525	82.22%	2029
2030	140,525	3,744	140,525	3,744	144,268	0	100.00%	2030
	790,309	75,302	790,309	75,302	865,611			

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Douglas County	\$5,561,147,600	48.4268%	\$18,800,000	\$9,104,238
School District of Superior	3,491,162,900	77.1400%	74,395,000	57,388,303
Northwood Technical College	56,148,120,853	4.7964%	36,820,000	<u>1,766,034</u>
City's Share of Total Overlapping Debt				<u><u>\$68,258,576</u></u>

**DEBT RATIOS**

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$2,693,084,200</b>	<b>Debt/ Per Capita 26,852<sup>4</sup></b>
Total General Obligation Debt*	\$29,892,451	1.11%	\$1,113.23
City's Share of Total Overlapping Debt	<u>68,258,576</u>	<u>2.53%</u>	<u>\$2,542.03</u>
Total*	\$98,151,027	3.64%	\$3,655.26

\*Preliminary, subject to change.

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<sup>1</sup> Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

<sup>4</sup> Estimated 2023 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$12,769,097	100%	\$7.49
2020/21	12,769,098	100%	7.13
2021/22	12,869,097	100%	6.60
2022/23	12,984,323	100%	5.74
2023/24	13,228,837	In Process	5.04

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.



## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Total</b>
2019/20	\$9.98	\$4.68	\$7.49	\$22.15
2020/21	9.97	4.60	7.13	21.70
2021/22	9.14	4.33	6.60	20.08
2022/23	7.06	3.89	5.74	16.69
2023/24	6.66	3.44	5.04	15.14

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

## LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and technical college district.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

## **REVENUE FROM THE STATE**

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$1,733,576 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$7,550,094 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

## **THE ISSUER**

### **CITY GOVERNMENT**

The City was incorporated in 1889 and is governed by a Mayor and a ten-member Common Council. All Council Members are elected to two-year terms. The appointed City Clerk and Finance Director are responsible for administrative details and financial records.

### **EMPLOYEES; PENSIONS**

The City employs a staff of 270 full-time, 37 part-time, and 34 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,649,481, \$1,732,028 and \$1,765,521 respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2022, the City reported an asset of \$11,942,399 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.14816534% of the aggregate WRS net pension asset as of December 31, 2021.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

### **Recognized and Certified Bargaining Units**

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
WPPA #27 Police	December 31, 2025
IAFF #74 Fire	December 31, 2025

### **OTHER POST EMPLOYMENT BENEFITS**

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study (GASB 75 Roll Forward Results) shows a total OPEB liability of \$5,720,312 as of December 31, 2023. The City has been funding these obligations on a pay-as-you-go basis.

**Source:** The City's most recent actuarial study.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

**FUNDS ON HAND** (as of April 15, 2024)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$9,063,427
Special Revenue	32,718,105
Debt Service	3,914,452
Capital Projects	2,579,331
Enterprise Funds	<u>22,714,901</u>
Total Funds on Hand	<u><u>\$70,990,216</u></u>

## ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	<b>2020</b> <b>Audited</b>	<b>2021</b> <b>Audited</b>	<b>2022</b> <b>Audited</b>
<b>Sewerage</b>			
Total Operating Revenues	\$7,228,428	\$7,276,845	\$7,254,316
Less: Operating Expenses	<u>(5,415,958)</u>	<u>(5,150,768)</u>	<u>(6,618,390)</u>
Operating Income	\$1,812,470	\$2,126,077	\$635,926
Plus: Depreciation	1,251,809	1,252,660	1,363,776
Interest Income	<u>191,446</u>	<u>(25,865)</u>	<u>(154,138)</u>
Revenues Available for Debt Service	<u><u>\$3,255,725</u></u>	<u><u>\$3,352,872</u></u>	<u><u>\$1,845,564</u></u>
<b>Landfill Utility</b>			
Total Operating Revenues	\$6,299,762	\$6,543,546	\$6,573,633
Less: Operating Expenses	<u>(4,345,763)</u>	<u>(4,713,568)</u>	<u>(6,422,579)</u>
Operating Income	\$1,953,999	\$1,829,978	\$151,054
Plus: Depreciation	1,395,211	1,401,912	1,183,898
Interest Income	<u>318,580</u>	<u>(114,648)</u>	<u>(23,992)</u>
Revenues Available for Debt Service	<u><u>\$3,667,790</u></u>	<u><u>\$3,117,242</u></u>	<u><u>\$1,310,960</u></u>
<b>Stormwater</b>			
Total Operating Revenues	\$2,542,789	\$2,557,295	\$2,470,822
Less: Operating Expenses	<u>(1,502,000)</u>	<u>(1,378,957)</u>	<u>(1,726,554)</u>
Operating Income	\$1,040,789	\$1,178,338	\$744,268
Plus: Depreciation	389,459	413,088	432,071
Interest Income	<u>71,516</u>	<u>(15,715)</u>	<u>(62,478)</u>
Revenues Available for Debt Service	<u><u>\$1,501,764</u></u>	<u><u>\$1,575,711</u></u>	<u><u>\$1,113,861</u></u>

**SUMMARY GENERAL FUND INFORMATION**

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Unaudited <sup>1</sup>	2024 Adopted Budget <sup>2</sup>
<b>Revenues</b>					
Taxes	\$10,392,354	\$10,181,885	\$10,255,096	\$10,416,564	\$13,355,038
Special assessments	32,037	15,629	368	4,565	15,000
Intergovernmental revenues	15,826,466	15,970,711	17,408,410	17,918,484	19,837,850
Licenses and permits	726,140	591,252	746,595	756,613	728,450
Fines, forfeitures and penalties	240,884	326,171	263,541	207,761	190,000
Public charges for services	151,070	154,289	171,154	147,759	170,400
Intergovernmental charges	69,558	66,102	84,422	68,735	91,280
Interest	395,177	(164,097)	(1,429,321)	1,011,986	150,000
Miscellaneous	761,903	610,806	835,932	778,140	610,250
<b>Total Revenues</b>	<b>\$28,595,589</b>	<b>\$27,752,748</b>	<b>\$28,336,197</b>	<b>\$31,310,607</b>	<b>\$35,148,268</b>
<b>Expenditures</b>					
Current:					
General government	\$3,601,432	\$3,629,449	\$3,688,544	\$2,643,033	\$2,579,042
Public safety	13,094,041	13,864,091	14,373,752	14,922,047	15,776,297
Public works	7,227,178	7,212,628	7,928,627	7,614,403	8,791,260
Community Services	190,855	206,475	207,701	212,243	216,000
Culture and recreation	1,477,758	1,655,533	1,815,943	1,852,029	2,248,754
Economic development	197,685	207,879	228,412	197,361	197,676
Capital outlay	47,951	10,312	0	0	0
Debt service	0	0	0	0	2,721,629
<b>Total Expenditures</b>	<b>\$25,836,900</b>	<b>\$26,786,367</b>	<b>\$28,242,979</b>	<b>\$27,441,116</b>	<b>\$32,530,658</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$2,758,689</b>	<b>\$966,381</b>	<b>\$93,218</b>	<b>\$3,869,492</b>	<b>\$2,617,610</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	\$0	\$0	\$104	\$0	\$0
Operating transfers in	328,491	291,014	471,427	331,695	481,868
Operating transfers out	(1,509,090)	(2,654,799)	(1,366,095)	(2,707,459)	(3,082,747)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,180,599)</b>	<b>(2,363,785)</b>	<b>(894,564)</b>	<b>(2,375,764)</b>	<b>(2,600,879)</b>
<b>Net changes in Fund Balances</b>	<b>\$1,578,090</b>	<b>(\$1,397,404)</b>	<b>(\$801,346)</b>	<b>\$1,493,728</b>	<b>\$16,731</b>
General Fund Balance January 1	\$11,063,294	\$12,641,384	\$11,243,980		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance December 31	\$12,641,384	\$11,243,980	\$10,442,634		
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$27,413	\$46,757	\$634,561		
Unassigned	12,613,971	11,197,223	9,808,073		
<b>Total</b>	<b>\$12,641,384</b>	<b>\$11,243,980</b>	<b>\$10,442,634</b>		

<sup>1</sup> Unaudited data is as of April, 2024.

<sup>2</sup> The 2024 budget was adopted on October 17, 2023.



# GENERAL INFORMATION

## LOCATION

The City, with a 2020 U.S. Census population of 26,751 and a current estimated population of 26,852 and comprises an area of 45.36 square miles and is located adjacent to Duluth, Minnesota.

## LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Halvor Lines, Inc.	Specialized freight/trucking	920
University of Wisconsin-Superior	Post-secondary education	480-880 <sup>2</sup>
School District of Superior	Elementary and secondary education	800
Essential Health St. Mary's	Health services	500
Lakehead Constructors, Inc.	Contractor services & equipment rental	500
Douglas County	County government services	360
Walmart Supercenter	Discount retail store	350
City of Superior	Municipal government and services	388
BNSF	Railroad	340
AMS OIL, Inc.	Synthetic motor oil	300

**Source:** Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

## BUILDING PERMITS

The City is unable to provide updated data for the historical number of building permits issued in the City for the previous five years at this time due to staffing turnover.

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

<sup>2</sup> Total estimated number of employees includes student workers.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census Population	27,244
2020 U.S. Census Population	26,751
Percent of Change 2010 - 2020	-1.81%
2023 Estimated Population	26,852

### Income and Age Statistics

	<b>The City</b>	<b>Douglas County</b>	<b>State of Wisconsin</b>	<b>United States</b>
2022 per capita income	\$33,023	\$35,646	\$40,130	\$41,261
2022 median household income	\$54,935	\$64,682	\$72,458	\$75,149
2022 median family income	\$87,096	\$90,365	\$92,974	\$92,646
2022 median gross rent	\$817	\$833	\$992	\$1,268
2022 median value owner occupied units	\$155,400	\$174,900	\$231,400	\$281,900
2022 median age	38.7 yrs.	42.6 yrs.	39.9 yrs.	38.5 yrs.

	<b>State of Wisconsin</b>	<b>United States</b>
City % of 2022 per capita income	82.29%	80.03%
City % of 2022 median family income	93.68%	94.01%

### Housing Statistics

	<b><u>The City</u></b>		
	<b>2020</b>	<b>2022</b>	<b>Percent of Change</b>
All Housing Units	12,593	12,433	-1.27%

**Source:** 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center ([https://doa.wi.gov/Pages/LocalGovtsGrants/Population\\_Estimates.aspx](https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx)) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

<b>Year</b>	<b><u>Average Employment</u></b>		<b><u>Average Unemployment</u></b>	
	<b>Douglas County</b>	<b>Douglas County</b>	<b>State of Wisconsin</b>	
2020	21,256	9.3%	6.4%	
2021	21,760	4.5%	3.9%	
2022	21,832	4.1%	2.9%	
2023	22,062	4.3%	3.0%	
2024, March <sup>1</sup>	21,942	5.4%	3.5%	

**Source:** Wisconsin Department of Workforce Development.

**FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

# **City of Superior**

Financial Statements and  
Supplementary Information

December 31, 2022

# City of Superior

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# City of Superior

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## **Independent Auditors' Report**

To the City Council of  
City of Superior

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Superior, Wisconsin (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matters***

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

As discussed in Note 3 to the financial statements, net position as of December 31, 2021 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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



### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023 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  
July 31, 2023

# City of Superior, Wisconsin

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Management's Discussion and Analysis

December 31, 2022

(Unaudited)

As management of the City of Superior, Wisconsin (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. All amounts within tables are expressed in thousands of dollars.

## Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$134,466,073 (net position). Of this amount, \$15,709,959 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by \$5,856,926.
- As of the close of the current fiscal year, the City's governmental activities reported combined ending net position of \$78,344,375, an increase of \$4,664,934 in comparison with the prior year. Approximately 10% of this total amount, \$7,973,633, is available for spending at the government's discretion (unrestricted net position).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,808,073, or 35% of total general fund expenditures.
- The City's total long-term obligations decreased by \$(3,178,755) (4.7)% during the current fiscal year.
- The City implemented GASB No. 87, *Leases*, in 2022. This resulted in the additional of leased assets and a lease liability for lessee agreements and lease receivables and deferred inflows for lessor agreements.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, protection of persons and property, highway and transportation, library, conservation and development, and parks and recreation. The business-type activities of the City include a wastewater utility, a landfill utility, a stormwater utility, and a golf course.

The government-wide financial statements can be found on pages 1 - 3 of this report.

## City of Superior, Wisconsin

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Management's Discussion and Analysis

December 31, 2022

(Unaudited)

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

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

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

The City maintains 74 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ARPA grant fund, capital improvement program fund, and debt service fund which are considered to be major funds. 32 debt service funds are consolidated and presented as one governmental fund. Data from the other 39 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for funds as required by state statute. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 4 - 7 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewerage System, Landfill Utility, Stormwater Utility, and Golf Course Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for insurance activities. Because this service predominantly benefits governmental rather than business-type functions, the majority has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail. The proprietary fund financial statements provide separate information for the Sewerage System, Landfill Utility, Stormwater Utility, and Golf Course Fund.

The basic proprietary fund financial statements can be found on pages 8 - 12 of this report.

**Fiduciary Funds.** The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the City's own programs. The fiduciary fund maintained by the City is a custodial fund, which records the tax roll and tax collections for other taxing jurisdictions within the City and assets held as police evidence. The accounting used for the fiduciary fund is much like that used for governmental funds.

The basic fiduciary fund financial statement can be found on pages 13 - 14 of this report.

## City of Superior, Wisconsin

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 60 of this report.

**Government-Wide Financial Analysis.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,466,073 at the close of the most recent fiscal year.

<b>City of Superior Net Position</b>						
<b>All amounts in 1,000's</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and other assets	\$ 82,394	\$ 71,378	\$ 25,893	\$ 26,124	\$108,287	\$ 97,502
Capital assets	<u>77,730</u>	<u>76,970</u>	<u>54,528</u>	<u>54,419</u>	<u>132,258</u>	<u>131,389</u>
<b>Total assets</b>	<u>160,124</u>	<u>148,348</u>	<u>80,421</u>	<u>80,543</u>	<u>240,545</u>	<u>228,891</u>
Deferred outflows of resources	<u>21,737</u>	<u>14,359</u>	<u>3,718</u>	<u>2,569</u>	<u>25,455</u>	<u>16,928</u>
Other Liabilities	19,881	11,920	1,248	2,135	21,129	14,055
Long-term liabilities outstanding	<u>41,283</u>	<u>44,079</u>	<u>22,475</u>	<u>23,659</u>	<u>63,758</u>	<u>67,738</u>
<b>Total liabilities</b>	<u>61,164</u>	<u>55,999</u>	<u>23,723</u>	<u>25,794</u>	<u>84,887</u>	<u>81,793</u>
Deferred inflows of resources	<u>42,353</u>	<u>33,029</u>	<u>4,294</u>	<u>3,158</u>	<u>46,647</u>	<u>36,187</u>
Net position:						
Net investment in capital assets	46,071	43,446	45,149	44,122	91,220	87,568
Restricted	24,300	13,317	3,237	1,511	27,537	14,828
Unrestricted	<u>7,973</u>	<u>16,916</u>	<u>7,736</u>	<u>8,527</u>	<u>15,709</u>	<u>25,443</u>
<b>Total net position</b>	<b>\$ 78,344</b>	<b>\$ 73,679</b>	<b>\$ 56,122</b>	<b>\$ 54,160</b>	<b>\$134,466</b>	<b>\$127,839</b>

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

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and activities.

# City of Superior, Wisconsin

## Management's Discussion and Analysis

December 31, 2022

(Unaudited)

	City of Superior Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
<u>Revenues:</u>						
Program Revenues:						
Charges for services	\$ 2,937	\$ 3,483	\$ 18,577	\$ 18,585	\$ 21,514	\$ 22,068
Operating grants and contributions	937	2,985	103	110	1,040	3,095
Capital grants and contributions	318	3,083	316	34	634	3,117
<u>General Revenues:</u>						
Property taxes	14,983	15,049	-	-	14,983	15,049
Other taxes	1,544	1,002	-	-	1,544	1,002
Intergovernmental revenues not restricted to specific programs	26,249	15,998	-	-	26,249	15,998
Investment income/(loss)	(2,335)	(398)	(1,009)	(156)	(3,344)	(554)
Miscellaneous	1,137	351	115	70	1,252	421
<b>Total Revenues</b>	<b>\$ 45,770</b>	<b>\$ 41,553</b>	<b>\$ 18,102</b>	<b>\$ 18,643</b>	<b>\$ 63,872</b>	<b>\$ 60,196</b>
<u>Expenses</u>						
General Government	5,401	4,297	-	-	5,401	4,297
Public Safety	13,452	14,083	-	-	13,452	14,083
Public Works	12,792	11,485	-	-	12,792	11,485
Health and Human Services	208	206	-	-	208	206
Culture, Recreation, and Education	3,949	3,496	-	-	3,949	3,496
Economic Development	4,044	3,854	-	-	4,044	3,854
Interest and fiscal charges	942	1,129	-	-	942	1,129
Sewerage System	-	-	6,717	6,509	6,717	6,509
Landfill Utility	-	-	6,412	6,181	6,412	6,181
Stormwater Utility	-	-	1,781	1,852	1,781	1,852
Golf Course	-	-	2,320	2,078	2,320	2,078
<b>Total Expenses</b>	<b>\$ 40,788</b>	<b>\$ 38,550</b>	<b>\$ 17,230</b>	<b>\$ 16,620</b>	<b>\$ 58,018</b>	<b>\$ 55,170</b>
Increase (decrease) in net position before transfers	4,982	3,003	872	2,023	5,854	5,026
Transfers	(317)	91	317	(91)	-	-
Increase (decrease) in net position	4,665	3,094	1,189	1,932	5,854	5,026
Net position - January 1 (as restated)	73,679	70,585	54,933	52,228	128,612	122,813
Net position - December 31	\$ 78,344	\$ 73,679	\$ 56,122	\$ 54,160	\$ 134,466	\$ 127,839

**Governmental and Business-Type Activities.** Governmental Activities increased the City's net position by \$4,664,934. Business-type activities increased the City's net position by \$1,188,992.

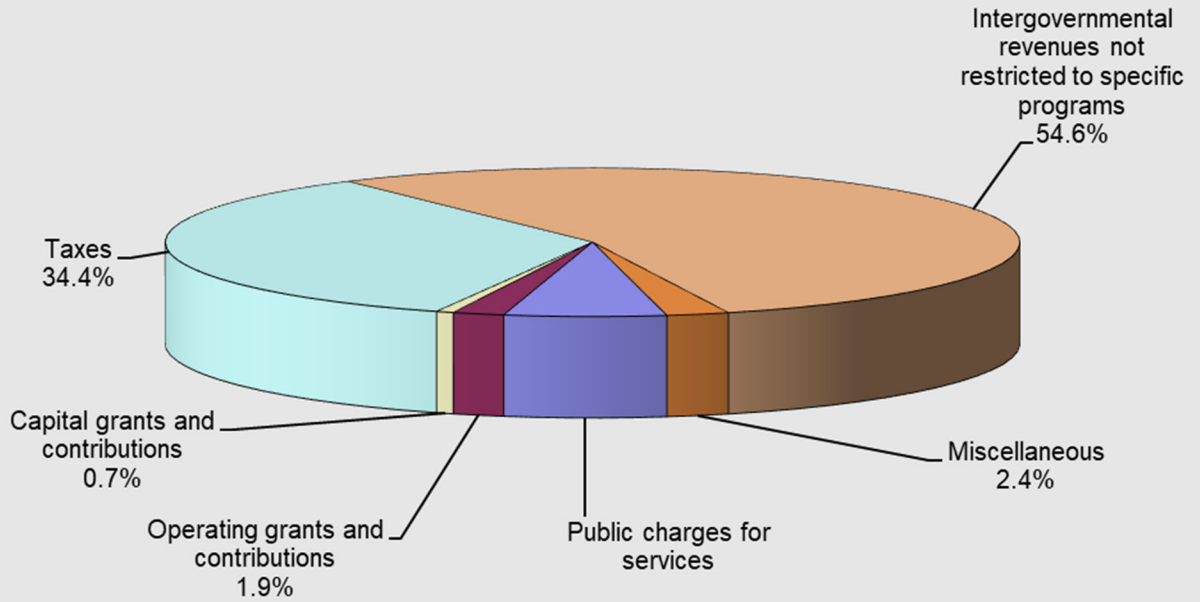
# City of Superior, Wisconsin

Management's Discussion and Analysis

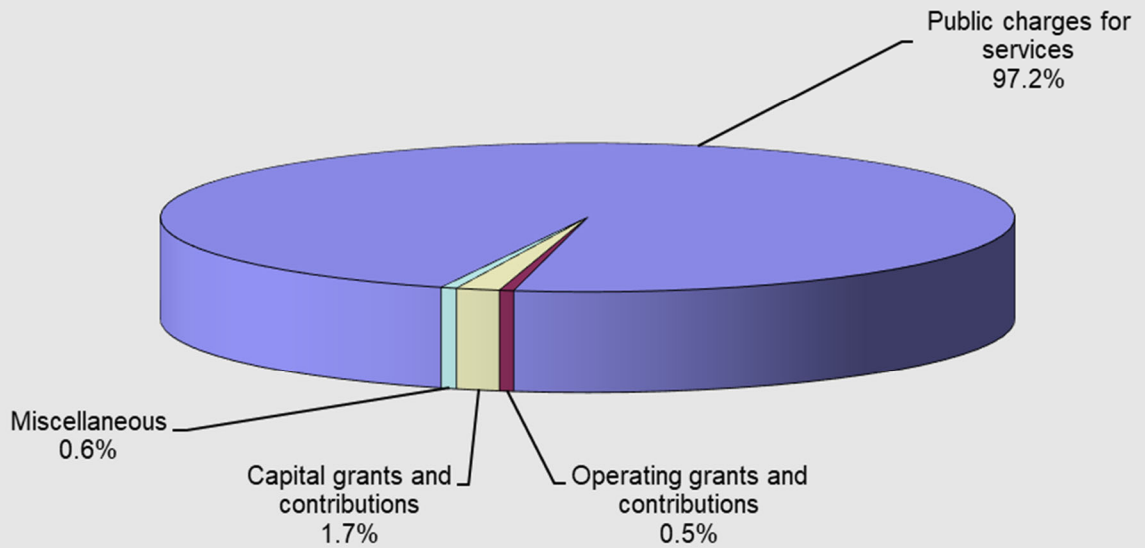
December 31, 2022

(Unaudited)

## 2022 Revenues by Source Governmental Activities



## 2022 Revenues by Source Business-Type Activities



# City of Superior, Wisconsin

## Management's Discussion and Analysis

December 31, 2022

(Unaudited)

City of Superior Expenses and Program Revenues						
	Governmental Activities		Business-type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
<u>Expenses</u>						
General Government	5,401	4,297	-	-	5,401	4,297
Public Safety	13,452	14,083	-	-	13,452	14,083
Public Works	12,792	11,485	-	-	12,792	11,485
Health and Human Services	208	206	-	-	208	206
Culture, Recreation, and Education	3,949	3,496	-	-	3,949	3,496
Economic Development	4,044	3,854	-	-	4,044	3,854
Interest and fiscal charges	942	1,129	-	-	942	1,129
Sewerage System	-	-	6,717	6,509	6,717	6,509
Landfill Utility	-	-	6,412	6,181	6,412	6,181
Stormwater Utility	-	-	1,781	1,852	1,781	1,852
Golf Course	-	-	2,320	2,078	2,320	2,078
<b>Total Expenses</b>	<b>\$ 40,788</b>	<b>\$ 38,550</b>	<b>\$ 17,230</b>	<b>\$ 16,620</b>	<b>\$ 58,018</b>	<b>\$ 55,170</b>
<u>Program Revenues:</u>						
General Government	\$ 2,062	\$ 1,516	\$ -	\$ -	\$ 2,062	\$ 1,516
Public Safety	1,107	1,166	-	-	1,107	1,166
Public Works	280	3,825	-	-	280	3,825
Health and Human Services	-	42	-	-	-	42
Culture, Recreation, and Education	743	1,436	-	-	743	1,436
Economic Development	-	1,566	-	-	-	1,566
Sewerage System	-	-	7,570	7,311	7,570	7,311
Landfill Utility	-	-	6,674	6,644	6,674	6,644
Stormwater Utility	-	-	2,473	2,566	2,473	2,566
Golf Course	-	-	2,279	2,208	2,279	2,208
<b>Total Program Revenues</b>	<b>\$ 4,192</b>	<b>\$ 9,551</b>	<b>\$ 18,996</b>	<b>\$ 18,729</b>	<b>\$ 23,188</b>	<b>\$ 28,280</b>
<u>Net Cost of Service</u>						
General Government	3,339	2,781	-	-	3,339	2,781
Public Safety	12,345	12,917	-	-	12,345	12,917
Public Works	12,512	7,660	-	-	12,512	7,660
Health and Human Services	208	164	-	-	208	164
Culture, Recreation, and Education	3,206	2,060	-	-	3,206	2,060
Economic Development	4,044	2,288	-	-	4,044	2,288
Interest and fiscal charges	942	1,129	-	-	942	1,129
Sewerage System	-	-	(853)	(802)	(853)	(802)
Landfill Utility	-	-	(262)	(463)	(262)	(463)
Stormwater Utility	-	-	(692)	(714)	(692)	(714)
Golf Course	-	-	41	(130)	41	(130)
<b>Total Net Cost of Service</b>	<b>\$ 36,596</b>	<b>\$ 28,999</b>	<b>\$ (1,766)</b>	<b>\$ (2,109)</b>	<b>\$ 34,830</b>	<b>\$ 26,890</b>

# City of Superior, Wisconsin

## Management's Discussion and Analysis

December 31, 2022

(Unaudited)

### Financial Analysis of the Government's Funds

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

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

The general fund is the chief operation fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,808,073, while total fund balance reached \$10,442,634. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 35 percent of total general fund expenditures, while total fund balance represents 37 percent of that same amount.

The fund balance of the City's general fund decreased by \$801,346.

Expenditures in the general fund were \$1,410,026 higher than budgeted due to primarily to public works being over budget although all other functions were over budget as well. The City did not amend the original budget.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government- wide financial statements, but in more detail.

Unrestricted net position of the Sewerage System Fund at the end of the year amounted to \$6,989,671, for the Landfill Utility Fund \$(2,651,787), the Stormwater Utility Fund \$2,339,430, and the Golf Course Fund \$842,696. The total increase (decrease) in net position for the funds was \$440,111, \$282,123, \$60,229, and \$299,298, respectively. The Landfill Utility net position was restated by \$773,048 due to an expense that was improperly accrued in the previous year.

Details of these fund balance categories can be found on page 43 of this report.

### Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$132,258,031 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads, highways, and sidewalks.

City of Superior Bay Capital Assets (net of accumulated depreciation)							
	Governmental Activities		Business-type Activities		Total Activities		
			(as restated)		(as restated)		
	2022	2021	2022	2021	2022	2021	
Land and land improvements	\$ 24,248	\$ 24,504	\$ 19,325	\$ 20,439	\$ 43,573	\$ 44,943	
Buildings and improvements	17,923	18,519	4,681	3,260	22,604	21,779	
Machinery and equipment	6,643	5,492	4,251	4,010	10,894	9,502	
Leased assets	-	-	307	412	307	412	
Infrastructure	-	-	23,137	21,588	23,137	21,588	
Construction in progress	3,042	544	2,827	4,710	5,869	5,254	
Roads	19,352	21,626	-	-	19,352	21,626	
Sidewalks/Bikepaths	6,522	6,285	-	-	6,522	6,285	
<b>Total</b>	<b>\$ 77,730</b>	<b>\$ 76,970</b>	<b>\$ 54,528</b>	<b>\$ 54,419</b>	<b>\$ 132,258</b>	<b>\$ 131,389</b>	



# City of Superior, Wisconsin

## Management's Discussion and Analysis

December 31, 2022

(Unaudited)

Additional information on the City's capital assets can be found in Note 8 on pages 31 - 34 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonds and notes outstanding of \$40,337,480. Of this amount, \$31,470,479 comprises debt backed by the full faith and credit of the government. The remainder, \$8,867,001, represents the City's bonds secured solely by specified revenue sources (i.e., revenue bonds).

	City of Superior Outstanding Debt General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds and Notes	30,922	34,730	548	1,580	31,470	36,310
Revenue Bonds	-	-	8,867	8,848	8,867	8,848
Total	30,922	34,730	9,415	10,428	40,337	45,158

The City's total bond and note payable debt decreased by \$4,820,924 (10.68%) during the current fiscal year. The City's bond rating has been maintained at AA from Standard & Poor's for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City is \$117,014,775, which is significantly in excess of the City's actual outstanding general obligation debt.

Additional information on the City's long-term debt can be found on pages 37 - 41 of this report.

### Economic Factors

- The unemployment rate for Douglas County is currently 4.2 percent. This compares to the state's average unemployment rate of 2.5 percent and the national average rate of 3.6 percent.
- The equalized value has increased an average of 7.12 percent per year over the last five years. Equalized value increased 13.95 percent between 2021 and 2022.

**Requests for Information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director.

**City of Superior**Statement of Net Position  
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 51,360,948	\$ 10,825,342	\$ 62,186,290
Taxes receivable, net	15,504,233	-	15,504,233
Accounts receivable, net	-	3,315,288	3,315,288
Special assessments receivable	364,626	220,584	585,210
Loans receivable	1,235,012	-	1,235,012
Leases receivable	2,734,462	-	2,734,462
Other receivables	581,627	36,547	618,174
Due from other governments	417,831	-	417,831
Internal balances	(1,162,354)	1,162,354	-
Inventories and prepaid items	736,240	158,900	895,140
Restricted assets			
Cash and investments	86,452	8,447,885	8,534,337
Net pension asset	10,216,537	1,725,862	11,942,399
Property held for resale	318,368	-	318,368
Capital assets:			
Construction in progress	3,041,938	2,827,124	5,869,062
Land	16,694,102	1,601,862	18,295,964
Other capital assets, net of depreciation	<u>57,993,755</u>	<u>50,099,250</u>	<u>108,093,005</u>
Total assets	<u>160,123,777</u>	<u>80,420,998</u>	<u>240,544,775</u>
<b>Deferred Outflows of Resources</b>			
OPEB related amounts - City plan	1,367,058	203,484	1,570,542
OPEB related amounts - LRLIF	467,924	122,290	590,214
Pension related amounts	<u>19,902,101</u>	<u>3,392,314</u>	<u>23,294,415</u>
Total deferred outflows of resources	<u>21,737,083</u>	<u>3,718,088</u>	<u>25,455,171</u>
<b>Liabilities</b>			
Accounts payable	2,531,556	913,918	3,445,474
Accrued and other current liabilities	1,385,979	267,430	1,653,409
Due to other governments	241	-	241
Unearned revenues	15,963,094	66,612	16,029,706
Noncurrent liabilities			
Due within one year	3,134,894	1,532,270	4,667,164
Due in more than one year	<u>38,147,999</u>	<u>20,943,017</u>	<u>59,091,016</u>
Total liabilities	<u>61,163,763</u>	<u>23,723,247</u>	<u>84,887,010</u>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year	14,508,459	-	14,508,459
Unearned lease revenue	2,734,462	-	2,734,462
OPEB related amounts - City plan	927,477	138,054	1,065,531
OPEB related amounts - LRLIF	166,031	43,360	209,391
Pension related amounts	<u>24,016,293</u>	<u>4,112,727</u>	<u>28,129,020</u>
Total deferred inflows of resources	<u>42,352,722</u>	<u>4,294,141</u>	<u>46,646,863</u>
<b>Net Position</b>			
Net investment in capital assets	46,070,836	45,148,573	91,219,409
Restricted for:			
Pension	10,216,537	1,725,862	11,942,399
Capital projects	9,011,178	-	9,011,178
Debt service	1,051,671	1,510,967	2,562,638
Crime prevention	88,704	-	88,704
Library	363,989	-	363,989
Narcotics task force	53,447	-	53,447
Community improvement and development	636,233	-	636,233
Affordable housing	1,344,824	-	1,344,824
Hazardous materials grant	32,566	-	32,566
Housing loans	1,500,727	-	1,500,727
Unrestricted (deficit)	<u>7,973,663</u>	<u>7,736,296</u>	<u>15,709,959</u>
Total net position	<u>\$ 78,344,375</u>	<u>\$ 56,121,698</u>	<u>\$ 134,466,073</u>

See notes to financial statements

**City of Superior**

Statement of Activities

Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
General government	\$ 5,401,243	\$ 1,208,643	\$ 853,020	\$ -
Public safety	13,451,551	1,022,426	84,343	-
Public works	12,791,779	280,233	-	-
Health and human services	207,701	-	-	-
Culture and recreation	3,948,595	425,964	-	317,500
Conservation and development	4,044,435	-	-	-
Interest and fiscal charges	942,391	-	-	-
Total governmental activities	<u>40,787,695</u>	<u>2,937,266</u>	<u>937,363</u>	<u>317,500</u>
<b>Business-type Activities</b>				
Sewerage System	6,717,479	7,254,316	-	316,378
Landfill Utility	6,411,819	6,573,633	100,564	-
Stormwater Utility	1,781,274	2,470,822	2,200	-
Golf Course	2,320,017	2,278,647	-	-
Total business-type activities	<u>17,230,589</u>	<u>18,577,418</u>	<u>102,764</u>	<u>316,378</u>
Total primary government	<u>\$ 58,018,284</u>	<u>\$ 21,514,684</u>	<u>\$ 1,040,127</u>	<u>\$ 633,878</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Room taxes

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income (loss)

Miscellaneous

Total general revenues

Transfers

Change in net position

**Net Position, Beginning (as restated)**

**Net Position, Ending**

See notes to financial statements

**Net (Expenses) Revenues and  
Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,339,580)	\$ -	\$ (3,339,580)
(12,344,782)	-	(12,344,782)
(12,511,546)	-	(12,511,546)
(207,701)	-	(207,701)
(3,205,131)	-	(3,205,131)
(4,044,435)	-	(4,044,435)
(942,391)	-	(942,391)
<u>(36,595,566)</u>	<u>-</u>	<u>(36,595,566)</u>
-	853,215	853,215
-	262,378	262,378
-	691,748	691,748
-	(41,370)	(41,370)
<u>-</u>	<u>1,765,971</u>	<u>1,765,971</u>
<u>(36,595,566)</u>	<u>1,765,971</u>	<u>(34,829,595)</u>
9,867,464	-	9,867,464
5,115,448	-	5,115,448
1,140,147	-	1,140,147
403,898	-	403,898
26,248,749	-	26,248,749
(2,335,096)	(1,009,092)	(3,344,188)
1,137,194	114,809	1,252,003
41,577,804	(894,283)	40,683,521
(317,304)	317,304	-
4,664,934	1,188,992	5,853,926
<u>73,679,441</u>	<u>54,932,706</u>	<u>128,612,147</u>
<u>\$ 78,344,375</u>	<u>\$ 56,121,698</u>	<u>\$ 134,466,073</u>

See notes to financial statements

## City of Superior

Balance Sheet  
Governmental Funds  
December 31, 2022

	General Fund	ARPA Grant	Capital Improvement Program	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 10,870,162	\$ 15,856,849	\$ 9,083,469	\$ 1,511,471	\$ 8,538,938	\$ 45,860,889
Restricted cash and investments	-	-	-	-	86,452	86,452
Receivables:						
Taxes	11,280,175	-	-	4,174,352	-	15,454,527
Delinquent personal property taxes, net	49,706	-	-	-	-	49,706
Special assessments	34,588	-	-	-	330,038	364,626
Loans	-	-	-	-	1,235,012	1,235,012
Leases	2,734,462	-	-	-	-	2,734,462
Other	419,009	-	9,120	-	135,161	563,290
Due from other governments	5,759	-	59,253	-	324,222	389,234
Due from other funds	18,554	-	-	-	-	18,554
Inventories and prepaid items	39,755	-	-	-	-	39,755
Property held for resale	-	318,368	-	-	-	318,368
Advances to other funds	594,806	-	-	-	-	594,806
<b>Total assets</b>	<b>\$ 26,046,976</b>	<b>\$ 16,175,217</b>	<b>\$ 9,151,842</b>	<b>\$ 5,685,823</b>	<b>\$ 10,649,823</b>	<b>\$ 67,709,681</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 626,458	\$ 183,210	\$ 246,899	\$ -	\$ 1,144,601	\$ 2,201,168
Accrued liabilities	792,935	-	-	-	63,102	856,037
Due to other funds	946,068	-	-	-	18,554	964,622
Due to other governments	241	-	-	-	-	241
Deposits	135,483	-	-	-	81,227	216,710
Unearned revenues	-	15,673,639	-	-	289,455	15,963,094
Advances from other funds	-	-	-	-	594,806	594,806
<b>Total liabilities</b>	<b>2,501,185</b>	<b>15,856,849</b>	<b>246,899</b>	<b>-</b>	<b>2,191,745</b>	<b>20,796,678</b>
<b>Deferred Inflows of Resources</b>						
Property taxes levied for subsequent year	10,334,107	-	-	4,174,352	-	14,508,459
Unearned lease revenue	2,734,462	-	-	-	-	2,734,462
Unavailable revenues	34,588	-	-	-	814,194	848,782
<b>Total deferred inflows of resources</b>	<b>13,103,157</b>	<b>-</b>	<b>-</b>	<b>4,174,352</b>	<b>814,194</b>	<b>18,091,703</b>
<b>Fund Balances</b>						
Nonspendable	634,561	-	-	-	-	634,561
Restricted	-	-	8,904,943	1,511,471	5,232,150	15,648,564
Committed	-	-	-	-	27,779	27,779
Assigned	-	318,368	-	-	3,007,760	3,326,128
Unassigned (deficit)	9,808,073	-	-	-	(623,805)	9,184,268
<b>Total fund balances</b>	<b>10,442,634</b>	<b>318,368</b>	<b>8,904,943</b>	<b>1,511,471</b>	<b>7,643,884</b>	<b>28,821,300</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,046,976</b>	<b>\$ 16,175,217</b>	<b>\$ 9,151,842</b>	<b>\$ 5,685,823</b>	<b>\$ 10,649,823</b>	<b>\$ 67,709,681</b>

See notes to financial statements

## City of Superior

Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2022

**Total Fund Balance, Governmental Funds** \$ 28,821,300

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:

Construction in progress	\$ 3,041,938	
Land	16,694,102	
Other capital assets, net of depreciation/amortization	<u>57,993,755</u>	77,729,795

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

(Premium)/discount on debt	(907,615)
----------------------------	-----------

Special assessments, loans receivable, and various other receivables are reported as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note 3.

848,782

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

10,062,385

Some deferred outflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Deferred outflows, OPEB related amounts - City plan	439,325
Deferred outflows, OPEB related amounts - LRLIF	455,689
Deferred outflows, pension related amounts	19,630,955

Some deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Deferred inflows - OPEB related amounts - City plan	(298,059)
Deferred inflows - OPEB related amounts - LRLIF	(161,723)
Deferred inflows, pension related amounts	(23,698,996)

Internal service funds are used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

2,531,107

Long-term liabilities, including bonds 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	(30,922,486)	
Financed purchases	(1,027,229)	
Compensated absences	(1,883,369)	
OPEB liabilities - City plan	(1,659,757)	
OPEB liabilities - LRLIF	(1,322,340)	
Accrued interest	<u>(293,389)</u>	<u>(37,108,570)</u>

**Total Net Position, Governmental Activities** \$ 78,344,375

**City of Superior**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2022

	<u>General Fund</u>	<u>ARPA Grant</u>	<u>Capital Improvement Program</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 10,255,096	\$ -	\$ -	\$ 5,115,448	\$ 1,143,516	\$ 16,514,060
Special assessments	368	-	-	-	218,730	219,098
Intergovernmental	17,408,410	1,406,920	5,431,950	-	2,038,024	26,285,304
Licenses and permits	746,595	-	96,765	-	-	843,360
Fines, forfeitures and penalties	263,541	-	-	-	15,983	279,524
Public charges for services	171,154	-	16,117	-	597,367	784,638
Intergovernmental charges for services	84,422	-	58,895	-	16,123	159,440
Investment income (loss)	(1,429,321)	-	(451,056)	(48,825)	(144,819)	(2,074,021)
Miscellaneous	835,932	500	143,344	143,118	727,193	1,850,087
Total revenues	<u>28,336,197</u>	<u>1,407,420</u>	<u>5,296,015</u>	<u>5,209,741</u>	<u>4,612,117</u>	<u>44,861,490</u>
<b>Expenditures</b>						
Current:						
General government	3,688,544	-	-	220,527	8,226	3,917,297
Public safety	14,373,752	92,388	-	-	599,628	15,065,768
Public works	7,928,627	-	-	-	-	7,928,627
Health and human services	207,701	-	-	-	-	207,701
Culture and recreation	1,815,943	-	3,858	-	1,461,561	3,281,362
Conservation and development	228,412	216,335	28,864	-	4,173,475	4,647,086
Capital outlay	-	780,329	5,391,866	-	262,346	6,434,541
Debt service:						
Principal retirement	-	-	113,870	3,769,132	30,099	3,913,101
Interest and fiscal charges	-	-	30,398	1,000,146	1,518	1,032,062
Total expenditures	<u>28,242,979</u>	<u>1,089,052</u>	<u>5,568,856</u>	<u>4,989,805</u>	<u>6,536,853</u>	<u>46,427,545</u>
Excess (deficiency) of revenues over expenditures	<u>93,218</u>	<u>318,368</u>	<u>(272,841)</u>	<u>219,936</u>	<u>(1,924,736)</u>	<u>(1,566,055)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	104	-	16,746	-	60,030	76,880
Transfers in	471,427	-	780,000	-	4,595,411	5,846,838
Transfers out	(1,366,095)	-	(500,339)	(2,146,759)	(1,406,949)	(5,420,142)
Total other financing sources (uses)	<u>(894,564)</u>	<u>-</u>	<u>296,407</u>	<u>(2,146,759)</u>	<u>3,248,492</u>	<u>503,576</u>
Net change in fund balances	<u>(801,346)</u>	<u>318,368</u>	<u>23,566</u>	<u>(1,926,823)</u>	<u>1,323,756</u>	<u>(1,062,479)</u>
<b>Fund Balances, Beginning</b>	<u>11,243,980</u>	<u>-</u>	<u>8,881,377</u>	<u>3,438,294</u>	<u>6,320,128</u>	<u>29,883,779</u>
<b>Fund Balances, Ending</b>	<u>\$ 10,442,634</u>	<u>\$ 318,368</u>	<u>\$ 8,904,943</u>	<u>\$ 1,511,471</u>	<u>\$ 7,643,884</u>	<u>\$ 28,821,300</u>

See notes to financial statements

## City of Superior

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2022

**Net Change in Fund Balances, Total Governmental Funds** \$ (1,062,479)

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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay is capitalized in the government-wide statements	6,434,541
Some capital outlay is not capitalized in the government-wide statements	(2,031,965)
Some functional expenditures are capitalized	1,196,047
Depreciation is reported in the government-wide statements	(5,829,445)

In the statement of activities, the gain or loss on the disposal of capital assets is reported.

In the fund financial statements, proceeds from the sale of capital assets are reported because the proceeds increase financial resources. This is the amount of net book value of capital asset disposals. (150,835)

Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This amount is the change in the following unavailable revenue categories:

Special assessments receivable	1,790
Leases receivable	(78,860)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments paid in the following categories:

Principal repaid	3,799,231
Financed purchases paid	113,870

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. This amount is the change in the following assets and liabilities:

Compensated absences	51,846
OPEB liability and related deferred outflows/inflows of resources - City plan	1,563,990
OPEB liability and related deferred outflows/inflows of resources - LRLIF	(136,664)
Net pension liability/asset and related deferred outflows/inflows of resources	2,385,778

Interest on long-term debt in the statement of activities differs from the amount reported in the fund financial statements because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities interest expense is recognized as the interest accrues regardless of when it is due. (7,827)

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

Amortization of premium/(discount) and deferred charge on refunding	97,494
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. (1,681,578)

**Change in Net Position of Governmental Activities** \$ 4,664,934



**City of Superior**

Statement of Net Position  
 Proprietary Funds  
 December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>					
	<b>Sewerage System</b>	<b>Landfill Utility</b>	<b>Stormwater Utility</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Internal Service Funds</b>
				<b>Golf Course</b>		
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 6,210,226	\$ 1,567,499	\$ 2,265,204	\$ 782,413	\$ 10,825,342	\$ 5,500,059
Receivables:						
Customer accounts	1,934,303	748,043	632,942	-	3,315,288	-
Special assessments	115,384	48,806	56,394	-	220,584	-
Other	22,316	-	-	14,231	36,547	18,337
Due from other funds	663,202	175,313	107,553	-	946,068	-
Due from other governments	-	-	-	-	-	28,597
Inventories and prepaid items	3,700	-	-	155,200	158,900	696,485
<b>Total current assets</b>	<b>8,949,131</b>	<b>2,539,661</b>	<b>3,062,093</b>	<b>951,844</b>	<b>15,502,729</b>	<b>6,243,478</b>
Noncurrent assets:						
Restricted assets:						
Cash and investments	1,510,967	6,936,918	-	-	8,447,885	-
Net pension asset	992,934	399,229	333,699	-	1,725,862	154,152
Capital assets:						
Construction in progress	2,827,124	-	-	-	2,827,124	-
Land	-	61,240	246,622	1,294,000	1,601,862	-
Capital assets	58,171,609	22,796,458	17,902,999	3,510,523	102,381,589	-
Less accumulated depreciation/amortization	(29,085,280)	(16,996,633)	(3,748,499)	(2,451,927)	(52,282,339)	-
<b>Total capital assets (net of accumulated depreciation/amortization)</b>	<b>31,913,453</b>	<b>5,861,065</b>	<b>14,401,122</b>	<b>2,352,596</b>	<b>54,528,236</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>34,417,354</b>	<b>13,197,212</b>	<b>14,734,821</b>	<b>2,352,596</b>	<b>64,701,983</b>	<b>154,152</b>
<b>Total assets</b>	<b>43,366,485</b>	<b>15,736,873</b>	<b>17,796,914</b>	<b>3,304,440</b>	<b>80,204,712</b>	<b>6,397,630</b>
<b>Deferred Outflows of Resources</b>						
OPEB related amounts, City plan	127,822	40,356	35,306	-	203,484	927,733
OPEB related amounts, LRLIF	67,006	55,284	-	-	122,290	12,235
Pension related amounts	1,948,088	783,600	660,626	-	3,392,314	271,146
<b>Total deferred outflows of resources</b>	<b>2,142,916</b>	<b>879,240</b>	<b>695,932</b>	<b>-</b>	<b>3,718,088</b>	<b>1,211,114</b>

See notes to financial statements

**City of Superior**

Statement of Net Position  
 Proprietary Funds  
 December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>					
	<b>Sewerage System</b>	<b>Landfill Utility</b>	<b>Stormwater Utility</b>	<b>Nonmajor</b>	<b>Total</b>	<b>Internal Service Funds</b>
				<b>Golf Course</b>		
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 554,923	\$ 320,060	\$ 10,926	\$ 28,009	\$ 913,918	\$ 330,388
Accrued liabilities	151,218	58,346	53,140	4,726	267,430	19,843
Unearned revenue	-	-	-	66,612	66,612	-
Current portion of compensated absences	35,519	20,493	31,191	-	87,203	3,385
Current portion of general obligation debt	39,514	288,678	210,000	9,801	547,993	-
Current portion of revenue bonds	580,518	-	199,554	-	780,072	-
Current portion of leases	-	-	-	117,002	117,002	-
<b>Total current liabilities</b>	<b>1,361,692</b>	<b>687,577</b>	<b>504,811</b>	<b>226,150</b>	<b>2,780,230</b>	<b>353,616</b>
Noncurrent liabilities:						
Compensated absences	173,417	100,055	152,285	-	425,757	16,771
Revenue bonds	6,750,307	-	1,336,622	-	8,086,929	-
Leases	-	-	-	120,660	120,660	-
OPEB liability - City plan	482,906	152,464	133,384	-	768,754	3,504,949
OPEB liability - LRLIF	194,367	160,257	-	-	354,624	34,992
Landfill closure and postclosure liability	-	11,186,293	-	-	11,186,293	-
<b>Total noncurrent liabilities</b>	<b>7,600,997</b>	<b>11,599,069</b>	<b>1,622,291</b>	<b>120,660</b>	<b>20,943,017</b>	<b>3,556,712</b>
<b>Total liabilities</b>	<b>8,962,689</b>	<b>12,286,646</b>	<b>2,127,102</b>	<b>346,810</b>	<b>23,723,247</b>	<b>3,910,328</b>
<b>Deferred Inflows of Resources</b>						
OPEB related amounts, City plan	86,721	27,380	23,953	-	138,054	629,418
OPEB related amounts, LRLIF	23,758	19,602	-	-	43,360	4,308
Pension related amounts	2,360,033	948,978	803,716	-	4,112,727	317,297
<b>Total deferred inflows of resources</b>	<b>2,470,512</b>	<b>995,960</b>	<b>827,669</b>	<b>-</b>	<b>4,294,141</b>	<b>951,023</b>
<b>Net Position</b>						
Net investment in capital assets	24,582,628	5,586,065	12,864,946	2,114,934	45,148,573	-
Restricted for:						
Pension	992,934	399,229	333,699	-	1,725,862	154,152
Debt service	1,510,967	-	-	-	1,510,967	-
Unrestricted (deficit)	6,989,671	(2,651,787)	2,339,430	842,696	7,520,010	2,593,241
<b>Total net position</b>	<b>\$ 34,076,200</b>	<b>\$ 3,333,507</b>	<b>\$ 15,538,075</b>	<b>\$ 2,957,630</b>	<b>55,905,412</b>	<b>\$ 2,747,393</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					216,286	
<b>Net position of business-type activities</b>					<b>\$ 56,121,698</b>	

See notes to financial statements

**City of Superior**

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>					<b>Internal Service Funds</b>
	<b>Sewerage System</b>	<b>Landfill Utility</b>	<b>Stormwater Utility</b>	<b>Nonmajor</b>		
				<b>Golf Course</b>	<b>Total</b>	
<b>Operating Revenues</b>						
Charges for services	\$ 7,099,456	\$ 6,528,165	\$ 2,470,822	\$ 2,278,147	\$ 18,376,590	\$ 8,148,878
Other	154,860	45,468	-	500	200,828	3,172,217
Total operating revenues	<u>7,254,316</u>	<u>6,573,633</u>	<u>2,470,822</u>	<u>2,278,647</u>	<u>18,577,418</u>	<u>11,321,095</u>
<b>Operating Expenses</b>						
Operation and maintenance	5,254,614	5,238,681	1,294,483	2,112,125	13,899,903	4,803,966
Depreciation	1,363,776	1,183,898	432,071	203,022	3,182,767	-
Insurance claims and premiums	-	-	-	-	-	7,128,213
Total operating expenses	<u>6,618,390</u>	<u>6,422,579</u>	<u>1,726,554</u>	<u>2,315,147</u>	<u>17,082,670</u>	<u>11,932,179</u>
Operating income (loss)	<u>635,926</u>	<u>151,054</u>	<u>744,268</u>	<u>(36,500)</u>	<u>1,494,748</u>	<u>(611,084)</u>
<b>Nonoperating Revenues (Expenses)</b>						
Noncapital grants	-	100,564	2,200	-	102,764	42,239
Investment income (loss)	(317,250)	(560,704)	(131,138)	-	(1,009,092)	(261,076)
Net gain on disposal of capital assets	30,188	-	-	340	30,528	-
Interest and fiscal charges	(154,138)	(23,992)	(62,478)	(14,542)	(255,150)	(8,792)
Other miscellaneous revenue	-	51,904	32,377	-	84,281	-
Total nonoperating revenues (expenses)	<u>(441,200)</u>	<u>(432,228)</u>	<u>(159,039)</u>	<u>(14,202)</u>	<u>(1,046,669)</u>	<u>(227,629)</u>
Income (loss) before contributions and transfers	194,726	(281,174)	585,229	(50,702)	448,079	(838,713)
Capital contributions	316,378	-	-	-	316,378	-
Transfers in	-	839,000	-	350,000	1,189,000	95,000
Transfers out	<u>(70,993)</u>	<u>(275,703)</u>	<u>(525,000)</u>	<u>-</u>	<u>(871,696)</u>	<u>(839,000)</u>
Change in net position	440,111	282,123	60,229	299,298	1,081,761	(1,582,713)
<b>Net Position, Beginning (as restated)</b>	<u>33,636,089</u>	<u>3,051,384</u>	<u>15,477,846</u>	<u>2,658,332</u>		<u>4,330,106</u>
<b>Net Position, Ending</b>	<u>\$ 34,076,200</u>	<u>\$ 3,333,507</u>	<u>\$ 15,538,075</u>	<u>\$ 2,957,630</u>		<u>\$ 2,747,393</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>107,231</u>	
Change in net position of business-type activities					<u>\$ 1,188,992</u>	

See notes to financial statements

**City of Superior**

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds					
	Sewerage System	Landfill Utility	Stormwater Utility	Nonmajor	Total	Internal Service Funds
				Golf Course		
<b>Cash Flows From Operating Activities</b>						
Cash received from services provided	\$ 7,390,851	\$ 6,693,345	\$ 2,570,777	\$ 2,283,270	\$ 18,938,243	\$ 11,368,190
Cash paid to suppliers for goods and services	(3,619,418)	(4,128,270)	(632,963)	(1,356,191)	(9,736,842)	(10,721,305)
Cash paid to employees for services	(2,248,850)	(929,476)	(752,901)	(807,794)	(4,739,021)	(355,924)
Net cash flows from operating activities	<u>1,522,583</u>	<u>1,635,599</u>	<u>1,184,913</u>	<u>119,285</u>	<u>4,462,380</u>	<u>290,961</u>
<b>Cash Flows From Noncapital Financing Activities</b>						
Transfers from other funds	-	563,297	-	350,000	913,297	-
Transfers to other funds	(70,993)	-	(525,000)	-	(595,993)	(744,000)
Net cash flows from noncapital financing activities	<u>(70,993)</u>	<u>563,297</u>	<u>(525,000)</u>	<u>350,000</u>	<u>317,304</u>	<u>(744,000)</u>
<b>Cash Flows From Investing Activities</b>						
Investment income	(317,250)	(560,704)	(131,138)	-	(1,009,092)	(261,076)
Net cash flows from investing activities	<u>(317,250)</u>	<u>(560,704)</u>	<u>(131,138)</u>	<u>-</u>	<u>(1,009,092)</u>	<u>(261,076)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Debt issued	738,215	-	-	-	738,215	-
Debt retired	(565,002)	(917,714)	(398,454)	(120,533)	(2,001,703)	-
Special assessments received	61,675	3,514	-	-	65,189	-
Interest and fiscal charges paid	(151,579)	(28,261)	(59,989)	(15,591)	(255,420)	(8,789)
Acquisition and construction of capital assets	(2,155,627)	(756,859)	(107,876)	(111,667)	(3,132,029)	-
Capital contributions received	316,378	-	-	-	316,378	-
Net cash flows from capital and related financing activities	<u>(1,755,940)</u>	<u>(1,699,320)</u>	<u>(566,319)</u>	<u>(247,791)</u>	<u>(4,269,370)</u>	<u>(8,789)</u>
Net change in cash and cash equivalents	(621,600)	(61,128)	(37,544)	221,494	(498,778)	(722,904)
<b>Cash and Cash Equivalents, Beginning</b>	<u>8,342,793</u>	<u>8,565,545</u>	<u>2,302,748</u>	<u>560,919</u>	<u>16,975,642</u>	<u>6,222,963</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 7,721,193</u>	<u>\$ 8,504,417</u>	<u>\$ 2,265,204</u>	<u>\$ 782,413</u>	<u>\$ 19,273,227</u>	<u>\$ 5,500,059</u>
<b>Reconciliation of Cash and Cash Equivalents</b>						
Cash and investments per Statement of Net Position	\$ 6,210,226	\$ 1,567,499	\$ 2,265,204	\$ 782,413	\$ 10,825,342	\$ 5,500,059
Restricted cash and investments	1,510,967	6,936,918	-	-	8,447,885	-
<b>Cash and Cash Equivalents per Statement of Cash Flows</b>	<u>\$ 7,721,193</u>	<u>\$ 8,504,417</u>	<u>\$ 2,265,204</u>	<u>\$ 782,413</u>	<u>\$ 19,273,227</u>	<u>\$ 5,500,059</u>

See notes to financial statements

**City of Superior**

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds					Internal Service Funds
	Sewerage System	Landfill Utility	Stormwater Utility	Nonmajor Golf Course	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows</b>						
<b>From Operating Activities</b>						
Operating income (loss)	\$ 635,926	\$ 151,054	\$ 744,268	\$ (36,500)	\$ 1,494,748	\$ (611,084)
Adjustments to reconcile operating income (loss) to Net cash flows from operating activities:						
Nonoperating Income	-	152,469	34,577	-	187,046	42,239
Noncash items included in income:						
Depreciation	1,363,776	1,183,898	432,071	203,022	3,182,767	-
Miscellaneous other income	-	-	(6,155)	-	(6,155)	-
Change in assets, deferred outflows, liabilities and deferred inflows:						
Accounts receivable	147,036	(10,023)	72,845	(13,160)	196,698	4,856
Due from other funds	(10,501)	(22,734)	(1,312)	-	(34,547)	-
Inventories and prepaid items	-	-	-	(38,750)	(38,750)	(545,862)
Accounts payable	(256,310)	(8,018)	9,730	(14,131)	(268,729)	311,299
Other current liabilities	2,247	269,222	418	1,021	272,908	(401,939)
Deferred inflows	-	-	-	17,783	17,783	-
Compensated absences	9,413	3,731	15,768	-	28,912	(17,140)
OPEB related deferrals and liability	(151,705)	4,623	(50,090)	-	(197,172)	1,569,257
Pension related deferrals and asset/liability	(217,299)	(88,623)	(67,207)	-	(373,129)	(60,665)
Net cash flows from operating activities	\$ 1,522,583	\$ 1,635,599	\$ 1,184,913	\$ 119,285	\$ 4,462,380	\$ 290,961

**Noncash Capital, Investing and Financing Activities**

None.

See notes to financial statements

# City of Superior

## Statement of Fiduciary Net Position

### Custodial Funds

December 31, 2022

	<u>Custodial Funds</u>
<b>Assets</b>	
Cash and investments	\$ 989,240
Taxes receivable	<u>24,462,057</u>
Total assets	<u>25,451,297</u>
<b>Liabilities</b>	
Due to other governments	<u>24,919,023</u>
Total liabilities	<u>24,919,023</u>
<b>Net Position</b>	
Total net position	<u>\$ 532,274</u>

See notes to financial statements

## City of Superior

### Statement of Changes in Fiduciary Net Position

#### Custodial Funds

Year Ended December 31, 2022

	<u>Custodial Funds</u>
<b>Additions</b>	
Taxes collected for other governments	\$ 16,564,610
Deposits received	<u>104,991</u>
Total additions	16,669,601
<b>Deductions</b>	
Taxes distributed to other governments	16,564,610
Refund of deposits	<u>6,597</u>
Total deductions	16,571,207
Change in fiduciary net position	98,394
<b>Net Position, Beginning</b>	<u>433,880</u>
<b>Net Position, Ending</b>	<u>\$ 532,274</u>

See notes to financial statements

# City of Superior

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December 31, 2022

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# City of Superior

Notes to Financial Statements  
December 31, 2022

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## 1. Summary of Significant Accounting Policies

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

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

### Blended Component Unit

The Redevelopment Authority (the Authority) of the City of Superior is an authority organized by the City under the laws of the state of Wisconsin. The Authority promotes urban renewal projects and the alleviation of the conditions of urban blight. It is governed by a seven-member Board appointed by the City. Because the funds of the Authority are spent on urban development for the benefit of the City, the Authority is reported as if it were a part of the primary government. The Authority does not prepare separate financial statements.

## Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

### Government-Wide Financial Statements

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

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

### Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

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

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

The City reports the following major governmental funds:

### **General Fund**

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

### **Special Revenue Funds**

ARPA Grant Fund is used to account for restricted revenue resources from federal agencies used for American Rescue Plan Act programs.

### **Debt Service Funds**

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

### **Capital Projects Funds**

Capital Improvements Project Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the City's Capital Improvement Program.

### **Enterprise Funds**

The City reports the following major enterprise funds:

Sewerage System accounts for operations of the sewer system

Landfill accounts for operations of the landfill operations

Stormwater Utility accounts for operations of the stormwater system

# City of Superior

Notes to Financial Statements  
December 31, 2022

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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).

Crime Prevention	Police Grant & Liaison
Fire Department Grant	Loan Fund
Urban Tree	Parks and Recreation Boat Ramp Fee
Haz Mat Grant	Library
HUD CDBG	Home SF Grant 2006-2008
Neighborhood Improvement	Affordable Housing
Fire Department PPP	Economic Development
UDAG CD Loan	CDBG Revolving Loan Fund
Superior Business Center	Municipal Forest
Special Assessment	Illegal Tax
Narcotics	Business Improvement District
Hotel/Motel Tax	Tourism Commission
Revolving Grant 2020	

## 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 capital facilities and other capital assets.

CHS Dock Rehabilitation Project	July 2016 Rain Event
Tax Increment District No. 7	Tax Increment District No. 8
Tax Increment District No. 9	Tax Increment District No. 11
Tax Increment District No. 12	Tax Increment District No. 13
Tax Increment District No. 14	Tax Increment District No. 15
Tax Increment District No. 16	Tax Increment District No. 17
Tax Increment District No. 18	Redevelopment Authority

## Enterprise Fund

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

Golf Course

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.

## 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.

## 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.

### Fund Financial Statements

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

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

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

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

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

### Proprietary and Fiduciary Funds

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

# City of Superior

Notes to Financial Statements  
December 31, 2022

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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 Sewerage System, Landfill Utility, Stormwater Utility and Golf Course funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## All Financial Statements

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

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

### Deposits and Investments

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

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

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

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

# City of Superior

Notes to Financial Statements  
December 31, 2022

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

## Receivables

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

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

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

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

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

# City of Superior

Notes to Financial Statements  
December 31, 2022

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The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$574,500.

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

## **Inventories and Prepaid Items**

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

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

## **Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

## **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 and 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.



## City of Superior

Notes to Financial Statements  
December 31, 2022

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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	20-50 Years
Land Improvements	20-50 Years
Machinery and Equipment	5-15 Years
Infrastructure	20-50 Years

Lease assets are typically amortized over the lease term.

### **Fund Financial Statements**

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

### **Other Assets**

Property held for resale consists of buildings and improvements and is valued at cost of acquisition and improvements.

### **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 vacation 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 fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022, 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, accrued compensated absences, other postemployment benefits, and net pension liabilities.

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.

# City of Superior

Notes to Financial Statements  
December 31, 2022

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

## Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

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

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

## Fund Statements

Governmental fund balances are displayed as follows:

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

## City of Superior

Notes to Financial Statements  
December 31, 2022

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

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

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

See Note 3 for further information.

### Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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)

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

For purposes of measuring the total OPEB liability and OPEB expense, the City's single-employer defined benefit retiree healthcare plan recognizes benefit payments when due and payable in accordance with the benefit terms.

# City of Superior

Notes to Financial Statements  
December 31, 2022

## 2. Stewardship, Compliance and Accountability

### Excess Expenditures Over Budget

Budgeted expenditures in the general fund (including amendments) were \$27,908,771. Total expenditures were \$28,242,979. This results in excess expenditures of \$334,208.

### Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Urban Tree	\$ 14,206	Insufficient revenues to cover expenditures
Tax Increment District No. 12	6,484	Insufficient tax increment generated
Tax Increment District No. 13	330,706	Insufficient tax increment generated
Tax Increment District No. 14	130,934	Insufficient tax increment generated
Tax Increment District No. 15	49,367	Insufficient tax increment generated
Tax Increment District No. 16	28,206	Insufficient tax increment generated
Tax Increment District No. 17	35,627	Insufficient tax increment generated
Tax Increment District No. 18	28,275	Insufficient tax increment generated

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.

### 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 maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

## City of Superior

Notes to Financial Statements  
December 31, 2022

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 9,662,571	\$ 10,714,636	Custodial credit
US agencies, implicitly guaranteed	9,079,279	9,079,279	Custodial credit, credit, concentration of credit, interest rate
US treasuries	2,703,865	2,703,865	Custodial credit, interest rate
Negotiable CDs	35,389,574	35,420,697	Custodial credit, credit, concentration of credit, interest rate
LGIP	14,833,526	14,833,526	Credit
Petty cash	41,052	-	N/A
Total deposits and investments	<u>\$ 71,709,867</u>	<u>\$ 72,752,003</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 62,186,290		
Restricted cash and investments	8,534,337		
Per statement of net position, fiduciary funds:			
Custodial fund	<u>989,240</u>		
Total deposits and investments	<u>\$ 71,709,867</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and 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 not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$4,327 of the City's investments are covered by SIPC.

The City maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$20,742,791 to secure the City's deposits.

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

# City of Superior

Notes to Financial Statements  
December 31, 2022

The valuation methods for recurring fair value measurements are as follows:

- Matrix pricing model

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
US agencies, implicitly guaranteed	\$ -	\$ 9,079,279	\$ -	\$ 9,079,279
US treasuries	-	2,703,865	-	2,703,865
Negotiable CDs	-	35,389,574	-	35,389,574
Total	<u>\$ -</u>	<u>\$ 47,172,718</u>	<u>\$ -</u>	<u>\$ 47,172,718</u>

## Custodial Credit Risk

### Deposits

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

The City does not have any deposits exposed to custodial credit risk.

## Credit Risk

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

As of December 31, 2022, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
US agencies, implicity guaranteed	AA+	Aaa

The City's negotiable CDs are not rated.

The City also held investments in the following external pools which are not rated:

LGIP

## Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2022, the City's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Federal Home Loan Bank	US agencies - implicitly guaranteed	5.81 %

## City of Superior

Notes to Financial Statements  
December 31, 2022

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2022, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than One Year	One - Five	Six - Ten
US agencies, implicitly guaranteed	\$ 9,079,279	\$ 840,046	\$ 6,976,068	\$ 1,263,165
US treasuries	2,703,865	-	1,685,678	1,018,187
Certificates of deposit - negotiable	<u>35,389,574</u>	<u>3,977,080</u>	<u>27,626,253</u>	<u>3,786,241</u>
Total	<u>\$ 47,172,718</u>	<u>\$ 4,817,126</u>	<u>\$ 36,287,999</u>	<u>\$ 6,067,593</u>

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

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year except leases receivable of \$2,571,808.

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 receivable for subsequent year	\$ 14,508,459	\$ -
Special assessments not yet due	189,580	175,046
Loans receivable	-	673,736
Grants received in advance of incurring allowable expenditures	15,773,514	-
Leases receivable	<u>2,734,462</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 33,206,015</u>	<u>\$ 848,782</u>
Unearned revenue included in liabilities	\$ 15,963,094	
Unearned revenue included in deferred inflows	<u>17,242,921</u>	
Total unearned revenue for governmental funds	<u>\$ 33,206,015</u>	

### 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.

# City of Superior

Notes to Financial Statements  
December 31, 2022

**Depreciation** - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

## Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2022:

	<b>Restricted Assets</b>
Bond redemption and depreciation account	\$ 1,510,967
Closure and postclosure care	6,936,918
Library endowments	86,452
Net pension asset	<u>11,942,399</u>
Total	<u><u>\$ 20,476,736</u></u>

## Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 16,624,102	\$ 70,000	\$ -	\$ 16,694,102
Construction in progress	544,320	2,551,313	53,695	3,041,938
Total capital assets not being depreciated	<u>17,168,422</u>	<u>2,621,313</u>	<u>53,695</u>	<u>19,736,040</u>
Capital assets being depreciated:				
Land improvements	14,207,563	280,784	28,436	14,459,911
Buildings and improvements	28,459,421	435,675	-	28,895,096
Machinery and equipment	21,819,620	2,729,608	319,776	24,229,452
Roads	64,181,320	-	95,411	64,085,909
Sidewalks/bikepaths	15,175,218	672,343	160,788	15,686,773
Total capital assets being depreciated	<u>143,843,142</u>	<u>4,118,410</u>	<u>604,411</u>	<u>147,357,141</u>
Total capital assets	<u>161,011,564</u>	<u>6,739,723</u>	<u>658,106</u>	<u>167,093,181</u>
Less accumulated depreciation for:				
Land improvements	(6,328,082)	(604,623)	26,706	(6,905,999)
Buildings and improvements	(9,940,013)	(1,031,967)	-	(10,971,980)
Machinery and equipment	(16,327,311)	(1,579,040)	319,776	(17,586,575)
Roads	(42,555,293)	(2,179,113)	-	(44,734,406)
Sidewalks/bikepaths	(8,890,512)	(434,702)	160,788	(9,164,426)
Total accumulated depreciation	<u>(84,041,211)</u>	<u>(5,829,445)</u>	<u>507,270</u>	<u>(89,363,386)</u>
Net capital assets being depreciated	<u>59,801,931</u>	<u>(1,711,035)</u>	<u>97,141</u>	<u>57,993,755</u>
Total governmental activities capital assets, net of accumulated depreciation	<u><u>\$ 76,970,353</u></u>	<u><u>\$ 910,278</u></u>	<u><u>\$ 150,836</u></u>	<u><u>\$ 77,729,795</u></u>



# City of Superior

Notes to Financial Statements  
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Depreciation expense was charged to functions as follows:

## Governmental Activities

General government	\$ 112,572
Public safety	1,270,096
Public works	3,510,489
Culture, recreation and education	905,292
Conservation and development	<u>30,996</u>

Total governmental activities depreciation expense \$ 5,829,445

## Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Sewerage System</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 4,709,845	\$ 2,180,699	\$ 4,063,420	\$ 2,827,124
Total capital assets not being depreciated	<u>4,709,845</u>	<u>2,180,699</u>	<u>4,063,420</u>	<u>2,827,124</u>
Capital assets being depreciated:				
Buildings and improvements	16,264,642	1,802,642	-	18,067,284
Machinery and equipment	6,915,313	86,968	78,650	6,923,631
Infrastructure	<u>30,872,210</u>	<u>2,308,484</u>	<u>-</u>	<u>33,180,694</u>
Total capital assets being depreciated	<u>54,052,165</u>	<u>4,198,094</u>	<u>78,650</u>	<u>58,171,609</u>
Total capital assets	<u>58,762,010</u>	<u>6,378,793</u>	<u>4,142,070</u>	<u>60,998,733</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,223,732)	(365,141)	-	(13,588,873)
Machinery and equipment	(5,292,244)	(238,921)	78,650	(5,452,515)
Infrastructure	<u>(9,284,178)</u>	<u>(759,714)</u>	<u>-</u>	<u>(10,043,892)</u>
Total accumulated depreciation	<u>(27,800,154)</u>	<u>(1,363,776)</u>	<u>78,650</u>	<u>(29,085,280)</u>
Net capital assets being depreciated	<u>26,252,011</u>	<u>2,834,318</u>	<u>-</u>	<u>29,086,329</u>
Net sewer capital assets	<u>\$ 30,961,856</u>	<u>\$ 5,015,017</u>	<u>\$ 4,063,420</u>	<u>\$ 31,913,453</u>

# City of Superior

Notes to Financial Statements  
December 31, 2022

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Landfill</b>				
Capital assets not being depreciated:				
Land	\$ 61,240	\$ -	\$ -	\$ 61,240
Total capital assets not being depreciated	<u>61,240</u>	<u>-</u>	<u>-</u>	<u>61,240</u>
Capital assets being :				
Land improvements	17,909,522	-	-	17,909,522
Buildings and improvements	178,714	-	-	178,714
Machinery and equipment	4,280,713	972,681	545,172	4,708,222
Total capital assets being depreciated	<u>22,368,949</u>	<u>972,681</u>	<u>545,172</u>	<u>22,796,458</u>
Total capital assets	<u>22,430,189</u>	<u>972,681</u>	<u>545,172</u>	<u>22,857,698</u>
Less accumulated depreciation for:				
Land improvements	(13,217,251)	(870,620)	-	(14,087,871)
Buildings and improvements	(177,464)	(1,251)	-	(178,715)
Machinery and equipment	(2,747,370)	(312,027)	329,350	(2,730,047)
Total accumulated depreciation	<u>(16,142,085)</u>	<u>(1,183,898)</u>	<u>329,350</u>	<u>(16,996,633)</u>
Net capital assets being depreciated	<u>6,226,864</u>	<u>(211,217)</u>	<u>215,822</u>	<u>5,799,825</u>
Net landfill capital assets	<u>\$ 6,288,104</u>	<u>\$ (211,217)</u>	<u>\$ 215,822</u>	<u>\$ 5,861,065</u>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Stormwater</b>				
Capital assets not being depreciated:				
Land	\$ 246,622	\$ -	\$ -	\$ 246,622
Total capital assets not being depreciated	<u>246,622</u>	<u>-</u>	<u>-</u>	<u>246,622</u>
Capital assets being depreciated:				
Land Improvements	16,984,195	83,574	-	17,067,769
Machinery and equipment	810,928	24,302	-	835,230
Total capital assets being depreciated	<u>17,795,123</u>	<u>107,876</u>	<u>-</u>	<u>17,902,999</u>
Total capital assets	<u>18,041,745</u>	<u>107,876</u>	<u>-</u>	<u>18,149,621</u>
Less accumulated depreciation for:				
Land Improvements	(2,943,210)	(350,838)	-	(3,294,048)
Machinery and equipment	(373,218)	(81,233)	-	(454,451)
Total accumulated depreciation	<u>(3,316,428)</u>	<u>(432,071)</u>	<u>-</u>	<u>(3,748,499)</u>
Net capital assets being depreciated	<u>14,478,695</u>	<u>(324,195)</u>	<u>-</u>	<u>14,154,500</u>
Net stormwater capital assets	<u>\$ 14,725,317</u>	<u>\$ (324,195)</u>	<u>\$ -</u>	<u>\$ 14,401,122</u>

# City of Superior

Notes to Financial Statements  
December 31, 2022

	Beginning Balance (as restated)*	Additions	Deletions	Ending Balance
<b>Golf Course</b>				
Capital assets not being depreciated / amortized:				
Land	\$ 1,294,000	\$ -	\$ -	\$ 1,294,000
Total capital assets not being depreciated	<u>1,294,000</u>	<u>-</u>	<u>-</u>	<u>1,294,000</u>
Capital assets being depreciated / amortized:				
Land improvements	1,686,192	50,624	-	1,736,816
Buildings and improvements	750,518	-	-	750,518
Machinery and equipment	550,210	61,381	-	611,591
Leased assets, equipment	411,598	-	-	411,598
Total capital assets being depreciated / amortized	<u>3,398,518</u>	<u>112,005</u>	<u>-</u>	<u>3,510,523</u>
Total capital assets	<u>4,692,518</u>	<u>112,005</u>	<u>-</u>	<u>4,804,523</u>
Less accumulated depreciation / amortization for:				
Land improvements	(1,582,747)	(25,510)	-	(1,608,257)
Buildings and improvements	(532,771)	(15,449)	-	(548,220)
Machinery and equipment	(133,387)	(57,377)	-	(190,764)
Leased assets, equipment	-	(104,686)	-	(104,686)
Total accumulated depreciation / amortization	<u>(2,248,905)</u>	<u>(203,022)</u>	<u>-</u>	<u>(2,451,927)</u>
Net capital assets being depreciated / amortized	<u>1,149,613</u>	<u>(91,017)</u>	<u>-</u>	<u>1,058,596</u>
Net golf course capital assets	<u>\$ 2,443,613</u>	<u>\$ (91,017)</u>	<u>\$ -</u>	<u>\$ 2,352,596</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 54,418,890</u>	<u>\$ 4,388,588</u>	<u>\$ 4,279,242</u>	<u>\$ 54,528,236</u>

\* Beginning balances have been restated for the implementation of GASB 87, *Leases*, to reflect the lease assets at the date of implementation.

## City of Superior

Notes to Financial Statements  
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Depreciation expense was charged to functions as follows:

### Business-Type Activities

Sewerage	\$	1,363,776
Landfill		1,183,898
Stormwater		432,071
Golf course		<u>203,022</u>
Total business-type activities depreciation / amortization expense	\$	<u><u>3,182,767</u></u>

Additional disclosures of the lease assets are included in the Lease Disclosure 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Urban tree	\$ 14,206
General fund	HUD CDBG	4,348
Sewerage system	General fund	663,202
Landfill utility	General fund	175,313
Stormwater utility	General fund	<u>107,553</u>
Total, fund financial statements		964,622
Less fund eliminations		(18,554)
Add interfund receivables created with internal service fund eliminations		<u>216,286</u>
Total internal balances, government-wide statement of net position		<u><u>\$ 1,162,354</u></u>

All amounts are due within one year.

These interfunds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

#### Advances

The general fund is advancing funds to Tax Increment District Nos. 12, 13, 14, 15, 16, 17, and 18. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been established.

# City of Superior

Notes to Financial Statements  
December 31, 2022

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General fund	Sewerage system	\$ 70,993
General fund	Landfill utility	275,703
General fund	Hotel/Motel tax	124,731
Illegal tax	General fund	16,000
Library	General fund	1,198,095
Police grant & liaison	General fund	62,000
Revolving grant 2020	General fund	90,000
Revolving grant 2020	Capital improvement projects	55,339
Internal service fund	Capital improvement projects	95,000
Golf course	Capital improvement projects	350,000
Capital improvement projects	Parks and recreation boat ramp fee	50,000
Capital improvement projects	Library	155,000
Capital improvement projects	Special assessment	50,000
Capital improvement projects	Stormwater utility	525,000
Affordable housing	TIF #9	999,718
TIF #8	Debt service fund	32,216
TIF #9	Debt service fund	2,114,543
Redevelopment authority	TIF #14	27,500
Landfill utility	Internal service fund	<u>839,000</u>
Total, fund financial statements		7,130,838
Less fund eliminations		(6,069,534)
Less government-wide eliminations		<u>(744,000)</u>
Total transfers, government-wide statement of activities		<u>\$ 317,304</u>

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

# City of Superior

Notes to Financial Statements  
December 31, 2022

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Beginning Balance (as restated)*	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 33,615,000	\$ -	\$ 3,415,000	\$ 30,200,000	\$ 2,200,000
General obligation notes from direct borrowings and direct placements (Discounts)/Premiums:					
Bond premium	1,115,083	-	392,597	722,486	494,433
	1,005,109	-	97,494	907,615	-
Total bonds and notes payable	<u>35,735,192</u>	<u>-</u>	<u>3,905,091</u>	<u>31,830,101</u>	<u>2,694,433</u>
Other liabilities:					
Vested compensated absences	1,972,511	-	68,987	1,903,524	323,558
Financed purchases	1,141,099	-	113,870	1,027,229	116,903
Other postemployment benefits, city plan	5,113,141	51,566	-	5,164,707	-
Other postemployment benefits, LRLIF	1,257,954	99,378	-	1,357,332	-
Total other liabilities	<u>9,484,705</u>	<u>150,944</u>	<u>182,857</u>	<u>9,452,792</u>	<u>440,461</u>
Total governmental activities long-term liabilities	<u>\$ 45,219,897</u>	<u>\$ 150,944</u>	<u>\$ 4,087,948</u>	<u>\$ 41,282,893</u>	<u>\$ 3,134,894</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 1,455,000	\$ -	\$ 970,000	\$ 485,000	\$ 485,000
General obligation notes from direct borrowings and direct placements	124,892	-	61,899	62,993	62,993
Revenue bonds from direct borrowings and direct placements	8,848,429	738,215	719,643	8,867,001	780,072
Total bonds and notes payable	<u>10,428,321</u>	<u>738,215</u>	<u>1,751,542</u>	<u>9,414,994</u>	<u>1,328,065</u>
Other liabilities:					
Vested compensated absences	484,049	111,199	82,288	512,960	87,203
Leases	348,584	-	110,922	237,662	117,002
Other postemployment benefits, city plan	1,034,788	-	266,034	768,754	-
Other postemployment benefits, LRLIF	303,382	51,242	-	354,624	-
Landfill closure and postclosure liability	10,920,640	265,653	-	11,186,293	-
Total other liabilities	<u>13,091,443</u>	<u>428,094</u>	<u>459,244</u>	<u>13,060,293</u>	<u>204,205</u>
Total business-type activities long-term liabilities	<u>\$ 23,519,764</u>	<u>\$ 1,166,309</u>	<u>\$ 2,210,786</u>	<u>\$ 22,475,287</u>	<u>\$ 1,532,270</u>

\* Beginning balances have been restated for the implementation of GASB 87, *Leases*, to reflect the lease liabilities at the date of implementation.

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, 2022, was \$117,014,775. Total general obligation debt outstanding at year end was \$31,470,479.

# City of Superior

Notes to Financial Statements  
December 31, 2022

## General Obligation Debt

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

<u>Governmental Activities</u>					
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
2006A State Trust Fund Loan *	01/2006	03/2025	4.5%	\$ 483,077	\$ 106,059
2006B State Trust Fund Loan *	07/2006	03/2026	4.5%	214,991	58,479
2014A Corporate Purpose Bonds	08/2014	06/2034	2.0-4.0%	6,375,000	1,940,000
2015A Street Improvement Bonds	02/2015	02/2031	2.75-3.0%	3,870,000	2,785,000
2016 A Corporate Purpose Bonds	06/2016	12/2036	2.0-3.0%	2,065,000	1,575,000
2016B Promissory Note	06/2016	12/2026	1.5-2.5%	770,000	330,000
2017B Street Improvement Bonds	04/2017	12/2037	3.0-4.0% 2.0-5.0%	5,380,000	4,770,000
2017C Refunding Bonds	09/2017	12/2025		3,240,000	1,430,000
2018A Corporate Purpose Bonds	04/2018	04/2038	3.0-3.5%	5,400,000	5,010,000
2018C Community Development Bonds	08/2018	12/2035	3.0-3.7%	1,415,000	1,265,000
2019A Community Development Bonds	12/2019	03/2031	2.0-2.5%	1,345,000	1,225,000
2020B Corporate Purpose Bonds	04/2020	12/2040	2.0-4.0%	3,750,000	3,750,000
2020C State Trust Fund Loan *	10/2020	03/2024	2.5%	1,737,361	557,948
2021A Corporate Purpose Bonds	04/2021	10/2041	1.1-3.0%	3,090,000	3,090,000
2021B Refunding Bonds	08/2021	10/2031	1.0-2.0%	3,595,000	3,030,000
Total governmental activities, general obligation debt					<u>\$ 30,922,486</u>

<u>Business-Type Activities</u>					
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
2012C Corporate Purpose Bonds	09/2012	12/2023	2.0%	\$ 6,365,000	\$ 485,000
2020C State Trust Fund Loan *	10/2020	03/2024	2.5%	187,640	62,993
Total business-type activities, general obligation debt					<u>\$ 547,993</u>

\* = considered direct placement or direct borrowing

# City of Superior

Notes to Financial Statements  
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Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,200,000	\$ 829,704	\$ 485,000	\$ 9,700
2024	2,100,000	764,824	-	-
2025	2,250,000	704,314	-	-
2026	2,025,000	643,287	-	-
2027	1,995,000	585,458	-	-
2028-2032	10,265,000	2,105,124	-	-
2033-2037	7,350,000	854,922	-	-
2038-2041	2,015,000	83,775	-	-
Total	<u>\$ 30,200,000</u>	<u>\$ 6,571,408</u>	<u>\$ 485,000</u>	<u>\$ 9,700</u>

<u>Years</u>	<u>Governmental Activities General Obligation Notes From Direct Borrowings and Direct Placements</u>		<u>Business-Type Activities General Obligation Notes From Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 494,433	\$ 22,930	\$ 62,993	\$ 1,576
2024	160,602	8,064	-	-
2025	51,851	3,036	-	-
2026	15,600	702	-	-
Total	<u>\$ 722,486</u>	<u>\$ 34,732</u>	<u>\$ 62,993</u>	<u>\$ 1,576</u>

## Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the sewerage system fund and stormwater utility.

The City has pledged future sewerage system revenues, net of specified operating expenses, to repay revenue bonds issued in 2012, 2017, 2018, 2020, and 2022. Proceeds from the bonds provided financing for the sewerage system improvements. The bonds are payable solely from the sewerage system revenues and are payable through May 1, 2042. Annual principal and interest payments on the bonds are expected to require 25.40% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,351,986. Principal and interest paid for the current year and total customer net revenues were \$667,925 and \$1,641,645, respectively.

The City has pledged future stormwater utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2010. Proceeds from the bonds provided financing for the stormwater utility capital projects. The bonds are payable solely from the stormwater system revenues and are payable through May 1, 2029. Annual principal and interest payments on the bonds are expected to require 44.10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,711,710. Principal and interest paid for the current year and total customer net revenues were \$244,940 and \$554,777, respectively.



# City of Superior

Notes to Financial Statements  
December 31, 2022

Revenue debt payable at December 31, 2022, consists of the following:

## Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<b>Sewer System</b>					
2012B Clean Water Fund Revenue Bonds *	02/2012	05/2031	2.4%	\$ 3,348,738	\$ 1,797,556
2017A Clean Water Fund Revenue Bonds *	02/2017	05/2036	2.4%	1,640,000	1,279,233
2018B Sewer System Revenue Bonds *	07/2018	05/2028	1.9%	1,439,290	899,883
2020B Clean Water Fund Revenue Bonds *	02/2020	05/2039	1.7%	2,823,890	2,615,938 (1)
2022B Clean Water Fund Revenue Bonds *	06/2022	05/2042	2.0%	738,215	<u>738,215</u> (2)
				Total Sewer System	<u>7,330,825</u>

(1) - During 2020 the utility was authorized to issue \$3,217,370 of sewerage system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2022. The repayment schedule is for the amount issued.

(2) - During 2022 the utility was authorized to issue \$1,059,522 of sewerage system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2022. The repayment schedule is for the amount issued.

## Stormwater Utility

2010 Storm Water Revenue Bonds *	01/2010	05/2029	3.2%	3,398,121	<u>1,536,176</u>
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\* = considered direct placement or direct borrowing

Total business-type activities, revenue debt \$ 8,867,001

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements</b>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 780,072	\$ 188,028
2024	784,908	169,792
2025	803,368	151,103
2026	822,287	131,949
2027	841,675	112,320
2028-2032	2,866,428	312,440
2033-2037	1,421,299	114,289
2038-2042	<u>546,964</u>	<u>16,774</u>
Total	<u><u>\$ 8,867,001</u></u>	<u><u>\$ 1,196,695</u></u>

# City of Superior

Notes to Financial Statements  
December 31, 2022

## Financed Purchases

Financed purchases are payable from the Capital Improvement Program fund.

Financed purchases at December 31, 2022 consist of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Financed Purchases</u>					
Platform Truck	09/10/2020	01/15/2030	2.66%	\$ 1,273,400	\$ 1,027,229
Total governmental activities financed purchases					<u>\$ 1,027,229</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 116,903	\$ 27,365
2024	120,017	24,251
2025	123,215	21,054
2026	126,497	17,771
2027	129,867	14,402
2028-2030	410,730	22,075
Total	<u>\$ 1,027,229</u>	<u>\$ 126,918</u>

## Lease Liabilities

Refer to Note 3, Lease Disclosures.

## Other Debt Information

Estimated payments of compensated absences, other postemployment benefits, and the landfill closure and postclosure liability are not included in the debt service requirement schedules. The compensated absences and other postemployment benefits attributable to governmental activities will be liquidated primarily by the general fund.

The City's outstanding State Trust Fund Loans from direct borrowing related to governmental activities of \$722,486 and business-type activities of \$62,993 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 outstanding debt from direct borrowings or direct placements related to the sewerage system and stormwater utility of \$7,330,825 contain provisions that (1) any delinquent payments can be deducted from any state payments that are due to the City or a special charge may be added to the taxes apportioned to and levied upon the County in which the City is located and (2) in an event of default, outstanding amounts become immediately due and payable or the interest rate may be increased to the market interest rate and (3) any delinquent payments may be intercepted from the revenue of the sewerage system and stormwater utility.

# City of Superior

Notes to Financial Statements  
December 31, 2022

## Lease Disclosures

### Lessee - Lease Liabilities

#### Business-Type Activities

<u>Lease Liabilities Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Golf carts	04/10/2020	05/15/2025	6.10%	\$ 444,043	\$ 185,189
Golf equipment	04/10/2020	05/15/2025	6.10%	124,585	52,473
Total business-type activities lease liabilities					<u>\$ 237,662</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 117,002	\$ 9,025	\$ 126,027
2024	120,660	3,549	124,209
Total	<u>\$ 237,662</u>	<u>\$ 12,574</u>	<u>\$ 250,236</u>

### Lessor - Lease Receivables

#### Governmental Activities

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
Building lease	01/1/2012	12/31/2041	3%	\$ 30,653
Montreal Pier	01/1/2021	12/31/2030	3%	80,550
Marina land lease	05/1/2005	04/30/2036	3%	2,567,500
Land lease	8/29/1997	08/28/2024	3%	55,759
Total governmental activities				<u>\$ 2,734,462</u>

The City recognized \$154,645 of lease revenue during the fiscal year.

The City recognized \$110,345 of interest revenue during the fiscal year.

### Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$11,186,293 reported as landfill closure and postclosure care liability at December 31, 2022, represents the cumulative amount. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

## City of Superior

Notes to Financial Statements  
December 31, 2022

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The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The City is in compliance with these requirements, and, at December 31, 2022, investments of \$6,936,918 are held for these purposes. These are reported as restricted assets on the statement of net position. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or 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, 2022, includes the following:

#### Governmental Activities

Invested in capital assets:	
Land	\$ 16,694,102
Construction in progress	3,041,938
Other capital assets, net of accumulated depreciation	57,993,755
Less long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(31,658,959)</u>
Total invested in capital assets	<u>\$ 46,070,836</u>

# City of Superior

Notes to Financial Statements  
December 31, 2022

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>ARPA Grant</u>	<u>Capital Improvement Program</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories and prepaid items	\$ 39,755	\$ -	\$ -	\$ -	\$ -	\$ 39,755
Advances	594,806	-	-	-	-	594,806
Subtotal	<u>634,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,561</u>
<b>Restricted for:</b>						
Capital projects	-	-	8,904,943	-	1,445,044	10,349,987
Debt service	-	-	-	1,511,471	-	1,511,471
Crime prevention	-	-	-	-	88,704	88,704
Library expenditures	-	-	-	-	363,989	363,989
Narcotics task force	-	-	-	-	53,447	53,447
Community improvement and development projects	-	-	-	-	131,073	131,073
Hazardous materials grant	-	-	-	-	32,566	32,566
Superior business center	-	-	-	-	154,070	154,070
Tourism	-	-	-	-	505,160	505,160
Housing loans	-	-	-	-	1,113,273	1,113,273
Affordable housing	-	-	-	-	1,344,824	1,344,824
Subtotal	<u>-</u>	<u>-</u>	<u>8,904,943</u>	<u>1,511,471</u>	<u>5,232,150</u>	<u>15,648,564</u>
<b>Committed to:</b>						
Maintenance and development of boat launching facilities	-	-	-	-	27,779	27,779
<b>Assigned to:</b>						
Future projects	-	318,368	-	-	-	318,368
Municipal forest fund	-	-	-	-	45,891	45,891
Special assessment fund	-	-	-	-	49,550	49,550
Economic development fund	-	-	-	-	1,682,568	1,682,568
Business improvement fund	-	-	-	-	152,912	152,912
Neighborhood improvement fund	-	-	-	-	210,257	210,257
State and federal grant allocation and allotment fund	-	-	-	-	162,597	162,597
Fire department	-	-	-	-	9,089	9,089
Correct property assessment errors	-	-	-	-	114,995	114,995
Revolving grant fund	-	-	-	-	579,901	579,901
Subtotal	<u>-</u>	<u>318,368</u>	<u>-</u>	<u>-</u>	<u>3,007,760</u>	<u>3,326,128</u>

# City of Superior

Notes to Financial Statements  
December 31, 2022

	<u>General Fund</u>	<u>ARPA Grant</u>	<u>Capital Improvement Program</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Unassigned (deficit):</b>	\$ 9,808,073	\$ -	\$ -	\$ -	\$ (623,805)	\$ 9,184,268
Total fund balances (deficit)	<u>\$ 10,442,634</u>	<u>\$ 318,368</u>	<u>\$ 8,904,943</u>	<u>\$ 1,511,471</u>	<u>\$ 7,643,884</u>	<u>\$ 28,821,300</u>

## Business-Type Activities

Net investment in capital assets:

Land	\$ 1,601,862
Construction in progress	2,827,124
Other capital assets, net of accumulated depreciation	50,099,250
Less long-term debt outstanding (excluding unspent capital related debt proceeds)	(9,142,001)
Less lease liabilities	<u>(237,662)</u>

Total net investment in capital assets \$ 45,148,573

## Restatement of Net Position

Net position has been restated to correct an error in an expense being improperly accrued.

Landfill Utility Net Position, December 31, 2021 (as reported)	\$ 2,278,336
Add expense improperly recognized in 2021	<u>773,048</u>
Landfill Utility Net Position, December 31, 2021 (as restated)	<u>\$ 3,051,384</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ 773,048</u>
Business-type Activities Net Position, December 31, 2021 (as reported)	\$ 54,159,658
Add expense improperly recognized in 2021	<u>773,048</u>
Business-type Activities Net Position, December 31, 2021 (as restated)	<u>\$ 54,932,706</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ 773,048</u>

## 4. Other Information

### Employees' Retirement System

#### Plan Description

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

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

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

#### Vesting

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

#### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit 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 period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

## City of Superior

Notes to Financial Statements  
December 31, 2022

### Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
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

### Contributions

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

During the reporting period, the WRS recognized \$1,732,330 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %



# City of Superior

Notes to Financial Statements  
December 31, 2022

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

At December 31, 2022, the City reported an asset of \$11,942,399 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.14816534%, which was a decrease of 0.00007816% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$(1,087,541).

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 19,292,342	\$ 1,391,186
Changes in assumptions	2,228,043	-
Net differences between projected and actual earnings on pension plan investments	-	26,716,140
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,509	21,694
Employer contributions subsequent to the measurement date	<u>1,765,521</u>	<u>-</u>
Total	<u>\$ 23,294,415</u>	<u>\$ 28,129,020</u>

\$1,765,521 reported as deferred outflows 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years Ending December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</b>
2023	\$ (566,442)
2024	(3,242,587)
2025	(1,426,414)
2026	(1,364,683)

## City of Superior

Notes to Financial Statements  
December 31, 2022

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### Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
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
Post-Retirement Adjustments*:	1.7%

*\* No post-retirement 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 post-retirement 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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

## City of Superior

Notes to Financial Statements  
December 31, 2022

### 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:

<b>Asset Allocation Targets and Expected Returns* As of December 31, 2021</b>			
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %**</b>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
<b>Variable Fund Asset</b>			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

\*\* *New England Pension Consultants Long Term US 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%.*

# City of Superior

Notes to Financial Statements  
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## Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (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, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 8,473,978</u>	<u>\$ (11,942,399)</u>	<u>\$ (26,638,392)</u>

## Pension Plan Fiduciary Net Position

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

## Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City purchases commercial insurance to provide coverage for losses from (torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the City in the general fund and internal service fund.

## Self Insurance

For health and dental claims, the uninsured risk of loss is \$150,000 per incident and \$6,485,637 in the aggregate for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

## City of Superior

Notes to Financial Statements  
December 31, 2022

All funds of the City participate in the risk management program. Funding is provided by charges to City departments, employees and retirees. Retirees use accumulated sick leave at retirement or are billed monthly premiums for health benefits based on actual costs of providing such benefits. The program is supplemented by stop-loss protection, which limits the City's annual liability. \$1,178,357 was assigned for that reserve at year end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

### Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid Claims, Beginning	\$ 172,753	\$ 304,378
Current year claims and changes in estimates	5,993,941	6,467,464
Claim payments	<u>(5,862,316)</u>	<u>(6,462,770)</u>
Unpaid Claims, Ending	<u>\$ 304,378</u>	<u>\$ 309,072</u>

### Commitments and Contingencies

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

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.

### Other Postemployment Benefits

#### General Information about the OPEB Plan

##### Plan Description

The City administers a single-employer defined benefit OPEB plan that provides medical benefits to eligible retirees and their spouses through the City's group medical insurance plan, which covers both active and retired members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

## City of Superior

Notes to Financial Statements  
December 31, 2022

### Benefits Provided

The City Council has the authority to establish and amend the types of benefits provided through the City OPEB plan. If eligible, the retiree may receive medical insurance benefits until they are eligible for Medicare. Benefits provided are as follows:

Non-union Employees	In return for two days banked unused paid leave, the retiree will receive one month of prepaid medical coverage upon their retirement.
Union Employees	Banked unused sick and vacation days via the City's Vantage Care plan may be used for continued medical coverage on the City's plan upon retirement.

All City employees may choose to remain on the City's group medical plan and self-pay the full (100%) required premium amounts when their Vantage Care Credit and/or banked months have been depleted.

### Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	39
Active plan members	<u>223</u>
Total	<u><u>262</u></u>

### Total OPEB Liability

The City's total OPEB liability of \$5,933,460 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the 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%
Salary increases	4.0%
Healthcare cost trend rates	10.0% decreasing in various increments down to 4.5% by 2038

The discount rate was based on S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2022.

Mortality rates were based rates from the Wisconsin Retirement System December 31, 2021 Actuarial Valuation Report (Mortality Improvement using Scale MP-2020 applied).

The actuarial assumptions used in the December 31, 2022 valuation were based on the most recent WRS tables as of December 31, 2021.

## City of Superior

Notes to Financial Statements  
December 31, 2022

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	\$ 6,147,929
Changes for the year:	
Service cost	284,907
Interest	129,907
Differences between expected and actual experience	355,876
Changes in assumptions or other inputs	(236,583)
Benefit payments	<u>(748,576)</u>
Net changes	<u>(214,469)</u>
Balances at December 31, 2022	<u>\$ 5,933,460</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% to 4.31%.

### 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 (3.3%) or 1-percentage-point higher (5.3%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 6,213,238	\$ 5,933,460	\$ 5,671,782

### 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 (9.0% decreasing to 3.5%) or 1-percentage-point higher (11.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 5,590,019	\$ 5,933,460	\$ 6,322,228

## City of Superior

Notes to Financial Statements  
December 31, 2022

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$486,599. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 467,118	\$ 215,440
Changes of assumptions or other inputs	<u>1,103,424</u>	<u>850,091</u>
Total	<u>\$ 1,570,542</u>	<u>\$ 1,065,531</u>

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

<u>Years Ending December 31:</u>	<u>Amount</u>
2023	\$ 71,784
2024	71,784
2025	71,784
2026	81,900
2027	125,506
Thereafter	<u>82,253</u>
Total	<u>\$ 505,011</u>

### Local Retiree Life Insurance Fund (LRLIF)

#### Plan Description

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

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

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

#### Benefits Provided

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



## City of Superior

Notes to Financial Statements  
December 31, 2022

### Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

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

<u>Life Insurance Member Contribution Rates *For the Plan Year</u>		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$5,928 in contributions from the employer.

## City of Superior

Notes to Financial Statements  
December 31, 2022

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

At December 31, 2022, the City reported a liability of 1,711,956 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.28965300%, which was an increase of 0.00581100% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense (revenue) of \$206,735.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 87,086
Net differences between projected and investment earnings on plan investments	22,274	-
Changes in actuarial assumptions	517,240	82,979
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,900	39,326
Employer contributions subsequent to the measurement date	<u>5,800</u>	<u>-</u>
Total	<u>\$ 590,214</u>	<u>\$ 209,391</u>

\$5,800 reported as deferred outflows related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Amount</u>
2023	\$ 83,756
2024	81,172
2025	72,635
2026	95,780
2027	38,721
Thereafter	<u>2,959</u>
Total	<u>\$ 375,023</u>

## City of Superior

Notes to Financial Statements  
December 31, 2022

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### Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

### Long-Term Expected Return on Plan Assets

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

**State OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2021**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

**Single Discount Rate**

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
City's proportionate share of the net OPEB liability (asset)	\$ 2,322,508	\$ 1,711,956	\$ 1,252,542

## Subsequent Events

On June 6, 2023, the City contracted with Northland Constructors of Duluth, Inc in the amount of \$21,849,000 for C. Reiss Dock Project. This will be partially funded through the future issuance of revenue anticipation notes in 2023.

## Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Superior**

## Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

General Fund

Year Ended December 31, 2022

	<b>Budgeted Amounts</b>		<b>Variance with</b>
	<b>Original and Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 10,253,838	\$ 10,255,096	\$ 1,258
Special assessments	11,127	368	(10,759)
Intergovernmental	16,545,909	17,408,410	862,501
Licenses and permits	697,802	746,595	48,793
Fines, forfeitures and penalties	291,000	263,541	(27,459)
Public Charges for services	148,400	171,154	22,754
Intergovernmental charges for services	88,472	84,422	(4,050)
Investment income (loss)	115,025	(1,429,321)	(1,544,346)
Miscellaneous	758,627	835,932	77,305
Total revenues	<u>28,910,200</u>	<u>28,336,197</u>	<u>(574,003)</u>
<b>Expenditures</b>			
Current:			
General government	3,680,837	3,688,544	(7,707)
Public safety	14,505,760	14,373,752	132,008
Public works	7,689,264	7,928,627	(239,363)
Health and human services	206,400	207,701	(1,301)
Culture and recreation	1,610,956	1,815,943	(204,987)
Conservation and development	215,554	228,412	(12,858)
Total expenditures	<u>27,908,771</u>	<u>28,242,979</u>	<u>(334,208)</u>
Excess of revenues over expenditures	<u>1,001,429</u>	<u>93,218</u>	<u>(908,211)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	104	104
Transfers in	364,666	471,427	106,761
Transfers out	(1,366,095)	(1,366,095)	-
Total other financing sources (uses)	<u>(1,001,429)</u>	<u>(894,564)</u>	<u>106,865</u>
Net change in fund balances	-	(801,346)	(801,346)
<b>Fund Balance, Beginning</b>	<u>11,243,980</u>	<u>11,243,980</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 11,243,980</u>	<u>\$ 10,442,634</u>	<u>\$ (801,346)</u>

See notes to required supplementary information

## City of Superior

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) -  
 Wisconsin Retirement System (WRS)  
 Year Ended December 31, 2022

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension (Asset) Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	0.14816534 %	\$ (11,942,399) \$	18,075,418	66.07 %	106.02 %
12/31/20	0.14824350 %	(9,255,047)	17,386,894	53.23 %	105.26 %
12/31/19	0.14976429 %	(4,829,084)	17,524,968	27.56 %	102.96 %
12/31/18	0.14720350 %	5,237,040	16,873,160	31.04 %	96.45 %
12/31/17	0.14392796 %	(4,273,391)	16,579,798	25.77 %	102.93 %
12/31/16	0.13821135 %	1,139,191	15,905,280	7.16 %	99.12 %
12/31/15	0.13531225 %	2,198,797	15,623,130	14.07 %	98.20 %
12/31/14	0.13314931 %	(3,270,512)	14,543,573	22.49 %	102.74 %

Schedule of Employer Contributions  
 Wisconsin Retirement System  
 Year Ended December 31, 2022

City's 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
12/31/22	\$ 1,765,521	\$ 1,765,521	\$ -	18,598,547	9.49 %
12/31/21	1,732,029	1,732,029	-	18,075,418	9.58 %
12/31/20	1,649,481	1,649,481	-	17,386,894	9.49 %
12/31/19	1,566,952	1,566,952	-	17,524,968	8.94 %
12/31/18	1,535,356	1,535,356	-	16,873,160	9.10 %
12/31/17	1,522,716	1,522,716	-	16,579,798	9.18 %
12/31/16	1,349,137	1,349,137	-	15,905,280	8.48 %
12/31/15	1,345,223	1,345,223	-	15,623,130	8.61 %

See notes to required supplementary information



## City of Superior

### Schedule of Employer's Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund (LRLIF)

Year Ended December 31, 2022

Plan Fiscal Year End Date (Measurement Date)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/21	0.28965300 %	\$ 1,711,956	\$ 15,770,000	10.86 %	29.57 %
12/31/20	0.28384200 %	1,561,336	15,259,000	10.23 %	31.36 %
12/31/19	0.29187900 %	1,242,878	15,907,597	7.81 %	37.58 %
12/31/18	0.27934600 %	720,807	15,337,065	4.70 %	48.69 %
12/31/17	0.29643500 %	891,848	14,858,204	6.00 %	44.81 %

### Schedule of Employer Contributions

Local Retiree Life Insurance Fund (LRLIF)

Year Ended December 31, 2022

City's 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
12/31/22	\$ 5,800	\$ 5,800	\$ -	18,598,547	0.03 %
12/31/21	5,660	5,660	-	15,770,000	0.04 %
12/31/20	5,276	5,276	-	15,259,000	0.03 %
12/31/19	5,679	5,679	-	15,907,597	0.04 %
12/31/18	5,629	5,629	-	15,337,065	0.04 %

See notes to required supplementary information

**City of Superior**

Schedule of Changes in the Total OPEB Liability and Related Ratios -  
City OPEB Plan  
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 284,907	\$ 372,616	\$ 297,810	\$ 386,682	\$ 456,412
Interest	129,907	118,390	174,718	193,684	196,034
Differences between expected and actual experience	355,876	-	123,364	-	(497,319)
Assumption changes	(236,583)	(115,365)	887,985	87,012	(168,679)
Other changes	-	-	-	961	166,105
Benefit payments	<u>(748,576)</u>	<u>(723,807)</u>	<u>(694,475)</u>	<u>(565,272)</u>	<u>(801,353)</u>
Net change in total OPEB liability	(214,469)	(348,166)	789,402	103,067	(648,800)
<b>Total OPEB Liability, Beginning</b>	<u>6,147,929</u>	<u>6,496,095</u>	<u>5,706,693</u>	<u>5,603,626</u>	<u>6,252,426</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 5,933,460</u>	<u>\$ 6,147,929</u>	<u>\$ 6,496,095</u>	<u>\$ 5,706,693</u>	<u>\$ 5,603,626</u>
Covered-employee payroll	<u>\$ 15,871,693</u>	<u>\$ 16,225,730</u>	<u>\$ 15,602,743</u>	<u>\$ 16,337,862</u>	<u>\$ 16,176,605</u>
Total OPEB liability as a percentage of covered-employee payroll	37.38 %	37.89 %	41.63 %	34.93 %	34.64 %

See notes to required supplementary information

## City of Superior

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Notes to the Required Supplementary Information  
December 31, 2022

### Budgetary Information

The City's budget is adopted in accordance with state law. Budget amounts in the basic financial statements include appropriations authorized in the original budget resolution and subsequent revisions authorized by the City. Budgets are formally adopted for the General Fund, some special revenue funds, some capital projects funds, the debt service fund, and the enterprise funds. Reported budget amounts represent the originally adopted budget as amended. Amendments to the originally adopted budget require a two-thirds vote by the City Council.

Unexpended budgeted amounts lapse at the end of the year. Spending control for the General Fund is established by the amount of expenditures budgeted for major departments within the fund, but management control is exercised at budgetary line item levels.

### Wisconsin Retirement System

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

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in 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 post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

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

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

## City of Superior

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Notes to the Required Supplementary Information  
December 31, 2022

### Local Retiree Life Insurance Fund

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

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

*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 OPEB liability beginning with the year-end December 31, 2021, including the following:

- Lowering the discount rate from 2.25% to 2.17%
- Price inflation, separation rates, and mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

### City OPEB Plan

The City implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

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

*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* There were no changes of benefit terms.

*Changes in assumptions.* Assumptions related to the termination rate, retirement rate, disability rate and salary scale have been updated to follow the most recent Wisconsin Retirement System actuarial valuation as of December 31, 2021. The discount rate changed from 2.25% in 2021 to 4.31% in 2022. The election at retirement assumption for (1) those electing coverage on a pay-all basis if subsidized coverage is not available and (2) those electing coverage on a pay-all basis after subsidized coverage ends was changed from 40% to 30%.

## **SUPPLEMENTARY INFORMATION**

**City of Superior**

## Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual

General Fund

Year Ended December 31, 2022

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original and Final</b>	<b>Actual</b>	
<b>Revenues</b>			
<b>Taxes</b>			
General property	\$ 9,872,674	\$ 9,865,674	\$ (7,000)
Occupational	201,128	201,128	-
Mobile home fees	50,000	54,632	4,632
Other taxes	130,036	133,662	3,626
Special assessments	11,127	368	(10,759)
Total taxes and special assessments	<u>10,264,965</u>	<u>10,255,464</u>	<u>(9,501)</u>
<b>Intergovernmental</b>			
Federal aid	485,000	648,903	163,903
State aid:			
Shared revenues	8,180,397	8,172,875	(7,522)
Shared revenues, terminal taxes	4,908,264	5,761,052	852,788
Municipal services payment	340,000	259,085	(80,915)
Fire insurance	75,000	84,343	9,343
General transportation aids	354,000	366,282	12,282
Connecting highway aids	271,250	300,377	29,127
Local streets and roads	1,931,998	1,804,359	(127,639)
Other	-	11,134	11,134
Total intergovernmental	<u>16,545,909</u>	<u>17,408,410</u>	<u>862,501</u>
<b>Licenses and Permits</b>			
Liquor and malt beverage licenses	55,000	56,812	1,812
Other licenses	51,100	59,656	8,556
Building, plumbing, electric permits	327,017	367,189	40,172
Other permits	40,685	69,930	29,245
Franchise fees	224,000	193,008	(30,992)
Total licenses and permits	<u>697,802</u>	<u>746,595</u>	<u>48,793</u>
<b>Fines, Forfeitures and Penalties</b>			
Parking violations	100,000	82,588	(17,412)
Ordinance violations	191,000	180,953	(10,047)
Total fines, forfeitures and penalties	<u>291,000</u>	<u>263,541</u>	<u>(27,459)</u>

**City of Superior**

## Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual

General Fund

Year Ended December 31, 2022

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget</b>
	<b>Original and Final</b>	<b>Actual</b>	
<b>Public Charges for Services</b>			
Police department	\$ 5,600	\$ 16,051	\$ 10,451
Fire department	80,000	88,302	8,302
Airport	55,000	61,135	6,135
City clerk	100	15	(85)
Culture, recreation, and education	7,700	5,651	(2,049)
Total public charges for services	<u>148,400</u>	<u>171,154</u>	<u>22,754</u>
<b>Intergovernmental Charges for Services</b>			
Police	<u>88,472</u>	<u>84,422</u>	<u>(4,050)</u>
<b>Investment Income</b>			
Interest and market value adjustments	<u>115,025</u>	<u>(1,429,321)</u>	<u>(1,544,346)</u>
<b>Miscellaneous</b>			
Rent	555,550	615,819	60,269
Insurance recoveries	20,000	9,752	(10,248)
Other	<u>183,077</u>	<u>210,361</u>	<u>27,284</u>
Total miscellaneous	<u>758,627</u>	<u>835,932</u>	<u>77,305</u>
Total revenues	<u>28,910,200</u>	<u>28,336,197</u>	<u>(574,003)</u>
<b>Other Financing Sources</b>			
Transfers in	364,666	471,427	106,761
Proceeds from sale of capital assets	<u>-</u>	<u>104</u>	<u>104</u>
Total other financing sources	<u>364,666</u>	<u>471,531</u>	<u>106,865</u>
Total revenues and other financing sources	<u>\$ 29,274,866</u>	<u>\$ 28,807,728</u>	<u>\$ (467,138)</u>

**City of Superior**

## Detailed Schedule of Expenditures and Other Financing Uses

Budget and Actual

General Fund

Year Ended December 31, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original and Final</b>			
<b>Expenditures</b>				
<b>General Government</b>				
City council	\$ 158,221	\$	147,435	\$ 10,786
Mayor	213,464		261,862	(48,398)
Finance	754,419		844,420	(90,001)
City clerk	349,934		306,393	43,541
Assessor	415,328		407,760	7,568
Elections	98,675		77,213	21,462
City attorney	283,648		287,252	(3,604)
Human resources	439,407		392,350	47,057
Buildings and grounds	821,241		850,739	(29,498)
Miscellaneous	146,500		113,120	33,380
Total general government	3,680,837		3,688,544	(7,707)
<b>Public Safety</b>				
Police department	8,588,226		8,381,787	206,439
Fire department	5,241,790		5,330,254	(88,464)
Inspection	675,744		661,711	14,033
Total public safety	14,505,760		14,373,752	132,008
<b>Public Works</b>				
Mass transit	1,514,120		1,710,779	(196,659)
Administration and engineering	515,846		459,270	56,576
Street division	3,366,461		3,409,825	(43,364)
Airport	100,600		115,512	(14,912)
Traffic	464,047		483,830	(19,783)
Operations	1,728,190		1,749,411	(21,221)
Total public works	7,689,264		7,928,627	(239,363)
<b>Health and Human Services</b>				
Humane officer	153,000		164,001	(11,001)
Other	53,400		43,700	9,700
Total health and human services	206,400		207,701	(1,301)
<b>Culture and Recreation</b>				
Museum	155,000		155,000	-
Park department	1,455,956		1,660,943	(204,987)
Total culture and recreation	1,610,956		1,815,943	(204,987)
<b>Conservation and Development</b>				
Planning and development	215,554		228,412	(12,858)
Total expenditures	27,908,771		28,242,979	(334,208)
<b>Other Financing Uses</b>				
Transfers out	1,366,095		1,366,095	-
Total other financing uses	1,366,095		1,366,095	-
Total expenditures and other financing uses	\$ 29,274,866	\$	29,609,074	\$ (334,208)



## City of Superior

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 6,393,825	\$ 2,145,113	\$ 8,538,938
Restricted cash and investments	86,452	-	86,452
Receivables:			
Special assessments	330,038	-	330,038
Loans	1,128,777	106,235	1,235,012
Other	135,161	-	135,161
Due from other governments	<u>324,222</u>	<u>-</u>	<u>324,222</u>
 Total assets	 <u>\$ 8,398,475</u>	 <u>\$ 2,251,348</u>	 <u>\$ 10,649,823</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 459,739	\$ 684,862	\$ 1,144,601
Accrued liabilities	63,102	-	63,102
Due to other funds	18,554	-	18,554
Deposits	51,227	30,000	81,227
Unearned revenues	289,455	-	289,455
Advances from other funds	<u>-</u>	<u>594,806</u>	<u>594,806</u>
 Total liabilities	 <u>882,077</u>	 <u>1,309,668</u>	 <u>2,191,745</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	<u>707,959</u>	<u>106,235</u>	<u>814,194</u>
 Total deferred inflows of resources	 <u>707,959</u>	 <u>106,235</u>	 <u>814,194</u>
<b>Fund Balances</b>			
Restricted	3,787,106	1,445,044	5,232,150
Committed	27,779	-	27,779
Assigned	3,007,760	-	3,007,760
Unassigned (deficit)	<u>(14,206)</u>	<u>(609,599)</u>	<u>(623,805)</u>
 Total fund balances	 <u>6,808,439</u>	 <u>835,445</u>	 <u>7,643,884</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 8,398,475</u>	 <u>\$ 2,251,348</u>	 <u>\$ 10,649,823</u>

**City of Superior**

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2022

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total</b>
<b>Revenues</b>			
Taxes	\$ 1,143,516	\$ -	\$ 1,143,516
Special assessments	218,730	-	218,730
Intergovernmental	1,938,297	99,727	2,038,024
Fines, forfeitures and penalties	15,983	-	15,983
Public charges for services	597,367	-	597,367
Intergovernmental charges for services	16,123	-	16,123
Investment income (loss)	(106,396)	(38,423)	(144,819)
Miscellaneous	700,490	26,703	727,193
	<u>4,524,110</u>	<u>88,007</u>	<u>4,612,117</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government	8,226	-	8,226
Public safety	599,628	-	599,628
Culture and recreation	1,461,561	-	1,461,561
Conservation and development	2,916,519	1,256,956	4,173,475
Capital outlay	240,604	21,742	262,346
Debt service:			
Principal retirement	30,099	-	30,099
Interest and fiscal charges	1,518	-	1,518
	<u>5,258,155</u>	<u>1,278,698</u>	<u>6,536,853</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(734,045)</u>	<u>(1,190,691)</u>	<u>(1,924,736)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	-	60,030	60,030
Transfers in	2,421,152	2,174,259	4,595,411
Transfers out	(379,731)	(1,027,218)	(1,406,949)
	<u>2,041,421</u>	<u>1,207,071</u>	<u>3,248,492</u>
Total other financing sources (uses)			
Net change in fund balances	1,307,376	16,380	1,323,756
<b>Fund Balances, Beginning</b>	<u>5,501,063</u>	<u>819,065</u>	<u>6,320,128</u>
<b>Fund Balances, Ending</b>	<u>\$ 6,808,439</u>	<u>\$ 835,445</u>	<u>\$ 7,643,884</u>

**City of Superior**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2022

	Crime Prevention	Police Grant & Liaison	Fire Department Grant	Loan	Urban Tree	Parks and Recreation Boat Ramp Fees
<b>Assets</b>						
Cash and investments	\$ 73,981	\$ 61,157	\$ 38,253	\$ 323,877	\$ -	\$ 28,316
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Special assessments	-	-	-	-	-	-
Loans	-	-	-	387,454	-	-
Other	895	-	-	-	-	-
Due from other governments	13,828	78,994	-	-	-	-
<b>Total assets</b>	<b>\$ 88,704</b>	<b>\$ 140,151</b>	<b>\$ 38,253</b>	<b>\$ 711,331</b>	<b>\$ -</b>	<b>\$ 28,316</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 4,697	\$ -	\$ -	\$ -	\$ 537
Accrued liabilities	-	11,110	-	-	-	-
Due to other funds	-	-	-	-	14,206	-
Deposits	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>15,807</b>	<b>-</b>	<b>-</b>	<b>14,206</b>	<b>537</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	-	-	-	387,454	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>387,454</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>						
Restricted	88,704	-	-	323,877	-	-
Committed	-	-	-	-	-	27,779
Assigned	-	124,344	38,253	-	-	-
Unassigned (deficit)	-	-	-	-	(14,206)	-
<b>Total fund balances (deficit)</b>	<b>88,704</b>	<b>124,344</b>	<b>38,253</b>	<b>323,877</b>	<b>(14,206)</b>	<b>27,779</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 88,704</b>	<b>\$ 140,151</b>	<b>\$ 38,253</b>	<b>\$ 711,331</b>	<b>\$ -</b>	<b>\$ 28,316</b>

<u>Haz Mat Grant</u>	<u>Library</u>	<u>HUD CDBG</u>	<u>Home SF Grant 2006-2008</u>	<u>Neighborhood Improvement</u>	<u>Affordable Housing</u>	<u>Fire Department PPP</u>
\$ 116,895	\$ 335,418	\$ -	\$ 154,000	\$ 233,374	\$ 1,344,824	\$ 27,626
-	86,452	-	-	-	-	-
-	-	-	-	-	-	-
-	-	461,276	180,047	-	-	-
-	1,147	123	-	-	-	10,683
<u>23,629</u>	<u>-</u>	<u>207,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 140,524</u>	<u>\$ 423,017</u>	<u>\$ 669,170</u>	<u>\$ 334,047</u>	<u>\$ 233,374</u>	<u>\$ 1,344,824</u>	<u>\$ 38,309</u>

\$ 8,083	\$ 19,631	\$ 231,076	\$ -	\$ 3,982	\$ -	\$ -
-	39,397	4,985	-	-	-	-
-	-	4,348	-	-	-	-
-	-	-	-	19,135	-	29,220
<u>99,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>107,958</u>	<u>59,028</u>	<u>240,409</u>	<u>-</u>	<u>23,117</u>	<u>-</u>	<u>29,220</u>
-	-	-	180,047	-	-	-
-	-	-	180,047	-	-	-
32,566	363,989	428,761	154,000	-	1,344,824	-
-	-	-	-	-	-	-
-	-	-	-	210,257	-	9,089
-	-	-	-	-	-	-
<u>32,566</u>	<u>363,989</u>	<u>428,761</u>	<u>154,000</u>	<u>210,257</u>	<u>1,344,824</u>	<u>9,089</u>
<u>\$ 140,524</u>	<u>\$ 423,017</u>	<u>\$ 669,170</u>	<u>\$ 334,047</u>	<u>\$ 233,374</u>	<u>\$ 1,344,824</u>	<u>\$ 38,309</u>

**City of Superior**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2022

	<u>Economic Development</u>	<u>UDAG CD Loan</u>	<u>CDBG Revolving Loan</u>	<u>Superior Business Center</u>	<u>Municipal Forest</u>	<u>Special Assessment</u>
<b>Assets</b>						
Cash and investments	\$ 1,643,565	\$ 124,174	\$ 82,461	\$ 154,070	\$ 47,000	\$ 49,550
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Special assessments	-	-	-	-	-	140,458
Loans	100,000	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,743,565</u>	<u>\$ 124,174</u>	<u>\$ 82,461</u>	<u>\$ 154,070</u>	<u>\$ 47,000</u>	<u>\$ 190,008</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 51,387	\$ -	\$ -	\$ -	\$ 1,109	\$ -
Accrued liabilities	7,610	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	2,000	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
<b>Total liabilities</b>	<u>60,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,109</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	-	-	-	-	-	140,458
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,458</u>
<b>Fund Balances</b>						
Restricted	-	124,174	82,461	154,070	-	-
Committed	-	-	-	-	-	-
Assigned	1,682,568	-	-	-	45,891	49,550
Unassigned (deficit)	-	-	-	-	-	-
<b>Total fund balances</b>	<u>1,682,568</u>	<u>124,174</u>	<u>82,461</u>	<u>154,070</u>	<u>45,891</u>	<u>49,550</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,743,565</u>	<u>\$ 124,174</u>	<u>\$ 82,461</u>	<u>\$ 154,070</u>	<u>\$ 47,000</u>	<u>\$ 190,008</u>

<u>Illegal Tax</u>	<u>Business Improvement District</u>	<u>Narcotics</u>	<u>Hotel/Motel Tax</u>	<u>Tourism Commission</u>	<u>Revolving Grant 2020</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 114,995	\$ 160,172	\$ 53,447	\$ 138,502	\$ 507,395	\$ 580,773	\$ 6,393,825
-	-	-	-	-	-	86,452
-	189,580	-	-	-	-	330,038
-	-	-	-	-	-	1,128,777
-	1,020	-	38,098	83,195	-	135,161
-	-	-	-	-	-	324,222
<u>\$ 114,995</u>	<u>\$ 350,772</u>	<u>\$ 53,447</u>	<u>\$ 176,600</u>	<u>\$ 590,590</u>	<u>\$ 580,773</u>	<u>\$ 8,398,475</u>
\$ -	\$ 8,280	\$ -	\$ 45,527	\$ 85,430	\$ -	\$ 459,739
-	-	-	-	-	-	63,102
-	-	-	-	-	-	18,554
-	-	-	-	-	872	51,227
-	189,580	-	-	-	-	289,455
-	197,860	-	45,527	85,430	872	882,077
-	-	-	-	-	-	707,959
-	-	-	-	-	-	707,959
-	-	53,447	131,073	505,160	-	3,787,106
-	-	-	-	-	-	27,779
114,995	152,912	-	-	-	579,901	3,007,760
-	-	-	-	-	-	(14,206)
<u>114,995</u>	<u>152,912</u>	<u>53,447</u>	<u>131,073</u>	<u>505,160</u>	<u>579,901</u>	<u>6,808,439</u>
<u>\$ 114,995</u>	<u>\$ 350,772</u>	<u>\$ 53,447</u>	<u>\$ 176,600</u>	<u>\$ 590,590</u>	<u>\$ 580,773</u>	<u>\$ 8,398,475</u>

**City of Superior**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended December 31, 2022

	<u>Crime Prevention</u>	<u>Police Grant &amp; Liaison</u>	<u>Fire Department Grant</u>	<u>Loan</u>	<u>Urban Tree</u>	<u>Parks and Recreation Boat Ramp Fees</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	13,827	152,624	19,690	-	25,000	-
Fines, forfeitures and penalties	15,983	-	-	-	-	-
Public charges for services	-	151,472	-	45,188	-	21,995
Intergovernmental charges for services	-	-	-	-	-	-
Investment income (loss)	-	-	-	3,971	-	-
Miscellaneous	-	42,198	35,319	-	2,725	-
<b>Total revenues</b>	<u>29,810</u>	<u>346,294</u>	<u>55,009</u>	<u>49,159</u>	<u>27,725</u>	<u>21,995</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	29,869	284,435	35,465	-	-	-
Culture and recreation	-	-	-	-	17,648	17,129
Conservation and development	-	-	-	-	-	-
Capital outlay	15,480	125,741	-	-	25,000	-
Debt service:						
Principal retirement	-	3,923	-	-	-	-
Interest and fiscal charges	-	198	-	-	-	-
<b>Total expenditures</b>	<u>45,349</u>	<u>414,297</u>	<u>35,465</u>	<u>-</u>	<u>42,648</u>	<u>17,129</u>
Excess (deficiency) of revenues over expenditures	<u>(15,539)</u>	<u>(68,003)</u>	<u>19,544</u>	<u>49,159</u>	<u>(14,923)</u>	<u>4,866</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	62,000	-	-	-	-
Transfers out	-	-	-	-	-	(50,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
<b>Net change in fund balances</b>	<u>(15,539)</u>	<u>(6,003)</u>	<u>19,544</u>	<u>49,159</u>	<u>(14,923)</u>	<u>(45,134)</u>
<b>Fund Balances, Beginning</b>	<u>104,243</u>	<u>130,347</u>	<u>18,709</u>	<u>274,718</u>	<u>717</u>	<u>72,913</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 88,704</u>	<u>\$ 124,344</u>	<u>\$ 38,253</u>	<u>\$ 323,877</u>	<u>\$ (14,206)</u>	<u>\$ 27,779</u>

<u>Haz Mat Grant</u>	<u>Library</u>	<u>HUD CDBG</u>	<u>Home SF Grant 2006-2008</u>	<u>Neighborhood Improvement</u>	<u>Affordable Housing</u>	<u>Fire Department PPP</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140,823	-	874,093	-	-	-	-
-	-	-	-	-	-	-
-	369,517	(54,826)	10,219	-	-	35,466
-	-	-	-	-	-	-
-	(27,012)	-	3,249	-	-	-
-	101,400	5,739	-	-	-	-
<u>140,823</u>	<u>443,905</u>	<u>825,006</u>	<u>13,468</u>	<u>-</u>	<u>-</u>	<u>35,466</u>
-	-	-	-	-	-	-
117,563	-	-	-	65,993	-	55,603
-	1,423,120	-	-	-	-	-
-	-	1,003,272	-	-	-	-
9,989	64,394	-	-	-	-	-
937	18,087	3,194	-	-	-	729
48	913	161	-	-	-	36
<u>128,537</u>	<u>1,506,514</u>	<u>1,006,627</u>	<u>-</u>	<u>65,993</u>	<u>-</u>	<u>56,368</u>
<u>12,286</u>	<u>(1,062,609)</u>	<u>(181,621)</u>	<u>13,468</u>	<u>(65,993)</u>	<u>-</u>	<u>(20,902)</u>
-	1,198,095	-	-	-	999,718	-
-	(155,000)	-	-	-	-	-
-	1,043,095	-	-	-	999,718	-
12,286	(19,514)	(181,621)	13,468	(65,993)	999,718	(20,902)
<u>20,280</u>	<u>383,503</u>	<u>610,382</u>	<u>140,532</u>	<u>276,250</u>	<u>345,106</u>	<u>29,991</u>
<u>\$ 32,566</u>	<u>\$ 363,989</u>	<u>\$ 428,761</u>	<u>\$ 154,000</u>	<u>\$ 210,257</u>	<u>\$ 1,344,824</u>	<u>\$ 9,089</u>



**City of Superior**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 Year Ended December 31, 2022

	<u>Economic Development</u>	<u>UDAG CD Loan</u>	<u>CDBG Revolving Loan</u>	<u>Superior Business Center</u>	<u>Municipal Forest</u>	<u>Special Assessment</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	38,166
Intergovernmental	512,240	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Public charges for services	-	-	-	-	18,336	-
Intergovernmental charges for services	-	-	-	-	-	-
Investment income (loss)	(87,829)	-	-	-	-	176
Miscellaneous	372,695	-	-	-	-	-
<b>Total revenues</b>	<b>797,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,336</b>	<b>38,342</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	3,664	-
Conservation and development	887,056	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	3,229	-	-	-	-	-
Interest and fiscal charges	162	-	-	-	-	-
<b>Total expenditures</b>	<b>890,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,664</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(93,341)	-	-	-	14,672	38,342
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(50,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>
<b>Net change in fund balances</b>	<b>(93,341)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,672</b>	<b>(11,658)</b>
<b>Fund Balances, Beginning</b>	<b>1,775,909</b>	<b>124,174</b>	<b>82,461</b>	<b>154,070</b>	<b>31,219</b>	<b>61,208</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 1,682,568</b>	<b>\$ 124,174</b>	<b>\$ 82,461</b>	<b>\$ 154,070</b>	<b>\$ 45,891</b>	<b>\$ 49,550</b>

<u>Illegal Tax</u>	<u>Business Improvement District</u>	<u>Narcotics</u>	<u>Hotel/Motel Tax</u>	<u>Tourism Commission</u>	<u>Revolving Grant 2020</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 345,413	\$ 798,103	\$ -	\$ 1,143,516
-	180,564	-	-	-	-	218,730
-	-	-	-	-	200,000	1,938,297
-	-	-	-	-	-	15,983
-	-	16,123	-	-	-	597,367
-	1,049	-	-	-	-	16,123
-	6,062	-	28,175	106,177	-	(106,396)
-	187,675	16,123	373,588	904,280	200,000	700,490
-	-	-	-	-	-	4,524,110
8,226	-	-	-	-	-	8,226
-	-	10,700	-	-	-	599,628
-	-	-	-	-	-	1,461,561
-	183,073	-	257,451	399,120	186,547	2,916,519
-	-	-	-	-	-	240,604
-	-	-	-	-	-	30,099
-	-	-	-	-	-	1,518
8,226	183,073	10,700	257,451	399,120	186,547	5,258,155
(8,226)	4,602	5,423	116,137	505,160	13,453	(734,045)
16,000	-	-	-	-	145,339	2,421,152
-	-	-	(124,731)	-	-	(379,731)
16,000	-	-	(124,731)	-	145,339	2,041,421
7,774	4,602	5,423	(8,594)	505,160	158,792	1,307,376
107,221	148,310	48,024	139,667	-	421,109	5,501,063
\$ 114,995	\$ 152,912	\$ 53,447	\$ 131,073	\$ 505,160	\$ 579,901	\$ 6,808,439

**City of Superior**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2022

	Hallet Dock Capital Project	July 2016 Rain Event Project	Tax Incremental District No. 7	Tax Incremental District No. 8	Tax Incremental District No. 9	Tax Incremental District No. 11	Tax Incremental District No. 12
<b>Assets</b>							
Cash and investments	\$ 10,427	\$ 98,505	\$ 142,731	\$ -	\$ 1,003,396	\$ 128,444	\$ -
Receivables:							
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 10,427</u>	<u>\$ 98,505</u>	<u>\$ 142,731</u>	<u>\$ -</u>	<u>\$ 1,003,396</u>	<u>\$ 128,444</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 1,500	\$ -	\$ 677,069	\$ 1,500	\$ -
Deposits	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	6,484
Total liabilities	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>677,069</u>	<u>1,500</u>	<u>6,484</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit)</b>							
Restricted	10,427	98,505	141,231	-	326,327	126,944	-
Unassigned (deficit)	-	-	-	-	-	-	(6,484)
Total fund balances (deficit)	<u>10,427</u>	<u>98,505</u>	<u>141,231</u>	<u>-</u>	<u>326,327</u>	<u>126,944</u>	<u>(6,484)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,427</u>	<u>\$ 98,505</u>	<u>\$ 142,731</u>	<u>\$ -</u>	<u>\$ 1,003,396</u>	<u>\$ 128,444</u>	<u>\$ -</u>

<u>Tax Incremental District No. 13</u>	<u>Tax Incremental District No. 14</u>	<u>Tax Incremental District No. 15</u>	<u>Tax Incremental District No. 16</u>	<u>Tax Incremental District No. 17</u>	<u>Tax Incremental District No. 18</u>	<u>Redevelopment Authority</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,610	\$ 2,145,113
-	-	-	-	-	-	106,235	106,235
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 867,845</u>	<u>\$ 2,251,348</u>
\$ 1,500	\$ 1,500	\$ 1,500	\$ 293	\$ -	\$ -	\$ -	\$ 684,862
10,000	-	-	-	-	-	20,000	30,000
<u>319,206</u>	<u>129,434</u>	<u>47,867</u>	<u>27,913</u>	<u>35,627</u>	<u>28,275</u>	<u>-</u>	<u>594,806</u>
<u>330,706</u>	<u>130,934</u>	<u>49,367</u>	<u>28,206</u>	<u>35,627</u>	<u>28,275</u>	<u>20,000</u>	<u>1,309,668</u>
-	-	-	-	-	-	106,235	106,235
-	-	-	-	-	-	106,235	106,235
-	-	-	-	-	-	741,610	1,445,044
<u>(330,706)</u>	<u>(130,934)</u>	<u>(49,367)</u>	<u>(28,206)</u>	<u>(35,627)</u>	<u>(28,275)</u>	<u>-</u>	<u>(609,599)</u>
<u>(330,706)</u>	<u>(130,934)</u>	<u>(49,367)</u>	<u>(28,206)</u>	<u>(35,627)</u>	<u>(28,275)</u>	<u>741,610</u>	<u>835,445</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 867,845</u>	<u>\$ 2,251,348</u>

**City of Superior**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Nonmajor Capital Projects Funds  
Year Ended December 31, 2022

	Hallet Dock Capital Project	July 2016 Rain Event Project	Tax Incremental District No. 7	Tax Incremental District No. 8	Tax Incremental District No. 9	Tax Incremental District No. 11	Tax Incremental District No. 12
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ 33,506	\$ -	\$ 66,221	\$ -	\$ -
Investment income (loss)	-	-	-	-	-	-	-
Miscellaneous	-	-	5,456	-	-	-	-
Total revenues	-	-	38,962	-	66,221	-	-
<b>Expenditures</b>							
Current:							
Conservation and development	-	-	4,142	32,216	678,526	4,142	-
Capital outlay	-	-	-	-	21,742	-	-
Total expenditures	-	-	4,142	32,216	700,268	4,142	-
Excess (deficiency) of revenues over expenditures	-	-	34,820	(32,216)	(634,047)	(4,142)	-
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	32,216	2,114,543	-	-
Transfers out	-	-	-	-	(999,718)	-	-
Total other financing sources (uses)	-	-	-	32,216	1,114,825	-	-
Net change in fund balances	-	-	34,820	-	480,778	(4,142)	-
<b>Fund Balances (Deficit), Beginning</b>	10,427	98,505	106,411	-	(154,451)	131,086	(6,484)
<b>Fund Balances (Deficit), Ending</b>	\$ 10,427	\$ 98,505	\$ 141,231	\$ -	\$ 326,327	\$ 126,944	\$ (6,484)

Tax Incremental District No. 13	Tax Incremental District No. 14	Tax Incremental District No. 15	Tax Incremental District No. 16	Tax Incremental District No. 17	Tax Incremental District No. 18	Redevelopment Authority	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,727
-	(38,423)	-	-	-	-	-	(38,423)
-	-	-	-	-	-	21,247	26,703
-	(38,423)	-	-	-	-	21,247	88,007
88,019	409,055	6,277	3,131	3,173	28,275	-	1,256,956
-	-	-	-	-	-	-	21,742
88,019	409,055	6,277	3,131	3,173	28,275	-	1,278,698
(88,019)	(447,478)	(6,277)	(3,131)	(3,173)	(28,275)	21,247	(1,190,691)
-	-	-	-	-	-	60,030	60,030
-	-	-	-	-	-	27,500	2,174,259
-	(27,500)	-	-	-	-	-	(1,027,218)
-	(27,500)	-	-	-	-	87,530	1,207,071
(88,019)	(474,978)	(6,277)	(3,131)	(3,173)	(28,275)	108,777	16,380
(242,687)	344,044	(43,090)	(25,075)	(32,454)	-	632,833	819,065
\$ (330,706)	\$ (130,934)	\$ (49,367)	\$ (28,206)	\$ (35,627)	\$ (28,275)	\$ 741,610	\$ 835,445

## **OTHER REPORTS**

**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***

Independent Auditors' Report

To the City Council of  
City of Superior

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, each major fund, and the aggregate remaining fund information of the City of Superior (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2023. Our report disclosed that the City restated its December 31, 2021 net position to correct a material misstatement.

**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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-003 to be a significant deficiency.



## 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 responses. 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 it.

## 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.

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

Eau Claire, Wisconsin  
July 31, 2023

**Financial Statement Findings Required to be Reported in Accordance With  
Government Auditing Standards**

**Finding 2022-001: Internal Control Over Financial Reporting**

*Criteria:* A system of internal control should be in place that provides reasonable assurance that year-end financial statements are complete and accurate.

*Condition:* There is a lack of controls over the year-end financial reporting process. Material journal entries were discovered during the course of the audit and we, as your auditors, prepared the City of Superior's (City) financial statements and schedule of expenditures of federal and state awards. Additionally, a material error impacting the 2021 financial statements was identified resulting in a restatement of beginning of year net position.

*Cause:* The City has chosen to have the auditors prepare its annual financial statements.

*Effect:* The City's financial records may be materially misstated before the annual audit is completed. In addition, the annual financial statements and schedule of expenditures of federal and state awards are not available to the City until they are completed by the auditors.

*Recommendation:* The City should develop a plan to ensure that all material year-end adjustments are recorded by City staff prior to audit fieldwork. Many small governments operate with only enough staff to process monthly transactions and reports and will continue to rely on outside consultants to handle year-end financial reporting. Management and the City Council should continue to make a reasonable effort to be knowledgeable about the City's financial condition and financial reporting requirements.

*Management's Response/Planned Corrective Action:* The City does not have the resources and staff to prepare financial statements but will continue to oversee the auditor's services and review and approve the financial statements. The City will work to establish policies and procedures to reduce the number of adjusting journal entries proposed by the auditor.

**Finding 2022-002: Internal Control Environment**

*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 and to provide reasonable assurance that individuals have access to only one phase of the accounting process.

*Condition:* There is a lack of controls over the payroll transaction cycles, primarily due to a lack of segregation of duties in the accounting functions.

*Cause:* The City has not assigned duties to have the 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.

*Recommendation:* We recommend that a designated employee review these potential controls and determine whether additional controls related to payroll should be implemented.

*Management's Response/Planned Corrective Action:* The City does not have the resources available to increase staff size and address this internal control deficiency. The City Council and management are aware of the incompatible duties and will continue to provide oversight and monitor the City's operations.

**Finding 2022-003: Internal Control Environment**

*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 and to provide reasonable assurance that individuals have access to only one phase of the accounting process.

*Condition:* There is a lack of controls over accounts payable/disbursements, landfill billing, period close transaction cycles, primarily due to a lack of segregation of duties in the accounting functions.

*Cause:* The City has not assigned duties to have the 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.

*Recommendation:* We recommend that a designated employee review these potential controls and determine whether additional controls related to payroll should be implemented.

*Management's Response/Planned Corrective Action:* The City does not have the resources available to increase staff size and address this internal control deficiency. The City Council and management are aware of the incompatible duties and will continue to provide oversight and monitor the City's operations.

**FORM OF LEGAL OPINION**

(See following pages)

# FRYBERGER

— LAW FIRM —

§ \_\_\_\_\_  
**GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024B**  
**CITY OF SUPERIOR, WISCONSIN**

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by the City of Superior, Douglas County, Wisconsin (the “Issuer”), of its § \_\_\_\_\_ General Obligation Promissory Notes, Series 2024A, dated May 29, 2024, as the date of original issue (the “Notes”). The Notes are issued pursuant to Chapter 67, Wisconsin Statutes.

For purposes of this opinion, we have examined the law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer in the authorization, sale and issuance of the Notes. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon such examination, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals, and assuming the genuineness of the signatures thereon and the accuracy of the facts and representations stated therein, and on the basis of laws, regulations, rulings and decisions in effect on the date hereof, but excluding any legislation which may have a retroactive effective date prior to the date hereof, it is our opinion that:

1. The Notes are valid and binding general obligations of the Issuer enforceable in accordance with their terms.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of and interest on the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent the necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

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Duluth, MN 55802  
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3. The Notes, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

4. The Notes have been designated by the Issuer as “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3)(b) of the Code.

We express no opinion regarding tax consequences arising with respect to the Notes, other than as set forth in paragraphs 3 and 4 above.

For the purpose of rendering the opinion set forth in paragraphs 3 and 4 above, we have assumed compliance by the Issuer with requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in federal gross income retroactive to the date of issuance of the Notes.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Dated: May 29, 2024

Respectfully submitted,

**BOOK-ENTRY-ONLY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.



**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Superior, Douglas County, Wisconsin (the “Issuer”) in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Promissory Notes, Series 2024B, dated May 29, 2024 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated May 7, 2024 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the Issuer’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated \_\_\_\_\_, 2024, delivered in connection with the original issuance and sale of the Obligations, together with the final Official Statement and any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2023, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to

the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Current Property Valuations
- (b) Direct Debt
- (c) Debt Limit
- (d) Tax Levies & Collections

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, if any, or their failure to perform;
- (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (6) tender offers;
- (7) defeasances;
- (8) rating changes;
- (9) bankruptcy, insolvency, receivership or similar event of the Issuer;

or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of May 29, 2024.

CITY OF SUPERIOR, WISCONSIN

By \_\_\_\_\_  
Jim Paine, Mayor

By \_\_\_\_\_  
Heidi Blunt, City Clerk

**NOTICE OF SALE**

**\$1,950,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024B  
CITY OF SUPERIOR, WISCONSIN**

Bids for the purchase of \$1,950,000\*General Obligation Promissory Notes, Series 2024B (the "Notes") of the City of Superior, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com) or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 7, 2024, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**AUTHORITY; PURPOSE; SECURITY**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for the purchase of a new Fire Engine. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Notes will be dated May 29, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on November 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$75,000	2030	\$120,000	2035	\$145,000
2026	105,000	2031	125,000	2036	150,000
2027	110,000	2032	130,000	2037	155,000
2028	115,000	2033	135,000	2038	160,000
2029	120,000	2034	140,000	2039	165,000

**ADJUSTMENT OPTION**

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BOND OPTION**

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.



## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

## **PAYING AGENT**

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## **OPTIONAL REDEMPTION**

At the option of the City, the Notes maturing on or after November 1, 2033 shall be subject to optional redemption prior to maturity on November 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

## **DELIVERY**

On or about May 29, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL MATTERS

Legal matters incident to the issuance and sale of the Notes and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the City. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX MATTERS" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

## SUBMISSION OF BIDS

Bids must not be for less than \$1,925,625 plus accrued interest on the principal sum of \$1,950,000 from date of original issue of the Notes to date of delivery. **The maximum proposal allowed will be \$2,125,500.** Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$39,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

## AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

### **BOND INSURANCE**

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

### **CUSIP NUMBERS**

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

### **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;

- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

City of Superior, Wisconsin

# BID FORM

The Common Council  
City of Superior, Wisconsin (the "City")

May 7, 2024

RE: \$1,950,000\* General Obligation Promissory Notes, Series 2024B (the "Notes")

DATED: May 29, 2024

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$1,925,625 *and not more than \$2,125,500*) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2030	_____ % due	2035
_____ % due	2026	_____ % due	2031	_____ % due	2036
_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038
_____ % due	2029	_____ % due	2034	_____ % due	2039

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$39,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 29, 2024.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES:  NO: .

If the competitive sale requirements are not met, we elect to use either the:  10% test, or the  hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 29, 2024 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Superior, Wisconsin, on May 7, 2024.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_