

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 14, 2024

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall be designated as "qualified tax-exempt obligations".

New Issue

Non-Rated

CITY OF MANAWA, WISCONSIN (Waupaca County)

\$1,300,000* WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2024B

BID OPENING: March 21, 2024, 10:30 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on March 21, 2024 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$1,300,000* Water and Sewer System Revenue Bonds, Series 2024B (the "Bonds") are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing additions, improvements and extensions to the City's Water System and Sewer System (collectively, the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of Net Revenues of the Utility System (defined herein). Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: April 11, 2024

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$50,000	2033	\$60,000	2040	\$80,000
2027	50,000	2034	60,000	2041	85,000
2028	50,000	2035	65,000	2042	90,000
2029	50,000	2036	70,000	2043	95,000
2030	55,000	2037	70,000	2044	100,000
2031	55,000	2038	75,000		
2032	60,000	2039	80,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a maximum of \$30,000 per maturity. 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: Bonds maturing on May 1, 2035 and thereafter are subject to call for prior optional redemption on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$1,283,750.

MAXIMUM BID: \$1,430,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$26,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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 Bonds 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 Bonds.

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 Bonds 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 Bonds, 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 Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, 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 Bonds; (3) a certificate evidencing the due execution of the Bonds, 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 Bonds, (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 Bonds 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 Bonds 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 MANAWA COMMON COUNCIL

		<u>Term Expires</u>
Mike Frazier	Mayor	April 2025
Mary Eck	Council President	April 2024
Ann Bonikowske	City Alderperson	April 2024
Alice Brown	City Alderperson	April 2025
Mark Lehrer	City Alderperson	April 2025
Jim Roenz	City Alderperson	April 2024
Aaron Timm	City Alderperson	April 2025

ADMINISTRATION

Logan Hass, City Clerk/Treasurer

PROFESSIONAL SERVICES

David Forsythe, City Attorney, Manawa, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Manawa, Wisconsin (the "City") and the issuance of its \$1,300,000* Water and Sewer System Revenue Bonds, Series 2024B (the "Bonds"). **The Common Council adopted a resolution on February 19, 2024 (the "Parameters Resolution"), which authorized the City Clerk/Treasurer or Deputy Clerk to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on March 21, 2024, then neither the City Clerk/Treasurer nor Deputy Clerk have the authority to award the sale of the Bonds, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds 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 April 11, 2024. The Bonds will mature on May 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 Bonds 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 Bonds 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 Bonds 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 Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds 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 Bonds shall be payable as provided in the Parameters 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.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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 such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing additions, improvements and extensions to the City's Water System and Sewer System (collectively, the "Utility System" or the "System").

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$1,300,000	
Additional Funds on Hand	30,000	
Estimated Interest Earnings	<u>14,638</u>	
Total Sources		\$1,344,638
Uses		
Estimated Underwriter's Discount	\$16,250	
Costs of Issuance	49,050	
Deposit to Debt Service Reserve Fund (DSRF)	107,405	
Deposit to Project Construction Fund	1,171,022	
Rounding Amount	<u>911</u>	
Total Uses		\$1,344,638

*Preliminary, subject to change.

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Parameters Resolution, which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS of the City but are payable only out of “Net Revenues” that are pledged to the Special Redemption Fund provided for in the Parameters Resolution. Net Revenues are defined as all revenues, income and earnings of the System derived from water and sewer charges imposed by the City, all payments to the Municipality under any agreements between the City and any contract users of the System, and any other moneys received from any source by the System including all rentals and fees and any funds appropriated by the Common Council for services provided to the City by the System (the “Revenues”), less the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including

salaries, wages, costs of materials and supplies, insurance and audits, but excluding depreciation, debt service, tax equivalents, and capital expenditures. The City covenants to deposit Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds.

Rate Covenant: The City covenants to establish, charge and collect such lawfully established rates and charges for the services rendered by the System so that in each fiscal year Net Revenues shall not be less than 125% of the total amount of principal and interest due in each fiscal year on the Bonds and any Parity Bonds (the "Annual Debt Service Requirement").

Additional Bonds Test: No bonds or obligations payable out of the Revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds. Additional obligations may be issued on a parity with the Bonds as to the pledge of Revenues of the System ("Parity Bonds") only if all of the following conditions are met:

A. Either:

(i) The Net Revenues of the System for the most recent fiscal year preceding the issuance of such additional obligations must have been equal to at least 1.25 times the highest annual principal and interest requirements on all Bonds and Parity Bonds outstanding payable from Revenues of the System (other than Bonds and Parity Bonds being refunded) and on the additional obligations then to be issued in any fiscal year. Should an increase in permanent rates and charges, including those made to the City, be properly ordered and made effective during the fiscal year immediately prior to the issuance of such additional obligations or during that part of the fiscal year of issuance prior to such issuance, then Net Revenues for purposes of such computation shall include such additional Net Revenues as an independent certified public accountant, registered municipal advisor, consulting professional engineer or the Wisconsin Public Service Commission may calculate would have accrued during the prior fiscal year had the new rates been in effect during that entire immediately prior fiscal year; or

(ii) An independent certified public accountant, registered municipal advisor or consulting professional engineer provides a calculation setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such additional bonds are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the Net Revenues of the System and on the bonds then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that for each such Fiscal Year the projected Net Revenues will be in an amount not less than 125% of such Maximum Annual Debt Service Requirement.

Service to City: The reasonable cost and value of any service rendered to the City by the System by furnishing water and sewer services for public purposes shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the Revenues, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. In the Parameters Resolution it was found and determined that the reasonable cost and value of such service to the City in each year shall be in an amount which, together with other Revenues of the System, will produce Net Revenues equivalent to not less than 1.25 times the Annual Debt Service Requirement. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in the Parameters Resolution. However, such payment is subject to (a) annual appropriations by the Common Council therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, if necessary, and (c) applicable levy limits, if any; and neither the Parameters Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: In the Parameters Resolution, the City covenanted and agreed that upon the issuance of the Bonds an amount equal to the “Reserve Requirement” will be on deposit in the Reserve Account and will be maintained therein as additional security for the payment of principal of and interest on the Bonds. Reserve Requirement is defined as an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) 10% of the par amount of the Bonds (up to the amount permitted to be deposited therein from proceeds of the Bonds pursuant to Section 148(d)(1) of the Code and Regulations); (b) the maximum annual debt service on the Bonds in any bond year; and (c) 125% of average annual debt service on the Bonds; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding Bonds in any bond year. If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the Parity Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds, plus the amount permitted to be deposited therein from proceeds of the Parity Bonds pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued in any bond year; and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding obligations secured by the Reserve Account and Parity Bonds in any bond year.

UTILITY SYSTEM REVENUE DEBT OUTSTANDING

All outstanding Utility System Revenue debt of the City is listed on the following page. The debt service coverage ratios included on this page are calculated using 2022 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as Net Revenues in 2022 and future Net Revenues may be materially different.

HISTORIC UTILITY SYSTEM DEBT SERVICE COVERAGES

The exhibit on the Page 6 presents the three-year historic and projected debt service coverages of the Utility System.

City of Manawa, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer and Water Revenues
(As of 04/11/2024)

Water and Sewer Revenue Bonds Series 2024B								2022 Net Revenue Available for Debt Service**	
Dated Amount	04/11/2024 \$1,300,000*							\$ 276,011	
Maturity	05/01								
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	Coverage
2025	0	89,297	0	89,297	89,297	1,300,000	.00%	2025	0
2026	50,000	56,380	50,000	56,380	106,380	1,250,000	3.85%	2026	2.59
2027	50,000	54,355	50,000	54,355	104,355	1,200,000	7.69%	2027	2.64
2028	50,000	52,368	50,000	52,368	102,368	1,150,000	11.54%	2028	2.70
2029	50,000	50,418	50,000	50,418	100,418	1,100,000	15.38%	2029	2.75
2030	55,000	48,396	55,000	48,396	103,396	1,045,000	19.62%	2030	2.67
2031	55,000	46,265	55,000	46,265	101,265	990,000	23.85%	2031	2.73
2032	60,000	44,023	60,000	44,023	104,023	930,000	28.46%	2032	2.65
2033	60,000	41,638	60,000	41,638	101,638	870,000	33.08%	2033	2.72
2034	60,000	39,208	60,000	39,208	99,208	810,000	37.69%	2034	2.78
2035	65,000	36,628	65,000	36,628	101,628	745,000	42.69%	2035	2.72
2036	70,000	33,793	70,000	33,793	103,793	675,000	48.08%	2036	2.66
2037	70,000	30,748	70,000	30,748	100,748	605,000	53.46%	2037	2.74
2038	75,000	27,485	75,000	27,485	102,485	530,000	59.23%	2038	2.69
2039	80,000	23,918	80,000	23,918	103,918	450,000	65.38%	2039	2.66
2040	80,000	20,158	80,000	20,158	100,158	370,000	71.54%	2040	2.76
2041	85,000	16,195	85,000	16,195	101,195	285,000	78.08%	2041	2.73
2042	90,000	11,908	90,000	11,908	101,908	195,000	85.00%	2042	2.71
2043	95,000	7,351	95,000	7,351	102,351	100,000	92.31%	2043	2.70
2044	100,000	2,500	100,000	2,500	102,500	0	100.00%	2044	2.69
	1,300,000	733,027	1,300,000	733,027	2,033,027				

* Preliminary, subject to change.

**The debt service coverage ratios included on this page are calculated using 2022 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2022 and future Net Revenues may be materially different.

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table sets forth the historic comparison of Net Revenues and debt service secured by revenues of the system for the three year period ending December 31, 2022

	Audited	Audited	Audited
	2020	2021	2022
Operating Revenues			
Water and Sewer Service Fees	\$ 725,283	\$ 751,882	\$ 746,779
Other Operating Revenues	3,631	5,452	25,245
Total Operating Revenues	728,914	757,334	772,024
Operating Expenses			
Operation and Maintenance	489,631	434,529	499,731
Depreciation and Amortization	248,393	249,213	253,050
Total Operating Expenses	738,024	683,742	752,781
Operating Income	(9,110)	73,592	19,243
Plus:			
Depreciation and Amortization	248,393	249,213	253,050
Interest Income	583	54	3,718
Net Revenues Available for Debt Service	\$ 239,866	\$ 322,859	\$ 276,011
Debt Service			
2012 Revenue Bonds	174,660	170,980	176,893
Total Debt Service	\$ 174,660	\$ 170,980	\$ 176,893
Debt Service Coverage	1.37	1.89	1.56

DESCRIPTION OF WATER SYSTEM

The City owns, operates and maintains the municipal Water System and related appurtenances serving customers located within the City. The Water Utility, established on March 1, 1949, is governed by the Improvements and Services Committee (the “Committee”) which consists of three-members appointed by the Common Council and directed by the Director of Public Works. The Committee is the policy making body of the Utility, overseeing all projects and programs, reviewing and approving the budget, and determining Utility projects.

The Utility operates under service rules established by the Wisconsin Public Service Commission, which regulates the rates charged. The Water System consists of five wells with electric pumping equipment and a water distribution system. The wells have a total yield per day of 1,008,000 gallons. The pumping equipment, which consists of 5 vertical turbine wells, 1 centrifugal well and 2 submersible wells, pumped an average of 308,470 gallons per day in 2023. The maximum gallons pumped in any one day during 2023 was 478,000 gallons and the minimum gallons pumped in any one day was 211,000 gallons. In addition, the Water System owns 3 concrete reservoirs with a total storage capacity of 245,000 gallons and 1 steel elevated storage tank with a total storage capacity of 200,000 gallons.

The Water System includes other related appurtenances including 64,310 feet of various type of 2.0”-12.0” watermains; 64,310 feet of various types of .75”-8.0” water pipe, 565 utility owned meters; and 131 hydrants.

History of Water Customers

Year	Residential	Commercial	Public Authority ¹	Industrial	Multi Family	Total
2019	487	59	13	19	14	592
2020	495	60	14	18	13	600
2021	506	59	13	19	13	610
2022	470	61	13	18	13	575
2023	479	57	13	18	14	581

History of Water Billings by Customer Type

Year	Residential	Commercial	Industrial	Public Authority ²	Multi Family	Total Billings
2019	\$123,085	\$18,602	\$79,976	\$32,086	\$26,775	\$253,749
2020	126,468	17,137	81,224	12,245	27,501	237,074
2021	125,833	18,448	86,978	19,498	31,339	250,757
2022	124,189	19,337	89,451	16,891	25,629	249,868
2023	129,567	17,871	88,859	20,232	28,905	256,529

¹Includes other sales to public authorities, sales to irrigation customers, sales for resale, and interdepartmental sale, etc. but **not** private or public fire protection services.

²Includes all charges, including private fire protection services.

History of Water Sales

Year	No. of Customers	Gallons Sold (in 000's)	Total Billings
2019	592	60,079	\$280,523
2020	600	51,552	264,575
2021	610	57,012	282,096
2022	575	55,542	275,497
2023	581	57,835	285,435

2023 Larger Water Customers

Total 2023 Gallons Sold: 57,835,782

Total 2023 Billings: \$285,435

Customer	Gallons Sold	Billings ¹	% of Total Billings
Sturm Foods	25,127,903	\$81,307	28.49%
The City	3,230,210	12,466	4.37%
Murphy Apartments	2,565,730	11,384	3.99%
Apple Grove	1,742,820	6,664	2.33%
Manawa Community Nursing Center	880,700	3,869	1.36%
Kolbe & Kolbe Millwork Co., Inc.	730,303	4,921	1.72%
Manawa School District	694,879	4,046	1.42%
Manawa Car Wash	660,640	3,034	1.06%
Maple Leaf Apartments	473,210	2,359	0.83%
Manawa Senior Housing	352,750	2,021	0.71%

¹Does include charges for private fire protection services.

Water Rates and Charges

Rates and charges for the Water System are subject to approval by the Wisconsin Public Service Commission. The following monthly water rates were adopted on November 11, 2019 and have been in effect since March 16, 2020.

Monthly Service Charge:

5/8 inch meter	\$ 26.33	2 inch meter	\$77.66
3/4 inch meter	26.33	3 inch meter	151.95
1 inch meter	37.48	4 inch meter	226.23
1 1/4 inch meter	47.28	6 inch meter	381.55
1 1/2 inch meter	57.40	8 inch meter	601.03

Plus Volume Charge:

First 30,000 gallons used each month	\$ 4.50	per 1,000 gallons
Next 170,000 gallons used each month	\$ 4.27	per 1,000 gallons
Next 300,000 gallons used each month	\$ 3.23	per 1,000 gallons
Over 500,000 gallons used each month	\$ 2.74	per 1,000 gallons

Average Bill for Residential Service in 2023

Avg. Monthly Usage in Gallons

1,521,415

Avg. Monthly Bill

\$22.54

Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 3% but not less than 50 cents will be added to bills not paid within 20 days of issuance. This one time late payment charge of 3% will be applied only to any unpaid balance for the current billing period's usage. This late payment charge is applicable to all customers. the utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued and unless payment or satisfactory arrangement for payment is made within the ten days after written notice is given, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code.

DESCRIPTION OF THE SEWER SYSTEM

The City owns, operates and maintains the Sewer System and related appurtenances. The Sewer System was established on March 1, 1949 and serves customers located within the City. Sewer System operations are governed by the Improvements and Services committee appointed by the Common Council which consists of three-member and are directed by the Director of Public Works.

History of Usage and Total Billings

Year	Total Usage in Gallons (in 000's)	Total Billings
2019	51,976	\$339,114
2020	49,679	330,955
2021	52,801	341,617
2022	52,040	340,721
2023	53,868	347,497

History of Sewer Connections by Customer Type

Year	Residential	Commercial	Industrial	Public Authority	Total
2019	501	57	19	10	587
2020	507	58	18	10	593
2021	518	57	19	9	603
2022	481	60	18	9	568
2023	492	56	18	9	575

2023 Larger Sewer Customers

Total 2023 Sewer Billings \$347,497

Customer	2023 Usage in Gallons	2023 Total Billings	Percent of Total Sewer Billings
Sturm Foods	25,127,903	\$120,533	34.69%
Murphy Apartments	2,565,730	14,440	4.16%
Apple Grove	1,742,820	7,819	2.25%
Manawa Community Nursing Center	880,700	4,605	1.33%
Kolbe & Kolbe Millwork Co., Inc.	730,303	3,790	1.09%
Manawa School District	694,879	4,993	1.44%
Manawa Car Wash	660,640	3,361	0.97%
Maple Leaf Apartments	473,210	2,926	0.84%
Manawa Senior Housing	374,051	2,731	0.79%
Individual	261,737	1,256	0.36%

Sewer Rates

The Common Council establishes rates and charges for the Sewer System. Sewer rates are not subject to approval by the Wisconsin Public Service Commission. The City annually reviews rates as required under City sewer ordinances to determine if adjustments are required. The sewer service charge for any lot, parcel of land, building or premise is based on the quantity and quality of wastewater generated, on debt service related to the Sewer System,

and operation, maintenance and replacement costs of the Sewer System. The following sewer rates became effective March 26, 2011:

General Service - Metered

<u>Quarterly Volume Charge</u>		<u>Quarterly Service Charge</u>	
		<u>Meter Size</u>	<u>Charge</u>
Domestic Strength Rates		3/4"	\$44.36
Volume Charge	\$4.12/1,000 gallons	5/8"	44.36
		1"	75.43
BOD	\$.58/250 mg/l	1-1/4"	119.80
SS	\$.59/250 mg/l	1-1/2"	159.72
		2"	244.03

Average Bill for Residential Service in 2023

Avg. Quarterly Usage in Gallons	Avg. Quarterly Bill
12,528	\$96.34

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the City will be offering for sale its General Obligation Corporate Purpose Bonds, Series 2024A (the "Concurrent Obligations" or the "Series 2024A Bonds"), which are scheduled to close on April 11, 2024.

RATING

None of the outstanding indebtedness of the City is currently rated, and the City has not requested a rating on the Bonds. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Bonds, 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 the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The \$1,380,000 Water and Sewer System Revenue Refunding Bonds, Series 2012A (the "2012A Bonds") required the City to file their Audited Financial Statements within 365 days after the end of the last fiscal year. The December 31, 2019 audit was to be filed on or before December 31, 2020 and was not filed until January 14, 2021. Also for the 2012A Bonds, the City's net Water and Sewer Revenues for Fiscal Year ending December 31, 2018 and December 31, 2019 fell short of the 125% of the amount of principal and interest coming due on all outstanding revenue bonds, the revenues were (-80%) and 118% respectively. 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, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement

income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

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 Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds 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 Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. 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 CliftonLarsonAllen LLP, Stevens Point, 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 Bonds 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.

System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Utility System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

Larger Users: Should larger users increase or decrease usage of the water and sewer service currently provided, the revenues of the Utility System will be affected proportionately.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the Bonds 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 Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds 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 Bonds. 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 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds 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 Bonds.

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 Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds 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 Bonds. 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 Bonds 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 Bonds. 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	\$106,246,800
2023 Equalized Value Reduced by Tax Increment Valuation	\$101,592,100
2023 Assessed Value	\$77,707,041

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$59,749,100	56.236%
Commercial	13,295,200	12.514%
Manufacturing	27,847,600	26.210%
Agricultural	62,900	0.059%
Undeveloped	4,800	0.005%
Ag Forest	101,800	0.096%
Forest	155,400	0.146%
Other	30,700	0.029%
Personal Property	4,999,300	4.705%
Total	<u>\$106,246,800</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2019	\$81,549,030	\$84,512,200	20.02%
2020	81,732,100	84,084,400	-0.51%
2021	80,152,563	89,282,400	6.18%
2022	80,249,510	90,915,600	1.83%
2023	77,707,041	106,246,800	16.86%

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

¹Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value ¹	Percent of City's Total Equalized Value
Sturm Foods Inc.	Food products	\$27,022,060	25.43%
Kolbe & Kolbe Millwork Co., Inc.	Windows & doors	3,375,126	3.18%
Murphy Apartments	Apartments	2,486,409	2.34%
Manawa Nursing Center	Nursing Home	2,136,508	2.01%
Woda Maple Leaf	Apartments	1,249,159	1.18%
JBD Investments	Trailers	976,783	0.92%
Robert Ferg	Car wash, rentals	738,193	0.69%
Messick Prop	Retail store	690,339	0.65%
Bowen Properties	Apartments	632,503	0.60%
Premier Community Bank	Bank	592,031	0.56%
Total		\$39,899,111	37.55%
City's Total 2023 Equalized Value ²		\$106,246,800	

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Concurrent Obligations)*	<u>\$4,127,874</u>
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Revenue Debt (see schedules on page 5)

Total revenue debt secured by sewer and water revenues (includes the Bonds)*	<u>\$1,300,000</u>
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*Preliminary, subject to change.

¹Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City.

²Includes tax increment valuation.

³Outstanding debt is as of the dated date of the Bonds.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Aside from the Concurrent Obligations, the City has plans to finance a plow truck in the amount of approximately \$150,000 by securing a State Trust Fund Loan. Aside from the preceding, the City has no current plans for additional financing 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	\$106,246,800
Multiply by 5%	0.05
Statutory Debt Limit	<hr/> \$5,312,340
Less: General Obligation Debt*	<hr/> (4,127,874)
Unused Debt Limit	<hr/> <hr/> \$1,184,466

Preliminary, subject to change.

City of Manawa, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 04/11/2024)

	State Trust Fund Loan Series 2013		Corporate Purpose Bonds Series 2015A		Taxable Refunding Bonds Series 2020A		Corporate Purpose Bonds Series 2024A							
Dated Amount	03/15/2013 \$42,259		03/24/2015 \$2,040,000		04/08/2020 \$1,245,000		04/11/2024 \$2,670,000*							
Maturity	03/15		03/01		03/01		03/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	0	0	6,048	0	13,290	0	0	0	19,338	19,338	4,127,874	.00%	2024
2025	2,184	858	90,000	11,015	80,000	25,780	0	150,054	172,184	187,707	359,891	3,955,690	4.17%	2025
2026	2,266	776	120,000	8,405	80,000	24,080	65,000	106,788	267,266	140,049	407,314	3,688,424	10.65%	2026
2027	2,351	691	125,000	5,188	85,000	22,224	65,000	104,318	277,351	132,420	409,771	3,411,073	17.36%	2027
2028	2,437	604	125,000	1,750	90,000	20,143	70,000	101,804	287,437	124,301	411,738	3,123,636	24.33%	2028
2029	2,530	511			90,000	17,893	150,000	97,772	242,530	116,175	358,706	2,881,106	30.20%	2029
2030	2,625	416			90,000	15,530	150,000	92,297	242,625	108,243	350,868	2,638,481	36.08%	2030
2031	2,724	318			90,000	13,055	160,000	86,639	252,724	100,012	352,736	2,385,757	42.20%	2031
2032	2,825	216			90,000	10,468	165,000	80,708	257,825	91,392	349,217	2,127,932	48.45%	2032
2033	2,932	110			75,000	7,993	175,000	74,477	252,932	82,579	335,511	1,875,000	54.58%	2033
2034					50,000	6,030	175,000	67,993	225,000	74,023	299,023	1,650,000	60.03%	2034
2035					50,000	4,355	180,000	61,309	230,000	65,664	295,664	1,420,000	65.60%	2035
2036					55,000	2,596	180,000	54,289	235,000	56,885	291,885	1,185,000	71.29%	2036
2037					50,000	838	185,000	46,758	235,000	47,595	282,595	950,000	76.99%	2037
2038							185,000	38,757	185,000	38,757	223,757	765,000	81.47%	2038
2039							190,000	30,459	190,000	30,459	220,459	575,000	86.07%	2039
2040							115,000	23,656	115,000	23,656	138,656	460,000	88.86%	2040
2041							115,000	18,475	115,000	18,475	133,475	345,000	91.64%	2041
2042							115,000	13,254	115,000	13,254	128,254	230,000	94.43%	2042
2043							115,000	7,993	115,000	7,993	122,993	115,000	97.21%	2043
2044							115,000	2,674	115,000	2,674	117,674	0	100.00%	2044
	22,874	4,501	460,000	32,405	975,000	184,273	2,670,000	1,260,469	4,127,874	1,481,648	5,609,522			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Waupaca County	\$6,079,315,700	1.7477%	\$16,215,000	\$283,390
Manawa School District	513,635,512	20.6853%	9,825,000	2,032,331
Fox Valley Technical College District	60,200,487,158	0.1765%	79,055,000	<u>139,532</u>
City's Share of Total Overlapping Debt				<u><u>\$2,455,252</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$106,246,800	Debt/ Per Capita 1,428 ⁴
Total General Obligation Debt*	\$4,127,874	3.89%	\$2,890.67
City's Share of Total Overlapping Debt	<u>2,455,252</u>	<u>2.31%</u>	<u>\$1,719.36</u>
Total*	\$6,583,126	6.20%	\$4,610.03

*Preliminary, subject to change.

¹Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

²Includes tax increment valuation.

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

⁴Estimated 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	\$896,725	100%	\$11.01
2020/21	893,615	100%	11.04
2021/22	889,886	100%	10.40
2022/23	851,341	100%	9.75
2023/24	781,679	In Process	7.69

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:

Year Levied/ Year Collected	Schools¹	County	Local	Total
2019/20	\$10.41	\$6.45	\$11.01	\$27.87
2020/21	10.43	6.45	11.04	27.92
2021/22	9.38	6.00	10.40	25.78
2022/23	8.46	5.54	9.75	23.75
2023/24	7.74	4.81	7.69	20.24

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%.

¹The 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 Bonds were authorized pursuant to Section 66.0621 of the Wisconsin Statutes and may be subject to the special provisions described above.

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 \$334,926 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$279,116 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 1954 and is governed by a Mayor and a six-member Common Council. All Council Members are elected to two-year terms. The appointed City Clerk/Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 10 full-time, 4 part-time, and one 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 \$42,814, \$44,398 and \$42,726 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 \$319,779 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 0.00396740% 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 City does not work with any bargaining units that represent employees of the City at this time.

OTHER POST EMPLOYMENT BENEFITS

The City does not pay directly for retirees' post-employment benefits. The City has some obligations for post-employment benefits as mandated by State Statutes. Specifically, the City is required to allow retirees to be covered by the City's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

The City provides OPEB through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2022, the City's portion of contributions to the LRLIF totaled \$437. For Fiscal Year 2022, the City reported a liability of \$146,797 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2021 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.02483700% of the aggregate LRLIF net OPEB liability/asset as of December 31, 2021.

The calculation of the total OPEB liability 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 the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 4 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Source: The City's most recent Audit.

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 Bonds or otherwise questioning the validity of the Bonds.

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 Bonds 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 Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds 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 Bonds.

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 Bonds would not occur.

FUNDS ON HAND (as of February 21, 2024)

Fund	Total Cash and Investments
General	\$141,015
LGIP	<u>374,680</u>
Total Funds on Hand	<u><u>\$515,696</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:

	2020 Audited	2021 Audited	2022 Audited	2023 Unaudited
Sewer				
Total Operating Revenues	\$331,655	\$343,827	\$343,566	\$350,648
Less: Operating Expenses	<u>(429,891)</u>	<u>(402,453)</u>	<u>(436,017)</u>	<u>(331,858)</u>
Operating Income	(\$98,236)	(\$58,626)	(\$92,451)	\$18,790
Plus: Depreciation	147,856	148,068	148,291	149,774
Interest Income	<u>0</u>	<u>4</u>	<u>17</u>	<u>2,050</u>
Revenues Available for Debt Service	<u><u>\$49,620</u></u>	<u><u>\$89,446</u></u>	<u><u>\$55,857</u></u>	<u><u>\$170,614</u></u>
Water				
Total Operating Revenues	\$397,259	\$413,507	\$428,458	\$419,224
Less: Operating Expenses	<u>(308,133)</u>	<u>(281,289)</u>	<u>(316,764)</u>	<u>(227,754)</u>
Operating Income	\$89,126	\$132,218	\$111,694	\$191,470
Plus: Depreciation	100,537	101,145	104,759	105,807
Interest Income	<u>583</u>	<u>50</u>	<u>3,701</u>	<u>200</u>
Revenues Available for Debt Service	<u><u>\$190,246</u></u>	<u><u>\$233,413</u></u>	<u><u>\$220,154</u></u>	<u><u>\$297,477</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 ¹	2024 Adopted Budget ²
Revenues					
Taxes	\$655,255	\$659,376	\$662,212	\$851,341	\$781,679
Intergovernmental revenue	577,618	548,311	554,673	564,633	576,226
Regulation and compliance revenue	39,354	47,310	15,997	43,677	37,037
Public charges for services	2,258	6,269	3,031	2,479	2,800
Miscellaneous	27,711	52,912	59,078	35,810	51,094
Total Revenues	\$1,302,196	\$1,314,178	\$1,294,991	\$1,497,940	\$1,448,836
Expenditures					
Current:					
General government	\$199,743	\$192,259	\$215,661	\$206,582	\$213,043
Public safety	531,155	542,702	507,067	559,537	627,188
Public works	167,099	169,724	197,700	284,470	238,572
Health and human services	0	0	447	0	19,287
Culture and recreation	236,170	242,545	274,809	280,436	267,207
Conservation and development	2,339	4,007	2,293	0	14,241
Capital outlay	389,043	66,415	80,902	7,553	4,000
Debt Service					
Principal retirement	49,682	51,799	32,608	207,299	107,103
Interest and Issuance costs	11,996	5,046	1,301	28,501	18,197
Total Expenditures	\$1,587,227	\$1,274,497	\$1,312,788	\$1,574,378	\$1,508,838
Excess of revenues over (under) expenditures	(\$285,031)	\$39,681	(\$17,797)	(\$76,438)	(\$60,002)
Other Financing Sources (Uses)					
Proceeds from long-term debt	\$220,000	\$0	\$0	\$0	\$0
Transfers in	55,309	55,309	33,909	120,317	60,000
Transfers (out)	(55,093)	0	(16,641)	0	0
Total Other Financing Sources (Uses)	220,216	55,309	17,268	120,317	60,000
Net changes in Fund Balances	(\$64,815)	\$94,990	(\$529)	\$43,879	(\$2)
General Fund Balance January 1	\$605,558	\$540,743	\$635,734	\$635,205	
General Fund Balance December 31	\$540,743	\$635,734	\$635,205	\$679,084	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$480,122	\$480,122	\$480,122	\$480,122	
Unassigned	60,621	155,612	155,083	198,961	
Total	\$540,743	\$635,734	\$635,205	\$679,083	

¹ Unaudited data is as of February 22, 2024.

² The 2024 budget was adopted on November 13, 2023.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 1,441 and a current estimated population of 1,428 comprises an area of 1.7 square miles and is centrally located in Waupaca County approximately 45 miles west of Green Bay and approximately 25 miles northwest of Appleton.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Sturn Foods, Inc.	Food products	1,100
Kolbe Vinyl Windows and Doors	Windows - manufacturers	95
School District of Manawa	Elementary and secondary education	74
Manawa Community Nursing Center	Nursing and convalescent homes	64
Hawk Trailers	Trailers	43
Manawa Quality Foods	Grocers - retail	20
St. Paul's Lutheran School	Religious schools	20
City of Manawa	Municipal and government services	15
Manawa Steak House	Restaurant	12
Tool & Transport	Manufacturer	10

Source: ReferenceUSA, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹This 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.

BUILDING PERMITS (as of February 21, 2024)

	2020	2021	2022	2023	2024
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	1	0
Valuation	\$0	\$0	\$0	\$100,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	0	0	2	0
Valuation	\$0	\$0	\$0	\$500,000	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	14	21	18	27	2
Valuation	\$515,739	\$1,717,218	\$792,682	\$1,054,308	\$113,000

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	1,371
2020 U.S. Census Population	1,441
Percent of Change 2010 - 2020	5.11%
2023 Estimated Population	1,428

Income and Age Statistics

	The City	Waupaca County	State of Wisconsin	United States
2022 per capita income	\$43,146	\$39,147	\$40,130	\$41,261
2022 median household income	\$77,054	\$69,198	\$72,458	\$75,149
2022 median family income	\$82,396	\$84,282	\$92,974	\$92,646
2022 median gross rent	\$761	\$817	\$992	\$1,268
2022 median value owner occupied units	\$138,300	\$178,500	\$231,400	\$281,900
2022 median age	48.7 yrs.	45.3 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
City % of 2022 per capita income	107.52%	104.57%
City % of 2022 median family income	88.62%	88.94%

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	631	661	4.75%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (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.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Waupaca County	Waupaca County	State of Wisconsin
2019	25,135	3.1%	3.2%
2020	24,271	5.6%	6.4%
2021	24,908	3.6%	3.8%
2022	24,401	3.0%	2.9%
2023, December ¹	23,881	2.8%	2.7%

Source: Wisconsin Department of Workforce Development.

¹Preliminary.

APPENDIX A

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 Bonds, 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 MANAWA, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022



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INDEPENDENT AUDITORS' REPORT

Members of City Council
City of Manawa, Wisconsin
Manawa, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manawa, 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 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability, and lessors to recognize a lease receivable and a corresponding deferred inflows of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
December 18, 2023

**CITY OF MANAWA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 673,790	\$ 25	\$ 673,815
Receivables	751,506	228,277	979,783
Inventories	-	15,412	15,412
Prepaid Items	1,450	-	1,450
Restricted Assets:			
Restricted Cash and Cash Equivalents	433,604	142,782	576,386
Wisconsin Retirement System Net Pension Asset	225,887	93,892	319,779
Internal Balances	847,694	(847,694)	-
Capital Assets Not Being Depreciated	1,409,353	115,122	1,524,475
Capital Assets Being Depreciated, Net of Accumulated Depreciation	3,166,899	5,330,469	8,497,368
Total Assets	7,510,183	5,078,285	12,588,468
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	4,790	4,790
Wisconsin Retirement System Pension Related	438,472	181,203	619,675
State Life Insurance Other Postemployment Benefits Related	34,015	14,386	48,401
Total Deferred Outflows of Resources	472,487	200,379	672,866
LIABILITIES			
Accounts Payable	39,650	91,160	130,810
Accrued Expenses	28,721	5,282	34,003
Unearned Revenue	-	27,468	27,468
Payable from Restricted Assets:			
Accrued Interest	-	788	788
Noncurrent Liabilities:			
Due Within One Year	194,330	277,193	471,523
Due in More than One Year	1,227,021	481,425	1,708,446
State Life Insurance Other Postemployment Benefit Liability	103,166	43,631	146,797
Total Liabilities	1,592,888	926,947	2,519,835
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year Property Taxes	967,333	-	967,333
Wisconsin Retirement System Pension Related	532,402	221,300	753,702
State Life Insurance Other Postemployment Benefits Related	27,189	11,499	38,688
Deferred Amount Related to Leases	51,446	43,711	95,157
Total Deferred Inflows of Resources	1,578,370	276,510	1,854,880
NET POSITION			
Net Investment in Capital Assets	3,905,368	4,667,885	8,573,253
Restricted for Pension Benefits	225,887	93,892	319,779
Restricted for Debt Service	-	141,994	141,994
Restricted for Library Capital Projects	433,604	-	433,604
Restricted for TIF Capital Projects	358,657	-	358,657
Unrestricted (Deficit)	(112,104)	(828,564)	(940,668)
Total Net Position	\$ 4,811,412	\$ 4,075,207	\$ 8,886,619

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 240,104	\$ 44,363	\$ 23,289	\$ -	\$ (172,452)	\$ -	\$ (172,452)
Public Safety	513,949	10,108	18,307	-	(485,534)	-	(485,534)
Public Works	272,702	1,915	83,834	-	(186,953)	-	(186,953)
Health and Human Services	936	-	-	-	(936)	-	(936)
Culture and Recreation	367,350	9,840	140,596	-	(216,914)	-	(216,914)
Conservation and Development	56,235	-	-	-	(56,235)	-	(56,235)
Interest on Long-Term Debt	35,311	-	-	-	(35,311)	-	(35,311)
Total Governmental Activities	1,486,587	66,226	266,026	-	(1,154,335)	-	(1,154,335)
Business-Type Activities:							
Sewer Utility	438,510	343,566	-	85,727	-	(9,217)	(9,217)
Water Utility	342,945	428,458	-	61,114	-	146,627	146,627
Total Business-Type Activities	781,455	772,024	-	146,841	-	137,410	137,410
Total Primary Government	\$ 2,268,042	\$ 838,250	\$ 266,026	\$ 146,841	(1,154,335)	137,410	(1,016,925)
GENERAL REVENUES							
Property Taxes					985,254	-	985,254
Mobile Home Taxes					7,415	-	7,415
Unrestricted Investment Income					(102,864)	3,718	(99,146)
State Shared Revenues					316,983	-	316,983
Transfers					(45,856)	45,856	-
Total General Revenues					1,160,932	49,574	1,210,506
CHANGE IN NET POSITION							
					6,597	186,984	193,581
Net Position - Beginning of Year					4,804,815	3,888,223	8,693,038
NET POSITION - END OF YEAR					\$ 4,811,412	\$ 4,075,207	\$ 8,886,619

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Library Special Revenue	TIF #2 Capital Improvement	TIF #3 Capital Improvement	Debt Service	Total
ASSETS						
Cash and Cash Equivalents	\$ 84,084	\$ 205,293	\$ 180,025	\$ 204,388	\$ -	\$ 673,790
Taxes Receivable	432,631	-	51,160	15,708	196,290	695,789
Accounts Receivable	3,150	-	-	-	-	3,150
Leases Receivable	52,567	-	-	-	-	52,567
Prepaid Items	1,450	-	-	-	-	1,450
Due from Other Funds	369,022	-	-	-	-	369,022
Restricted Cash and Cash Equivalents	-	433,604	-	-	-	433,604
Advance to Other Funds	478,672	-	-	-	-	478,672
Total Assets	<u>\$ 1,421,576</u>	<u>\$ 638,897</u>	<u>\$ 231,185</u>	<u>\$ 220,096</u>	<u>\$ 196,290</u>	<u>\$ 2,708,044</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	39,650	-	-	-	-	39,650
Accrued Expenses	16,856	-	-	-	-	16,856
Total Liabilities	56,506	-	-	-	-	56,506
DEFERRED INFLOWS OF RESOURCES						
Succeeding Year Property Taxes	678,419	-	70,714	21,910	196,290	967,333
Leases Receivable	51,446	-	-	-	-	51,446
Total Deferred Inflows of Resources	729,865	-	70,714	21,910	196,290	1,018,779
FUND BALANCES						
Nonspendable:						
Prepaid Items	1,450	-	-	-	-	1,450
Advances to Other Funds	478,672	-	-	-	-	478,672
Restricted:						
Library Bequests for Capital Projects	-	433,604	-	-	-	433,604
TIF Capital Projects	-	-	160,471	198,186	-	358,657
Assigned:						
Library	-	205,293	-	-	-	205,293
Unassigned	155,083	-	-	-	-	155,083
Total Fund Balances	<u>635,205</u>	<u>638,897</u>	<u>160,471</u>	<u>198,186</u>	<u>-</u>	<u>1,632,759</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,421,576</u>	<u>\$ 638,897</u>	<u>\$ 231,185</u>	<u>\$ 220,096</u>	<u>\$ 196,290</u>	<u>\$ 2,708,044</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Fund Balances - Total Governmental Funds	\$ 1,632,759
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets are not reported in the fund financial statements because they are not current financial resources; they are, however, reported in the statement of net position.	4,576,252
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Net Wisconsin Retirement System pension plan asset/liability and net state life insurance other postemployment benefits asset/liability and related deferred outflows and inflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Asset	225,887
Deferred Outflows of Resources - Pension	438,472
Deferred Inflows of Resources - Pension	(532,402)
Net State Life Insurance Other Postemployment Benefits Liability	(103,166)
Deferred Outflows of Resources - Other Postemployment Benefits	34,015
Deferred Inflows of Resources - Other Postemployment Benefits	(27,189)

Certain liabilities are not reported in the fund statements because they are not due and payable; they are, however, reported in the statement of net position.

Long-Term Debt Payable	(1,345,005)
Unamortized Debt Premium	(5,829)
Unamortized Debt Discount	8,730
Prior Service Pension Liability	(63,846)
Accrued Compensated Absences	(15,401)
Accrued Interest	(11,865)

Net Position of Governmental Activities	\$ 4,811,412
---	--------------

See accompanying Notes to Basic Financial Statements.

CITY OF MANAWA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Library Special Revenue	TIF #2 Capital Improvement	TIF #3 Capital Improvement	Debt Service	Total
REVENUES						
Taxes	\$ 662,212	\$ -	\$ 72,431	\$ 22,971	\$ 235,800	\$ 993,414
Intergovernmental Revenue	554,673	-	2,393	-	-	557,066
Regulation and Compliance Revenue	15,997	-	-	-	-	15,997
Public Charges for Services	3,031	-	-	-	-	3,031
Miscellaneous Revenues	59,078	(89,639)	93	-	-	(30,468)
Total Revenues	1,294,991	(89,639)	74,917	22,971	235,800	1,539,040
EXPENDITURES						
Current:						
General Government	215,661	-	-	-	-	215,661
Public Safety	507,067	-	-	-	-	507,067
Public Works	197,700	-	-	-	-	197,700
Health and Human Services	447	-	-	-	-	447
Culture and Recreation	274,809	36,046	-	-	-	310,855
Conservation and Development	2,293	-	2,450	2,450	-	7,193
Capital Outlays	80,902	-	43,281	-	-	124,183
Debt Service:						
Principal Retirement	32,608	-	20,000	15,000	138,178	205,786
Interest and Issuance Costs	1,301	-	9,940	8,822	17,857	37,920
Total Expenditures	1,312,788	36,046	75,671	26,272	156,035	1,606,812
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,797)	(125,685)	(754)	(3,301)	79,765	(67,772)
OTHER FINANCING SOURCES (USES)						
Transfer In	33,909	16,641	-	-	-	50,550
Transfer Out	(16,641)	-	-	-	(79,765)	(96,406)
Total Other Financing Sources (Uses)	17,268	16,641	-	-	(79,765)	(45,856)
NET CHANGE IN FUND BALANCES	(529)	(109,044)	(754)	(3,301)	-	(113,628)
Fund Balances - Beginning	635,734	747,941	161,225	201,487	-	1,746,387
FUND BALANCES - ENDING	<u>\$ 635,205</u>	<u>\$ 638,897</u>	<u>\$ 160,471</u>	<u>\$ 198,186</u>	<u>\$ -</u>	<u>\$ 1,632,759</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANAWA, WISCONSIN
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 \$ (113,628)

The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The net changes are as follows:

Capital Outlay	\$ 124,183	
Capital Outlays Not Capitalized	(43,281)	
Depreciation Expense	<u>(208,848)</u>	
Total		(127,946)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and related deferred outflows and inflows of resources.

50,280

OPEB expenditures in the governmental funds are measured by current year employee contributions. OPEB expenses on the statement of activities are measured by the change in net OPEB liability and related deferred outflows and inflows of resources.

(10,611)

Transactions relating to long-term debt are reported as revenues and expenditures in governmental funds. However, in the statement of net position, repayments reduce long-term liabilities and new borrowings increase long-term liabilities:

Principal Repayments	205,786
----------------------	---------

Governmental funds report debt premiums, discounts, and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt Discount	(666)	
Debt Premium Amortization	<u>1,111</u>	
Total		445

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Accrued Interest on Long-Term Obligations	2,164	
Prior Service Pension Liability	628	
Compensated Absences	<u>(521)</u>	
Total		<u>2,271</u>

Change in Net Position of Governmental Activities	<u><u>\$ 6,597</u></u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 25	\$ -	\$ 25
Customer Accounts Receivable	103,189	79,801	182,990
Inventories	3,642	11,770	15,412
Restricted Cash and Cash Equivalents	1,060	141,722	142,782
Total Current Assets	107,916	233,293	341,209
Noncurrent Assets:			
Capital Assets Not Being Depreciated	76,852	38,270	115,122
Capital Assets Being Depreciated, Net of Accumulated Depreciation	2,890,835	2,439,634	5,330,469
Total Noncurrent Assets, Net	2,967,687	2,477,904	5,445,591
Lease Receivable	-	45,287	45,287
Restricted Assets:			
Wisconsin Retirement System Net Pension Asset	50,458	43,434	93,892
Total Assets	3,126,061	2,799,918	5,925,979
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	4,790	4,790
Wisconsin Retirement System Pension Related	97,656	83,547	181,203
State Life Insurance Other Postemployment Benefits Related	7,554	6,832	14,386
Total Deferred Outflows of Resources	105,210	95,169	200,379
LIABILITIES			
Current Liabilities:			
Accounts Payable	58,831	32,329	91,160
Accrued Expenses	3,733	4,237	7,970
Unearned Revenue	14,523	12,945	27,468
Due to Other Funds	130,565	238,457	369,022
Accrued Interest	981	3,797	4,778
Current Maturities of Long-Term Debt	26,784	242,943	269,727
Current Liabilities Payable from Restricted Assets:			
Accrued Interest	-	788	788
Total Current Liabilities	235,417	535,496	770,913
Noncurrent Liabilities:			
Advances from Other Funds	478,672	-	478,672
Long-Term Debt, Less Current Maturities Above	93,362	388,063	481,425
State Life Insurance Net Other Postemployment Benefits Liability	22,910	20,721	43,631
Total Liabilities	830,361	944,280	1,774,641
DEFERRED INFLOWS OF RESOURCES			
Wisconsin Retirement System Pension Related	118,927	102,373	221,300
State Life Insurance Other Postemployment Benefits Related	6,038	5,461	11,499
Deferred Amount Related to Leases	-	43,711	43,711
Total Deferred Inflows of Resources	124,965	151,545	276,510
NET POSITION			
Net Investment in Capital Assets	2,819,634	1,848,251	4,667,885
Restricted for Pension Benefits	50,458	43,434	93,892
Restricted for Debt Service	1,060	140,934	141,994
Unrestricted	(595,207)	(233,357)	(828,564)
Total Net Position	\$ 2,275,945	\$ 1,799,262	\$ 4,075,207

See accompanying Notes to Basic Financial Statements.

CITY OF MANAWA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
OPERATING REVENUES			
Customer Charges for Services	\$ 340,288	\$ 406,491	\$ 746,779
Other Charges	3,278	21,967	25,245
Total Operating Revenues	<u>343,566</u>	<u>428,458</u>	<u>772,024</u>
OPERATING EXPENSES			
Plant and Maintenance Expenses:			
Salaries, Wages, and Benefits	82,716	63,015	145,731
Power	58,126	28,452	86,578
Chemicals	37,901	12,376	50,277
Other Operating Supplies	1,811	1,823	3,634
Repairs and Maintenance	28,453	32,945	61,398
Total Plant and Maintenance Expenses	<u>209,007</u>	<u>138,611</u>	<u>347,618</u>
General Expenses:			
Accounting and Collection	6,578	7,978	14,556
Administrative and General Salaries and Benefits	30,096	30,096	60,192
Office Supplies and Expense	5,338	5,959	11,297
Outside Services	10,123	3,712	13,835
Transportation	1,454	2,420	3,874
Depreciation	148,291	104,759	253,050
Insurance and Other	25,130	23,229	48,359
Total General Expenses	<u>227,010</u>	<u>178,153</u>	<u>405,163</u>
Total Operating Expenses	<u>436,017</u>	<u>316,764</u>	<u>752,781</u>
OPERATING INCOME (LOSS)	(92,451)	111,694	19,243
NONOPERATING REVENUES (EXPENSES)			
Investment Income	17	3,701	3,718
Interest Expense and Fiscal Charges	(2,493)	(26,181)	(28,674)
Total Nonoperating Revenues (Expenses)	<u>(2,476)</u>	<u>(22,480)</u>	<u>(24,956)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS IN	(94,927)	89,214	(5,713)
CAPITAL CONTRIBUTIONS	85,727	61,114	146,841
TRANSFERS IN	<u>665</u>	<u>45,191</u>	<u>45,856</u>
CHANGE IN NET POSITION	(8,535)	195,519	186,984
Net Position - Beginning of Year	<u>2,284,480</u>	<u>1,603,743</u>	<u>3,888,223</u>
NET POSITION - END OF YEAR	<u>\$ 2,275,945</u>	<u>\$ 1,799,262</u>	<u>\$ 4,075,207</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 341,771	\$ 429,789	\$ 771,560
Payments to Suppliers	(119,788)	(79,145)	(198,933)
Payments to Employees	(129,435)	(108,581)	(238,016)
Net Cash Provided by Operating Activities	92,548	242,063	334,611
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Borrowing	(69,674)	20,037	(49,637)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease Payments Received	-	(1,576)	(1,576)
Principal Paid on Long-Term Debt	(26,313)	(237,465)	(263,778)
Interest Paid on Long-Term Debt	(2,914)	(18,728)	(21,642)
Acquisition and Construction of Capital Assets	(51,281)	(61,114)	(112,395)
Capital Grant Proceeds	56,969	9,600	66,569
Transfers From Other Funds	665	45,191	45,856
Net Cash Used by Capital and Related Financing Activities	(22,874)	(264,092)	(286,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	17	3,701	3,718
NET INCREASE IN CASH AND CASH EQUIVALENTS	17	1,709	1,726
Cash and Cash Equivalents - Beginning of Year	1,068	140,013	141,081
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,085</u>	<u>\$ 141,722</u>	<u>\$ 142,807</u>
RECONCILED TO STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 25	\$ -	\$ 25
Restricted Cash and Cash Equivalents	1,060	141,722	142,782
Total	<u>\$ 1,085</u>	<u>\$ 141,722</u>	<u>\$ 142,807</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MANAWA, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (92,451)	\$ 111,694	\$ 19,243
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	148,291	104,759	253,050
Effects of Change in Operating Assets and Liabilities:			
Accounts Receivable	(1,795)	1,331	(464)
Inventory	2	1,611	1,613
Net Pension Asset - WRS	(8,142)	(7,906)	(16,048)
Deferred Pension Outflows	(28,643)	(25,983)	(54,626)
Deferred Other Postemployment Benefits Outflows	2,475	1,567	4,042
Accounts Payable	51,715	26,991	78,706
Due to Other Funds	(3,169)	3,169	-
State Life Insurance Net Other Postemployment Benefits Liability	(599)	1,025	426
Deferred Pension Inflows	26,215	24,535	50,750
Deferred Other Postemployment Benefits Inflows	(1,351)	(730)	(2,081)
Net Cash Provided by Operating Activities	<u>\$ 92,548</u>	<u>\$ 242,063</u>	<u>\$ 334,611</u>
NONCASH CAPITAL ACTIVITIES			
Cost of Sewer Capital Project Paid for by TIF #2	<u>\$ 43,281</u>	<u>\$ -</u>	<u>\$ 43,281</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022**

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 366,515
Receivables:	
Taxes	<u>856,201</u>
Total Assets	<u>1,222,716</u>
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	<u>1,222,716</u>
 NET POSITION	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 1,316,308
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>1,316,308</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

These basic financial statements include all of the funds of the City of Manawa, Wisconsin. The reporting entity for the City consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting City's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise 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 specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. These financial statements do not contain any component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. An exception is charges between the City of Manawa's proprietary funds and various other functions of the City of Manawa. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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. 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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

The City reports the following major governmental funds:

General Fund – This fund is the general operating fund of the City. It is used to account for financial resources devoted to financing general services. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Library Special Revenue Fund – To account for specific revenue sources of the Sturm Memorial Library donated by outside parties that are restricted to expenditures for specified purposes.

TIF #2 Capital Projects Fund – To account for the expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

TIF #3 Capital Projects Fund – To account for the expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Debt Service Fund – To account for specific revenue sources that are legally restricted to repayment of debt principal and interest, other than those payable from the enterprise funds.

The City reports two major proprietary funds:

Water Utility Fund – To account for the water supply to the residents, business entities, and public authorities of the City.

Sewer Utility Fund – To account for the wastewater treatment and disposal services to the residents, business entities, and public authorities of the City.

In addition, the City reports the following fiduciary fund type:

Custodial Fund – Custodial funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City reports property taxes and specials collected on behalf of other governments in the custodial fund accounts.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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 grants and aids are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City that are not currently available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as unearned revenue.

Long-term receivables, such as special assessments, notes, and mortgages, are recorded as receivables and deferred inflows. In subsequent periods, when revenue recognition criteria are met or when the City has a legal claim to the resources, revenues are recorded.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues, such as licenses and permits, fines and forfeitures, and miscellaneous revenues, are recognized when payment is received or when measurable and available under the criteria described above.

For governmental fund financial statements, deferred inflows arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. For government-wide and governmental fund financial statements, unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflows of resources and unearned revenues are removed from the balance sheet and revenue is recognized.

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

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

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of net position and proprietary fund 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.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as either "due from/due to other funds" (current portion) or "advances to/from other funds" (noncurrent portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are classified as nonspendable fund balance in the general fund to indicate the funds are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are reported at gross value with uncollectible amounts written off under the direct write off method. No allowance for uncollectible accounts is presented, since the amount would not be significant. No allowance for uncollectible accounts has been provided for the water and sewer utilities because delinquent bills are placed on the tax roll and collected.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Receivables and Payables (Continued)

Property taxes consist of taxes on real estate and personal property. Property taxes are levied in December of each year based on assessed value as of January 1 of that year and become an enforceable lien on the property the following January 1. The amount levied is applicable to the budget of the ensuing calendar year and become due as of January 1 of that year. In addition to property taxes for the City, taxes are also collected for and remitted to the state and county governments, as well as local school and technical college districts. The City settles with all entities on the 15th of January, February, and August based on the taxes collected through the end of each preceding month. Payment due dates are full payment by January 31 or partial payments by January 31 and July 31 of each year. At year-end, the property taxes levied for each fund are recorded as taxes receivable and deferred inflows of resources.

Leases Receivable

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Leases Receivable (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The City accounts for contracts both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the City treats the components as a single lease unit.

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost with value being determined on the "first-in, first-out" basis of accounting. The cost is recorded as expenditure or an expense at the time the individual inventory items are consumed rather than when purchased. Payments made to vendors for services that will benefit periods beyond the end of the current year are recorded as prepaid items in both government-wide and fund financial statements. Inventories and prepaid items of governmental fund types are classified as nonspendable fund balance, which indicates that assets do not represent spendable available financial resources.

Restricted Assets

Restricted assets consist of cash and cash equivalents restricted for the purpose of Sewer and Water Fund debt repayment and plant replacement. Restricted assets also consist of donations restricted by external parties for specific purposes. Current liabilities payable from these restricted assets are so classified.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Manawa as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. GASB Statement No. 34 permits reporting infrastructure on a prospective basis. Accordingly, major networks of governmental activities infrastructure assets prior to 2004 are not reported in the government-wide financial statements.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure assets are depreciated using the straight-line method over the following useful lives:

Land Improvements	15 Years
Buildings	7 to 30 Years
Machinery and Equipment	5 to 7 Years
Utility System	15 to 107 Years
Infrastructure	40 to 50 Years

Deferred Outflows of Resources

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City reports deferred outflows of resources for losses on refunding of debt, pension and other postemployment benefits related items.

Deferred Inflows of Resources

The City reports increases in net position or fund equity that relate to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under modified accrual basis of accounting. The City also reports deferred inflows of resources for pension , other postemployment benefits related items and leases.

Compensated Absences

All vested 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 terminations and/or retirements or are payable with expendable available resources.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Wisconsin Retirement System Pension Plan Benefits

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.

Other Postemployment Benefits (OPEB) – Multiple Employer Plan

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt.

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

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted Net Position – Amount of net position that is subject to restrictions that are imposed by (1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Governmental Fund Equity

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as described below.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components.

Nonspendable Fund Balance – Amount that cannot be spent because it is (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The City reports nonspendable library contributions, prepaids, and advances to other funds.

Restricted Fund Balance – Amounts constraints requiring use for a specific purpose and are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Governmental Fund Equity (Continued)

Committed Fund Balance – Amounts used for specific purposes based on the constraints imposed by formal action of the City Council. The commitment purposes must be made during the City's fiscal year ended December 31, 2022, and can only be amended by the same formal action creating the original commitments such as a resolution or ordinance.

Assigned Fund Balance – Funds that are constrained by the City Clerk with the intent for the amount to be used for specific purposes, but is neither restricted nor committed.

Unassigned Fund Balance – The balance of General Fund's fund balance available for appropriation and deficits reported in other governmental funds.

It is the City's policy to use fund balance resources in the following manner: first restricted, then committed, then assigned, and finally unassigned.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It 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 this standard, 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.

The City adopted the requirement of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

Budgetary Information

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. A formal budget has been adopted for the General Fund. Formal budgets have not been adopted for other funds.

The budget covers the fiscal year ending December 31 and is available for public inspection at least 15 days prior to final adoption. All annual appropriations lapse at fiscal year-end unless specifically set up as a nonlapsing appropriation. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the function listed as follows:

General Fund:

General Government	\$ 3,712
Culture and Recreation	10,332

Limitations on the City's Tax Levy

Wisconsin Statutes Section 66.0602 limits the City's future tax levies. Generally, the City is limited to its prior year tax levy allowable dollar amount (excluding TIF Districts), increased by a valuation factor for new construction. Changes in debt service from one year to the next are generally exempt from this limit.

NOTE 3 DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

	Carrying Value	Associated Risks
Petty Cash	\$ 289	
Deposits:		
Demand Deposits	619,250	Custodial Credit
External Investment Pools:		
South Central Library System Foundation (SCLSF)	567,580	Credit Risk, Interest Rate Risk
Local Government Investment Pool (LGIP)	429,597	Credit Risk, Interest Rate Risk
Total External Investment Pools	997,177	
Total Cash and Cash Equivalents	<u>\$ 1,616,716</u>	
Reconciliation to the Statement of Net Position:		
Cash and Cash Equivalents	\$ 673,815	
Restricted Cash and Cash Equivalents	576,386	
Custodial Fund Cash and Cash Equivalents	366,515	
Total Cash and Cash Equivalents	<u>\$ 1,616,716</u>	

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a formal policy on this type of deposit risk.

As of December 31, 2022, the carrying amount of the City's deposits, including fiduciary fund, was \$619,250 and the bank balance was \$637,463. Of the bank balance, \$387,463 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Custodial Credit Risk for Deposits (Continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). However, although the fund had reserves available at December 31, 2022, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. Therefore, this coverage has not been considered in computing custodial credit risk.

Investment Policy

The City has not adopted a formal investment policy; however, the City invests in accordance with Wisconsin State Statutes. Under state statute, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state;
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state, the University of Wisconsin Hospitals and Clinics Authority, and the Wisconsin Aerospace Authority;
- Bonds or securities issued or guaranteed by the federal government;
- Any security which matures within not more than seven years, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or similar rating agency;
- Securities of an open-end management investment company or investment trust, if the company or trust does not charge a sales load, is registered under the investment company act of 1940, and if the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed as to principal and interest by the federal government;
- Repurchase agreements that are fully collateralized by bonds or securities of the federal government;
- The state local government investment pool; and
- Repurchase agreements with public depositories with certain conditions.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Investment Policy (Continued)

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.

The investments in the Local Government Investment Pool are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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. The fund for the Sturm Memorial Library is held within the South Central Library System Foundation (SCLSF) fund which is held by a 3rd party fund manager and administered in accordance with the fund agreement and SCLSF Wealth Management Investment Policy. It is measured at fair value (Level 2). Any fund withdrawal amount under \$5,000 will be made available upon seven business days' notice and a 30-day notification of the release of funds over \$5,000 is requested.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City does not have a formal policy which addresses custodial credit risk for deposits and investments.

Concentration of Credit Risk

Concentration of credit risk refers to risk of loss attributed to the City's investment in a single issuer. The City does not have a formal policy on this type of investment risk.

Credit and Interest Rate Risk

Credit risk is the risk that, an issuer or other counterparty to an investment will not fulfill its obligations to the City. Interest rate risk is the risk that, changes in interest rates will adversely affect the fair value of an investment.

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Credit and Interest Rate Risk (Continued)

As of December 31, 2022, the City had \$429,597 invested in LGIP, which is not rated. The weighted average maturity date for investments held by the LGIP is 15 days, but funds are available to the City in full on one day's notice.

The City does not have a formal policy which addresses credit and interest rate risk.

Restricted Cash and Cash Equivalents

The City's restricted cash and cash equivalents in governmental and business-type activities at year-end were comprised of the following:

Donor Restrictions	\$ 433,604
Debt Service Reserve	141,722
Future Asset Replacement	1,060
Total Restricted Cash and Cash Equivalents	<u>\$ 576,386</u>

Capital Assets

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

	Beginning Balance	Additions	Removals	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,405,491	\$ -	\$ -	\$ 1,405,491
Construction in Progress	-	3,862	-	3,862
Total Capital Assets Not Being Depreciated	1,405,491	3,862	-	1,409,353
Capital Assets Being Depreciated:				
Buildings and Improvements	2,454,437	6,245	-	2,460,682
Machinery and Equipment	1,380,638	70,795	17,401	1,434,032
Infrastructure	2,399,108	-	-	2,399,108
Total Capital Assets Being Depreciated	6,234,183	77,040	17,401	6,293,822
Less Accumulated Depreciation:				
Buildings and Improvements	1,258,064	86,295	-	1,344,359
Machinery and Equipment	1,191,767	74,245	17,401	1,248,611
Infrastructure	485,645	48,308	-	533,953
Total Accumulated Depreciation	2,935,476	208,848	17,401	3,126,923
Total Capital Assets Being Depreciated, Net	3,298,707	(131,808)	-	3,166,899
Governmental Activities Capital Assets, Net	<u>\$ 4,704,198</u>	<u>\$ (127,946)</u>	<u>\$ -</u>	<u>\$ 4,576,252</u>

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 30,290
Public Safety	22,250
Public Works	80,586
Culture and Recreation	69,122
Health and Human Services	489
Conservation and Development	<u>6,111</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 208,848</u></u>

	Beginning Balance	Additions	Removals	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 38,020	\$ -	\$ -	\$ 38,020
Organization Costs	250	-	-	250
Construction in Progress	<u>-</u>	<u>76,852</u>	<u>-</u>	<u>76,852</u>
Total Capital Assets Not Being Depreciated	38,270	76,852	-	115,122
Capital Assets Being Depreciated:				
Buildings and Improvements	6,800,796	17,710	5,000	6,813,506
Machinery and Equipment	2,179,911	61,114	1,250	2,239,775
Infrastructure	<u>2,008,620</u>	<u>-</u>	<u>-</u>	<u>2,008,620</u>
Total Capital Assets Being Depreciated	10,989,327	78,824	6,250	11,061,901
Less Accumulated Depreciation:				
Buildings and Improvements	3,695,598	151,864	5,000	3,842,462
Machinery and Equipment	1,256,590	75,074	1,250	1,330,414
Infrastructure	<u>532,444</u>	<u>26,112</u>	<u>-</u>	<u>558,556</u>
Total Accumulated Depreciation	<u>5,484,632</u>	<u>253,050</u>	<u>6,250</u>	<u>5,731,432</u>
Total Capital Assets Being Depreciated, Net	<u>5,504,695</u>	<u>(174,226)</u>	<u>-</u>	<u>5,330,469</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 5,542,965</u></u>	<u><u>\$ (97,374)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,445,591</u></u>

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities:	
Sewer Utility	\$ 148,291
Water Utility	104,759
Total Depreciation Expense - Business-Type Activities	<u>\$ 253,050</u>

Leases Receivable

A summary of the City's lease terms and interest rates is as follows:

Water Tower lease. Monthly installments of \$1,559, increasing 3.5% annually including interest at 3.75%, due dates through 2025.

Building lease. Monthly installments of \$700 including interest at 3.75%, due dates through 2028.

Building lease: Quarterly installments of \$1,500 including interest at 3.75%, due dates through 2024.

For the year ended December 31, 2022, the City received \$33,548 in lease revenue and interest on the leases receivable.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 12,690	\$ 1,710	\$ 18,495	\$ 1,323	\$ 31,185	\$ 3,033
2024	11,665	1,235	19,909	604	31,574	1,839
2025	7,496	904	6,883	32	14,379	936
2026	7,782	618	-	-	7,782	618
2027	8,079	321	-	-	8,079	321
2028 to 2032	4,855	46	-	-	4,855	46
Total	<u>\$ 52,567</u>	<u>\$ 4,834</u>	<u>\$ 45,287</u>	<u>\$ 1,959</u>	<u>\$ 97,854</u>	<u>\$ 6,793</u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Interfund Balances

The composition of interfund receivables/payables as of, is as follows:

Receivable Fund	Payable Fund	Amount
General	Water Utility	\$ 238,457
General	Sewer Utility	609,237
Total		<u>\$ 847,694</u>
Classified as:		
Due to/from Other Funds		\$ 369,022
Advances to/from Other Funds		478,672
Total		<u>\$ 847,694</u>

The interfund due to/from and advances consist of interfund loans to fund deficit pooled cash balances. It is the intent of the utility funds to repay the General Fund through collection of future user fees.

The following is a schedule of interfund transfers:

Transfers In	Transfers Out	Amount
Sewer	Debt Service	\$ 665
Water	Debt Service	45,191
General	Debt Service	33,909
Library	General	16,641
Total		<u>\$ 96,406</u>

The transfer for funds from the Debt Service Fund to the Sewer and Water Funds was for the debt service payments levied by the City related to the utility's share of general obligation debt due to the utility user fee shortfall. The transfer of funds from the Debt Service Fund to the General Fund was to cover the purchase agreement payments accounted for in the General Fund. The transfer of funds from the General Fund to the Debt Service Fund was to cover an additional debt service payment to pay down general obligation debt. The transfer of funds from the General Fund to the Library Fund was to correct library funds inadvertently transferred to a general fund cash account.

Short-Term Debt

The City has an available line of credit from Premier Community Bank for \$250,000, which bears interest at 3.75% and expires on October 25, 2024. There was no activity during 2022 and therefore no outstanding balance as of December 31, 2022.

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations

Required disclosures regarding the City's long-term obligations are as follows:

	Balance - January 1, 2022	Additions	Retirements	Balance - December 31, 2022	Amount Due in One Year
Governmental					
Activities:					
2015 GO Bonds	\$ 589,247	\$ -	\$ (122,237)	\$ 467,010	\$ 122,237
2020 GO Bonds	915,000	-	(50,000)	865,000	50,000
Notes from Direct					
Borrowings	13,936	-	(941)	12,995	976
Subtotal	1,518,183	-	(173,178)	1,345,005	173,213
Unamortized Bond					
Issue Premium	6,940	-	(1,111)	5,829	-
Unamortized Bond					
Issue Discount	(9,396)	-	666	(8,730)	-
Financed Purchase	32,608	-	(32,608)	-	-
Prior Service Pension					
Liability	64,474	5,665	(6,293)	63,846	5,716
Subtotal	1,612,809	5,665	(212,524)	1,405,950	178,929
Compensated Absences	14,880	40,095	(39,574)	15,401	15,401
Total Governmental					
Activities Long-Term					
Liabilities	<u>\$ 1,627,689</u>	<u>\$ 45,760</u>	<u>\$ (252,098)</u>	<u>\$ 1,421,351</u>	<u>\$ 194,330</u>
	Balance - January 1, 2022	Additions	Retirements	Balance - December 31, 2022	Amount Due in One Year
Business-Type					
Activities:					
2012 Water and Sewer					
Revenue Refunding Bonds	\$ 345,000	\$ -	\$ (170,000)	\$ 175,000	\$ 175,000
2015 GO Bonds	350,753	-	(72,763)	277,990	72,763
2020 GO Bonds	275,000	-	(20,000)	255,000	20,000
Notes from Direct					
Borrowings	15,025	-	(1,015)	14,010	1,053
Subtotal	985,778	-	(263,778)	722,000	268,816
Unamortized Bond					
Issue Premium	4,133	-	(661)	3,472	-
Unamortized Bond					
Issue Discount	(2,781)	-	245	(2,536)	-
Prior Service Pension					
Liability	28,216	903	(903)	28,216	911
Subtotal	1,015,346	903	(265,097)	751,152	269,727
Compensated Absences	7,466	13,278	(13,278)	7,466	7,466
Total Business-Type					
Activities Long-Term					
Liabilities	<u>\$ 1,022,812</u>	<u>\$ 14,181</u>	<u>\$ (278,375)</u>	<u>\$ 758,618</u>	<u>\$ 277,193</u>

CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations (Continued)

The City's outstanding notes from direct borrowings related to governmental activities of \$12,995 and business type activities of \$14,010 are subject to a statutory provision that in an event of late or nonpayment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance - December 31, 2022
General Obligation Note (1)	3/15/2013	3/15/2033	3.75%	\$ 800,000	\$ 27,005
2015 General Obligation Bonds (2)	3/24/2015	3/1/2028	2.0% to 2.8%	2,040,000	745,000
2020 General Obligation Bonds (4)	4/8/2020	3/1/2037	1.75% to 3.35%	1,245,000	1,120,000
Total Outstanding General Obligation Debt					<u>\$ 1,892,005</u>
2012 Revenue Refunding Bonds (3)	2/16/2012	5/1/2023	1.1% to 2.7%	1,380,000	<u>\$ 175,000</u>

	Outstanding Balance	Description
(1)	\$ 27,005	2013 State Trust Fund Loan. Debt is allocated between General, Water, and Sewer Funds.
(2)	745,000	2015 GO Bonds. Debt is allocated between General, Water, and Sewer Funds.
(3)	175,000	2012 Water and Sewer Revenue Refunding Bonds are being serviced by the Water and Sewer Funds.
(4)	1,120,000	2020 GO Bonds refinanced the 2017 and 2018 State Trust Fund Loans. Debt is allocated between General, TIF #2, TIF #3, and Water Funds.

Annual debt service requirements serviced by the governmental activities are as follows:

Governmental Activities	Bonds		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 172,237	\$ 32,715	\$ 976	\$ 487	\$ 173,213	\$ 33,202
2024	111,417	29,810	1,012	452	112,429	30,262
2025	116,417	27,348	1,051	413	117,468	27,761
2026	135,223	24,437	1,090	373	136,313	24,810
2027	138,357	21,069	1,131	333	139,488	21,402
2028 to 2032	403,359	65,688	6,325	994	409,684	66,682
2033 to 2037	255,000	21,440	1,410	53	256,410	21,493
Total	<u>\$ 1,332,010</u>	<u>\$ 222,507</u>	<u>\$ 12,995</u>	<u>\$ 3,105</u>	<u>\$ 1,345,005</u>	<u>\$ 225,612</u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Obligations (Continued)

Annual debt service requirements serviced by the business-type activities are as follows:

Business-Type Activities	Bonds		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 267,763	\$ 14,509	\$ 1,053	\$ 525	\$ 268,816	\$ 15,034
2024	53,583	10,629	1,091	487	54,674	11,116
2025	53,583	9,448	1,133	445	54,716	9,893
2026	64,777	8,049	1,175	402	65,952	8,451
2027	71,643	6,342	1,219	358	72,862	6,700
2028 to 2032	171,641	13,154	6,818	1,072	178,459	14,226
2033	25,000	375	1,521	57	26,521	432
Total	<u>\$ 707,990</u>	<u>\$ 62,506</u>	<u>\$ 14,010</u>	<u>\$ 3,346</u>	<u>\$ 722,000</u>	<u>\$ 65,852</u>

The loss on the 2012 bond refunding is presented in the financial statements as a deferred outflow and is being amortized over the life of the new bonds.

If at any time the Enterprise Fund is unable to meet the above noted obligations, the ultimate liability for payment lies with the City.

Margin of Indebtedness

The 2022 equalized valuation of the City, as certified by the Wisconsin Department of Revenue, is \$90,915,600. The legal general obligation debt limit and margin of indebtedness as of December 31, 2022, in accordance with the Wisconsin Statutes follows:

Debt Limit (5% of \$90,915,600)	\$ 4,545,780
Deduct Long-Term Debt Applicable to Debt Margin	<u>1,892,005</u>
Margin of Indebtedness	<u>\$ 2,653,775</u>

Covenant Compliance

The 2012 Water and Sewer Revenue Refunding Bonds require the City to maintain cash reserves for debt service obligations and future asset replacement, as well as meet certain debt service coverage ratios. As of December 31, 2022, the City was in compliance with these requirements.

Utility Revenue Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2033. The total principal and interest remaining to be paid on the bonds is \$177,363. Principal and interest paid for the current year and total customer net revenues were \$177,093 and \$272,292, respectively.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Net Position

Net position reported on the government-wide statement of net position as of December 31, 2022, includes the following:

Governmental Activities:

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 1,409,353
Capital Assets, Net of Accumulated Depreciation	3,166,899
Adjusted for:	
Outstanding Capital Related Debt	(670,884)
Total Net Investment in Capital Assets	<u>3,905,368</u>

Restricted Net Position:

Restricted for Pension Benefits	225,887
Restricted for Library - Expendable for Capital Projects	433,604
Restricted for TIF Capital Projects	358,657
Total Restricted Net Position	<u>1,018,148</u>

Unrestricted	(112,104)
Total Governmental Activities Net Position	<u><u>\$ 4,811,412</u></u>

Business-Type Activities:

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 115,122
Capital Assets, Net of Accumulated Depreciation	5,330,469
Adjusted for:	
Outstanding Capital Related Debt	(722,936)
Loss on Refunding	4,790
Asset Related Accounts Payable	(59,560)
Total Net Investment in Capital Assets	<u>4,667,885</u>

Restricted Net Position:

Restricted for Pension Benefits	93,892
Restricted for Debt Service and Asset Replacement	141,994
Total Restricted	<u>235,886</u>

Unrestricted	(828,564)
Total Business-Type Activities Net Position	<u><u>\$ 4,075,207</u></u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Net Position (Continued)

Reconciliation of Net Position on Statement of Net Position:

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 1,524,475
Capital Assets, Net of Accumulated Depreciation	8,497,368
Adjusted for:	
Outstanding Capital Related Debt	(1,393,820)
Asset Related Accounts Payable	(59,560)
Loss on Refunding	4,790
Total Net Investment in Capital Assets	<u>8,573,253</u>

Restricted	1,254,034
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Unrestricted:

Governmental Activities Unrestricted Net Position	(112,104)
Business-Type Activities Unrestricted Net Position	(828,564)
Total Unrestricted	<u>(940,668)</u>

Total Net Position	<u>\$ 8,886,619</u>
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Tax Incremental Financing Districts

The City has created two Tax Incremental Financing (TIF) District funds.

The following is the cumulative status of Tax Incremental Financing District No. 2 as of December 31, 2022.

	<u>2022</u>	<u>From Date of Creation</u>
TIF No. 2:		
Project Costs:		
Capital Expenditures	\$ 43,281	\$ 59,176
Administration	2,450	25,247
Development Incentives	-	400,000
Interest and Issuance Costs	29,940	125,050
Total Expenditures	<u>75,671</u>	<u>609,473</u>
Project Revenues:		
Tax Increments	72,431	355,854
Developers Agreement	2,393	13,294
Personal Property Aid	-	252
Interest Income	93	544
Total Revenues	<u>74,917</u>	<u>369,944</u>
Net Cost Recoverable through Future Tax Increments	<u>\$ (754)</u>	<u>\$ (239,529)</u>
Comprised of:		
Fund Balance		\$ 160,471
Less Outstanding Debt		<u>(400,000)</u>
Amount to be Recovered		<u>\$ (239,529)</u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Tax Incremental Financing Districts (Continued)

Tax Incremental Financing District No. 2 was created November 13, 2015, as a mixed-use district to facilitate developments to both industrial and commercial properties. State statutes allow up to a 15-year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 2 expires on November 13, 2036.

The following is the cumulative status of Tax Incremental Financing District No. 3 as of December 31, 2022.

	<u>2022</u>	<u>From Date of Creation</u>
TIF No. 3:		
Project Costs:		
Capital Expenditures	\$ -	\$ 367,750
Administration	2,450	56,416
Interest and Issuance Costs	23,822	86,523
Total Expenditures	<u>26,272</u>	<u>510,689</u>
Project Revenues:		
Tax Increments	22,971	51,845
Sale of Property	-	95,062
Intergovernmental Grant	-	226,968
Total Revenues	<u>22,971</u>	<u>373,875</u>
Net Cost Recoverable through Future		
Tax Increments	<u>\$ (3,301)</u>	<u>\$ (136,814)</u>
Comprised of:		
Fund Balance		\$ 198,186
Less Outstanding Debt		<u>(335,000)</u>
Amount to be Recovered		<u>\$ (136,814)</u>

Tax Incremental Financing District No. 3 was created February 19, 2018, as a mixed-use district to facilitate developments to both industrial and commercial properties. State statutes allow up to a 15-year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 3 expires on February 19, 2039.

Deferred Compensation Plan

The City offers a deferred compensation plan for all employees. Contributions to this plan are entirely from employee voluntary contributions. These assets are not assets of the City and, accordingly, are not included in the City's financial statements.

Customer Concentration

The City water and sewer utility includes charges to one customer during 2022 that total 21% of total operating revenues of the utility. At December 31, 2022, the amount owed to the Utility by this customer totaled \$56,177.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City carries commercial insurance for risk of loss. The City did not have settled claims that exceeded the City's commercial insurance coverage in any of the past three years.

Commitments and Contingencies

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

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

The City has committed to the purchase of a new Freightliner plow truck for approximating \$228,000. No payment has been made as of December 31, 2022.

Joint Services Agreement

The City, along with the Town of Lebanon, Town of Little Wolf, Union Township, Royalton Township, St. Lawrence Township, and Village of Ogdensburg, jointly operate the Manawa Rural Fire and Ambulance Service, which provides fire and ambulance services to the participating municipalities. The governing body is made up of citizens from each community, who has the authority to adopt its own budget and control the financial affairs of the District. The City made payments of \$90,005 for 2022, and expects that future payments for services will be at similar rates.

NOTE 4 OTHER INFORMATION

Wisconsin Retirement System Pension Plan

General Information about the Pension Plan

Plan Description

The Wisconsin Retirement System Pension Plan (WRS) is a cost-sharing multi-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.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

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, EFT issues 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 and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to receive a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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 reporting period, the WRS recognized \$42,726 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives, and Elected Officials)	6.50 %	6.50 %
Protective With Social Security	6.50 %	12.00 %
Protective Without Social Security	6.50 %	16.40 %

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Postretirement Adjustments

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

<u>Year Ending December 31,</u>	<u>Core Fund Adjustment</u>	<u>Variance Fund Adjustment</u>
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	5.0%	-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%

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

At December 31, 2022, the City reported an asset of \$319,779 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 0.00396740%, which was a decrease of 0.00004019% from its proportion measured as of December 31, 2020.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

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

For the year ended December 31, 2022, the City recognized pension revenue of \$27,407. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 516,585	\$ 37,251
Changes in Assumptions	59,659	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	715,373
Change in Proportion and Differences between City Contributions and Proportionate Share of Contributions	705	1,078
City Contributions Subsequent to the Measurement Date	42,726	-
Total	<u>\$ 619,675</u>	<u>\$ 753,702</u>

The amount of \$42,726 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the fiscal year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2023	\$ (15,048)
2024	(86,781)
2025	(38,197)
2026	(36,727)
Total	<u>\$ (176,753)</u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

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

Actuarial Assumptions

The total pension liability in the latest 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%
Inflation:	3.0%
Salary Increases:	0.1% to 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments:*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018, to December 31, 2020. Based on the 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 MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

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

Actuarial Assumptions (Continued)

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:

Core Asset Allocation			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Equities	52.0 %	6.8 %	4.2 %
Fixed Income	25.0 %	4.3 %	1.8 %
Inflation Sensitive Assets	19.0 %	2.7 %	0.2 %
Real Estate	7.0 %	5.6 %	3.0 %
Private Equity/Debt	12.0 %	9.7 %	7.0 %
Cash	(15.0) %	0.9 %	N/A
Total	100.0 %		

Variable Asset Allocation			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity	70.0 %	6.3 %	3.7 %
International Equity	30.0 %	7.2 %	4.6 %
Total	100.0 %	6.8 %	4.2 %

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

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

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

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Wisconsin Retirement System Pension Plan (Continued)

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

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 prior year. This single discount rate was 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 long-term expected 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 6.8%, 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 (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 226,906	\$ (319,779)	\$ (713,292)

Pension Plan Fiduciary Net Position

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

At December 31, 2022, the City reported a payable of \$14,307 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits

Plan Description

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

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

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2022, are:

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

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021, are as listed below:

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$ 0.0500
30 to 34	0.0600
35 to 39	0.0700
40 to 44	0.0800
45 to 49	0.1200
50 to 54	0.2200
55 to 59	0.3900
60 to 64	0.4900
65 to 69	0.5700

During the year ended December 31, 2022, the LRLIF recognized \$437 in contributions from the employer.

OPEB Liabilities/Assets, 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 \$146,797 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, and 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 0.02483700%, which was a decrease of 0.00059100% from its proportion measured as of December 31, 2020.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$13,021. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 7,467
Changes of Assumptions	44,352	7,115
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,910	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	2,139	24,106
Total	<u>\$ 48,401</u>	<u>\$ 38,688</u>

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

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2023	\$ 1,970
2024	1,748
2025	1,532
2026	3,057
2027	1,767
Thereafter	(361)
Total	<u>\$ 9,713</u>

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

Actuarial Assumptions

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

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 19, 2021
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:	
Inflation	3.0%
Seniority/Merit	0.1% - 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.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

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.

<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 Interim 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.

**CITY OF MANAWA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits – Multiemployer Benefits (Continued)

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

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, 2019, 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:

	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
City's Proportionate Share of the Net OPEB Liability	\$ 199,149	\$ 146,796	\$ 107,402

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANAWA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
General Property Tax	\$ 654,086	\$ 654,086	\$ 654,052	\$ (34)
Mobile Home Parking Fees	11,000	11,000	7,415	(3,585)
Interest and Penalties on Delinquent Taxes	-	-	745	745
Total Taxes	665,086	665,086	662,212	(2,874)
Intergovernmental Revenue:				
Other Federal Grants	-	-	777	777
State Aid:				
Shared Taxes	311,698	311,698	314,572	2,874
State Fire Insurance	4,000	4,000	3,963	(37)
State Computer Aid	2,930	2,930	2,930	-
Medical Transport	2,500	2,500	2,454	(46)
Law Enforcement Training	4,000	4,000	7,480	3,480
Local Streets	84,067	84,067	83,834	(233)
DNR Payment in Lieu of Taxes	-	-	18	18
Other State Payments	-	-	18,154	18,154
County and Other Local Governments:				
Library - County Aid	101,945	101,945	120,491	18,546
Total Intergovernmental Revenue	511,140	511,140	554,673	43,533
Regulation and Compliance Revenue:				
Licenses:				
Licenses and Permits	3,450	3,450	3,219	(231)
Franchise Fees	15,000	15,000	6,913	(8,087)
Permits:				
Building and Inspection Fees	5,500	5,500	1,646	(3,854)
Law and Ordinance Violations:				
Court Penalties and Costs	12,000	12,000	4,219	(7,781)
Total Regulation and Compliance Revenue	35,950	35,950	15,997	(19,953)
Public Charges for Services:				
General Government Fees	500	500	172	(328)
Sanitation	-	-	269	269
Parks and Recreation Fees	-	-	125	125
Library Fees	2,500	2,500	2,465	(35)
Total Public Charges for Services	3,000	3,000	3,031	31

See accompanying Note to Required Supplementary Information.

CITY OF MANAWA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (CONTINUED)				
Miscellaneous Revenues:				
Rent of City Property	\$ 50,350	\$ 50,350	\$ 22,861	\$ (27,489)
Donations	-	-	5,838	5,838
Interest on General Fund Investments	500	500	6,042	5,542
Other Miscellaneous Revenue	10,500	10,500	24,337	13,837
Total Miscellaneous Revenues	61,350	61,350	59,078	(2,272)
Total Revenues	1,276,526	1,276,526	1,294,991	18,465
EXPENDITURES				
General Government:				
Legislative:				
City Council and Mayor	19,390	19,390	22,430	(3,040)
General Administration:				
Clerk	77,063	77,063	76,876	187
Elections	7,000	7,000	4,383	2,617
Office Supplies	4,000	4,000	3,806	194
Financial Administration:				
Assessment of Property	9,231	9,231	8,321	910
Consultants	13,275	13,275	15,503	(2,228)
Legal:				
City Attorney	22,000	22,000	18,876	3,124
Update City Ordinances	2,500	2,500	995	1,505
Building and Plant:				
Municipal Building	33,471	33,471	31,672	1,799
Other General Government:				
Property and Liability Insurance	20,018	20,018	9,836	10,182
Miscellaneous	4,001	4,001	22,963	(18,962)
Total General Government	211,949	211,949	215,661	(3,712)
Public Safety:				
Police Department	332,361	332,361	281,981	50,380
Fire:				
Fire Department	92,899	92,899	93,298	(399)
Hydrant Rental	130,575	130,575	126,722	3,853
Building Inspection	6,459	6,459	5,066	1,393
Total Public Safety	562,294	562,294	507,067	55,227
Public Works:				
Garbage and Recycling	5,340	5,340	5,028	312
Streets and Sidewalks	170,964	170,964	153,870	17,094
Street Lighting	25,000	25,000	28,502	(3,502)
Sanitary Landfill	5,400	5,400	10,300	(4,900)
Total Public Works	206,704	206,704	197,700	9,004

See accompanying Note to Required Supplementary Information.

CITY OF MANAWA, WISCONSIN
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Health and Human Services:				
Senior Center	\$ -	\$ -	\$ 282	\$ (282)
Clinic	1,000	1,000	165	835
Total Health and Human Services	1,000	1,000	447	553
Culture and Recreation:				
Library	210,744	210,744	222,928	(12,184)
Parks, Beaches, and Playground	53,733	53,733	51,881	1,852
Total Culture and Recreation	264,477	264,477	274,809	(10,332)
Conservation and Development:				
Dam	5,000	5,000	132	4,868
Other	2,500	2,500	2,161	339
Total Conservation and Development	7,500	7,500	2,293	5,207
Capital Outlays:				
General Government	2,961	2,961	-	2,961
Public Safety	14,303	14,303	18,996	(4,693)
Public Works	68,596	68,596	53,551	15,045
Culture and Recreation	-	-	8,355	(8,355)
Total Capital Outlays	85,860	85,860	80,902	4,958
Debt Service:				
Principal	32,608	32,608	32,608	-
Interest	1,301	1,301	1,301	-
Total Debt Service	33,909	33,909	33,909	-
Total Expenditures	1,373,693	1,373,693	1,312,788	60,905
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,167)	(97,167)	(17,797)	79,370
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,000	2,000	-	(2,000)
Transfer In	-	-	33,909	33,909
Transfer Out	-	-	(16,641)	(16,641)
Total Other Financing Sources (Uses)	2,000	2,000	17,268	15,268
NET CHANGE IN FUND BALANCES	<u>\$ (95,167)</u>	<u>\$ (95,167)</u>	<u>\$ (529)</u>	<u>\$ 94,638</u>

See accompanying Note to Required Supplementary Information.

CITY OF MANAWA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
WISCONSIN RETIREMENT SYSTEM
(SEE INDEPENDENT AUDITORS' REPORT)

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

Measurement Period Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.00445334 %	\$ (109,386)	\$ 565,799	(19.33)%	102.74 %
12/31/2015	0.00444582	72,243	554,028	13.04	98.20
12/31/2016	0.00436976	36,017	543,063	6.63	99.12
12/31/2017	0.00426923	(126,758)	550,664	(23.02)	102.93
12/31/2018	0.00413114	146,973	535,870	27.43	96.45
12/31/2019	0.00405050	(130,606)	539,367	(24.21)	102.96
12/31/2020	0.00400759	(250,199)	564,417	(44.33)	105.26
12/31/2021	0.00396740	(319,779)	529,600	(60.38)	106.02

SCHEDULE OF CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 41,749	\$ 41,749	\$ -	\$ 554,028	7.54 %
12/31/2016	40,106	40,106	-	543,063	7.39
12/31/2017	43,232	43,232	-	550,664	7.85
12/31/2018	40,345	40,345	-	535,870	7.53
12/31/2019	41,524	41,524	-	539,367	7.70
12/31/2020	46,604	46,604	-	564,417	8.26
12/31/2021	44,398	44,398	-	529,600	8.38
12/31/2022	42,726	42,726	-	526,076	8.12

See accompanying Note to Required Supplementary Information.

CITY OF MANAWA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
LOCAL RETIREE LIFE INSURANCE FUND
(SEE INDEPENDENT AUDITORS' REPORT)

SCHEDULE OF PROPORTIONATE SHARE OF LOCAL RETIREE LIFE INSURANCE FUND
NET OPEB LIABILITY (ASSET)
LAST TEN MEASUREMENT PERIODS

<u>Measurement Period Ended</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/2017	0.03445100 %	\$ 103,649	\$ 1,448,763	7.15 %	44.81 %
12/31/2018	0.03623100	93,488	517,000	18.08	48.69
12/31/2019	0.02733100	116,381	486,000	23.95	37.58
12/31/2020	0.02542800	139,872	515,000	27.16	31.36
12/31/2021	0.02483700	146,796	503,000	29.18	29.57

SCHEDULE OF CONTRIBUTIONS TO LOCAL RETIREE LIFE INSURANCE FUND OPEB PLAN
LAST TEN MEASUREMENT PERIODS

<u>Fiscal Year Ended</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$ 654	\$ 654	\$ -	\$ 1,448,763	0.05 %
12/31/2019	698	698	-	517,000	0.14
12/31/2020	522	522	-	486,000	0.11
12/31/2021	484	484	-	521,469	0.09
12/31/2022	437	437	-	533,377	0.08

See accompanying Note to Required Supplementary Information.

CITY OF MANAWA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 BUDGETARY INFORMATION

Budgetary Information

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. A formal budget has been adopted for the General Fund. Formal budgets have not been adopted for other funds.

The budget covers the fiscal year ending December 31 and is available for public inspection at least 15 days prior to final adoption. All annual appropriations lapse at fiscal year-end unless specifically set up as a nonlapsing appropriation. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the function listed as follows:

General Fund:

General Government	\$ 3,712
Culture and Recreation	10,332

NOTE 2 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION LIABILITIES (ASSETS)

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

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 Table.

CITY OF MANAWA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 2 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION LIABILITIES (ASSETS) (CONTINUED)

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

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

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

NOTE 3 CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO LRLIF OPEB LIABILITIES (ASSETS)

Benefit Terms: There were no recent changes of benefit terms.

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

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

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

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

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

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



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FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

April 11, 2024

Re: City of Manawa, Wisconsin ("Issuer")
\$1,300,000 Water and Sewer System Revenue Bonds, Series 2024B,
dated April 11, 2024 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the Common Council of the Issuer on February 19, 2024, as supplemented by the Approving Certificate (collectively, the "Bond Resolution"). The Issuer covenanted in the Bond Resolution that revenues of the Water System and Sewer System (collectively, the "System") of the Issuer which are deposited in the Special Redemption Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Bonds as the same falls due.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$50,000	___%
2027	50,000	___
2028	50,000	___
2029	50,000	___
2030	55,000	___
2031	55,000	___
2032	60,000	___
2033	60,000	___
2034	60,000	___
2035	65,000	___
2036	70,000	___
2037	70,000	___
2038	75,000	___
2039	80,000	___
2040	80,000	___
2041	85,000	___
2042	90,000	___

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2043	\$ 95,000	____%
2044	100,000	____

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2025.

The Bonds maturing on May 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2034 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

【The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of

those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Bond Resolution or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

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.
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 Manawa, Waupaca County, Wisconsin (the "Issuer") in connection with the issuance of \$1,300,000 Water and Sewer System Revenue Bonds, Series 2024B, dated April 11, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on February 19, 2024, as supplemented by an Approving Certificate, dated March 21, 2024 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically 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 of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(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 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 defined terms 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.

"Final Official Statement" means the Final Official Statement dated March 21, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Manawa, Waupaca County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk/Treasurer of the Issuer who can be contacted at 500 South Bridge Street, Box 248, Manawa, Wisconsin 54949, phone (920) 596-2577, fax (920) 596-3081.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference financial information and operating data that is customarily prepared and publicly available, to wit:

1. Audited Financial Statements; and
2. The Issuer's adopted annual budget.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. 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, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, 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 of 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.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) 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 the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions 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 the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 11th day of April, 2024.

(SEAL)

Mike Frazier
Mayor

Logan Hass
City Clerk/Treasurer

NOTICE OF SALE

\$1,300,000* WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2024B CITY OF MANAWA, WISCONSIN

Bids for the purchase of \$1,300,000* Water and Sewer System Revenue Bonds, Series 2024B (the "Bonds") of the City of Manawa, 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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on March 21, 2024, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on February 19, 2024 (the "Parameters Resolution"), which authorized the City Clerk/Treasurer or Deputy Clerk to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are met. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on March 21, 2024, then neither the City Clerk/Treasurer nor Deputy Clerk have the authority to award the sale of the Bonds, and all bids will be rejected.**

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing additions, improvements and extensions to the City's Water System and Sewer System (collectively, the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of Net Revenues of the Utility System.

DATES AND MATURITIES

The Bonds will be dated April 11, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$50,000	2033	\$60,000	2040	\$80,000
2027	50,000	2034	60,000	2041	85,000
2028	50,000	2035	65,000	2042	90,000
2029	50,000	2036	70,000	2043	95,000
2030	55,000	2037	70,000	2044	100,000
2031	55,000	2038	75,000		
2032	60,000	2039	80,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a maximum of \$30,000 per maturity. 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds, 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 Bonds. So long as Cede & Co. is the registered owner of the Bonds, 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 Bonds.

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 Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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 such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than

60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about April 11, 2024, the Bonds 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 Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

SUBMISSION OF BIDS

Bids must not be for less than \$1,283,750, nor more than \$1,430,000, plus accrued interest on the principal sum of \$1,300,000 from date of original issue of the Bonds to date of delivery. 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; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 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 \$26,000 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 Bonds 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 Bonds 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 Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds 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 Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Bonds will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 5.75% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

If the Bonds 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 Bonds 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 Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds 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 Bonds shall be designated 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 Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds) will apply to the initial sale of the Bonds (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 Bonds to the bidder who submits a firm offer to purchase the Bonds 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 Bonds, 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 Bonds 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 Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (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 Bonds (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 Bonds 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 Bonds, that the underwriters will neither offer nor sell unsold Bonds 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 (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds 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 (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, 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 Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(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 Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds 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 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds 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 Bonds 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 Bonds 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 Bonds to the public),
- (iii) a purchaser of any of the Bonds 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 Bonds 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 Bonds prior to the bid opening by request from Ehlers at 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

Logan Hass, Clerk/Treasurer
City of Manawa, Wisconsin

BID FORM

City of Manawa, Wisconsin (the "City")

March 21, 2024

RE: \$1,300,000* Water and Sewer System Revenue Bonds, Series 2024B (the "Bonds")

DATED: April 11, 2024

For all or none of the above Bonds, 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 \$1,283,750, nor more than \$1,430,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038		
_____ % due	2032	_____ % due	2039		

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a maximum of \$30,000 per maturity. 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.

A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

All Bonds 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 \$26,000 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 Bonds 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 Bonds 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 Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about April 11, 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 Bonds.

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 Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds 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 Bonds.

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 April 11, 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 City of Manawa, Wisconsin, on March 21, 2024.

By: _____
Title: _____