

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2025

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 Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes 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 Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

Non-Rated

CITY OF KIEL, WISCONSIN (Manitowoc and Calumet Counties)

\$4,300,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A

BID OPENING: April 22, 2025, 10:30 A.M., C.T.

CONSIDERATION: April 22, 2025, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,300,000* General Obligation Promissory Notes, Series 2025A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Kiel, Wisconsin (the "City"), for public purposes, including paying the cost of projects included in the City's Capital Improvement Plan such as street improvement projects, improvements to City Hall, dam repair project, and acquiring vehicles and equipment for City and police and fire departments, including a fire engine. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: May 8, 2025

MATURITY: March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$30,000	2033	\$240,000	2040	\$215,000
2027	225,000	2034	245,000	2041	220,000
2028	205,000	2035	235,000	2042	225,000
2029	215,000	2036	250,000	2043	235,000
2030	230,000	2037	165,000	2044	245,000
2031	235,000	2038	170,000	2045	265,000
2032	240,000	2039	210,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: March 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on March 1, 2035 and thereafter are subject to call for prior optional redemption on March 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$4,246,250.

MAXIMUM BID: \$4,601,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$86,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL AND DISCLOSURE 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).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 16c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this 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 Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This 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 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. Quarles and Brady LLP will serve as Disclosure Counsel to the City with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

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

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

Preliminary Official Statement: This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this 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 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 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 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 Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE NOTES..... 1</p> <p style="padding-left: 20px;">GENERAL..... 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION..... 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE..... 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES..... 2</p> <p style="padding-left: 20px;">SECURITY..... 2</p> <p style="padding-left: 20px;">RATING..... 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE..... 3</p> <p style="padding-left: 20px;">LEGAL MATTERS..... 3</p> <p style="padding-left: 20px;">TAX EXEMPTION..... 4</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT..... 4</p> <p style="padding-left: 20px;">BOND PREMIUM..... 5</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS..... 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR..... 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES..... 6</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS..... 6</p> <p style="padding-left: 20px;">RISK FACTORS..... 6</p> <p>VALUATIONS..... 8</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES..... 8</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS..... 9</p> <p style="padding-left: 20px;">2024 EQUALIZED VALUE BY CLASSIFICATION..... 9</p> <p style="padding-left: 20px;">TREND OF VALUATIONS..... 9</p> <p style="padding-left: 20px;">LARGER TAXPAYERS..... 10</p> <p>DEBT..... 11</p> <p style="padding-left: 20px;">DIRECT DEBT..... 11</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY..... 11</p> <p style="padding-left: 20px;">FUTURE FINANCING..... 11</p> <p style="padding-left: 20px;">DEBT LIMIT..... 11</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT..... 12</p> <p style="padding-left: 20px;">SCHEDULE OF ELECTRIC REVENUE DEBT..... 14</p> <p style="padding-left: 20px;">SCHEDULE OF SEWERAGE REVENUE DEBT..... 15</p> <p style="padding-left: 20px;">SCHEDULE OF WATER REVENUE DEBT..... 16</p> <p style="padding-left: 20px;">OVERLAPPING DEBT..... 17</p> <p style="padding-left: 20px;">DEBT RATIOS..... 17</p>	<p>TAX LEVIES AND COLLECTIONS..... 18</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS..... 18</p> <p style="padding-left: 20px;">PROPERTY TAX RATES..... 19</p> <p style="padding-left: 20px;">LEVY LIMITS..... 19</p> <p style="padding-left: 20px;">REVENUE FROM THE STATE..... 21</p> <p>THE ISSUER..... 21</p> <p style="padding-left: 20px;">CITY GOVERNMENT..... 21</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS..... 21</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS..... 23</p> <p style="padding-left: 20px;">LITIGATION..... 23</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY..... 23</p> <p style="padding-left: 20px;">FUNDS ON HAND..... 24</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS..... 25</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION..... 26</p> <p>GENERAL INFORMATION..... 27</p> <p style="padding-left: 20px;">LOCATION..... 27</p> <p style="padding-left: 20px;">LARGER EMPLOYERS..... 27</p> <p style="padding-left: 20px;">BUILDING PERMITS..... 28</p> <p style="padding-left: 20px;">U.S. CENSUS DATA..... 29</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA..... 29</p> <p>FINANCIAL STATEMENTS..... A-1</p> <p>FORM OF LEGAL OPINION..... B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM..... C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE .. D-1</p> <p>NOTICE OF SALE..... E-1</p> <p>BID FORM</p>
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CITY OF KIEL COMMON COUNCIL

		<u>Term Expires</u>
Robert H. Hennings, Sr.	Mayor	April 2027
John Brocker	Common Council President*	April 2027
Alice Achter	Aldersperson	April 2026
Jeremy Fromm	Aldersperson	April 2027
Tyler Guell	Aldersperson	April 2026
William Krueger	Aldersperson	April 2027
Kathy Schuette	Aldersperson	April 2026

ADMINISTRATION

David Funkhouser, City Administrator
Sarah Preissner, City Clerk-Treasurer

PROFESSIONAL SERVICES

Gary Jahn, Menn Law Firm, Ltd., City Attorney, Chilton, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

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

*The Council will elect a new President on April 15, 2025.

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Kiel, Wisconsin (the "City") and the issuance of its \$4,300,000* General Obligation Promissory Notes, Series 2025A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on April 22, 2025.

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 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 NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 8, 2025. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2026, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing 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 Notes maturing on or after March 1, 2035 shall be subject to optional redemption prior to maturity on March 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 Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of 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 Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of projects included in the City's Capital Improvement Plan such as street improvement projects, improvements to City Hall, dam repair project, and acquiring vehicles and equipment for City and police and fire departments, including a fire engine.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$4,300,000	
Estimated Interest Earnings	<u>31,484</u>	
Total Sources		\$4,331,484
Uses		
Estimated Underwriter's Discount	\$53,750	
Cost of Issuance	78,000	
Deposit to Project Construction Fund	4,197,839	
Rounding Amount	<u>1,895</u>	
Total Uses		\$4,331,484

*Preliminary, subject to change.

SECURITY

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

RATING

None of the outstanding indebtedness of the City is currently rated, other than credit enhanced issues, and the City has not requested a rating on the Notes. A rating for the Notes 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 Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. 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 Notes, 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 Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The City failed to timely file notice of the incurrence of a financial obligation incurred in February 2024. 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 MATTERS

An opinion as to the validity of the Notes 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 Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes 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). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

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 Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes 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 Notes 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 Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes."

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

Prospective purchasers of the Notes should be aware that ownership of the Notes 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 Notes 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 Notes. 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 Notes may be enacted. Prospective purchasers of the Notes 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 Notes is less than the principal amount payable at maturity, such Notes ("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 Notes is more than the principal amount payable at maturity, such Notes ("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 Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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.

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, 2023 have been audited by CliftonLarsonAllen LLP, Wausau, 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 Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

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

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

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

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 Notes for resale prior to maturity.

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

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

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

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

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

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

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

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

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

	Manitowoc County	Calumet County	Total
2024 Equalized Value	\$415,946,800	\$61,955,800	\$477,902,600
2024 Equalized Value Reduced by Tax Increment Valuation	\$388,854,600	\$38,951,300	\$427,805,900
2024 Assessed Value	\$390,420,700	\$58,528,600	\$448,949,300

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value¹	Percent of Total Equalized Value
Residential	\$332,554,800	69.586%
Commercial	77,209,500	16.156%
Manufacturing	68,084,400	14.247%
Agricultural	23,400	0.005%
Undeveloped	21,900	0.005%
Forest	8,600	0.002%
Personal Property ²	<u>0</u>	<u>0.000%</u>
Total	<u><u>\$477,902,600</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2020	\$324,622,900	\$344,903,800	7.85%
2021	325,036,300	366,745,600	6.33%
2022	325,233,400	412,838,500	12.57%
2023	463,604,600	457,230,900	10.75%
2024	448,949,300	477,902,600	4.52%

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

¹ Includes tax increment valuation.

² Personal property has been exempted from taxation as of January 1, 2024 (see "TAX LEVIES AND COLLECTIONS" herein).

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2024 Equalized Value¹	Percent of City's Total Equalized Value
Sargento Foods, Inc.	Manufacturing Cheese Plant	\$24,026,223	5.03%
Land O' Lakes	Manufacturing Cheese Plant	20,139,065	4.21%
Amerequip Corp.	Manufacturing Tractor Parts	8,031,032	1.68%
TW River Rock, LLC	Apartments	5,572,296	1.17%
TW Kiel LLC	Apartments	4,656,331	0.97%
KSJ Management	Warehouse	3,173,467	0.66%
Polar Ware Co.	Manufacturing Food Service Machines	2,314,989	0.48%
Kwik Trip	Gas Station/ C-Store	2,271,423	0.48%
BNG Phoebe LLC	Manufacturing Pet Food	2,207,454	0.46%
Arch Ahkiew 101 LLC	Medical Clinic	<u>2,007,790</u>	<u>0.42%</u>
Total		\$74,400,070	15.57%
City's Total 2024 Equalized Value ²		\$477,902,600	

Source: The City.

¹ Calculated by dividing the 2024 Assessed Values by the 2024 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$14,334,201</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by electric revenues	<u><u>\$855,000</u></u>
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Total revenue debt secured by sewer revenues	<u><u>\$23,359,000</u></u>
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Total revenue debt secured by water revenues	<u><u>\$245,000</u></u>
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DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City has 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	\$477,902,600
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$23,895,130
Less: General Obligation Debt*	<u><u>(14,334,201)</u></u>
Unused Debt Limit*	<u><u>\$9,560,929</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Notes.

City of Kiel, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 05/08/2025)

	Taxable Corporate Purpose Bonds Series 2014A		Corporate Purpose Bonds Series 2016A		Corporate Purpose Bonds Series 2017B		State Trust Fund Loan		Promissory Note	
Dated	06/17/2014		10/04/2016		12/27/2017		12/28/2017		01/22/2019	
Amount	\$1,295,000		\$2,035,000		\$2,645,000		\$300,000		\$497,888	
Maturity	03/01		10/01		05/01		03/01		Monthly	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	11,388	165,000	16,411	0	28,350	0	0	32,572	4,360
2026	125,000	20,275	170,000	29,523	180,000	54,000	37,079	2,641	167,514	568
2027	130,000	15,013	185,000	25,783	185,000	48,525	38,377	1,343		
2028	135,000	9,213	195,000	21,158	195,000	42,825				
2029	130,000	3,088	195,000	16,088	200,000	36,900				
2030			195,000	10,920	195,000	30,975				
2031			195,000	5,558	210,000	24,900				
2032					145,000	19,575				
2033					145,000	14,500				
2034					145,000	8,700				
2035					145,000	2,900				
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
	520,000	58,975	1,300,000	125,439	1,745,000	312,150	75,455	3,984	200,086	4,929

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City of Kiel, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/08/2025)

Calendar Year Ending	Corporate Purpose Bonds Series 2020A		Promissory Note		Corporate Purpose Bonds Series 2023A		Promissory Notes Series 2025A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated	Amount	Maturity	Dated	Amount	Maturity	Dated	Amount						
	02/20/2020	\$4,790,000	02/01	06/04/2021	\$500,000	06/04	09/13/2023	\$3,635,000	03/01	05/08/2025	\$4,300,000*	03/01		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Estimated Interest						
2025	0	27,393	71,382	5,508	0	76,309	0	0	268,954	169,719	438,674	14,065,247	1.88%	2025
2026	455,000	50,235	72,721	4,169	150,000	148,869	30,000	224,287	1,387,314	534,567	1,921,881	12,677,933	11.55%	2026
2027	460,000	41,085	74,085	2,805	245,000	138,994	225,000	166,108	1,542,462	439,655	1,982,117	11,135,471	22.32%	2027
2028	470,000	31,785	75,471	1,419	255,000	126,494	205,000	158,531	1,530,471	391,424	1,921,896	9,605,000	32.99%	2028
2029	475,000	22,335			275,000	113,244	215,000	151,023	1,490,000	342,676	1,832,676	8,115,000	43.39%	2029
2030	490,000	12,685			255,000	99,994	230,000	143,013	1,365,000	297,586	1,662,586	6,750,000	52.91%	2030
2031	70,000	7,050			265,000	86,994	235,000	134,643	975,000	259,144	1,234,144	5,775,000	59.71%	2031
2032	70,000	5,580			340,000	71,869	240,000	126,033	795,000	223,056	1,018,056	4,980,000	65.26%	2032
2033	70,000	4,110			330,000	55,119	240,000	117,213	785,000	190,941	975,941	4,195,000	70.73%	2033
2034	75,000	2,531			345,000	38,244	245,000	108,118	810,000	157,593	967,593	3,385,000	76.39%	2034
2035	75,000	844			205,000	25,519	235,000	98,880	660,000	128,143	788,143	2,725,000	80.99%	2035
2036					190,000	17,619	250,000	89,298	440,000	106,916	546,916	2,285,000	84.06%	2036
2037					165,000	10,416	165,000	80,956	330,000	91,372	421,372	1,955,000	86.36%	2037
2038					170,000	3,506	170,000	74,130	340,000	77,636	417,636	1,615,000	88.73%	2038
2039							210,000	66,288	210,000	66,288	276,288	1,405,000	90.20%	2039
2040							215,000	57,415	215,000	57,415	272,415	1,190,000	91.70%	2040
2041							220,000	48,170	220,000	48,170	268,170	970,000	93.23%	2041
2042							225,000	38,490	225,000	38,490	263,490	745,000	94.80%	2042
2043							235,000	28,311	235,000	28,311	263,311	510,000	96.44%	2043
2044							245,000	17,570	245,000	17,570	262,570	265,000	98.15%	2044
2045							265,000	6,029	265,000	6,029	271,029	0	100.00%	2045
	2,710,000	205,633	293,660	13,902	3,190,000	1,013,188	4,300,000	1,934,502	14,334,201	3,672,701	18,006,902			

* Preliminary, subject to change.

City of Kiel, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Electric Revenues
 (As of 05/08/2025)

Electric System Revenue Bonds
 Series 2016B

Dated	10/04/2016
Amount	\$1,595,000
Maturity	12/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	115,000	17,405	115,000	17,405	132,405	740,000	13.45%	2025
2026	120,000	15,450	120,000	15,450	135,450	620,000	27.49%	2026
2027	120,000	13,290	120,000	13,290	133,290	500,000	41.52%	2027
2028	120,000	11,010	120,000	11,010	131,010	380,000	55.56%	2028
2029	125,000	8,490	125,000	8,490	133,490	255,000	70.18%	2029
2030	125,000	5,865	125,000	5,865	130,865	130,000	84.80%	2030
2031	130,000	2,990	130,000	2,990	132,990	0	100.00%	2031
	855,000	74,500	855,000	74,500	929,500			

City of Kiel, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 05/08/2025)

		Taxable Sewerage System								
		Sewerage System Revenue Bonds Series 2017A		Mortgage Bond (USDA)						
Dated Amount		05/03/2017 \$5,510,000		02/01/2024 \$19,912,000						
Maturity		05/01		05/01						
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	76,188	0	167,379	0	243,566	243,566	23,359,000	.00%	2025
2026	280,000	148,175	357,600	331,629	637,600	479,804	1,117,404	22,721,400	2.73%	2026
2027	300,000	139,475	363,900	325,315	663,900	464,790	1,128,690	22,057,500	5.57%	2027
2028	310,000	129,938	370,300	318,891	680,300	448,829	1,129,129	21,377,200	8.48%	2028
2029	325,000	119,619	376,800	312,354	701,800	431,973	1,133,773	20,675,400	11.49%	2029
2030	340,000	108,388	383,500	305,701	723,500	414,089	1,137,589	19,951,900	14.59%	2030
2031	350,000	96,313	390,300	298,931	740,300	395,243	1,135,543	19,211,600	17.76%	2031
2032	360,000	83,438	397,200	292,040	757,200	375,478	1,132,678	18,454,400	21.00%	2032
2033	375,000	69,656	404,200	285,028	779,200	354,684	1,133,884	17,675,200	24.33%	2033
2034	390,000	55,313	411,200	277,893	801,200	333,206	1,134,406	16,874,000	27.76%	2034
2035	400,000	40,000	418,600	270,632	818,600	310,632	1,129,232	16,055,400	31.27%	2035
2036	400,000	24,000	425,900	263,243	825,900	287,243	1,113,143	15,229,500	34.80%	2036
2037	400,000	8,000	433,400	255,724	833,400	263,724	1,097,124	14,396,100	38.37%	2037
2038			441,100	248,072	441,100	248,072	689,172	13,955,000	40.26%	2038
2039			448,900	240,285	448,900	240,285	689,185	13,506,100	42.18%	2039
2040			456,800	232,360	456,800	232,360	689,160	13,049,300	44.14%	2040
2041			464,900	224,295	464,900	224,295	689,195	12,584,400	46.13%	2041
2042			473,100	216,087	473,100	216,087	689,187	12,111,300	48.15%	2042
2043			481,400	207,736	481,400	207,736	689,136	11,629,900	50.21%	2043
2044			489,800	199,238	489,800	199,238	689,038	11,140,100	52.31%	2044
2045			498,600	190,589	498,600	190,589	689,189	10,641,500	54.44%	2045
2046			507,400	181,787	507,400	181,787	689,187	10,134,100	56.62%	2046
2047			516,400	172,828	516,400	172,828	689,228	9,617,700	58.83%	2047
2048			525,400	163,713	525,400	163,713	689,113	9,092,300	61.08%	2048
2049			534,700	154,437	534,700	154,437	689,137	8,557,600	63.36%	2049
2050			544,200	144,996	544,200	144,996	689,196	8,013,400	65.69%	2050
2051			553,800	135,389	553,800	135,389	689,189	7,459,600	68.07%	2051
2052			563,500	125,612	563,500	125,612	689,112	6,896,100	70.48%	2052
2053			573,500	115,664	573,500	115,664	689,164	6,322,600	72.93%	2053
2054			583,700	105,538	583,700	105,538	689,238	5,738,900	75.43%	2054
2055			594,000	95,233	594,000	95,233	689,233	5,144,900	77.97%	2055
2056			604,400	84,747	604,400	84,747	689,147	4,540,500	80.56%	2056
2057			615,100	74,077	615,100	74,077	689,177	3,925,400	83.20%	2057
2058			625,900	63,218	625,900	63,218	689,118	3,299,500	85.87%	2058
2059			637,000	52,168	637,000	52,168	689,168	2,662,500	88.60%	2059
2060			648,300	40,921	648,300	40,921	689,221	2,014,200	91.38%	2060
2061			659,700	29,476	659,700	29,476	689,176	1,354,500	94.20%	2061
2062			671,300	17,830	671,300	17,830	689,130	683,200	97.08%	2062
2063			683,200	5,978	683,200	5,978	689,178	0	100.00%	2063
	4,230,000	1,098,500	19,129,000	7,227,031	23,359,000	8,325,531	31,684,531			

City of Kiel, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Water Revenues
 (As of 05/08/2025)

Water System Revenue Bonds
 Series 2017C

Dated Amount	12/27/2017 \$1,090,000
Maturity	05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	3,675	0	3,675	3,675	245,000	.00%	2025
2026	120,000	5,550	120,000	5,550	125,550	125,000	48.98%	2026
2027	125,000	1,875	125,000	1,875	126,875	0	100.00%	2027
	245,000	11,100	245,000	11,100	256,100			

OVERLAPPING DEBT¹

Taxing District	2024 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Manitowoc County	\$9,303,341,400	4.4709%	\$28,000,000	\$1,251,852
Calumet County	7,246,607,000	0.8550%	37,015,000	316,465
Kiel Area School District	1,313,229,110	36.3914%	9,355,000	3,404,416
Lakeshore Technical College District	25,414,494,883	1.8804%	27,905,000	<u>524,726</u>
City's Share of Total Overlapping Debt				<u><u>\$5,497,459</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$477,902,600	Debt/ Per Capita 3,975⁴
Total General Obligation Debt*	\$14,334,201	3.00%	\$3,606.09
City's Share of Total Overlapping Debt	<u>5,497,459</u>	<u>1.15%</u>	<u>1,383.01</u>
Total	\$19,831,660	4.15%	\$4,989.10

*Preliminary, subject to change.

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

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2024 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Manitowoc County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2020/21	\$1,281,808	100%	\$4.75
2021/22	1,362,263	100%	4.69
2022/23	1,428,446	100%	4.40
2023/24	1,527,657	100%	4.35
2024/25	1,531,398	In Progress	3.94

Calumet County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2020/21	\$125,215	100%	\$4.75
2021/22	136,596	100%	4.69
2022/23	148,117	100%	4.40
2023/24	163,979	100%	4.35
2024/25	157,110	In Progress	4.03

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.

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. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly 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:

Manitowoc

Year Levied/ Year Collected	Schools¹	County	Local	Total
2020/21	\$9.91	\$5.11	\$4.75	\$19.77
2021/22	9.37	4.80	4.69	18.86
2022/23	7.55	4.33	4.40	16.28
2023/24	7.73	3.83	4.35	15.91
2024/25	6.03	3.56	3.94	13.53

Calumet

Year Levied/ Year Collected	Schools¹	County	Local	Total
2020/21	\$9.91	\$4.77	\$4.75	\$19.43
2021/22	9.37	4.43	4.69	18.49
2022/23	7.55	3.97	4.40	15.92
2023/24	7.73	3.53	4.35	15.61
2024/25	6.03	3.37	4.03	13.43

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

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

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%.

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

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

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

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

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

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

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

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 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 received approximately \$657,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$548,000 received in 2023. The City is expected to receive approximately \$672,00 in shared revenue under Chapter 79, Wis. Stats. in 2025. 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 1920 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to staggered two-year terms. The appointed City Administrator and City Clerk-Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 35 full-time, 135 part-time, and 21 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 may not pay the employees' required contribution. During the fiscal year ended December 31, 2021, the fiscal year ended December 31, 2022 and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$174,097, \$194,168, and \$211,508, 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. As of December 31, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion. Accordingly, the City will continue to report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2024.

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 2023, the City reported a liability of \$804,422 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 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 0.01518434% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension 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 net pension liability 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 Note 3.G. in "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.¹

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an

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. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Kiel Police Department Local 1362 AFL-CIO	December 31, 2026

OTHER POST EMPLOYMENT BENEFITS

The City participates in 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 2023, the City's portion of contributions to the LRLIF totaled \$753. For Fiscal Year 2023, the City reported a liability of \$143,019 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.03573900% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

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 3.H. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under

order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

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

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

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

FUNDS ON HAND (as of December 31, 2024)

Fund	Total Cash and Investments
General	\$222,156
Senior Citizens- Rolling Wheels	60,315
Capital Projects	340,503
Electric Utility	1,034,731
Water Utility	332,511
Sewer Debt Service	9,407,557
Library	109,261
Business Improvement District	13,064
Debt Service	48,885
Total Funds on Hand	<u><u>\$11,568,983</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:

	2021 Audited	2022 Audited	2023 Audited
Electric			
Total Operating Revenues	\$9,204,421	\$10,835,520	\$10,093,346
Less: Operating Expenses	<u>(8,714,904)</u>	<u>(10,044,004)</u>	<u>(10,513,864)</u>
Operating Income	\$489,517	\$791,516	(\$420,518)
Plus: Depreciation	705,547	724,369	735,741
Interest Income	<u>5,150</u>	<u>5,022</u>	<u>5,977</u>
Revenues Available for Debt Service	<u><u>\$1,200,214</u></u>	<u><u>\$1,520,907</u></u>	<u><u>\$321,200</u></u>
Water			
Total Operating Revenues	\$842,218	\$1,254,772	\$1,190,478
Less: Operating Expenses	<u>(1,079,837)</u>	<u>(802,280)</u>	<u>(850,645)</u>
Operating Income	(\$237,619)	\$452,492	\$339,833
Plus: Depreciation	283,569	298,552	315,728
Interest Income	<u>3,470</u>	<u>3,552</u>	<u>3,458</u>
Revenues Available for Debt Service	<u><u>\$49,420</u></u>	<u><u>\$754,596</u></u>	<u><u>\$659,019</u></u>
Sewer			
Total Operating Revenues	\$3,335,227	\$3,594,801	\$3,253,973
Less: Operating Expenses	<u>(1,648,147)</u>	<u>(1,948,558)</u>	<u>(2,510,644)</u>
Operating Income	\$1,687,080	\$1,646,243	\$743,329
Plus: Depreciation	439,916	446,359	792,499
Interest Income	<u>18,920</u>	<u>142,830</u>	<u>269,628</u>
Revenues Available for Debt Service	<u><u>\$2,145,916</u></u>	<u><u>\$2,235,432</u></u>	<u><u>\$1,805,456</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 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2021 Audited	2022 Audited	2023 Audited	2024 Unaudited	2025 Adopted Budget ¹
Revenues					
Taxes & special assessments	\$625,785	\$665,603	\$773,146	\$815,751	\$818,945
Intergovernmental	920,129	945,667	981,638	1,078,640	1,127,223
Licenses and permits	129,966	110,468	122,185	103,197	104,320
Fines and forfeitures	39,508	39,710	53,362	39,072	39,500
Public charges for services	278,010	319,689	367,057	481,278	485,050
Intergovernmental charges for services	27,470	28,020	28,580	38,580	45,706
Miscellaneous	118,992	124,471	327,674	264,109	124,600
Total Revenues	<u>\$2,139,860</u>	<u>\$2,233,628</u>	<u>\$2,653,642</u>	<u>\$2,820,627</u>	<u>\$2,745,344</u>
Expenditures					
Current:					
General government	\$235,103	\$270,247	\$270,131	\$275,269	\$344,730
Public safety	1,275,158	1,369,853	1,391,696	1,469,850	1,484,856
Public works	727,932	851,339	959,641	919,306	933,405
Health and human services	16,696	10,955	18,140	20,000	20,000
Culture and recreation	312,279	293,551	298,369	320,311	464,140
Conservation and development	35,288	23,409	21,687	20,287	22,900
Total Expenditures	<u>\$2,602,456</u>	<u>\$2,819,354</u>	<u>\$2,959,664</u>	<u>\$3,025,023</u>	<u>\$3,270,031</u>
Excess of revenues over (under) expenditures	(\$462,596)	(\$585,726)	(\$306,022)	(\$204,396)	(\$524,687)
Other Financing Sources (Uses)					
Transfers in	\$478,307	\$602,751	\$710,943	\$526,648	\$526,648
Transfers (out)	(156,640)	(156,640)	(156,640)	(156,640)	(156,640)
Total Other Financing Sources (Uses)	<u>321,667</u>	<u>446,111</u>	<u>554,303</u>	<u>370,008</u>	<u>370,008</u>
Net changes in Fund Balances	(\$140,929)	(\$139,615)	\$248,281	\$165,612	(\$154,679)
General Fund Balance January 1	<u>\$254,419</u>	<u>\$113,490</u>	<u>(\$26,125)²</u>	<u>\$222,156</u>	<u>\$387,768</u>
General Fund Balance December 31	\$113,490	(\$26,125)	\$222,156	\$387,768	\$233,089
DETAILS OF DECEMBER 31 FUND BALANCE					
Restricted	\$17,148	\$19,361	\$20,401		
Unassigned	96,342	(45,486)	201,755		
Total	<u>\$113,490</u>	<u>(\$26,125)</u>	<u>\$222,156</u>		

¹ The 2025 budget was adopted on November 19, 2024.

² The City attributes the declining General Fund balance in the years 2021 to 2022 primarily to expenditures exceeding budget during these years. A new City Administrator joined the City in 2023 and put into place procedures to help control expenditures, which practices the current City Administrator that joined the City in 2024 has continued. The City administration and Common Council review expenditures vs. budget on a monthly basis, and the City reviews line item expenditures in an effort to control spending. The City has also reviewed revenue items for additional revenue generation, including with respect to permitting revenues and PILOT payments from the City's utilities.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 3,932 and a current preliminary estimated population of 3,975, comprises an area of two square miles and is located approximately 40 miles southeast of the City of Appleton, 48 miles south of the City of Green Bay and 65 miles north of the City of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Sargento Foods, Inc.	Cheese processing and packaging	500
Stoelting LLC	Manufacturing	350
Amerequip Corp.	Manufacturing tractor attachments	350
School District of Kiel Area	Elementary and secondary education	212
The City ²	Municipal government and services	191
Land O' Lakes	Cheese production	105
Piggly Wiggly	Supermarket	90
HUI	Metal fabrication	75
H.G. Weber & Co. Inc.	Manufacturing machinery	62
Millhome Supper Club	Restaurant	60

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

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

² Includes 35 full-time, 135 part-time employees and 21 seasonal workers.

BUILDING PERMITS

	2021	2022	2023	2024	2025 ¹
<u>New Single Family Homes</u>					
No. of building permits	16	11	2	1	1
Valuation	\$7,135,484	\$5,035,226	\$867,352	\$355,600	\$433,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	1	0
Valuation	\$0	\$0	\$0	\$600,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	1	1	1	0
Valuation	\$22,000	\$2,430,000	\$1,600,000	\$169,900	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	205	184	91	185	38
Valuation	\$24,558,764	\$22,796,332	\$7,832,839	\$13,846,997	\$1,139,186

Source: The City.

¹ As of March 1, 2025.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	3,738
2020 U.S. Census Population	3,932
Percent of Change 2010 - 2020	5.19%
2024 Estimated Population	3,975

Income and Age Statistics

	The City	Manitowoc County	State of Wisconsin	United States
2023 per capita income	\$37,396	\$37,639	\$42,019	\$43,289
2023 median household income	\$73,914	\$68,611	\$75,670	\$78,538
2023 median family income	\$93,537	\$86,605	\$97,261	\$96,922
2023 median gross rent	\$845	\$777	\$1,045	\$1,348
2023 median value owner occupied units	\$172,300	\$172,900	\$247,400	\$303,400
2023 median age	43.6 yrs.	45.0 yrs.	40.1 yrs.	38.7 yrs.

	State of Wisconsin	United States
City % of 2023 per capita income	89.00%	86.39%
City % of 2023 median family income	96.17%	96.51%

Housing Statistics

	<u>The City</u>		
	2020	2023	Percent of Change
All Housing Units	1,841	1,774	-3.64%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2023 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>	
	Manitowoc County	Manitowoc County	State of Wisconsin	
2021	39,556	3.5%	3.8%	
2022	39,374	2.8%	2.8%	
2023	39,480 ¹	3.0% ¹	2.8%	
2024	N/A	N/A	3.0%	¹
2025, January ¹	41,375	3.4%	3.6%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

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 Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse changes 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 KIEL, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



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

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF ACTIVITIES	7
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS	
BALANCE SHEET	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	12
GENERAL FUND	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	15
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	18
STATEMENT OF CASH FLOWS	19
FIDUCIARY FUNDS	
STATEMENT OF NET POSITION	21
STATEMENT OF CHANGES IN NET POSITION	22
NOTES TO BASIC FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION	
WISCONSIN RETIREMENT SYSTEM	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	62
SCHEDULE OF CONTRIBUTIONS	63

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

LOCAL RETIREE LIFE INSURANCE FUND	
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	64
SCHEDULE OF CONTRIBUTIONS	65
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	66
SUPPLEMENTARY INFORMATION	
GENERAL FUND	
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES	69
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES	71
NONMAJOR GOVERNMENTAL FUNDS	
COMBINING BALANCE SHEET	73
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	75
SCHEDULE OF ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES	77
SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES	78
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES	79
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	80
SCHEDULE OF FINDINGS AND RESPONSES	82



INDEPENDENT AUDITORS' REPORT

City Council
City of Kiel, Wisconsin
Kiel, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kiel, Wisconsin (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pension and OPEB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit for the year ended December 31, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The detailed comparison of general fund budgeted and actual revenues and expenditures, the nonmajor governmental fund combining statements, and the schedules of individual utility operating revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed comparison of general fund budgeted and actual revenues and expenditures, the nonmajor governmental fund combining statements, and the schedule of individual utility operating revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Kiel, Wisconsin as of and for the year ended December 31, 2022, (not presented herein), and have issued our report thereon dated September 8, 2023 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The schedules of individual utility operating revenues and expenses for the year ended December 31, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of individual utility operating revenues and expenses is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wausau, Wisconsin
November 5, 2024

BASIC FINANCIAL STATEMENTS

**CITY OF KIEL, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total	Component Unit BID
ASSETS				
Cash and Investments	\$ 1,754,594	\$ 3,338,266	\$ 5,092,860	\$ 12,862
Receivables:				
Taxes and Special Charges	2,260,245	-	2,260,245	12,467
Accounts, Net	156,181	2,137,471	2,293,652	-
Special Assessments	148,017	66,632	214,649	-
Loans	49,883	-	49,883	-
Lease	536,925	5,009	541,934	-
Internal Balances	(3,394,637)	3,394,637	-	-
Inventories	-	694,060	694,060	-
Restricted Assets:				
Cash and Investments	47,662	6,321,035	6,368,697	-
Capital Assets, Nondepreciable	434,325	389,698	824,023	-
Capital Assets, Depreciable	11,700,101	42,921,053	54,621,154	-
Total Assets	<u>13,693,296</u>	<u>59,267,861</u>	<u>72,961,157</u>	<u>25,329</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Advance Refunding	57,760	-	57,760	-
Pension Related Amounts	1,876,699	1,141,639	3,018,338	-
Other Postemployment Related Amounts	39,161	23,774	62,935	-
Total Deferred Outflows of Resources	<u>1,973,620</u>	<u>1,165,413</u>	<u>3,139,033</u>	<u>-</u>
LIABILITIES				
Accounts Payable	411,319	265,802	677,121	2,520
Accrued and Other Current Liabilities	47,420	16,089	63,509	-
Accrued Interest Payable	111,710	160,669	272,379	-
Long-Term Obligations:				
Due Within One Year	1,163,215	24,375,224	25,538,439	-
Due in More than One Year	10,636,940	6,687,786	17,324,726	-
Net Pension Liability	500,542	303,880	804,422	-
Other Postemployment Benefits	88,992	54,027	143,019	-
Total Liabilities	<u>12,960,138</u>	<u>31,863,477</u>	<u>44,823,615</u>	<u>2,520</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	3,170,629	-	3,170,629	12,467
Lease	536,925	5,009	541,934	-
Pension Related Amounts	1,052,925	639,232	1,692,157	-
Other Postemployment Related Amounts	64,150	38,945	103,095	-
Total Deferred Inflows of Resources	<u>4,824,629</u>	<u>683,186</u>	<u>5,507,815</u>	<u>12,467</u>
NET POSITION				
Net Investment in Capital Assets	2,239,066	17,339,521	19,578,587	-
Restricted:				
Capital Improvements	-	1,101,603	1,101,603	-
Library	109,261	-	109,261	-
Other	98,867	-	98,867	-
Unrestricted	<u>(4,565,045)</u>	<u>9,445,487</u>	<u>4,880,442</u>	<u>10,342</u>
Total Net Position	<u>\$ (2,117,851)</u>	<u>\$ 27,886,611</u>	<u>\$ 25,768,760</u>	<u>\$ 10,342</u>

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 518,970	\$ 175,050	\$ 15,442	\$ -
Public Safety	2,083,330	436,242	125,855	-
Public Works	1,637,823	319,615	366,551	55,617
Health and Human Services	32,562	10,596	-	-
Culture and Recreation	667,876	47,675	168,167	-
Conservation and Development	125,505	-	2,855	-
Interest and Fiscal Charges	460,725	-	-	-
Total Governmental Activities	<u>5,526,791</u>	<u>989,178</u>	<u>678,870</u>	<u>55,617</u>
BUSINESS-TYPE ACTIVITIES				
Electric Utility	10,534,509	10,093,346	-	7,045
Water Utility	878,693	1,190,478	-	-
Sewer Utility	2,976,803	3,253,973	-	-
Total Business-Type Activities	<u>14,390,005</u>	<u>14,537,797</u>	<u>-</u>	<u>7,045</u>
Total	<u>\$ 19,916,796</u>	<u>\$ 15,526,975</u>	<u>\$ 678,870</u>	<u>\$ 62,662</u>
COMPONENT UNIT - BID	<u>\$ 22,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Net Revenue (Expense) and Changes in Net Position			Component
	Governmental Activities	Business-Type Activities	Total	Unit BID
GOVERNMENTAL ACTIVITIES				
General Government	\$ (328,478)	\$ -	\$ (328,478)	\$ -
Public Safety	(1,521,233)	-	(1,521,233)	-
Public Works	(896,040)	-	(896,040)	-
Health and Human Services	(21,966)	-	(21,966)	-
Culture and Recreation	(452,034)	-	(452,034)	-
Conservation and Development	(122,650)	-	(122,650)	-
Interest and Fiscal Charges	(460,725)	-	(460,725)	-
Total Governmental Activities	(3,803,126)	-	(3,803,126)	-
BUSINESS-TYPE ACTIVITIES				
Electric Utility	-	(434,118)	(434,118)	-
Water Utility	-	311,785	311,785	-
Sewer Utility	-	277,170	277,170	-
Total Business-Type Activities	-	154,837	154,837	-
Total	(3,803,126)	154,837	(3,648,289)	-
COMPONENT UNIT - BID	-	-	-	(22,435)
GENERAL REVENUES				
Taxes:				
Property Taxes	1,576,563	-	1,576,563	19,713
Tax Increments	874,486	-	874,486	-
Other Taxes	9,065	-	9,065	-
Federal and State Grants and Other				
Contributions Not Restricted to Specific				
Functions	567,238	-	567,238	-
Interest and Investment Earnings	61,117	279,063	340,180	-
Miscellaneous	136,530	-	136,530	-
Gain on Sale of Asset	182,004	31,300	213,304	-
Transfers	444,443	(444,443)	-	-
Total General Revenues and Transfers	3,851,446	(134,080)	3,717,366	19,713
CHANGES IN NET POSITION	48,320	20,757	69,077	(2,722)
Net Position - Beginning of Year	(2,166,171)	27,865,854	25,699,683	13,064
NET POSITION - END OF YEAR	<u>\$ (2,117,851)</u>	<u>\$ 27,886,611</u>	<u>\$ 25,768,760</u>	<u>\$ 10,342</u>

See accompanying Notes to Basic Financial Statements.

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

ASSETS	General	Tax Incremental District No. 5	Capital Projects
Cash and Investments	\$ 600,086	\$ -	\$ 725,006
Restricted Cash and Investments	20,401	27,261	-
Receivables:			
Taxes and Special Charges	822,071	274,004	147,386
Accounts, Net	-	-	-
Special Assessments	-	12,198	135,819
Loans	-	-	-
Lease	536,925	-	-
Due from Other Funds	113,139	-	-
	<u>\$ 2,092,622</u>	<u>\$ 313,463</u>	<u>\$ 1,008,211</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 67,070	\$ 155	\$ 331,889
Accrued and Other Current Liabilities	47,420	-	-
Due to Other Funds	-	-	-
Advance from Other Funds	-	2,892,720	-
Total Liabilities	<u>114,490</u>	<u>2,892,875</u>	<u>331,889</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for			
Subsequent Year	1,219,051	371,819	200,000
Lease	536,925	-	-
Loans Receivable	-	-	-
Special Assessments	-	12,198	135,819
Total Deferred Inflows of Resources	<u>1,755,976</u>	<u>384,017</u>	<u>335,819</u>
FUND BALANCES			
Restricted	20,401	27,261	-
Committed	-	-	-
Assigned	-	-	340,503
Unassigned	201,755	(2,990,690)	-
Total Fund Balances	<u>222,156</u>	<u>(2,963,429)</u>	<u>340,503</u>
	<u>\$ 2,092,622</u>	<u>\$ 313,463</u>	<u>\$ 1,008,211</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,092,622</u>	<u>\$ 313,463</u>	<u>\$ 1,008,211</u>

See accompanying Notes to Basic Financial Statements.

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

	Other Governmental Funds	Total
ASSETS		
Cash and Investments	\$ 429,502	\$ 1,754,594
Restricted Cash and Investments	-	47,662
Receivables:		
Taxes and Special Charges	1,016,784	2,260,245
Accounts, Net	156,181	156,181
Special Assessments	-	148,017
Loans	49,883	49,883
Lease	-	536,925
Due from Other Funds	-	113,139
	<u>\$ 1,652,350</u>	<u>\$ 5,066,646</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 12,205	\$ 411,319
Accrued and Other Current Liabilities	-	47,420
Due to Other Funds	113,139	113,139
Advance from Other Funds	501,917	3,394,637
Total Liabilities	<u>627,261</u>	<u>3,966,515</u>
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for		
Subsequent Year	1,379,759	3,170,629
Lease	-	536,925
Loans Receivable	49,883	49,883
Special Assessments	-	148,017
Total Deferred Inflows of Resources	<u>1,429,642</u>	<u>3,905,454</u>
 FUND BALANCES		
Restricted	186,729	234,391
Committed	60,315	60,315
Assigned	-	340,503
Unassigned	(651,597)	(3,440,532)
Total Fund Balances	<u>(404,553)</u>	<u>(2,805,323)</u>
	<u>\$ 1,652,350</u>	<u>\$ 5,066,646</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,652,350</u>	<u>\$ 5,066,646</u>

See accompanying Notes to Basic Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ (2,805,323)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	12,134,426
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	197,900
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Loss on Advance Refunding	57,760
Deferred Outflows Related to Pensions	1,876,699
Deferred Inflows Related to Pensions	(1,052,925)
Deferred Outflows Related to Other Postemployment Benefits	39,161
Deferred Inflows Related to Other Postemployment Benefits	(64,150)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(11,436,505)
Premium on Debt	(363,650)
Other Postemployment Benefit	(88,992)
Net Pension Liability	(500,542)
Accrued Interest on Long-Term Obligations	<u>(111,710)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ (2,117,851)</u>

See accompanying Notes to Basic Financial Statements.

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

	General	Tax Incremental District No. 5	Capital Projects
REVENUES			
Taxes	\$ 773,146	\$ 330,348	\$ 237,916
Special Assessments	-	12,198	55,638
Intergovernmental	981,638	15,349	20,481
Licenses and Permits	122,185	-	-
Fines and Forfeits	53,362	-	-
Public Charges for Services	367,057	-	-
Intergovernmental Charges for Services	28,580	-	-
Miscellaneous	327,674	1,177	38,479
Total Revenues	2,653,642	359,072	352,514
EXPENDITURES			
Current:			
General Government	270,131	40,503	152
Public Safety	1,391,696	-	-
Public Works	959,641	-	-
Health and Human Services	18,140	-	-
Culture and Recreation	298,369	-	-
Conservation and Development	21,687	-	-
Debt Service:			
Principal	-	255,000	-
Interest and Fiscal Charges	-	233,407	55,313
Capital Outlay	-	-	1,513,823
Total Expenditures	2,959,664	528,910	1,569,288
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(306,022)	(169,838)	(1,216,774)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	-	1,405,000
Premium on Debt Issued	-	144,895	58,226
Refunding Debt Issued	-	2,230,000	-
Principal on Current Refunding	-	(2,430,000)	-
Transfers In	710,943	-	-
Transfers Out	(156,640)	-	(250,000)
Total Other Financing Sources (Uses)	554,303	(55,105)	1,213,226
NET CHANGE IN FUND BALANCES	248,281	(224,943)	(3,548)
Fund Balances - Beginning of Year	(26,125)	(2,738,486)	344,051
FUND BALANCES - END OF YEAR	\$ 222,156	\$ (2,963,429)	\$ 340,503

See accompanying Notes to Basic Financial Statements.

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

	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES		
Taxes	\$ 1,118,704	\$ 2,460,114
Special Assessments	-	67,836
Intergovernmental	209,937	1,227,405
Licenses and Permits	-	122,185
Fines and Forfeits	-	53,362
Public Charges for Services	394,342	761,399
Intergovernmental Charges for Services	32,195	60,775
Miscellaneous	38,852	406,182
Total Revenues	<u>1,794,030</u>	<u>5,159,258</u>
EXPENDITURES		
Current:		
General Government	77,704	388,490
Public Safety	393,373	1,785,069
Public Works	-	959,641
Health and Human Services	13,857	31,997
Culture and Recreation	301,949	600,318
Conservation and Development	62,096	83,783
Debt Service:		
Principal	730,560	985,560
Interest and Fiscal Charges	158,531	447,251
Capital Outlay	240,216	1,754,039
Total Expenditures	<u>1,978,286</u>	<u>7,036,148</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(184,256)	(1,876,890)
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	-	1,405,000
Premium on Debt Issued	-	203,121
Refunding Debt Issued	-	2,230,000
Principal on Current Refunding	-	(2,430,000)
Transfers In	157,046	867,989
Transfers Out	(16,906)	(423,546)
Total Other Financing Sources (Uses)	<u>140,140</u>	<u>1,852,564</u>
NET CHANGE IN FUND BALANCES	(44,116)	(24,326)
Fund Balances - Beginning of Year	<u>(360,437)</u>	<u>(2,780,997)</u>
FUND BALANCES - END OF YEAR	<u>\$ (404,553)</u>	<u>\$ (2,805,323)</u>

See accompanying Notes to Basic Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (24,326)

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

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

Capital Assets Reported as Expenditures in Governmental Fund Statements	1,292,628
Depreciation Expense Reported in the Statement of Activities	(552,968)
Net Book Value of Disposals	(79,300)

Governmental funds report special assessments as revenue in the year paid. However, while special assessments are recognized as revenue in the year assessed on the statement of activities. The change in special assessment in the current year is:

(12,219)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

(7,828)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(3,635,000)
Premium on Debt Issued	(203,121)
Principal Repaid	3,415,560

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	(23,803)
Amortization of Premiums, Discounts, and Loss on Advance Refunding	10,329
Net Pension Liability (Asset)	(1,221,385)
Deferred Outflows of Resources Related to Pensions	454,854
Deferred Inflows of Resources Related to Pensions	644,040
Other Postemployment Benefits	41,546
Deferred Outflows of Resources Related to Other Postemployment Benefits	(3,307)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(47,380)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities

\$ 48,320

See accompanying Notes to Basic Financial Statements.

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

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 780,504	\$ 780,504	\$ 773,146	\$ (7,358)
Special Assessments	789	789	-	(789)
Intergovernmental	952,545	952,545	981,638	29,093
Licenses and Permits	98,520	98,520	122,185	23,665
Fines and Forfeits	32,500	32,500	53,362	20,862
Public Charges for Services	360,011	360,011	367,057	7,046
Intergovernmental Charges for Services	28,143	28,143	28,580	437
Miscellaneous	99,133	99,133	327,674	228,541
Total Revenues	<u>2,352,145</u>	<u>2,352,145</u>	<u>2,653,642</u>	<u>301,497</u>
EXPENDITURES				
Current:				
General Government	231,188	231,188	270,131	(38,943)
Public Safety	1,217,311	1,217,311	1,391,696	(174,385)
Public Works	794,300	794,300	959,641	(165,341)
Health and Human Services	13,500	13,500	18,140	(4,640)
Culture and Recreation	256,000	256,000	298,369	(42,369)
Conservation and Development	31,500	31,500	21,687	9,813
Total Expenditures	<u>2,543,799</u>	<u>2,543,799</u>	<u>2,959,664</u>	<u>(415,865)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(191,654)	(191,654)	(306,022)	(114,368)
OTHER FINANCING SOURCES (USES)				
Transfers In	471,219	471,219	710,943	239,724
Transfers Out	(156,640)	(156,640)	(156,640)	-
Total Other Financing Sources (Uses)	<u>314,579</u>	<u>314,579</u>	<u>554,303</u>	<u>239,724</u>
NET CHANGE IN FUND BALANCE	122,925	122,925	248,281	125,356
Fund Balance - Beginning of Year	<u>(26,125)</u>	<u>(26,125)</u>	<u>(26,125)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 96,800</u>	<u>\$ 96,800</u>	<u>\$ 222,156</u>	<u>\$ 125,356</u>

See accompanying Notes to Basic Financial Statements.

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

	Electric Utility	Water Utility	Sewer Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,028,042	\$ 771,117	\$ 1,539,107	\$ 3,338,266
Receivables:				
Customer Accounts	1,473,618	178,188	485,665	2,137,471
Special Assessments	-	22,657	43,975	66,632
Lease	-	5,009	-	5,009
Inventories	637,383	24,014	32,663	694,060
Total Current Assets	<u>3,139,043</u>	<u>1,000,985</u>	<u>2,101,410</u>	<u>6,241,438</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	168,469	124,005	6,028,561	6,321,035
Advance to Other Funds	1,010,254	745,497	1,638,886	3,394,637
Total Noncurrent Assets	<u>1,178,723</u>	<u>869,502</u>	<u>7,667,447</u>	<u>9,715,672</u>
Capital Assets:				
Nondepreciable	289,225	2,532	97,941	389,698
Depreciable	3,796,783	7,331,814	31,792,456	42,921,053
Total Capital Assets	<u>4,086,008</u>	<u>7,334,346</u>	<u>31,890,397</u>	<u>43,310,751</u>
Total Assets	8,403,774	9,204,833	41,659,254	59,267,861
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	536,078	174,010	431,551	1,141,639
Other Postemployment Related Amounts	11,148	2,677	9,949	23,774
Total Deferred Outflows of Resources	<u>547,226</u>	<u>176,687</u>	<u>441,500</u>	<u>1,165,413</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KIEL, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Electric Utility	Water Utility	Sewer Utility	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 25,391	\$ 86,645	\$ 153,766	\$ 265,802
Accrued and Other Current Liabilities	16,089	-	-	16,089
Accrued Interest Payable	1,938	5,822	152,909	160,669
Current Portion of Long-Term Debt	122,091	178,909	24,074,224	24,375,224
Total Current Liabilities	<u>165,509</u>	<u>271,376</u>	<u>24,380,899</u>	<u>24,817,784</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	-	404,250	420,750	825,000
Revenue Bonds	866,834	373,109	4,622,843	5,862,786
Net Pension Liability	142,495	45,930	115,455	303,880
Other Postemployment Benefits	25,334	992	27,701	54,027
Total Long-Term Liabilities	<u>1,034,663</u>	<u>824,281</u>	<u>5,186,749</u>	<u>7,045,693</u>
Total Liabilities	1,200,172	1,095,657	29,567,648	31,863,477
DEFERRED INFLOWS OF RESOURCES				
Lease	-	5,009	-	5,009
Pension Related Amounts	299,749	96,616	242,867	639,232
Other Postemployment Related Amounts	18,262	12,287	8,396	38,945
Total Deferred Inflows of Resources	<u>318,011</u>	<u>113,912</u>	<u>251,263</u>	<u>683,186</u>
NET POSITION				
Net Investment in Capital Assets	3,272,640	6,452,975	7,613,906	17,339,521
Restricted:				
Capital Improvements	-	-	1,101,603	1,101,603
Unrestricted	4,160,177	1,718,976	3,566,334	9,445,487
Total Net Position	<u>\$ 7,432,817</u>	<u>\$ 8,171,951</u>	<u>\$ 12,281,843</u>	<u>\$ 27,886,611</u>

See accompanying Notes to Basic Financial Statements.

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

	Electric Utility	Water Utility	Sewer Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 10,057,304	\$ 1,175,430	\$ 3,250,576	\$ 14,483,310
Other	36,042	15,048	3,397	54,487
Total Operating Revenues	<u>10,093,346</u>	<u>1,190,478</u>	<u>3,253,973</u>	<u>14,537,797</u>
OPERATING EXPENSES				
Operation and Maintenance	9,725,672	523,571	1,680,329	11,929,572
Depreciation	735,741	315,728	792,499	1,843,968
Taxes	52,451	11,346	37,816	101,613
Total Operating Expenses	<u>10,513,864</u>	<u>850,645</u>	<u>2,510,644</u>	<u>13,875,153</u>
OPERATING INCOME (LOSS)	(420,518)	339,833	743,329	662,644
NONOPERATING REVENUES (EXPENSES)				
Interest Income	5,977	3,458	269,628	279,063
Gain (Loss) on Disposal of Capital Assets	6,000	-	25,300	31,300
Interest and Fiscal Charges	(22,172)	(24,918)	(473,348)	(520,438)
Amortization of Debt Discount/Premium	1,527	3,080	7,189	11,796
Other Nonoperating Revenues (Expenses)	-	(6,210)	-	(6,210)
Total Nonoperating Revenues (Expenses)	<u>(8,668)</u>	<u>(24,590)</u>	<u>(171,231)</u>	<u>(204,489)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(429,186)	315,243	572,098	458,155
CAPITAL CONTRIBUTIONS	7,045	-	-	7,045
TRANSFERS OUT	<u>(171,253)</u>	<u>(119,571)</u>	<u>(153,619)</u>	<u>(444,443)</u>
CHANGE IN NET POSITION	(593,394)	195,672	418,479	20,757
Net Position - Beginning of Year	<u>8,026,211</u>	<u>7,976,279</u>	<u>11,863,364</u>	<u>27,865,854</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,432,817</u></u>	<u><u>\$ 8,171,951</u></u>	<u><u>\$ 12,281,843</u></u>	<u><u>\$ 27,886,611</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Electric Utility	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 10,093,346	\$ 1,251,873	\$ 3,537,040	\$ 14,882,259
Cash Paid for Employee Wages and Benefits	(606,620)	(208,485)	(537,213)	(1,352,318)
Cash Paid to Suppliers	(8,902,796)	(296,609)	(1,224,378)	(10,423,783)
Net Cash Provided by Operating Activities	583,930	746,779	1,775,449	3,106,158
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant Beneficiary Payments	-	(6,210)	-	(6,210)
Advance to/from Other Funds	181,850	(464,464)	80,389	(202,225)
Transfer In (Out)	(171,253)	(119,571)	(153,619)	(444,443)
Net Cash Provided (Used) by Noncapital Financing Activities	10,597	(143,187)	(73,230)	(205,820)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(307,267)	(216,622)	(2,874,487)	(3,398,376)
Intergovernmental Grant Received	-	364,142	-	364,142
Capital Contributions	7,045	-	-	7,045
Sale of Capital Assets	6,000	-	25,300	31,300
Removal Costs Paid	(4,857)	-	-	(4,857)
Special Assessment Collections	-	8,016	15,130	23,146
Principal Paid on Long-Term Debt	(117,000)	(173,875)	(502,128)	(793,003)
Interest Paid on Long-Term Debt	(22,645)	(26,100)	(475,551)	(524,296)
Net Cash Used by Capital and Related Financing Activities	(438,724)	(44,439)	(3,811,736)	(4,294,899)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	5,977	3,458	269,628	279,063
CHANGE IN CASH AND CASH EQUIVALENTS	161,780	562,611	(1,839,889)	(1,115,498)
Cash and Cash Equivalents - Beginning of Year	1,034,731	332,511	9,407,557	10,774,799
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,196,511</u>	<u>\$ 895,122</u>	<u>\$ 7,567,668</u>	<u>\$ 9,659,301</u>

See accompanying Notes to Basic Financial Statements.

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

	Electric Utility	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (420,518)	\$ 339,833	\$ 743,329	\$ 662,644
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	735,741	315,728	792,499	1,843,968
Depreciation Charged to Sewer Utility	-	13,919	(13,919)	-
Change in (Asset) Liability and Deferred Outflows and Inflows of Resources:				
Change in WRS Liability	345,618	112,692	290,089	748,399
Change in WRS Deferred Outflow	(134,789)	(42,909)	(89,256)	(266,954)
Change in WRS Deferred Inflow	(178,432)	(60,552)	(168,247)	(407,231)
Change in OPEB Asset	(11,450)	(11,098)	(3,924)	(26,472)
Change in OPEB Deferred Outflow	819	1,256	340	2,415
Change in OPEB Deferred Inflow	13,537	10,734	4,333	28,604
Change in Operating Assets and Liabilities:				
Accounts Receivables	332,059	61,395	283,067	676,521
Inventories	(90,155)	3,487	(5,644)	(92,312)
Accounts Payable	(8,632)	2,294	(57,218)	(63,556)
Accrued and Other Current Liabilities	132	-	-	132
Net Cash Provided by Operating Activities	<u>\$ 583,930</u>	<u>\$ 746,779</u>	<u>\$ 1,775,449</u>	<u>\$ 3,106,158</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 1,028,042	\$ 771,117	\$ 1,539,107	\$ 3,338,266
Cash and Cash Equivalents in Restricted Assets	168,469	124,005	6,028,561	6,321,035
Total Cash and Cash Equivalents	<u>\$ 1,196,511</u>	<u>\$ 895,122</u>	<u>\$ 7,567,668</u>	<u>\$ 9,659,301</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Purchased on Account	<u>\$ -</u>	<u>\$ 51,767</u>	<u>\$ 93,608</u>	<u>\$ 145,375</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KIEL, WISCONSIN
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
CUSTODIAL FUND
DECEMBER 31, 2023**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 1,180,875
Receivables:	
Taxes	<u>3,307,914</u>
Total Assets	<u>4,488,789</u>
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	<u>4,488,789</u>
 NET POSITION	
Restricted for Other Governments	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF KIEL, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
CUSTODIAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Tax Collection Custodial Fund
ADDITIONS	
Property Tax Collections	\$ 4,251,574
DEDUCTIONS	
Payments to Taxing Jurisdictions	4,251,574
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Business Improvement District (BID)

The BID, created under the provisions of Wisconsin Statute Section 66.1109, is a discretely presented component unit with a separate board appointed by the City Council. The purpose of the BID is to allow businesses within the district boundaries to develop, manage, and promote the district and to establish an assessment method to finance these activities. The BID has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the BID. The BID financial information is presented for the fiscal year ended December 31, 2023.

B. Government-Wide and Fund Financial Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

General Fund

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

Tax Incremental District No. 5 Capital Projects Fund

This fund is used to account for the project plan costs of the City's Tax Incremental District No. 5.

Capital Projects Fund

This fund is utilized to account for the accumulation and expenditure of funds related to capital projects of the City

The City reports the following major enterprise funds:

Electric Utility Fund

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

Water Utility Fund

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

Sewer Utility Fund

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

Additionally, the City reports the following fiduciary fund type:

Custodial Fund

The City accounts for property taxes collected on behalf of other governments in a custodial fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash and Investments

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

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Kiel Area School District, Manitowoc and Calumet Counties, and Lakeshore Technical College. Collection and remittance of taxes collected on behalf of these other governments are accounted for in a property tax custodial fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Accounts Receivable

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. The ambulance receivable has been shown net of an allowance of \$195,339, which represents uncollectible accounts. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the water, sewer, and electric utilities have the right by law to place delinquent bills on the tax roll.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2023 tax roll are recognized as revenue in 2024.) Special assessments are subject to collection procedures.

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Inventories

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements.

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

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

Assets	Governmental Activities	Business-Type Activities
Land Improvements	20 Years	-
Buildings and Improvements	25 to 50 Years	25 to 50 Years
Machinery and Equipment	5 to 20 Years	3 to 10 Years
Infrastructure	35 to 80 Years	25 to 100 Years

9. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. Vacation time must be taken in the year earned; therefore, no liability exists at year-end.

Sick leave is earned at a rate of one day per month of full-time service. Employees are not compensated for unused sick leave upon termination of employment. Therefore, no accrual for earned sick leave is recorded at year-end.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Deferred Outflows/Inflows of Resources

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

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

11. Long-Term Obligations

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

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

12. Pensions

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

- Net Pension Liability (asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions
- Pension Expense (Revenue)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Pensions (Continued)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

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

14. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized an employee to assign fund balance.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

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

E. Sales Tax

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Use of Estimates

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City's total general fund expenditures for the fiscal year ended December 31, 2023, exceeded budget by \$415,865 and is in violation of State Statute 65.06(5) which limits expenditures to the amount appropriated by the budget.

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

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures over Budget Appropriations

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

Fund	Excess Expenditures
General:	
General Government:	
Council	\$ 4,823
Municipal Court	789
Administrator	7,837
Elections	2,053
Accounting and Auditing	10,861
Treasurer	3,397
City Hall	8,110
Property and Liability Insurance	2,996
Public Safety:	
Police Department	138,231
Fire Department	21,846
Inspection	8,376
Dispatch Center	5,997
Public Works:	
Street Repair	26,634
Street Machinery Repair	33,809
Street Machinery Expenses	99
Garage	4,703
Street Cleaning	16,467
Snow Removal	35,880
Street Lighting	7,229
Garbage - Nonburnable	12,330
Garbage Containers	23,846
Recycling	11,894
Health and Human Services:	
Cemetery	4,640
Culture and Recreation:	
Historical Home - Stoelting	362
Historical Home - Bessler	31
Parks - General	15,613
Community Development	63,866
Recreation Department	6,852
Community Safety	1,132
Conservation and Development:	
Regulation Devices - Clock	381

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

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

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

Funds	Deficit Fund Balance
Tax Incremental District No. 4	\$ 315,719
Tax Incremental District No. 5	2,963,429
ER Tax Incremental District	206,762
Ambulance	129,116

The City anticipates funding the above deficits from future revenues of the funds.

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2023 and 2024 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2023 budget was 1.98%. The actual limit for the City for the 2024 budget was 1.37%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$12,642,432 on December 31, 2023, as summarized below:

Deposits with Financial Institutions	\$ 8,013,170
Investments	4,629,262
Total	\$ 12,642,432

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 5,092,860
Restricted Cash and Investments	6,368,697
Fiduciary Fund Statement of Net Position:	
Custodial Fund	1,180,875
Total	\$ 12,642,432

Fair Value Measurements

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

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
US Treasuries	\$ -	\$ 23,851	\$ -
Mutual Funds	-	24,616	-
Total	\$ -	\$ 48,467	\$ -

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

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

As of December 31, 2023, \$6,171,260 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,171,260 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	AA	A	Not Rated
US Treasuries	\$ 23,851	\$ 23,851	\$ -	\$ -	\$ -	\$ -
Mutual Funds	24,616	-	24,616	-	-	-
Total	<u>\$ 48,467</u>	<u>\$ 23,851</u>	<u>\$ 24,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
US Treasuries	\$ 23,851	\$ 23,851	\$ -	\$ -	\$ -
Mutual Funds	24,616	24,616	-	-	-
Total	<u>\$ 48,467</u>	<u>\$ 48,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Restricted Assets

Restricted assets on December 31, 2023, totaled \$6,368,697 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Governmental Funds:		
General	\$ 20,401	Public Safety Programs
Tax Increment District No. 5	27,261	Revenue Bond Reserve
Total Governmental Funds	47,662	
Enterprise Funds:		
Electric Utility	168,469	Revenue Bond Reserve
Water Utility	124,005	Revenue Bond Reserve
Water Utility	4,378,709	Unspent Bond Proceeds
Sewer Utility	548,249	Revenue Bond Reserve
Sewer Utility	1,101,603	Equipment Replacement
Total Enterprise Funds	<u>6,321,035</u>	
Total Restricted	<u>\$ 6,368,697</u>	

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 434,325	\$ -	\$ -	\$ 434,325
Total Capital Assets, Nondepreciable	434,325	-	-	434,325
Capital Assets, Depreciable:				
Land Improvements	850,687	578,722	-	1,429,409
Buildings and Improvements	5,164,051	4,500	79,300	5,089,251
Machinery and Equipment	4,560,322	312,262	172,223	4,700,361
Infrastructure	6,245,447	397,144	-	6,642,591
Subtotal	16,820,507	1,292,628	251,523	17,861,612
Less Accumulated Depreciation for:				
Land Improvements	386,707	32,872	-	419,579
Buildings and Improvements	1,885,369	97,457	-	1,982,826
Machinery and Equipment	2,566,547	212,200	172,223	2,606,524
Infrastructure	942,143	210,439	-	1,152,582
Subtotal	5,780,766	552,968	172,223	6,161,511
Total Capital Assets, Depreciation, Net	11,039,741	739,660	79,300	11,700,101
Governmental Activities Capital Assets, Net	<u>\$ 11,474,066</u>	<u>\$ 739,660</u>	<u>\$ 79,300</u>	12,134,426
Less: Capital Related Debt				(9,361,292)
Less: Debt Premium				(292,558)
Less: Capital Related Accounts Payable and Retainage				(299,270)
Add: Deferred Charge on Refunding				57,760
Net Investment in Capital Assets				<u>\$ 2,239,066</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 139,029	\$ 140,000	\$ -	\$ 279,029
Construction in Progress	11,888,013	1,471,949	13,249,293	110,669
Total Capital Assets, Nondepreciable	12,027,042	1,611,949	13,249,293	389,698
Capital Assets, Depreciable:				
Buildings and Improvements	5,864,564	41,841	-	5,906,405
Machinery and Equipment	32,051,543	13,738,841	86,128	45,704,256
Infrastructure	24,397,712	419,468	5,372	24,811,808
Subtotal	62,313,819	14,200,150	91,500	76,422,469
Less Accumulated Depreciation	31,753,804	1,843,968	96,356	33,501,416
Total Capital Assets, Depreciable, Net	30,560,015	12,356,182	(4,856)	42,921,053
Business-Type Activities Capital Assets, Net	<u>\$ 42,587,057</u>	<u>\$ 13,968,131</u>	<u>\$ 13,244,437</u>	43,310,751
Less: Capital Related Debt				(25,708,065)
Less: Debt Premium				(117,788)
Less: Capital Related Accounts Payable and Retainage				(145,377)
Net Investment in Capital Assets				<u>\$ 17,339,521</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 28,426
Public Safety	200,518
Public Works	255,476
Health and Human Services	56
Culture and Recreation	41,971
Conservation and Development	26,521
Total Depreciation Expense - Governmental Activities	\$ 552,968

Business-Type Activities:	
Electric Utility	\$ 735,741
Water Utility	315,728
Sewer Utility	792,499
Total Depreciation Expense to Business-Type Activities	\$ 1,843,968

D. Interfund Receivable, Payables, and Transfers

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

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General	\$ 113,139	\$ -
Ambulance	-	113,139
Subtotal	113,139	113,139
Long-Term Advances:		
Governmental Fund:		
Tax Incremental District No. 4	-	132,330
Tax Incremental District No. 5	-	2,892,720
ER Tax Incremental District	-	202,302
Ambulance	-	167,285
Proprietary Fund:		
Electric Utility	1,010,254	-
Water Utility	745,497	-
Sewer Utility	1,638,886	-
Subtotal	3,394,637	3,394,637
Total	\$ 3,507,776	\$ 3,507,776

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

The Long-Term Advances do not have a set payment schedule and will be repaid as resources are available. Interfund transfers for the year ended December 31, 2023, were as follows:

Fund	Transfer In	Transfer Out
General	\$ 710,943	\$ 156,640
Special Revenue Funds:		
Library	156,640	-
Ambulance	-	16,500
Capital Project Fund:		
Tax Incremental District No. 2	-	-
Tax Incremental District No. 4	-	406
ER Tax Incremental District	406	-
Capital Projects	-	250,000
Proprietary Funds:		
Electric Utility	-	171,253
Water Utility	-	119,571
Sewer Utility	-	153,619
Total	\$ 867,989	\$ 867,989

Interfund transfers were made for the following purposes:

Fund Financial Statement Transfers:	
Tax Equivalent Payment Made by Electric Utility	\$ 171,253
Tax Equivalent Payment Made by Water Utility	119,571
Operating Transfer by Sewer Utility	153,619
Rent and Administration Charge Made	16,500
Operational Transfer	250,000
Transfer of TID 4 Funds to Other Fund	406
Appropriation Made by General Fund to Library	156,640
Total Fund Financial Statement Transfers	867,989
Less: Interfund Eliminations	(423,546)
Total Government-Wide Financial Statement Transfers	\$ 444,443

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 6,810,000	\$ 3,635,000	\$ 625,000	\$ 9,820,000	\$ 845,000
Notes	3,335,000	-	2,585,000	750,000	110,000
Notes from Direct Borrowings:					
Notes	767,515	-	124,617	642,898	125,888
State Trust Fund Loans	214,550	-	50,943	163,607	52,327
Total General Obligation Debt	<u>11,127,065</u>	<u>3,635,000</u>	<u>3,385,560</u>	<u>11,376,505</u>	<u>1,133,215</u>
Revenue Bonds	90,000	-	30,000	60,000	30,000
Debt Premium	178,078	203,121	17,549	363,650	-
Governmental Activities Long-Term Obligations	<u>\$ 11,395,143</u>	<u>\$ 3,838,121</u>	<u>\$ 3,433,109</u>	<u>\$ 11,800,155</u>	<u>\$ 1,163,215</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 1,075,000	\$ -	\$ 125,000	\$ 950,000	\$ 125,000
Notes from Direct Borrowings					
State Trust Fund Loans	35,227	-	17,500	17,727	17,727
Total General Obligation Debt	<u>1,110,227</u>	<u>-</u>	<u>142,500</u>	<u>967,727</u>	<u>142,727</u>
Revenue Bonds	6,775,000	-	505,000	6,270,000	525,000
Revenue Bond Anticipation Notes	23,853,000	-	145,503	23,707,497	23,707,497
Debt Premium	129,582	-	11,796	117,786	-
Business-Type Activities Long-Term Obligations	<u>\$ 31,867,809</u>	<u>\$ -</u>	<u>\$ 804,799</u>	<u>\$ 31,063,010</u>	<u>\$ 24,375,224</u>

Total interest paid during the year on long-term debt totaled \$ 528,585.

The City's outstanding notes from direct borrowings related to governmental activities of \$363,710 includes clauses that in the event of default, all commitments and obligations of the lender under the loan agreement or any other agreement immediately will terminate.

The City's outstanding notes from direct borrowings related to governmental activities and business type activities of \$181,334 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged, and the payment will be collected through a reduction in payments from the State of Wisconsin.

On September 13, 2023, the City issued \$3,635,000 General Obligation Corporate Purpose Bond Series 2023A of which \$1,300,000 was used to early retire \$1,455,000 of principal on the 2014 General Obligation Note Series 2014B and \$965,000 of proceeds was used to early retire \$975,000 the 2015 General Obligation Note Series 2015A. These retirements were undertaken to extend the debt service schedules and therefore increasing debt service payments through 2036 by \$484,417.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
State Trust Fund Notes	1/31/05	3/15/24	5.25%	\$ 381,464	\$ 35,453
General Obligation Promissory Notes	6/17/14	3/21/29	1.00 to 4.75%	1,295,000	750,000
General Obligation Bonds	10/4/16	10/1/31	2.00 to 2.85%	2,035,000	1,460,000
General Obligation Bonds	12/27/17	5/1/35	3.00 to 4.00%	2,645,000	2,090,000
State Trust Fund Notes	12/28/17	3/15/27	3.50%	300,000	145,881
General Obligations Promissory Notes	1/22/19	1/1/26	3.94%	497,888	279,188
General Obligations Bonds	2/20/20	2/1/35	2.00 to 2.25%	4,790,000	3,585,000
General Obligations Notes	6/4/21	6/4/28	1.85%	500,000	363,710
General Obligations Bonds	9/13/23	3/1/38	4.00 to 5.00%	3,635,000	3,635,000
Total Outstanding General Obligation Debt					<u>\$ 12,344,232</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$12,344,232 on December 31, 2023 are detailed below:

Year Ending December 31,	Governmental Activities				
	General		Notes from Direct Borrowings		Total
	Obligations	Bonds and Notes	Principal	Interest	
	Principal	Interest	Principal	Interest	
2024	\$ 955,000	\$ 343,822	\$ 178,215	\$ 23,052	\$ 1,500,089
2025	1,010,000	319,776	163,045	17,302	1,510,123
2026	945,000	290,351	277,314	7,379	1,520,044
2027	1,070,000	259,549	112,462	4,148	1,446,159
2028	1,110,000	224,374	75,469	1,419	1,411,262
2029 to 2033	3,965,000	635,731	-	-	4,600,731
2034 to 2038	1,515,000	110,278	-	-	1,625,278
Total	<u>\$ 10,570,000</u>	<u>\$ 2,183,881</u>	<u>\$ 806,505</u>	<u>\$ 53,300</u>	<u>\$ 13,613,686</u>

Year Ending December 31,	Business-Type Activities				
	General		Notes from Direct Borrowings		Total
	Obligations	Bonds and Notes	Principal	Interest	
	Principal	Interest	Principal	Interest	
2024	\$ 125,000	\$ 17,751	\$ 17,727	\$ 933	\$ 161,411
2025	130,000	15,200	-	-	145,200
2026	135,000	12,551	-	-	147,551
2027	135,000	9,851	-	-	144,851
2028	140,000	7,100	-	-	147,100
2029 to 2030	285,000	5,751	-	-	290,751
Total	<u>\$ 950,000</u>	<u>\$ 68,204</u>	<u>\$ 17,727</u>	<u>\$ 933</u>	<u>\$ 1,036,864</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2023, was \$10,517,313 as follows:

Equalized Valuation of the City	\$ 457,230,900
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	22,861,545
Outstanding General Obligation Debt Applicable to Debt Limitation	<u>12,344,232</u>
Legal Margin for New Debt	<u><u>\$ 10,517,313</u></u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2023, totaled \$6,330,000 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
Electric Utility:					
Revenue Bonds	10/4/16	12/1/31	1.70 to 2.30%	\$ 1,595,000	\$ 970,000
Water Utility:					
Revenue Bonds	12/27/17	5/1/27	3.00%	1,090,000	475,000
Sewer Utility:					
Revenue Bonds	9/16/15	5/1/25	1.00 to 2.80%	1,165,000	305,000
Revenue Bonds	5/3/17	5/1/37	3.00 to 4.00%	5,510,000	<u>4,580,000</u>
Total Outstanding Revenue Bonds					<u><u>\$ 6,330,000</u></u>

Annual principal and interest maturities of the outstanding revenue bonds of \$6,330,000 on December 31, 2023, are detailed below:

Year Ending December 31,	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 30,000	\$ 1,230	\$ 525,000	\$ 197,540	\$ 555,000	\$ 198,770
2025	30,000	420	530,000	183,230	560,000	183,650
2026	-	-	520,000	169,175	520,000	169,175
2027	-	-	545,000	154,640	545,000	154,640
2028	-	-	430,000	140,948	430,000	140,948
2029 to 2033	-	-	2,130,000	494,758	2,130,000	494,758
2034 to 2037	-	-	1,590,000	127,313	1,590,000	127,313
Total	<u>\$ 60,000</u>	<u>\$ 1,650</u>	<u>\$ 6,270,000</u>	<u>\$ 1,467,604</u>	<u>\$ 6,330,000</u>	<u>\$ 1,469,254</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Utility Revenues Pledged

The City has pledged future electric, 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 electric, water and sewer customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on the bonds is \$7,799,253. Principal and interest paid for the current year and total customer net revenues were \$748,155 and \$2,512,910, respectively.

Revenue Bond Anticipation Notes

Revenue bond anticipation notes outstanding on December 31, 2023, totaled \$23,707,497 and were comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
Sewer Revenue Bond Anticipation Note	7/22/21	2/1/24	1.22%	<u>\$ 23,853,000</u>	<u>\$ 23,707,497</u>

Annual principal and interest maturities of the outstanding revenue bond anticipation notes of \$23,707,497 on December 31, 2023 are detailed below:

<u>Year Ending December 31,</u> 2024	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$ 23,707,497</u>	<u>\$ 145,503</u>	<u>\$ 23,853,000</u>

G. Pension Plan

1. Plan Description

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

1. Plan Description (Continued)

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

2. Postretirement Adjustments

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

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

3. Contributions

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

During the year ending December 31, 2023, the WRS recognized \$211,508 in contributions from the City.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

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

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

At December 31, 2023, the City reported a liability of \$804,422 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.01518434%, which was an increase of 0.00072606% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$407,873.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,281,193	\$ 1,683,201
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,366,527	-
Changes in Assumptions	158,182	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	928	8,956
Employer Contributions Subsequent to the Measurement Date	211,508	-
Total	<u>\$ 3,018,338</u>	<u>\$ 1,692,157</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

\$211,508 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ 44,317
2025	230,088
2026	236,151
2027	604,117
Total	<u>\$ 1,114,673</u>

5. Actuarial Assumptions

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

Actuarial Valuation Date	December 31, 2021
Measurement Date of Net Pension Liability	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-term Expected Rate of Return	6.8%
Discount Rate	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% 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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

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

New England Pension Consultants Long Term US 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, asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% 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 municipal bond 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 to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City’s proportionate share of the net pension liability 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 (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
City’s Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,669,848</u>	<u>\$ 804,422</u>	<u>\$ (478,832)</u>

Pension Plan Fiduciary Net Position

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

6. Payables to the Pension Plan

The City did not report a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

7. Defined Contribution Pension Plan

The City contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by Volunteer Fireman's Insurance Services.

The City determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53.

Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2023, the City contributed \$9,868 to the plan, and the City recognized pension expense of \$9,868.

H. Other Postemployment Benefits

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

3. Benefits Provided

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

4. Contributions

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

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

Contribution rates as of December 31, 2023, are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

4. Contributions (Continued)

During the year ended December 31, 2023, the LRLIF recognized \$753 in contributions from the employer.

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

At December 31, 2023, the City reported a liability of \$143,019 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.03573900%, which was an increase of 0.0033000% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense of \$14,441.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 13,997
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,684	-
Changes in Assumptions	51,383	84,419
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,868	4,679
Total	\$ 62,935	\$ 103,095

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2024	\$ (2,787)
2025	(3,899)
2026	(1,748)
2027	(7,474)
2028	(12,479)
Thereafter	<u>(11,773)</u>
Total	<u>\$ (40,160)</u>

6. Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return	4.25%
Discount Rate	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% to 5.6%
Mortality	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

6. Actuarial Assumptions (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.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

6. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 194,989	\$ 143,019	\$ 103,187

7. Payable to the OPEB Plan

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity

Restricted Fund Balance

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

General Fund:	
Restricted for:	
Public Safety Programs	\$ 20,401
Special Revenue Funds:	
Restricted for:	
Revolving Loan	19,918
Library	109,261
Total Special Revenue Funds	<u>129,179</u>
Debt Service Fund:	
Restricted for:	
Retirement of Long-Term Debt	48,885
Capital Project Funds:	
Restricted for:	
Tax Incremental District No. 5 - Debt Reserve Requirement	27,261
Permanent Fund:	
Restricted for:	
Cemetery Perpetual Care	<u>8,665</u>
Total Restricted Fund Balance	<u>\$ 234,391</u>

Committed Fund Balance

Portions of governmental fund balances have been committed for specific purposes. At December 31, 2023, fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Senior Citizens Programs	<u>\$ 60,315</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Assigned Fund Balance

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

Capital Projects Fund:	
Assigned for Capital Improvements	<u>\$ 340,503</u>

NOTE 4 OTHER INFORMATION

A. Component Units

This report contains financial information for the City of Kiel Business Improvement District (BID), which is included as a component unit. Financial information is presented in separate columns in the statement of net position and the statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation of financial information.

City of Kiel Business Improvement District

1. Basis of Accounting/Measurement Focus

The BID follows the accrual basis of accounting and the flow of total economic resources measurement focus.

2. Cash and Investments

The BID's cash is commingled with the City's cash and consisted entirely of deposits with financial institutions.

B. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) No. 4, No. 5 and ER TID which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Districts are still eligible to incur project costs.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Incremental Financing Districts (Continued)

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2023, the City can recover \$10,413,809 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 4	\$ 2,116,603
TID No. 5	7,438,430
ER TID	266,764
Total	\$ 9,821,797

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 4	2031
TID No. 5	2034
ER TID	2028

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. No settlements exceeded insurance coverage during any of the past three fiscal years.

D. Contingencies

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

E. Enterprise Funds – Significant Customers

The electric, water and sewer utilities have one significant customer who was responsible for 21%, 18%, and 59% of operating revenues, respectively, in 2023. The electric utility has a second significant customers that made up 11% of operating revenues in 2023.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Subsequent Event

On February 1, 2024, the City of Kiel issued \$19,912,000 of taxable Sewerage System Mortgage Revenue Bonds. The proceeds from the issuance were used to retire the 2021 Sewer Revenue Bond Anticipation Note which matured February 1, 2024. The mortgage revenue bonds have a interest rate of 1.75% and are due through 2063.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF KIEL, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	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	0.01417618 %	\$ (348,206)	\$ 1,788,636	19.47 %	102.74 %
12/31/2015	0.01445329	234,863	1,846,580	12.72	98.20
12/31/2016	0.01421178	117,139	1,751,958	6.69	99.12
12/31/2017	0.01406043	(417,470)	1,782,891	23.42	102.93
12/31/2018	0.01395734	496,558	1,857,715	26.73	96.45
12/31/2019	0.01416040	(907,062)	1,952,033	46.47	102.96
12/31/2020	0.01422024	(887,789)	1,973,911	44.98	105.96
12/31/2021	0.01445828	(1,165,362)	2,096,390	55.59	106.02
12/31/2022	0.01518434	804,422	2,409,179	33.39	95.72

See accompanying Notes to Required Supplementary Information.

**CITY OF KIEL, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<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>
12/31/2015	\$ 140,537	\$ 140,537	\$ -	\$ 1,846,580	7.61 %
12/31/2016	130,237	130,237	-	1,751,958	7.43
12/31/2017	142,245	142,245	-	1,782,891	7.98
12/31/2018	147,708	147,708	-	1,857,715	7.95
12/31/2019	146,063	146,063	-	1,818,410	8.03
12/31/2020	160,194	160,194	-	1,973,911	8.12
12/31/2021	174,097	174,097	-	2,096,391	8.30
12/31/2022	194,168	194,168	-	2,409,179	8.06
12/31/2023	211,508	211,508	-	2,532,709	8.35

See accompanying Notes to Required Supplementary Information.

CITY OF KIEL, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS

Measurement Period Ended	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	0.03848000 %	\$ 115,771	\$ 1,782,891	6.49 %	44.81 %
12/31/2018	0.03883000	100,214	1,857,715	5.39	48.69
12/31/2019	0.03568300	151,945	1,818,410	8.36	37.58
12/31/2020	0.03536000	194,507	1,973,911	9.85	31.36
12/31/2021	0.03570600	211,037	2,096,390	10.07	37.58
12/31/2022	0.03573900	143,019	2,409,179	5.94	38.81

See accompanying Notes to Required Supplementary Information.

**CITY OF KIEL, WISCONSIN
SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<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- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
12/31/2018	\$ 868	\$ 868	\$ -	\$ 1,857,715	0.05 %
12/31/2019	707	707	-	1,818,410	0.04
12/31/2020	707	707	-	1,973,911	0.04
12/31/2021	705	705	-	2,096,391	0.03
12/31/2022	731	731	-	2,409,179	0.03
12/31/2023	753	753	-	2,532,709	0.03

See accompanying Notes to Required Supplementary Information.

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

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Changes of Benefit Terms

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

Changes of Assumptions

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

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

- Lowering the discount rate from 2.25% to 2.17%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

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

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Changes of Assumptions

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

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

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-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 postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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

SUPPLEMENTARY INFORMATION

CITY OF KIEL, WISCONSIN
GENERAL FUND - DETAILED COMPARISON OF BUDGETED AND
ACTUAL REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Taxes:				
General Property	\$ 764,081	\$ 764,081	\$ 764,081	\$ -
Payment in Lieu of Taxes	13	13	54	41
Mobile Home Fees	15,560	15,560	8,946	(6,614)
Room Tax	-	-	65	65
Interest on Taxes	850	850	-	(850)
Total Taxes	<u>780,504</u>	<u>780,504</u>	<u>773,146</u>	<u>(7,358)</u>
Special Assessments	789	789	-	(789)
Intergovernmental:				
State:				
State Shared Taxes	547,656	547,656	542,316	(5,340)
Personal Property Aid	-	-	6,002	6,002
Fire Insurance Dues	21,168	21,168	23,890	2,722
Tax Exempt Computer Aid	5,345	5,345	5,345	-
Law Enforcement	-	-	1,440	1,440
Transportation	335,221	335,221	335,264	43
Recycling Aid	22,800	22,800	22,709	(91)
Connecting Streets	18,855	18,855	18,855	-
Fire Department	1,500	1,500	13,622	12,122
Other grants	-	-	12,195	12,195
Total Intergovernmental	<u>952,545</u>	<u>952,545</u>	<u>981,638</u>	<u>29,093</u>
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	4,600	4,600	15,706	11,106
Operators	1,500	1,500	2,545	1,045
Mobile Home Park	450	450	300	(150)
Cigarette	200	200	183	(17)
Dog and Cat	7,500	7,500	7,494	(6)
Cable Franchise	42,000	42,000	42,374	374
Permits:				
Building	42,000	42,000	51,793	9,793
Street Privilege	20	20	20	-
Other	250	250	1,770	1,520
Total Licenses and Permits	<u>98,520</u>	<u>98,520</u>	<u>122,185</u>	<u>23,665</u>
Fines and Forfeits:				
Court Fines and Penalties	32,500	32,500	53,362	20,862

CITY OF KIEL, WISCONSIN
GENERAL FUND - DETAILED COMPARISON OF BUDGETED AND
ACTUAL REVENUES AND OTHER FINANCING SOURCES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Public Charges for Services:				
Publication Fees	\$ 176	\$ 176	\$ 8	\$ (168)
Special Assessment Letters	1,400	1,400	1,135	(265)
Fire Department	1,700	1,700	1,598	(102)
Parking	65	65	270	205
Public Records	25	25	3	(22)
Refuse and Garbage Collection	320,045	320,045	318,210	(1,835)
Cemetery	1,600	1,600	2,500	900
Recreation Department	35,000	35,000	43,333	8,333
Total Public Charges for Services	<u>360,011</u>	<u>360,011</u>	<u>367,057</u>	<u>7,046</u>
Intergovernmental Charges for Services:				
Schleswig Fire Department	28,143	28,143	28,580	437
Miscellaneous:				
Interest on Investments	4,600	4,600	42,930	38,330
Interest on Special Assessments	33	33	-	(33)
Miscellaneous General Revenue	11,500	11,500	28,077	16,577
Rent - City Buildings	63,000	63,000	81,748	18,748
Donations	-	-	8,915	8,915
Other	20,000	20,000	166,004	146,004
Total Miscellaneous	<u>99,133</u>	<u>99,133</u>	<u>327,674</u>	<u>228,541</u>
Total Revenues	2,352,145	2,352,145	2,653,642	301,497
Other Financing Sources:				
Transfer In - Tax Equivalent	321,360	321,360	290,824	(30,536)
Transfer In - Sewer Utility	131,859	131,859	153,619	21,760
Transfer In - Other	18,000	18,000	266,500	248,500
Total Other Financing Sources	<u>471,219</u>	<u>471,219</u>	<u>710,943</u>	<u>239,724</u>
Total Revenues and Other Financing Sources	<u>\$ 2,823,364</u>	<u>\$ 2,823,364</u>	<u>\$ 3,364,585</u>	<u>\$ 541,221</u>

CITY OF KIEL, WISCONSIN
GENERAL FUND - DETAILED COMPARISON OF BUDGETED AND
ACTUAL EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED DECEMBER 31, 2023

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General Government:				
Council	\$ 14,750	\$ 14,750	\$ 19,573	\$ (4,823)
Municipal Court	7,088	7,088	7,877	(789)
Mayor	5,250	5,250	5,161	89
Administrator	73,500	73,500	81,337	(7,837)
Elections	5,500	5,500	7,553	(2,053)
Accounting and Auditing	9,500	9,500	20,361	(10,861)
Treasurer	8,000	8,000	11,397	(3,397)
Assessment of Property	17,600	17,600	15,766	1,834
City Hall	50,000	50,000	58,110	(8,110)
Property and Liability Insurance	40,000	40,000	42,996	(2,996)
Total General Government	<u>231,188</u>	<u>231,188</u>	<u>270,131</u>	<u>(38,943)</u>
Public Safety:				
Police Department	1,008,978	1,008,978	1,147,209	(138,231)
Fire Department	121,278	121,278	143,124	(21,846)
Ambulance	12,778	12,778	12,773	5
Inspection	30,000	30,000	38,376	(8,376)
Court Witness Fees	60	60	-	60
Dispatch Center	44,217	44,217	50,214	(5,997)
Total Public Safety	<u>1,217,311</u>	<u>1,217,311</u>	<u>1,391,696</u>	<u>(174,385)</u>
Public Works:				
Street Repair	68,000	68,000	94,634	(26,634)
Street Machinery Repair	30,500	30,500	64,309	(33,809)
Street Machinery Expenses	-	-	99	(99)
Garage	67,000	67,000	71,703	(4,703)
Street Cleaning	13,125	13,125	29,592	(16,467)
Snow Removal	81,900	81,900	117,780	(35,880)
Street Signs and Markings	28,000	28,000	27,515	485
Street Lighting	71,400	71,400	78,629	(7,229)
Sidewalks	275	275	36	239
Storm Sewers Maintenance	25,000	25,000	20,635	4,365
Garbage - Nonburnable	31,500	31,500	43,830	(12,330)
Weed Control	13,000	13,000	10,539	2,461
Garbage Containers	180,000	180,000	203,846	(23,846)
Recycling	184,600	184,600	196,494	(11,894)
Total Public Works	<u>794,300</u>	<u>794,300</u>	<u>959,641</u>	<u>(165,341)</u>

**CITY OF KIEL, WISCONSIN
GENERAL FUND - DETAILED COMPARISON OF BUDGETED AND
ACTUAL EXPENDITURES AND OTHER FINANCING USES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Health and Human Services:				
Cemetery	\$ 13,500	\$ 13,500	\$ 18,140	\$ (4,640)
Culture and Recreation:				
Historical Home - Stoelting	5,000	5,000	5,362	(362)
Community Center	80,000	80,000	36,293	43,707
Historical Home - Bessler	2,000	2,000	2,031	(31)
Parks - General	115,000	115,000	130,613	(15,613)
Community Development	15,000	15,000	78,866	(63,866)
Recreation Department	35,000	35,000	41,852	(6,852)
Skating Rink	3,000	3,000	1,220	1,780
Community Safety	1,000	1,000	2,132	(1,132)
Total Culture and Recreation	<u>256,000</u>	<u>256,000</u>	<u>298,369</u>	<u>(42,369)</u>
Conservation and Development:				
Regulation Devices - Clock	1,500	1,500	1,881	(381)
Tree and Brush Control	26,000	26,000	16,446	9,554
Dam Maintenance	4,000	4,000	3,360	640
Total Conservation and Development	<u>31,500</u>	<u>31,500</u>	<u>21,687</u>	<u>9,813</u>
Total Expenditures	2,543,799	2,543,799	2,959,664	(415,865)
Other Financing Uses:				
Transfers Out - Municipal				
Contribution - Library	<u>156,640</u>	<u>156,640</u>	<u>156,640</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 2,700,439</u>	<u>\$ 2,700,439</u>	<u>\$ 3,116,304</u>	<u>\$ (415,865)</u>

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

	Special Revenue				Debt Service Fund
	Revolving Loan	Library	Ambulance	Senior Citizens	
ASSETS					
Cash and Investments	\$ 19,918	\$ 113,724	\$ -	\$ 60,504	\$ 226,691
Receivables:					
Taxes and Special Charges	-	-	-	-	498,079
Accounts, Net	-	-	156,181	-	-
Loans	49,883	-	-	-	-
	<u>49,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 69,801</u>	<u>\$ 113,724</u>	<u>\$ 156,181</u>	<u>\$ 60,504</u>	<u>\$ 724,770</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 4,463	\$ 4,873	\$ 189	\$ -
Due to Other Funds	-	-	113,139	-	-
Advance from Other Funds	-	-	167,285	-	-
Total Liabilities	<u>-</u>	<u>4,463</u>	<u>285,297</u>	<u>189</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	-	-	-	-	675,885
Loans Receivable	49,883	-	-	-	-
Total Deferred Inflows of Resources	<u>49,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>675,885</u>
FUND BALANCES					
Restricted	19,918	109,261	-	-	48,885
Committed	-	-	-	60,315	-
Unassigned	-	-	(129,116)	-	-
Total Fund Balances	<u>19,918</u>	<u>109,261</u>	<u>(129,116)</u>	<u>60,315</u>	<u>48,885</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 69,801</u>	<u>\$ 113,724</u>	<u>\$ 156,181</u>	<u>\$ 60,504</u>	<u>\$ 724,770</u>

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

	Capital Projects		Permanent	Total
	Tax Incremental District No. 4	ER Tax Incremental District	Cemetery Perpetual Care	
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 8,665	\$ 429,502
Receivables:				
Taxes and Special Charges	506,211	12,494	-	1,016,784
Accounts, Net	-	-	-	156,181
Loans	-	-	-	49,883
Total Assets	<u>\$ 506,211</u>	<u>\$ 12,494</u>	<u>\$ 8,665</u>	<u>\$ 1,652,350</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,680	\$ -	\$ -	\$ 12,205
Due to Other Funds	-	-	-	113,139
Advance from Other Funds	132,330	202,302	-	501,917
Total Liabilities	<u>135,010</u>	<u>202,302</u>	<u>-</u>	<u>627,261</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	686,920	16,954	-	1,379,759
Loans Receivable	-	-	-	49,883
Total Deferred Inflows of Resources	<u>686,920</u>	<u>16,954</u>	<u>-</u>	<u>1,429,642</u>
FUND BALANCES				
Restricted	-	-	8,665	186,729
Committed	-	-	-	60,315
Unassigned	(315,719)	(206,762)	-	(651,597)
Total Fund Balances	<u>(315,719)</u>	<u>(206,762)</u>	<u>8,665</u>	<u>(404,553)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 506,211</u>	<u>\$ 12,494</u>	<u>\$ 8,665</u>	<u>\$ 1,652,350</u>

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

	Special Revenue				Debt Service Fund
	Revolving Loan	Library	Ambulance	Senior Citizens	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 574,566
Intergovernmental	-	142,278	66,578	-	-
Public Charges for Services	-	4,334	373,369	16,639	-
Intergovernmental Charges for Services	-	-	32,195	-	-
Miscellaneous	8,856	3,055	10,784	157	-
Total Revenues	<u>8,856</u>	<u>149,667</u>	<u>482,926</u>	<u>16,796</u>	<u>574,566</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	393,373	-	-
Health and Human Services	-	-	-	13,857	-
Culture and Recreation	-	301,949	-	-	-
Conservation and Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	472,117
Interest and Fiscal Charges	-	-	654	-	98,562
Capital Outlay	-	-	240,067	-	-
Total Expenditures	<u>-</u>	<u>301,949</u>	<u>634,094</u>	<u>13,857</u>	<u>570,679</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	8,856	(152,282)	(151,168)	2,939	3,887
OTHER FINANCING SOURCES (USES)					
Transfers In	-	156,640	-	-	-
Transfers Out	-	-	(16,500)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>156,640</u>	<u>(16,500)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,856	4,358	(167,668)	2,939	3,887
Fund Balances - Beginning of Year	<u>11,062</u>	<u>104,903</u>	<u>38,552</u>	<u>57,376</u>	<u>44,998</u>
FUND BALANCES - END OF YEAR	<u>\$ 19,918</u>	<u>\$ 109,261</u>	<u>\$ (129,116)</u>	<u>\$ 60,315</u>	<u>\$ 48,885</u>

CITY OF KIEL, WISCONSIN
SCHEDULE OF ELECTRIC UTILITY
OPERATING REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	Capital Projects		Permanent	Total
	Tax	ER Tax	Cemetery	
	Incremental District No. 4	Incremental District	Perpetual Care	
REVENUES				
Taxes	\$ 531,344	\$ 12,794	\$ -	\$ 1,118,704
Intergovernmental	675	406	-	209,937
Public Charges for Services	-	-	-	394,342
Intergovernmental Charges for Services	-	-	-	32,195
Miscellaneous	16,000	-	-	38,852
Total Revenues	548,019	13,200	-	1,794,030
EXPENDITURES				
Current:				
General Government	77,704	-	-	77,704
Public Safety	-	-	-	393,373
Health and Human Services	-	-	-	13,857
Culture and Recreation	-	-	-	301,949
Conservation and Development	62,096	-	-	62,096
Debt Service:				
Principal	248,443	10,000	-	730,560
Interest and Fiscal Charges	56,790	2,525	-	158,531
Capital Outlay	-	149	-	240,216
Total Expenditures	445,033	12,674	-	1,978,286
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	102,986	526	-	(184,256)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	406	-	157,046
Transfers Out	(406)	-	-	(16,906)
Total Other Financing Sources (Uses)	(406)	406	-	140,140
NET CHANGE IN FUND BALANCES	102,580	932	-	(44,116)
Fund Balances - Beginning of Year	(418,299)	(207,694)	8,665	(360,437)
FUND BALANCES - END OF YEAR	\$ (315,719)	\$ (206,762)	\$ 8,665	\$ (404,553)

**CITY OF KIEL, WISCONSIN
SCHEDULE OF ELECTRIC UTILITY
OPERATING REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)**

	2023	2022
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 2,174,985	\$ 2,366,562
Small Commercial and Industrial	972,095	1,021,277
Large Commercial and Industrial	6,776,212	7,280,389
Public Street and Highway Lighting	84,284	89,099
Interdepartmental Sales	49,728	53,818
Total Charges for Services	10,057,304	10,811,145
Other Revenues:		
Forfeited Discounts	10,366	9,791
Rents from Electric Property	12,160	400
Other Electric Revenues	13,516	14,184
Total Other Revenues	36,042	24,375
Total Operating Revenues	10,093,346	10,835,520
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	8,530,229	8,341,175
Distribution	521,734	351,784
Customer Accounts	85,276	81,192
Sales	9,110	-
Administrative and General	579,323	489,855
Total Operation and Maintenance	9,725,672	9,264,006
Depreciation	735,741	724,369
Taxes	52,451	55,629
Total Operating Expenses	10,513,864	10,044,004
OPERATING INCOME (LOSS)	\$ (420,518)	\$ 791,516

CITY OF KIEL, WISCONSIN
SCHEDULE OF WATER UTILITY
OPERATING REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)

	2023	2022
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 389,484	\$ 888,828
Multi-Family	8,771	9,363
Commercial	63,888	-
Industrial	383,455	-
Public Authority	25,299	23,224
Private Fire Protection	8,302	8,423
Public Fire Protection	296,231	311,017
Total Charges for Services	1,175,430	1,240,855
Other Revenues:		
Forfeited Discounts	2,279	2,307
Other Water Revenues	12,769	11,610
Total Other Revenues	15,048	13,917
Total Operating Revenues	1,190,478	1,254,772
OPERATING EXPENSES		
Operation and Maintenance:		
Pumping	80,069	88,049
Water Treatment	51,007	36,231
Transmission and Distribution	117,375	161,727
Customer Accounts	27,800	29,916
Administrative and General	247,320	176,222
Total Operation and Maintenance	523,571	492,145
Depreciation	315,728	298,552
Taxes	11,346	11,583
Total Operating Expenses	850,645	802,280
OPERATING INCOME	\$ 339,833	\$ 452,492

**CITY OF KIEL, WISCONSIN
SCHEDULE OF SEWER UTILITY
OPERATING REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022)**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 868,067	\$ 925,728
Commercial	134,103	134,358
Industrial	2,205,934	2,469,719
Public Authority	41,419	38,625
Other Sewage Services	1,053	1,631
Total Charges for Services	<u>3,250,576</u>	<u>3,570,061</u>
Other Revenues:		
Forfeited Discounts	3,158	3,386
Other Sewer Revenues	239	21,354
Total Other Revenues	<u>3,397</u>	<u>24,740</u>
Total Operating Revenues	3,253,973	3,594,801
OPERATING EXPENSES		
Operation and Maintenance:		
Operation	1,178,426	1,020,606
Maintenance	237,454	287,722
Customer Accounts	81,106	60,940
Administrative and General	183,343	100,244
Total Operation and Maintenance	<u>1,680,329</u>	<u>1,469,512</u>
Depreciation	792,499	446,359
Taxes	37,816	32,687
Total Operating Expenses	<u>2,510,644</u>	<u>1,948,558</u>
OPERATING INCOME	<u>\$ 743,329</u>	<u>\$ 1,646,243</u>



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

City Council
City of Kiel, Wisconsin
Kiel, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kiel, Wisconsin, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002 and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

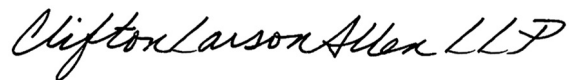
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Kiel, Wisconsin’s Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
November 5, 2024

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

Section I – Internal Control Over Financial Reporting

2023-001 - Segregation of Duties

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition:

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

Criteria or Specific Requirement:

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

Effect:

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

Cause:

The lack of segregation of duties is due to the limited number of employees and the size of the City's operations. In addition, the City has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

Repeat Finding:

Repeat of Finding 2022-001

Recommendation:

We recommend the City Council continue to monitor the transactions and the financial records of the City. We recommend the City perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.

Views of Responsible Officials and Planned Corrective Actions:

Management and the City Council are conscious of the City's staffing limitations. The City Council will continue to monitor the transactions and financial records of the City. At this time, Management believes that the incremental cost of adding additional office personnel to further improve segregating cash receipts, disbursement, and general ledger maintenance responsibilities is not a practical alternative due to the current budget constraints.

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

Section I – Internal Control Over Financial Reporting (Continued)

2023-002 - Preparation of Annual Financial Report

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition:

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

Criteria or Specific Requirement:

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

Effect:

The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause:

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

Repeat Finding:

Repeat of Finding 2022-002

Recommendation:

We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Views of Responsible Officials and Planned Corrective Actions:

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management will continue to review and approve the annual financial report prior to issuance.

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

Section I – Internal Control Over Financial Reporting (Continued)

2023-003 - Adjustments to the City's Financial Records

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition:

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

Criteria or Specific Requirement:

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect:

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

Cause:

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

Repeat Finding:

Repeat of Finding 2022-003

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

Management will thoroughly review the year-end adjusting and closing entries and will work with CLA to identify opportunities to reduce the number and significance of year-end adjusting and closing entries.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

FORM OF LEGAL OPINION

(See following pages)

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

May 8, 2025

Re: City of Kiel, Wisconsin ("Issuer")
\$4,300,000 General Obligation Promissory Notes, Series 2025A,
dated May 8, 2025 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. 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 Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 30,000	___%
2027	225,000	___
2028	205,000	___
2029	215,000	___
2030	230,000	___
2031	235,000	___
2032	240,000	___
2033	240,000	___
2034	245,000	___
2035	235,000	___
2036	250,000	___
2037	165,000	___
2038	170,000	___
2039	210,000	___
2040	215,000	___
2041	220,000	___
2042	225,000	___
2043	235,000	___
2044	245,000	___
2045	265,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2026.

The Notes maturing on March 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2034 or on any date thereafter. Said Notes 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 Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, 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 Notes 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 Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

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

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes 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 Notes 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 Notes in order for interest on the Notes 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 Notes to be included in gross income retroactively to the date of issuance of the Notes. 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 Notes.

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

The rights of the owners of the Notes 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 Kiel, Manitowoc and Calumet Counties, Wisconsin (the "Issuer") in connection with the issuance of \$4,300,000 General Obligation Promissory Notes, Series 2025A, dated May 8, 2025 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on April 22, 2025 (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 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). 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 April 22, 2025 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 Kiel, Manitowoc and Calumet Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Administrator of the Issuer who can be contacted at 621 Sixth Street, Kiel, Wisconsin 53042, phone (920) 894-2909, fax (920) 894-2585.

"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, 2024, 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.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

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

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

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 8th day of May, 2025.

(SEAL)

Robert H. Hennings, Sr.
Mayor

Sarah Preissner
City Clerk-Treasurer

NOTICE OF SALE

**\$4,300,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A
CITY OF KIEL, WISCONSIN**

Bids for the purchase of \$4,300,000* General Obligation Promissory Notes, Series 2025A (the "Notes") of the City of Kiel, 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 April 22, 2025, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of projects included in the City's Capital Improvement Plan such as street improvement projects, improvements to City Hall, dam repair project, and acquiring vehicles and equipment for City and police and fire departments, including a fire engine. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated May 8, 2025, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$30,000	2033	\$240,000	2040	\$215,000
2027	225,000	2034	245,000	2041	220,000
2028	205,000	2035	235,000	2042	225,000
2029	215,000	2036	250,000	2043	235,000
2030	230,000	2037	165,000	2044	245,000
2031	235,000	2038	170,000	2045	265,000
2032	240,000	2039	210,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2026, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after March 1, 2035 shall be subject to optional redemption prior to maturity on March 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 Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of 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 Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 8, 2025, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Notes 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 Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes 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). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$4,246,250, nor more than \$4,601,000, plus accrued interest on the principal sum of \$4,300,000 from date of original issue of the Notes 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 submission.

A good faith deposit ("Deposit") in the amount of \$86,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes 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 Notes. 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 Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of which will be provided by Bond Counsel upon request.

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

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

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

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

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

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

- (1) the close of the fifth (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 Notes to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Notes 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

Sarah Preissner, City Clerk-Treasurer
City of Kiel, Wisconsin

BID FORM

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

April 22, 2025

RE: \$4,300,000* General Obligation Promissory Notes, Series 2025A (the "Notes")
DATED: May 8, 2025

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$4,246,250, nor more than \$4,601,000) plus accrued interest to date of delivery for fully registered Notes 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	2045
_____ % due	2032	_____ % due	2039		

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

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

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

A good faith deposit ("Deposit") in the amount of \$86,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about May 8, 2025.

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 Official Statement for the Notes.

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 8, 2025 of the above bid is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Kiel, Wisconsin, on April 22, 2025.

By: _____ By: _____
Title: _____ Title: _____