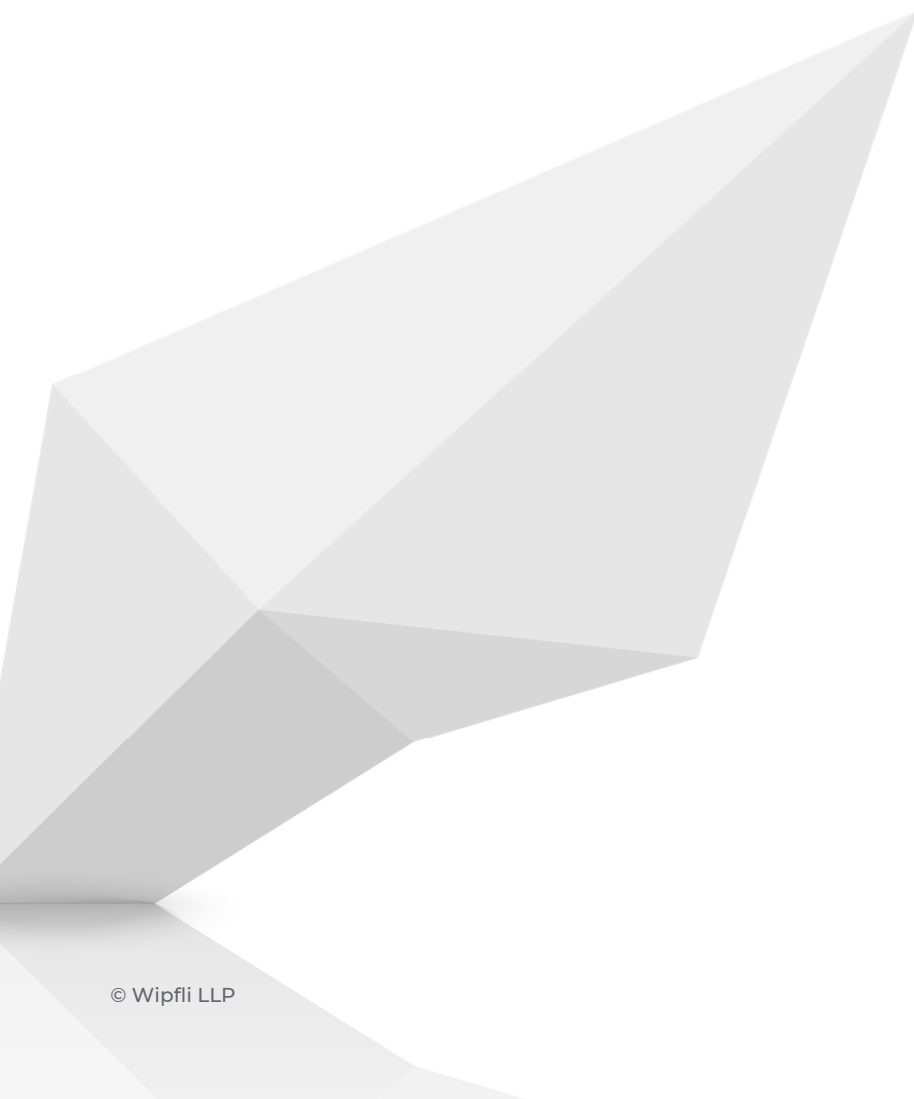


City of Sturgeon Bay, Wisconsin

Financial Report

Year Ended December 31, 2022



City of Sturgeon Bay, Wisconsin
Financial Statements and Supplementary Information
Year Ended December 31, 2022

Table of Contents

Independent Auditor's Report.....	1
Required Supplementary Information	
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	17
Reconciliation of the Balance Sheet - Governmental Funds - to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	20
Statement of Net Position - Proprietary Funds.....	21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	23
Statement of Cash Flows - Proprietary Funds.....	24
Statement of Fiduciary Net Position - Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	27
Notes to Financial Statements.....	28
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	62
Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System.....	66
Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - LRLIF.....	72
Notes to Required Supplementary Information.....	74
Supplementary Financial Information	
Nonmajor Governmental Funds - Combining Balance Sheet.....	75
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits).....	77
Nonmajor Proprietary Funds - Combining Statement of Net Position.....	79
Nonmajor Proprietary Funds - Combining Statement of Revenues, Expenses and Changes in Net Position.....	80

Independent Auditor's Report

City Council
City of Sturgeon Bay
Sturgeon Bay, Wisconsin

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's 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.

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the statement of revenues, expenditures, and change in fund balance - budget and actual - general fund, the schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, and the schedules of the employer's proportionate share of the net OPEB liability (asset) and employer contributions - LRLIF be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

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

Supplementary Information

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

Prior-Year Comparative Information

We have previously audited the City's 2021 financial statements, and we expressed an unmodified opinion on those respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated April 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Wipfli LLP
April 12, 2023
Madison, Wisconsin

Required Supplementary Information

CITY of STURGEON BAY



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Management's Discussion and Analysis December 31, 2022

As management of the City of Sturgeon Bay, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2022 by \$108,565,748 (*net position*). Of this amount, \$18,192,177 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The largest portion of the City's net position (74%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.
 - The unrestricted net position for the Governmental Activities of the City is \$7,179,390
 - The unrestricted net position of the City's Proprietary funds (Solid Waste & Compost) is \$327,525
 - The unrestricted net position of the Sturgeon Bay Utilities is \$10,685,262
- The City's total net position increased by \$3,794,704. Several factors contributed to the overall increase as follows:
 - The City's Governmental activities' total net position increased by \$2,177,603.
 - The City's Business-type activities' (*Solid Waste Fund & Compost Fund*) total net position increased by \$86,641.
 - The City's total net position of Sturgeon Bay Utilities increased by \$1,530,460.
- The City's general fund increased by \$535,138. Overall, the 2022 general fund revenues were in excess of the 2022 budgeted revenues, and 2022 general fund expenditures were less than the 2022 budgeted expenditures. On the revenue side, excess income was realized in room tax revenues, construction permits, and investment income. On the expense side, savings were realized due to minimal appropriations from contingency, allocation of staff time to other funds, and conservative spending in several other expense line items. With both increased revenues and decreased expenses, the fund balance grew in the general fund and the budgeted appropriation of prior year surplus and use of fund balance were not required in 2022.
- The assessed property tax rate, without TID, increased from \$7.12 to \$7.35 per \$1,000 of property value for the year ended December 31, 2022.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$15,028,863, an increase of \$725,885 in comparison with the prior year. Approximately 43% of this total amount, \$6,511,946 is available for spending at the City's discretion (*unassigned fund balance*).

- As of December 31, 2022, unassigned fund balance for the general fund was \$6,811,368 approximately 53% of the total general fund expenditures budgeted for 2023.
- The City's total general-obligation debt, consisting of notes and bonds as listed in the Notes to the Basic Financial Statements, Note 8: Long-Term Obligations, decreased by \$1,352,288 (5.12%) during 2022. The key factor in this decrease was scheduled retirement of debt in the general/capital fund and TIDs, net of the new debt service payments scheduled for capital purchases and projects.

Overview of the Basic Financial Statements

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

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

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

- *Deferred inflows* of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time (example: property taxes levied for the subsequent year).
- *Deferred outflows* of resources represents an expense for a future period and so will not be recognized as an outflow of resources (expense) until that time (example: WRS pension expenses).

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, health and human services, culture and recreation, development and debt service. The business-type activities of the City include the Solid Waste Fund, Compost Fund, and Sturgeon Bay Utility activities including water, wastewater and electric operations.

The government-wide financial statements include only the City itself (known as the *primary government*).

The government-wide financial statements can be found on pages 14 - 16 of this report.

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

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

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Improvements Fund, and TID No. 2 Fund all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources:

Nonspendable fund balance: Includes amounts that cannot be spent because they are either (a) not a spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

Spendable fund balance: Comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantor, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City's Common Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17 - 20 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste Fund, Compost Fund and Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City does not use internal service funds at this time.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the Utility, which is considered to be a major fund of the City, and the Solid Waste Fund and Compost Fund which are considered to be nonmajor funds of the City.

The basic proprietary fund financial statements can be found on pages 21 - 25 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 - 61 of this report.

Other information. Required supplementary information relating to other post-employment and pension benefits and budgetary comparison information for the general fund in addition to other supplementary financial information related to the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements on pages 62 - 80.

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$108,565,748 at the close of 2022.

City of Sturgeon Bay's Net Position						
	Governmental		Business-type			
	Activities		Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 30,599,582	\$ 27,859,020	\$ 14,993,341	\$ 14,062,159	\$ 45,592,923	\$ 41,921,179
Capital assets	53,660,688	54,212,363	52,478,923	51,902,472	106,139,611	106,114,835
Total assets	\$ 84,260,270	\$ 82,071,383	\$ 67,472,264	\$ 65,964,631	\$ 151,732,534	\$ 148,036,014
Deferred outflows of resources	\$ 7,249,502	\$ 4,788,318	\$ 1,632,106	\$ 1,099,587	\$ 8,881,608	\$ 5,887,905
Long-term liabilities outstanding	26,931,004	28,113,856	942,283	1,014,211	27,873,287	29,128,067
Other liabilities	1,544,157	1,433,056	1,895,254	1,922,907	3,439,411	3,355,963
Total liabilities	\$ 28,475,161	\$ 29,546,912	\$ 2,837,537	\$ 2,937,118	\$ 31,312,698	\$ 32,484,030
Deferred inflows of resources	\$ 18,772,081	\$ 15,227,862	\$ 1,963,615	\$ 1,440,983	\$ 20,735,696	\$ 16,668,845
Net position:						
Net investment in capital assets	\$ 28,402,511	\$ 27,696,425	\$ 51,956,573	\$ 51,368,445	\$ 80,359,084	\$ 79,064,870
Restricted	8,680,629	8,251,760	1,333,858	1,198,558	10,014,487	9,450,318
Unrestricted	7,179,390	6,136,742	11,012,787	10,119,114	18,192,177	16,255,856
Total net position	\$ 44,262,530	\$ 42,084,927	\$ 64,303,218	\$ 62,686,117	\$ 108,565,748	\$ 104,771,044

By far the largest portion of the City's net position (74%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$18,192,177) may be used to meet the City's ongoing obligations to citizens and creditors.

- The unrestricted net position for the Governmental Activities of the City is \$7,179,390
- The unrestricted net position of the Proprietary Funds of the City is \$327,525
- The unrestricted net position of the Sturgeon Bay Utilities is \$10,685,262

Change in net position. Governmental activities increased the City's net position by \$2,177,603. Key elements of this increase are as follows:

City of Sturgeon Bay's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 1,076,731	\$ 1,017,207	\$ 22,987,505	\$ 21,237,428	\$ 24,064,236	\$ 22,254,635
Operating grants and contributions	1,160,305	1,034,053	(10,032)	(3,170)	1,150,273	1,030,883
Capital grants and contributions	840,375	300,184	561,342	145,040	1,401,717	445,224
General revenues:						
Property taxes	9,318,257	9,819,577	-	-	9,318,257	9,819,577
Other taxes	522,472	407,089	-	-	522,472	407,089
Grants and contributions not restricted to specific programs	1,091,121	1,120,480	-	-	1,091,121	1,120,480
Other revenues and transfers	1,469,765	1,817,106	(571,785)	(516,770)	897,980	1,300,336
Total revenues	\$ 15,479,026	\$ 15,515,696	\$ 22,967,030	\$ 20,862,528	\$ 38,446,056	\$ 36,378,224
Expenses:						
General government	\$ 1,340,408	\$ 1,936,754	\$ -	\$ -	\$ 1,340,408	\$ 1,936,754
Public safety	4,853,101	4,852,579	-	-	4,853,101	4,852,579
Public works	4,652,689	5,018,762	-	-	4,652,689	5,018,762
Culture and recreation	837,843	814,859	-	-	837,843	814,859
Conservation and development	949,203	1,023,898	-	-	949,203	1,023,898
Interest on long-term debt	668,179	718,759	-	-	668,179	718,759
Sewer	-	-	2,299,617	2,044,721	2,299,617	2,044,721
Water	-	-	2,086,532	1,990,358	2,086,532	1,990,358
Electric	-	-	16,315,968	14,689,076	16,315,968	14,689,076
Solid waste	-	-	647,812	642,344	647,812	642,344
Total expenses	\$ 13,301,423	\$ 14,365,611	\$ 21,349,929	\$ 19,366,499	\$ 34,651,352	\$ 33,732,110
Increase (Decrease) in net position	2,177,603	1,150,085	1,617,101	1,496,029	3,794,704	2,646,114
Net position - January 1	42,084,927	40,934,842	62,686,117	61,190,088	104,771,044	102,124,930
Net position - December 31	\$ 44,262,530	\$ 42,084,927	\$ 64,303,218	\$ 62,686,117	\$ 108,565,748	\$ 104,771,044

The property tax levy increased by \$274,052 (3.88%), without TID, for the 2022 collection year. This increase was directed toward the following areas:

Property Taxes

\$ 156,645	for the General Fund Operations and Debt
\$ 117,407	for Capital Improvements

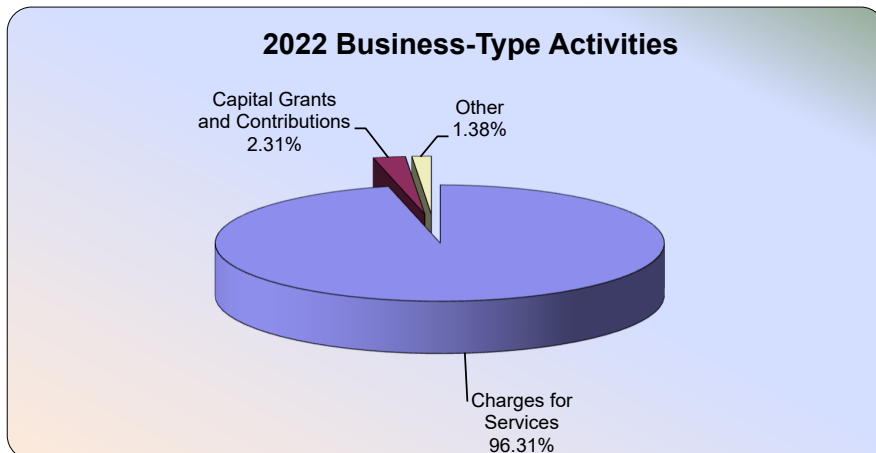
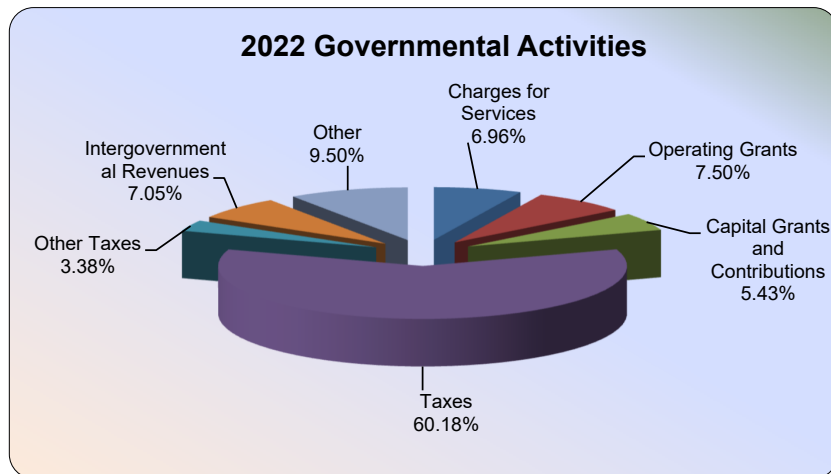
Investment earnings increased/(decreased) in the following funds:

Investment Earnings

\$ 111,700	General
\$ 36,730	Capital Fund
\$ 61,093	Tax Increment District #2
\$ 7,235	Tax Increment District #1
\$ 11,993	Tax Increment District #3
\$ 8,799	Tax Increment District #4
\$ 934	ARPA
\$ (2)	Revolving Loan Fund (Account Closed)

Funding Sources for the governmental activities and business-type activities for the City of Sturgeon Bay and Sturgeon Bay Utilities

The Chart on the right illustrates how governmental activities are funded. Property taxes and other taxes account for 63.56% of the total revenue needed to fund governmental activities. Intergovernmental revenues and grants comprise another 19.98%, while charges for services and all other sources are equal to 16.46% of revenues.



Business-Type activities depend on charges for services as their primary revenue sources, as shown on the graph to the left. Charges for services account for 96.31% of the revenues needed to support the City's business activities.

Financial Analysis of the City's Funds

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

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

As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$15,028,863, an increase of \$725,885 in comparison with the prior year. Approximately 43% of this amount (\$6,511,946) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable *restricted or assigned* to indicate that it is not available for new spending because it has already been restricted or assigned for the following:

\$ 91,914	Prepaid Items
5,114,520	Restricted for other Governmental Funds
3,310,483	Assigned for Governmental Funds
<u>\$ 8,516,917</u>	Total

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,811,368. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 53% of total 2023 budgeted general fund expenditures, and the total general fund balance also represents 53% of that same amount.

The fund balance of the City's general fund increased by \$535,138 during the current year. Overall, the 2022 general fund revenues were in excess of the 2022 budgeted revenues, and 2022 general fund expenditures were less than the 2022 budgeted expenditures. With both increased revenues and decreased expenses, the fund balance grew in the general fund and the budgeted appropriation of prior year surplus and use of fund balance were not required in 2022. The increase in the general fund balance was a result of a combination of increases in revenue lines and decreases in expense lines, the most prominent being:

- Increased room tax revenue
- Increase in investment income
- Reduction of planned appropriations of general fund balance

The Capital Improvements Fund has a total fund balance of \$2,902,112. The entire amount is either assigned or nonspendable. The TID District fund balances are restricted to carry out the project plans of the Districts.

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

Unrestricted net position of the Utility fund at the end of the year amounted to \$10,685,262. The total increase in unrestricted net position was \$721,766.

Unrestricted net position of the Solid Waste fund and Compost fund at the end of the year amounted to \$327,525. The total increase in unrestricted net position was \$171,907.

Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

Generally, the original budget is rarely modified. In most instances, when the budget is modified, the line item adjustments are made within the department or within the budgetary categories.

- There were no budget adjustments in 2022.

During the year, actual general fund revenues were more than budgeted revenues and appropriated balances by \$418,864 prior to applying budgeted appropriated balances and reserves. The 2022 budget contained \$1,860,055 in appropriated balances and reserves.

Actual expenditures were less than budgeted expenditures by \$1,483,845 in the general fund primarily due to lack of appropriations from the ERP contingency, allocation of staff time to other funds, and conservative spending in several other expense line items.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$106,139,611 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the City's investment in capital assets for the current year was \$2,069,990 or roughly 2% compared to last year.

Major capital assets acquired or constructed during the year include:

- Completed Municipal Services facility remodel
- Repaved the Municipal Services parking lot
- Purchased one squad car
- Purchased a brush truck (early delivery in 2023)
- Purchase a skid steer loader
- Purchased three riding lawn mowers
- Purchased a water weed shore conveyor
- Accepted the donation of the Graham Park improvements
- Installed an ADA kayak launch at Bullhead Point
- Annual storm sewer outlay
- Annual road resurfacing and repair
- Completed highway 42/57 intersection improvements
- Annual alley/parking lot repair
- Annual curbing & sidewalk repair
- Installed 45,000 ft. of underground electrical conduit & conductor
- Replaced 115 utility poles & 15,000 ft. of overhead conductor
- Replaced 16 decorative streetlights in downtown area
- Refurbished Redwood booster station building
- Replaced 130 galvanized private water laterals using State forgivable loan
- Installed 4 new boilers in wastewater treatment facility
- Slip-lined sanitary sewer main in select problem areas
- Refurbished two final clarifiers
- Replaced labware sterilizing equipment
- Constructed jetter truck debris disposal station
- Installed emergency generator for administrative building

City of Sturgeon Bay's Capital Assets						
(Governmental Activities are net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,490,527	\$ 5,563,169	\$ 276,084	\$ 276,084	\$ 5,766,611	\$ 5,839,253
Land improvements	2,310,322	634,125	-	-	2,310,322	634,125
Buildings	4,953,357	5,182,532	7,892,778	7,744,846	12,846,135	12,927,378
Machinery and equipment and vehicles	4,073,597	4,457,069	14,931,153	14,702,141	19,004,750	19,159,210
Infrastructure	36,776,263	37,076,874	71,537,333	69,247,625	108,313,596	106,324,499
Less: Utility and solid waste fund depreciation	-	-	(42,684,214)	(40,455,962)	(42,684,214)	(40,455,962)
Construction in progress	56,622	1,298,594	525,789	387,738	582,411	1,686,332
Total	\$ 53,660,688	\$ 54,212,363	\$ 52,478,923	\$ 51,902,472	\$106,139,611	\$ 106,114,835

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$25,117,288. Of this amount, \$25,117,288 comprises debt backed by the full faith and credit of the government. At the current time, the City debt portfolio does not include any taxable note anticipation notes.

City of Sturgeon Bay's Outstanding Debt						
General Obligation Debt and Revenue Bonds						
	Governmental		Business-type			
	Activities		Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation debt:						
Bonds	\$ 18,750,000	\$ 21,305,000	\$ -	\$ -	\$ 18,750,000	\$ 21,305,000
Notes	5,862,365	4,651,461	504,923	513,115	6,367,288	5,164,576
Total general obligation debt	\$ 24,612,365	\$ 25,956,461	\$ 504,923	\$ 513,115	25,117,288	26,469,576

The City's total debt decreased by \$1,352,288 during the current fiscal year. The key factor in this decrease was scheduled retirement of debt in the general/capital fund and TIDs, net of the new debt service payments scheduled for capital purchases and projects.

The only outstanding debt of the Sturgeon Bay Utilities as of December 31, 2022 is the athletic field lighting loan that is shared with the City. The year-end balance is approximately \$6,144 for each party.

The City maintains an Aa3 rating from Moody's Investors Service for its general obligation debt. Moody's Investors Service, in their most recent rating for the City, commented that the Aa3 rating reflects the City's growing tax base and healthy financial position with healthy reserve levels. The report also referenced the City's manageable exposure to post-retirement liabilities and above average debt burden, though a large portion of the debt is supported by the City's tax increment districts.

State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$50,186,945, which is significantly in excess of the City's \$25,117,288, in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of residential, manufacturing, tourism, service industry and retail activities which support our tax base.
- In 2022 the City received \$467,554 in ARPA funds (American Rescue Plan Act). This was the final installment payment, making the total ARPA funds received \$935,108.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unassigned fund balance in the general fund decreased to \$6,811,368. The City has assigned fund balance in the amount of \$641,035 for spending in the 2023 fiscal year budget.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director/City Treasurer, City of Sturgeon Bay, 421 Michigan St, Sturgeon Bay, WI 54235.

Basic Financial Statements

City of Sturgeon Bay, Wisconsin

Statement of Net Position

December 31, 2022

With Summarized Financial Information as of December 31, 2021

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
Assets:				
Cash	\$ 16,324,322	\$ 4,807,578	\$ 21,131,900	\$ 20,162,141
Investments	1,465,479	2,955,590	4,421,069	3,207,536
Receivables				
Taxes	7,649,288	-	7,649,288	7,115,188
Delinquent taxes	295,729	-	295,729	285,688
Accounts, net	308,051	2,447,511	2,755,562	2,888,977
Other	-	175,923	175,923	436,895
Internal balances	898,690	(898,690)	-	-
Inventories and prepaid items	91,914	1,285,472	1,377,386	1,228,045
Investment in American Transmission Company	-	2,844,099	2,844,099	2,692,473
Net pension asset	3,566,109	833,858	4,399,967	3,321,701
Land held for resale	-	42,000	42,000	42,000
Restricted assets:				
Investments	-	500,000	500,000	540,535
Capital assets, nondepreciable	5,547,149	801,873	6,349,022	7,525,585
Capital assets, depreciable, net	48,113,539	51,677,050	99,790,589	98,589,250
Total assets	84,260,270	67,472,264	151,732,534	148,036,014
Deferred outflows of resources:				
Loss on advance refunding	34,723	-	34,723	46,978
Deferred outflows related to pensions/OPEB	7,214,779	1,632,106	8,846,885	5,840,927
Total deferred outflows of resources	7,249,502	1,632,106	8,881,608	5,887,905
Liabilities:				
Accounts payable	322,542	1,786,596	2,109,138	2,177,544
Other accrued liabilities	444,783	11,172	455,955	447,521
Due to other governments	398	-	398	32
Accrued interest payable	116,326	2,514	118,840	131,582
Unearned grant revenue	660,108	-	660,108	467,554
Customer deposits	-	94,972	94,972	131,730
Long-term obligations				
Due within one year	2,940,096	48,820	2,988,916	3,698,920
Due in more than one year	23,990,908	893,463	24,884,371	25,429,147
Total liabilities	28,475,161	2,837,537	31,312,698	32,484,030
Deferred inflows of resources:				
Property taxes	10,281,050	-	10,281,050	9,302,032
Deferred inflows related to pensions/OPEB	8,491,031	1,963,615	10,454,646	7,366,813
Total deferred inflows of resources	18,772,081	1,963,615	20,735,696	16,668,845
Net position:				
Net investment in capital assets	28,402,511	51,956,573	80,359,084	79,064,870
Restricted	8,680,629	1,333,858	10,014,487	9,450,318
Unrestricted	7,179,390	11,012,787	18,192,177	16,255,856
Total net position	\$ 44,262,530	\$64,303,218	\$108,565,748	\$104,771,044

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Activities

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,340,408	\$ 288,766	\$ 275,000	\$ -
Public safety	4,853,101	566,266	176,223	-
Public works	4,652,689	30,122	645,557	45,186
Culture, recreation and education	837,843	191,577	63,525	280,630
Conservation and development	949,203	-	-	514,559
Interest and fiscal charges	668,179	-	-	-
Total governmental activities	13,301,423	1,076,731	1,160,305	840,375
Business-type activities:				
Sewer utility	2,299,617	2,108,793	-	64,700
Water utility	2,086,532	2,247,351	-	176,001
Electric utility	16,315,968	17,934,996	-	320,641
Solid waste utility	657,844	696,365	-	-
Total business-type activities	21,359,961	22,987,505	-	561,342
Total	\$ 34,661,384	\$ 24,064,236	\$ 1,160,305	\$ 1,401,717

General revenues:

Taxes:

Property taxes, levied for general purposes

Tax increments

Other taxes

Federal and state grants and other contributions not restricted to specific functions

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Activities - Continued

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

Governmental Activities	Business-type Activities	Net (Expense) Revenue and Changes in Net Position	
		Totals	
		2022	2021
\$ (776,642)	\$ -	\$ (776,642)	\$ (1,701,543)
(4,110,612)	-	(4,110,612)	(4,142,182)
(3,931,824)	-	(3,931,824)	(4,143,201)
(302,111)	-	(302,111)	(502,425)
(434,644)	-	(434,644)	(806,057)
(668,179)	-	(668,179)	(718,759)
(10,224,012)	-	(10,224,012)	(12,014,167)
-	(126,124)	(126,124)	134,053
-	336,820	336,820	535,015
-	1,939,669	1,939,669	1,328,224
-	38,521	38,521	15,507
-	2,188,886	2,188,886	2,012,799
(10,224,012)	2,188,886	(8,035,126)	(10,001,368)
6,999,242	-	6,999,242	6,844,535
2,320,122	-	2,320,122	2,975,474
508,024	-	508,024	392,641
1,105,569	-	1,105,569	1,134,928
254,753	216,419	471,172	353,479
312,815	112,886	425,701	946,425
901,090	(901,090)	-	-
12,401,615	(571,785)	11,829,830	12,647,482
2,177,603	1,617,101	3,794,704	2,646,114
42,084,927	62,686,117	104,771,044	102,124,930
\$ 44,262,530	\$ 64,303,218	\$ 108,565,748	\$ 104,771,044

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Balance Sheet

Governmental Funds

December 31, 2022

With Summarized Financial Information as of December 31, 2021

	General	Capital Improvements	TID No. 2	Nonmajor Governmental Funds	Totals	
					2022	2021
Assets:						
Cash	\$ 7,271,969	\$ 2,704,634	\$ 3,803,735	\$ 2,543,984	\$ 16,324,322	\$ 16,248,884
Investments	1,465,479	-	-	-	1,465,479	249,589
Receivables						
Taxes	4,947,654	277,508	1,388,327	1,035,799	7,649,288	7,115,188
Delinquent taxes	295,729	-	-	-	295,729	285,688
Accounts	90,738	195,362	-	21,951	308,051	197,158
Loans	-	-	-	-	-	-
Due from other funds	1,345,937	38,430	-	-	1,384,367	1,164,397
Inventories and prepaid items	91,914	-	-	-	91,914	136,687
Total assets	\$ 15,509,420	\$ 3,215,934	\$ 5,192,062	\$ 3,601,734	\$ 27,519,150	\$ 25,397,591
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	\$ 301,237	\$ 20,889	\$ -	\$ 416	\$ 322,542	\$ 401,503
Other accrued liabilities	429,358	15,425	-	-	444,783	435,555
Due to other funds	-	-	1,398	484,279	485,677	202,249
Unearned grant revenue	-	-	-	660,108	660,108	467,554
Due to other governments	398	-	-	-	398	32
Total liabilities	730,993	36,314	1,398	1,144,803	1,913,508	1,506,893
Deferred inflows of resources:						
Property taxes	7,579,416	277,508	1,388,327	1,035,799	10,281,050	9,302,032
Special assessments	295,729	-	-	-	295,729	285,688
Total deferred inflows of resources	7,875,145	277,508	1,388,327	1,035,799	10,576,779	9,587,720
Fund balances:						
Nonspendable	91,914	-	-	-	91,914	136,687
Restricted	-	-	3,802,337	1,312,183	5,114,520	5,577,478
Assigned	-	2,902,112	-	408,371	3,310,483	2,357,287
Unassigned	6,811,368	-	-	(299,422)	6,511,946	6,231,526
Total fund balances	6,903,282	2,902,112	3,802,337	1,421,132	15,028,863	14,302,978
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,509,420	\$ 3,215,934	\$ 5,192,062	\$ 3,601,734	\$ 27,519,150	\$ 25,397,591

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds - to the Statement of Net Position

December 31, 2022

With Summarized Financial Information as of December 31, 2021

	2022	2021
Total fund balance - governmental funds	\$ 15,028,863	\$ 14,302,978
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements	53,660,688	54,212,363
The net pension asset is not an available resource and therefore is not reported in the fund statements	3,566,109	2,663,678
Other long-term assets are not available to pay current expenditures and therefore are deferred in the funds	295,729	285,688
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the fund statements:		
Loss on advance refunding	34,723	46,978
Deferred outflows of resources	7,214,779	4,741,340
Deferred inflows of resources	(8,491,031)	(5,925,830)
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:		
Bonds and notes payable	(24,612,365)	(25,945,236)
Debt premium	(645,812)	(570,702)
Compensated absences	(1,014,122)	(965,258)
Post-employment health benefits payable	(658,705)	(632,660)
Accrued interest on long-term obligations	(116,326)	(128,412)
Total net position of governmental activities	<u>\$ 44,262,530</u>	<u>\$ 42,084,927</u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	General	Capital Improvements	TID No. 2	Nonmajor Governmental Funds	Totals	
					2022	2021
Revenues:						
Taxes	\$ 7,507,266	\$ 335,175	\$ 978,214	\$ 1,006,733	\$ 9,827,388	\$ 10,212,650
Special assessments	-	35,145	-	-	35,145	18,493
Intergovernmental	1,703,079	85,230	40,319	831,643	2,660,271	2,781,612
Licenses and permits	241,206	-	-	129,789	370,995	326,925
Fines and forfeits	41,900	5,655	-	-	47,555	38,883
Public charges for services	232,728	44,400	-	-	277,128	246,175
Intergovernmental charges	646,253	-	-	-	646,253	615,870
Miscellaneous	288,807	313,005	63,489	37,859	703,160	329,197
Total revenues	10,661,239	818,610	1,082,022	2,006,024	14,567,895	14,569,805
Expenditures:						
Current:						
General government	1,606,976	-	-	-	1,606,976	1,470,803
Public safety	5,109,461	-	-	-	5,109,461	5,029,716
Public works	1,552,148	-	-	-	1,552,148	1,355,070
Culture and recreation	836,159	-	-	-	836,159	820,193
Conservation and development	687,495	-	1,606	281,873	970,974	1,043,932
Debt service:						
Principal	1,358,142	-	2,210,954	220,000	3,789,096	4,996,669
Interest and fiscal charges	319,539	23,227	271,214	125,658	739,638	733,150
Capital outlay	-	2,556,680	-	651,816	3,208,496	4,773,317
Total expenditures	11,469,920	2,579,907	2,483,774	1,279,347	17,812,948	20,222,850
Excess of revenues over (under) expenditures	(808,681)	(1,761,297)	(1,401,752)	726,677	(3,245,053)	(5,653,045)
Other Financing Sources (Uses)						
Sales of capital assets	-	466,885	-	-	466,885	52,349
Long-term debt issued	-	2,445,000	-	-	2,445,000	4,421,221
Premium on debt issued	-	157,963	-	-	157,963	216,671
Transfers in	1,389,861	46,042	1,349,058	-	2,784,961	2,506,450
Transfers out	(46,042)	(483,146)	-	(1,354,683)	(1,883,871)	(1,541,902)
Total other financing sources (uses)	1,343,819	2,632,744	1,349,058	(1,354,683)	3,970,938	5,654,789
Net Change in Fund Balances	535,138	871,447	(52,694)	(628,006)	725,885	1,744
Fund Balances - Beginning	6,368,144	2,030,665	3,855,031	2,049,138	14,302,978	14,301,234
Fund Balances - Ending	\$ 6,903,282	\$ 2,902,112	\$ 3,802,337	\$ 1,421,132	\$ 15,028,863	\$ 14,302,978

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	2022	2021
Net change in fund balance - governmental funds	\$ 725,885	\$ 1,744
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 expenditures reported in governmental fund statements	1,999,692	3,189,444
Depreciation expense reported in the statement of activities	(2,399,614)	(2,600,407)
Net book value of disposals	(151,753)	(520,927)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,041	(18,657)
Certain expenses are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits changed by:		
Amortization of premiums, discounts and loss on advance refunding	59,373	14,118
Compensated absences	(48,864)	(25,996)
Pension amounts	866,671	831,453
Other postemployment benefits	(82,047)	(79,737)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(2,602,963)	(4,637,892)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year is:	3,789,096	4,996,669
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.	12,086	273
Change in net position - governmental activities	\$ 2,177,603	\$ 1,150,085

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Net Position

Proprietary Funds

December 31, 2022

With Summarized Financial Information as of December 31, 2021

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2022	2021
Assets:						
Current assets:						
Cash	\$ 461,923	\$ 907,145	\$ 3,077,237	\$ 361,273	\$ 4,807,578	\$ 3,913,257
Investments	1,917,947	960,915	76,728	-	2,955,590	2,957,947
Receivables						
Accounts, net	197,325	265,542	1,984,644	-	2,447,511	2,691,819
Other	37,769	12,149	123,333	2,672	175,923	436,895
Due from other funds	-	-	-	-	-	1,172,704
Inventory	32,931	282,194	923,218	-	1,238,343	1,055,580
Prepaid items	-	-	44,233	2,896	47,129	35,778
Total current assets	2,647,895	2,427,945	6,229,393	366,841	11,672,074	12,263,980
Noncurrent assets:						
Restricted assets:						
Investments	500,000	-	-	-	500,000	540,535
Investment in American Transmission Company	-	-	2,844,099	-	2,844,099	2,692,473
Net pension asset	68,878	72,379	628,134	64,467	833,858	658,023
Land held for resale	-	42,000	-	-	42,000	42,000
Capital assets, nondepreciable	293,506	357,488	150,879	-	801,873	663,822
Capital assets, depreciable	11,283,285	13,152,123	26,678,199	563,443	51,677,050	51,238,650
Total capital assets, net of accumulated depreciation	11,576,791	13,509,611	26,829,078	563,443	52,478,923	51,902,472
Total noncurrent assets	12,145,669	13,623,990	30,301,311	627,910	56,698,880	55,835,503
Total assets	14,793,564	16,051,935	36,530,704	994,751	68,370,954	68,099,483
Deferred outflows of resources:						
Deferred outflows related to pensions	134,814	141,667	1,229,445	126,180	1,632,106	1,099,587
Total assets and deferred outflows of resources	\$ 14,928,378	\$ 16,193,602	\$ 37,760,149	\$ 1,120,931	\$ 70,003,060	\$ 69,199,070

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Net Position - Continued

Proprietary Funds

December 31, 2022

With Summarized Financial Information as of December 31, 2021

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2022	2021
Liabilities:						
Current liabilities:						
Accounts payable	\$ 195,864	\$ 120,875	\$ 1,469,857	\$ -	\$ 1,786,596	\$ 1,776,041
Other accrued liabilities	-	-	-	11,172	11,172	11,966
Accrued interest payable	-	-	-	2,514	2,514	3,170
Due to other funds	-	366,380	532,310	-	898,690	2,134,852
Customer deposits	-	-	94,972	-	94,972	131,730
Current portion of long-term debt	-	-	6,144	42,676	48,820	8,192
Total current liabilities	195,864	487,255	2,103,283	56,362	2,842,764	4,065,951
Noncurrent liabilities:						
General obligation debt	-	-	-	473,530	473,530	525,835
Compensated absences	48,030	51,596	320,307	-	419,933	480,184
Total noncurrent liabilities	48,030	51,596	320,307	473,530	893,463	1,006,019
Total liabilities	243,894	538,851	2,423,590	529,892	3,736,227	5,071,970
Deferred inflows of resources:						
Related to pensions	162,197	170,443	1,479,165	151,810	1,963,615	1,440,983
Total liabilities and deferred inflows of resources	406,091	709,294	3,902,755	681,702	5,699,842	6,512,953
Net position:						
Net investment in capital assets	11,576,791	13,509,611	26,822,934	47,237	51,956,573	51,368,445
Restricted	568,878	72,379	628,134	64,467	1,333,858	540,535
Unrestricted	2,376,618	1,902,318	6,406,326	327,525	11,012,787	10,777,137
Total net position	14,522,287	15,484,308	33,857,394	439,229	64,303,218	62,686,117
Total liabilities, deferred inflows of resources and net position	\$ 14,928,378	\$ 16,193,602	\$ 37,760,149	\$ 1,120,931	\$ 70,003,060	\$ 69,199,070

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2022	2021
Operating revenues:						
Charges for services	\$ 2,105,018	\$ 2,164,522	\$ 17,551,168	\$ 696,365	\$ 22,517,073	\$ 20,537,927
Other operating revenues	3,775	82,829	383,828	-	470,432	699,501
Total operating revenues	2,108,793	2,247,351	17,934,996	696,365	22,987,505	21,237,428
Operating expenses:						
Operation and maintenance	1,693,569	1,485,996	14,535,560	541,469	18,256,594	16,411,984
Depreciation	606,048	600,536	1,780,098	106,343	3,093,025	2,954,384
Total operating expenses	2,299,617	2,086,532	16,315,658	647,812	21,349,619	19,366,368
Operating income (loss)	(190,824)	160,819	1,619,338	48,553	1,637,886	1,871,060
Nonoperating revenues (expenses):						
Interest income	19,333	(3,428)	200,514	-	216,419	337,351
Interest expense	-	-	(310)	(10,032)	(10,342)	(3,301)
Gain on sale of property	-	-	-	-	-	19,582
Other	29	939	61,398	50,520	112,886	90,845
Total nonoperating revenues (expenses)	19,362	(2,489)	261,602	40,488	318,963	444,477
Net income before transfers and capital contributions	(171,462)	158,330	1,880,940	89,041	1,956,849	2,315,537
Capital contributions	64,700	176,001	320,641	-	561,342	145,040
Transfers out	-	(366,380)	(532,310)	(2,400)	(901,090)	(964,548)
Change in net position	(106,762)	(32,049)	1,669,271	86,641	1,617,101	1,496,029
Net position - beginning	14,629,049	15,516,357	32,188,123	352,588	62,686,117	61,190,088
Net position - ending	\$ 14,522,287	\$ 15,484,308	\$ 33,857,394	\$ 439,229	\$ 64,303,218	\$ 62,686,117

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2022	2021
Cash flows from operating activities:						
Cash received from customers	\$ 2,134,527	\$ 2,502,451	\$ 18,122,686	\$ 696,364	\$ 23,456,028	\$ 20,883,532
Cash payments to suppliers	(1,440,355)	(1,260,185)	(14,395,740)	(374,569)	(17,470,849)	(15,635,547)
Cash payments to employees	(234,895)	(250,669)	(546,239)	(184,268)	(1,216,071)	(1,289,572)
Net cash from operating activities	459,277	991,597	3,180,707	137,527	4,769,108	3,958,413
Cash flows from noncapital financing activities:						
Other nonoperating revenue	29	939	61,398	50,520	112,886	90,845
Due to/from other funds	421,666	703,351	(1,188,475)	-	(63,458)	(49,458)
Transfer out	-	(366,380)	(532,310)	(2,400)	(901,090)	(964,548)
Net cash from noncapital financing activities	421,695	337,910	(1,659,387)	48,120	(851,662)	(923,161)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(494,856)	(613,098)	(2,561,522)	-	(3,669,476)	(4,978,682)
Sale of capital assets	-	-	-	-	-	42,000
Capital contributions	64,700	176,001	320,641	-	561,342	145,040
Bond proceeds	-	-	-	-	-	519,691
Principal payments on long-term debt	-	-	(8,192)	-	(8,192)	(8,193)
Interest payments on long-term debt	-	-	(310)	(14,173)	(14,483)	(131)
Net cash from capital and related financing activities	(430,156)	(437,097)	(2,249,383)	(14,173)	(3,130,809)	(4,280,275)
Cash flows from investing activities:						
Sale (purchase) of investments	(8,226)	18,163	(118,672)	-	(108,734)	1,062,359
Interest income received	19,333	(3,428)	200,514	-	216,419	337,351
Net cash from investing activities	11,107	14,735	81,842	-	107,685	1,399,710
Change in cash and cash equivalents	461,923	907,145	(646,221)	171,474	894,321	154,687
Cash and cash equivalents - beginning	-	-	3,723,458	189,799	3,913,257	1,106,204
Cash and cash equivalents - ending	\$ 461,923	\$ 907,145	\$ 3,077,237	\$ 361,273	\$ 4,807,578	\$ 1,260,891

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Cash Flows - Continued

Proprietary Funds

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2022	2021
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (190,824)	\$ 160,819	\$ 1,619,338	\$ 48,553	\$ 1,637,886	\$ 1,871,060
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	606,048	600,536	1,780,098	106,343	3,093,025	2,954,384
Change in pension related assets, deferred outflows, liabilities and deferred inflows	(17,099)	(17,952)	(134,389)	(16,282)	(185,722)	(205,009)
Changes in assets and liabilities						
Receivables, net	25,734	255,100	224,448	(1)	505,281	(354,610)
Inventory	(22,119)	(88,034)	(72,610)	-	(182,763)	(330,394)
Prepaid items	-	-	(11,059)	(292)	(11,351)	16,339
Accounts payable	67,703	93,190	(150,338)	-	10,555	(23,597)
Accrued and other current liabilities	-	-	-	(794)	(794)	2,340
Customer deposits	-	-	(36,758)	-	(36,758)	714
Compensated absences	(10,166)	(12,062)	(38,023)	-	(60,251)	27,186
Net cash from operating activities	\$ 459,277	\$ 991,597	\$ 3,180,707	\$ 137,527	\$ 4,769,108	\$ 3,958,413

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Fiduciary Net Position - Fiduciary Funds December 31, 2022

	<u>Custodial Funds</u>
Assets:	
Cash	\$ 3,650,672
Receivables	
Taxes	<u>10,518,079</u>
Total assets	<u><u>\$ 14,168,751</u></u>
Liabilities:	
Due to other governments	<u><u>\$ 14,168,751</u></u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Changes in Fiduciary Net Position - Fiduciary Funds For the Year Ended December 31, 2022

	<u>Custodial Funds</u>
Additions:	
Property tax collections for other governments	<u>\$ 13,886,653</u>
Deductions:	
Payments of property taxes to other governments	<u>13,886,653</u>
Net increase in fiduciary net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The City of Sturgeon Bay, Wisconsin (the "City") is located in Door County, Wisconsin, and was incorporated under the provisions of the constitution and general statutes of the state of Wisconsin. The City operates under a mayor-council form of government and provides a full range of services including public safety, roads, sanitation, culture and recreation, planning, and general administrative services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies of the City.

The Financial Reporting Entity

This report includes all of the funds of the City of Sturgeon Bay, Wisconsin. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. According to this criteria, the City has not identified any component units that are required to be included in the basic financial statements.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Jointly Governed Organizations

Door County Library

The City is a participant with Door County, Wisconsin in a joint venture to operate the Door County Library. The Door County Library is governed by a seven member board composed of two members of the City Council and five members appointed by Door County. The City and County are obligated by agreement to fund one-half of the utilities, janitorial service, insurance, maintenance and repair and related supplies for grounds, building, its contents and equipment located at the library. During the current year, the City remitted an appropriation of \$54,814 to Door County for the library. The library building is owned by the City and is included in the capital assets of the governmental activities. Complete financial statements for the Door County Library can be obtained from Door County at 421 Nebraska St. Sturgeon Bay, Wisconsin 54235.

Door County Tourism Zone

The City is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statue 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the collections to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During the current year, the City received \$414,373 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from its office in Sister Bay, Wisconsin. Revenue received is recorded in the general fund of the City.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and service, 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.

Fund Financial Statements

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

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

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Major Funds

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all the financial activity that is not accounted for and reported in another fund.

Capital Improvements Fund – This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

Tax Incremental District No. 2 – This fund is used to account for the project plan costs of the City's Tax Incremental District No. 2.

The City reports the following major proprietary funds:

Sewer Utility – The Sewer Utility accounts for the operations of the City's sanitary sewer system.

Water Utility – The Water Utility accounts for the operations of the City's water system.

Electric Utility – The Electric Utility accounts for the operations of the City's electric utility system.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year. Expenditures are recognized when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as fund liabilities when expected to be paid with expendable available financial resources.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

The City's share of property taxes is recorded in the year levied as a receivable and a deferred inflow of resources. Property taxes are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units (other than the City) billed in the current year for the succeeding year are reflected as due to other taxing units in the accompanying statement of net position and balance sheet.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

In the government-wide financial statements, special assessments are recognized as revenues when levied against the benefiting properties. In governmental fund financial statements, special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and unavailable revenues in the General Fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest.

Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary funds are accounted for on the accrual basis. Revenues such as user fees are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred. Water service charges to consumers are billed at rates established by the Wisconsin Public Service Commission. Waste water, storm water, and solid waste service charges to consumers are billed at rates established by the City's common council. All classes of utility consumers are billed on a quarterly basis, except parking utility for which revenue is generated from meters and parking lot permit fees.

Cash, Cash Equivalents and Investments

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

Investments of individual funds are pooled unless maintained in segregated accounts and are carried at fair value.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Revenue Recognition

Accounts receivable includes normal business receivables. Management has established an allowance for doubtful accounts in the amount of \$94,134 for estimated amounts that may not be collected and therefore may need to be written off as bad debt in the future.

Under Wisconsin law, personal property taxes and the first installment of real estate taxes are due January 31 and are collected by city, village, and town treasurers or clerks, who then make settlements with school districts and with county treasurers for certain purposes. By contractual agreement, the County Treasurer collects the taxes through January on behalf of the City. These transactions are accounted for in the General Fund. The second installment of real estate taxes (due July 31) and delinquent taxes are collected and settled by the county treasurer.

The 2021 tax levy is budgeted as property tax revenue for the year 2022 and is recognized as revenue in 2022 to the extent available. Real property tax assessments for the 2021 tax levy were based on assessed valuations as of January 1, 2021. The City levied property taxes pursuant to law in December 2021, at which time an enforceable legal claim is attached to properties. Door County obtains liens on property for which taxes are delinquent on the third Tuesday in October each year. The County pays the City in full for real estate taxes by August 31 each year.

Since the property taxes are levied for the subsequent year, the property taxes due governmental funds for City purposes are recorded as a deferred inflow of resources in the governmental funds. This amount is recognized as revenue in the following year. Property taxes due to other governments are recorded as liabilities.

In determining when to recognize intergovernmental revenues (grants, subsidies, and shared revenues), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability. Unearned revenue is recorded for grant funds received but not earned. A receivable is recorded for grant funds earned but not received. Income from investments is recognized when earned. Special assessments receivable are recorded as levied. Current revenues represent the amounts considered available as explained above.

Inventories and Prepaid Items

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. Inventory items are expensed in the period used. Any materials and supplies on hand at year-end are valued at the lower of cost, determined on the first-in, first out (FIFO) method, or market. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items (Continued)

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepayments. The cost of these services is recorded as expense when consumed rather than when purchased.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the governmental funds financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 15 to 100 years for infrastructure, site improvements, and buildings and 5 to 10 years for equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

Restricted Investments

Assets whose use is restricted by bond agreements, regulatory agencies, or enabling legislation are reported as restricted.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Internal balances between funds of the governmental activities or funds of the business-type activities are eliminated in the government-wide financial statements.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investment in American Transmission Company (ATC)

The City is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The City owns less than 1 percent of ATC.

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the City has the option to contribute additional funds to maintain its proportionate share of ownership. The investment in American Transmission Company LLC is recorded at cost since it is privately held and has no readily available fair market value. The City's ownership share is valued at \$2,844,099 as of December 31, 2022, and is reported on the Statement of Net Position as an asset.

Customer Deposits

The balance represents amounts collected from customers which may be refundable based on rules filed with the Public Service Commission of Wisconsin (PSCW) or statutory requirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that qualify for reporting in this category. They are the deferred amount on refunding and the deferred outflows related to pensions and OPEB. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions represent the City's proportionate share of collective deferred outflows of resources related to pensions and City's contributions to pension and OPEB plans subsequent to the measurement date of the collective net pension/OPEB liability (asset) for the WRS and LRLIF plans.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The first is property taxes levied for the subsequent year. These amounts are deferred and recognized as an inflow of resources in the following year as the amounts become available. The second is deferred inflows of resources related to pensions for its proportionate share of the collective deferred inflows of resources related to pensions for the WRS plan and OPEB for the LRLIF plan. The third is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements or employee benefit policy. Employees may accumulate sick leave up to 100 days pay. Upon retirement, police department employees may take 50 days of unused sick leave in cash or apply up to 100 days of unused sick pay towards health insurance premiums. Fire department employees are only allowed to apply up to 100 days of unused sick leave pay towards health insurance premiums. Upon retirement, all other employees will be paid for all unused sick leave days. If an employee leaves for reasons other than retirement, all unused sick leave is forfeited. Sturgeon Bay Utilities' employees are allowed to accumulate earned but unused vacation and sick leave benefits in accordance with employee benefit policy. Employees are allowed to accumulate up to 125 days of sick leave. Upon retirement, disability or death, unused sick leave credits shall be paid out to the employee. Qualified retirement means the employee is entitled to retirement benefits from the Wisconsin Retirement System. The above credit would be reduced by the percentage reduction in retirement benefits if employee elects early retirement. Vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. The liability for this benefit is liquidated by the fund in which the employee is paid.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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.

Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position, have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance (adjusted for unspent proceeds) of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide and proprietary fund financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not a spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantor, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council – the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City's common council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Prior Year Information

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Note 2: Excess of Expenditures over Budget Appropriations

For the year ended December 31, 2022, the following departments in the General Fund had actual expenditures in excess of budget appropriations:

Department	Budget	Actual
Clerk-treasurer	\$ 466,830	\$ 496,805
Assessment of property	78,300	81,958
Legal/Special counsel	95,000	103,269
Fire department	1,988,620	2,098,004
Building/zoning	116,890	152,261
Public works administration	148,220	151,687
Curb and gutter	33,825	39,813
Storm sewer	36,495	38,530
Engineering	251,965	253,322

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 3: Cash and Investments

Deposits

Deposits at each bank in the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and \$250,000 for all demand deposit accounts (interest-bearing and non-interest-bearing). Accounts at each institution outside the state of Wisconsin are insured by the FDIC up to \$250,000 for the combined total of all deposit accounts. In addition, the State of Wisconsin Public Depository Guarantee Fund guarantees the City's deposits up to \$400,000 per public depository. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. Funds may be only invested up to \$500,000 at any financial institution unless the excess is collateralized.

As of December 31, 2022, none of the City's bank balance of \$10,120,755 was exposed to custodial credit risk, as \$559,360 was covered by FDIC insurance, \$400,000 was covered by the State of Wisconsin and \$9,161,395 was covered by collateral held in the City's name.

Investments

Investment in Wisconsin Local Government Investment Pool: The City has investments in the Wisconsin local government investment pool (LGIP) of \$14,719,843 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in LGIP is not subject to the fair value hierarchy disclosures.

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, 2022:

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

Investment Type	Total	Level 1	Level 2	Level 3
Fannie Mae	\$ 106,429	\$ -	\$ 106,429	\$ -
Federal Farm Credit Banks Debenture	62,042	-	62,042	-
Federal Home Loans Banks Debenture	127,618	-	127,618	-
Federal Home Loan Mortgage	639,124	-	639,124	-
Federal National Mortgage Association	95,986	-	95,986	-
Freddie Mac	61,199	-	61,199	-
Government National Mortgage Association	59,349	-	59,349	-
Negotiable Certificates of Deposit	2,910,406	-	2,910,406	-
Private Export Funding Corp	253,927	-	253,927	-
US Treasury Notes	519,469	-	519,469	-
US Treasury Bills	41,906	-	41,906	-
Tennessee Valley Debenture	43,614	-	43,614	-
Total	\$ 4,921,069	\$ -	\$ 4,921,069	\$ -

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 have a deposit policy for custodial credit risk. No more than 50% of the total investments should extend beyond 5 years and in no circumstance should extend beyond 10 years with the exception of the City's investment in American Transmission Company. 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	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Fannie Mae	\$ 106,429	\$ -	\$ -	\$ 106,429	\$ -
Federal Farm Credit Banks Debenture	62,042	62,042	-	-	-
Federal Home Loans Banks Debenture	127,618	49,818	77,800	-	-
Federal Home Loan Mortgage	639,124	178,456	63,553	397,115	-
Federal National Mortgage Association	95,986	-	-	15,390	80,596
Freddie Mac	61,199	-	7,702	53,497	-
Government National Mortgage Association	59,349	-	-	59,349	-
Negotiable Certificates of Deposit	2,910,406	2,910,406	-	-	-
Private Export Funding Corp	253,927	-	253,927	-	-
US Treasury Notes	519,469	54,239	385,192	80,038	-
US Treasury Bills	41,906	41,906	-	-	-
Tennessee Valley Debenture	43,614	-	43,614	-	-
Total	\$ 4,921,069	\$ 3,296,867	\$ 831,788	\$ 711,818	\$ 80,596

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

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	Total	Unrated	AAA	AA+
Fannie Mae	\$ 106,429	\$ 106,429	\$ -	\$ -
Federal Farm Credit Banks Debenture	62,042	-	-	62,042
Federal Home Loans Banks Debenture	127,618	-	-	127,618
Federal Home Loan Mortgage	639,124	346,294	188,946	103,884
Federal National Mortgage Association	95,986	95,986	-	-
Freddie Mac	61,199	61,199	-	-
Government National Mortgage Association	59,349	59,349	-	-
Negotiable Certificates of Deposit	2,910,406	2,910,406	-	-
Private Export Funding Corp	253,927	-	253,927	-
US Treasury Notes	519,469	-	519,469	-
US Treasury Bills	41,906	41,906	-	-
Tennessee Valley Debenture	43,614	-	-	43,614
Total	\$ 4,921,069	\$ 3,621,569	\$ 962,342	\$ 337,158

Note 4: Restricted Investments

Mandatory segregations of assets are presented on the statement of net position as restricted investments. Such segregations are required by bond agreements, regulatory agencies, or enabling legislation. Restricted investments at December 31, 2022 totaled \$500,000 held for the replacement of wastewater treatment mechanical equipment as required by the Wisconsin Department of Natural Resources.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 5: Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables in the fund financial statements:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	TID No. 4	\$ 184,048
General Fund	TID No. 2	1,398
General Fund	TID No. 3	809
General Fund	TID No. 5	203,065
General Fund	TID No. 6	43,291
Capital Improvements	TID No. 6	38,430
General Fund	TID No. 7	14,636
General Fund	Water Utility	366,380
General Fund	Electric Utility	532,310
		<u>\$ 1,384,367</u>

The interfund balances from the Water Utility and Electric Utility to the General Fund were related to tax equivalents to be paid in the subsequent year. The remaining amounts are to cover overdrafts of pooled cash accounts or budgeted transfers not made at year end. All amounts are expected to be repaid within the next fiscal year.

Note 6: Interfund Transfers

The following is a schedule of interfund transfers in the fund financial statements:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 366,380	Tax equivalent payment
General Fund	Electric Utility	532,310	Tax equivalent payment
General Fund	Solid Waste	2,400	Rent
General Fund	Capital Improvements	483,146	Reimbursement of costs
General Fund	Cable TV	5,625	Rent
Capital Improvements	General Fund	46,042	Pay for capital expenditures
TID #2	TID #1	<u>1,349,058</u>	Transfer TID amounts
		<u>\$ 2,784,961</u>	

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 7: Capital Assets

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

Governmental activities:	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land	\$ 5,563,169	\$ 48,985	\$ 121,627	\$ 5,490,527
Construction in progress	1,298,594	158,253	1,400,225	56,622
Total capital assets, not being depreciated	6,861,763	207,238	1,521,852	5,547,149
Capital assets, being depreciated:				
Land improvements	5,345,366	1,880,210	34,387	7,191,189
Buildings and improvements	10,346,771	-	-	10,346,771
Machinery and equipment	11,135,937	343,003	413,232	11,065,708
Infrastructure	60,496,798	969,466	752,127	60,714,137
Total capital assets, being depreciated	87,324,872	3,192,679	1,199,746	89,317,805
Accumulated depreciation:				
Land improvements	4,711,241	204,013	34,387	4,880,867
Buildings and improvements	5,164,239	229,175	-	5,393,414
Machinery and equipment	6,678,868	696,349	383,106	6,992,111
Infrastructure	23,419,924	1,270,077	752,127	23,937,874
Total accumulated depreciation	39,974,272	2,399,614	1,169,620	41,204,266
Total capital assets, being depreciated, net	47,350,600	793,065	30,126	48,113,539
Governmental activities capital assets, net	\$ 54,212,363	\$ 1,000,303	\$ 1,551,978	\$ 53,660,688

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 104,293
Public safety	348,942
Public works	1,924,791
Culture, recreation, and education	21,588
Total depreciation expense, governmental activities	\$ 2,399,614

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 7: Capital Assets (Continued)

Business-type activities:	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land	\$ 276,084	\$ -	\$ -	\$ 276,084
Construction in progress	387,738	176,113	38,062	525,789
Total capital assets, not being depreciated	663,822	176,113	38,062	801,873
Capital assets, being depreciated:				
Buildings and improvements	7,744,846	147,932	-	7,892,778
Machinery and equipment	14,702,141	303,481	74,469	14,931,153
Infrastructure	69,247,625	3,080,012	790,304	71,537,333
Total capital assets, being depreciated	91,694,612	3,531,425	864,773	94,361,264
Accumulated depreciation:				
Buildings and improvements	4,904,658	117,871	-	5,022,529
Machinery and equipment	8,519,995	816,931	74,467	9,262,459
Infrastructure	27,031,309	2,158,223	790,306	28,399,226
Total accumulated depreciation	40,455,962	3,093,025	864,773	42,684,214
Total capital assets, being depreciated, net	51,238,650	438,400	-	51,677,050
Business-type activities capital assets, net	\$ 51,902,472	\$ 614,513	\$ 38,062	\$ 52,478,923
Depreciation was charged to business-type activities as follows:				
Sewer utility			\$ 606,048	
Water utility			600,536	
Electric utility			1,780,098	
Solid waste			106,343	
Total depreciation expense, business-type activities			\$ 3,093,025	

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 8: Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2022:

<i>Year Ended December 31, 2022</i>	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 21,305,000	\$ -	\$ 2,555,000	\$ 18,750,000	\$ 1,705,000
Notes	4,651,461	2,445,000	1,234,096	5,862,365	1,163,468
Total general obligation debt	25,956,461	2,445,000	3,789,096	24,612,365	2,868,468
Debt premium	559,477	157,963	71,628	645,812	71,628
Net OPEB liability - LRLIF	632,660	26,045	-	658,705	-
Compensated absences	965,258	48,864	-	1,014,122	-
Governmental activities Long-Term obligations	28,113,856	2,677,872	3,860,724	26,931,004	2,940,096
Business-type activities:					
General obligation debt					
Notes	513,115	\$ -	8,192	504,923	48,820
Debt premium	20,912	-	3,485	17,427	-
Compensated absences	480,184	-	60,251	419,933	-
Business-type activities Long-term obligations	\$ 1,014,211	\$ -	\$ 71,928	\$ 942,283	\$ 48,820

For governmental activities, the other long-term liabilities are generally funded by the general fund. The business-type debt is being funded by the fund where the debt is recorded.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 8: Long-Term Obligations (Continued)

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
General obligation notes - split 50/50 between Governmental- Type and Business-Type					
Activities	9/30/13	9/28/23	0.00%	\$ 163,847	\$ 12,288
General obligation bonds	10/1/13	10/1/33	2.625-4.625%	1,755,000	1,000,000
General obligation bonds	12/30/13	10/1/25	2.00-3.00%	1,735,000	555,000
General obligation bonds	9/9/14	10/1/25	2.375-2.50%	1,295,000	1,295,000
General obligation bonds	9/22/15	10/1/25	2.35-2.65%	1,100,000	1,100,000
General obligation bonds	9/22/15	10/1/25	1.00-2.65%	985,000	380,000
General obligation bonds	9/7/16	10/1/31	2.00%	7,325,000	6,370,000
General obligation bonds	11/14/17	10/1/37	3.00-3.15%	1,225,000	800,000
General obligation bonds	11/6/18	10/1/28	2.50-4.00%	1,480,000	610,000
General obligation notes	8/22/19	10/1/28	2.00%	2,345,000	1,405,000
General obligation bonds	3/31/20	4/1/28	1.54%	1,235,000	935,000
General obligation bonds	3/31/20	4/1/39	1.90%	2,180,000	2,180,000
General obligation bonds	9/22/20	10/1/22	0.92%	2,395,000	2,120,000
General obligation notes	9/7/21	10/1/30	2.00%	4,920,000	3,910,000
General obligation notes	6/6/22	10/1/30	4.00%	2,445,000	2,445,000
Total				\$ 25,117,288	

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 8: Long-Term Obligations (Continued)

Annual principal and interest maturities of the outstanding general obligation debt

Year Ended December 31,	Governmental-Type Long-Term Debt		Business-Type Long-Term Debt		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,868,468	\$ 465,303	\$ 48,820	\$ 8,825	\$ 2,917,288	\$ 474,128
2024	2,868,327	530,886	26,670	8,825	2,894,997	539,711
2025	2,783,960	464,724	176,022	8,588	2,959,982	473,312
2026	2,845,656	396,771	49,340	5,067	2,894,996	401,838
2027	2,850,656	326,333	49,344	4,081	2,900,000	330,414
2028 - 2032	8,530,298	739,208	154,727	-	8,685,025	739,208
2033 - 2037	1,430,000	139,466	-	-	1,430,000	139,466
2038 - 2039	435,000	13,100	-	-	435,000	13,100
Total	\$ 24,612,365	\$ 3,075,791	\$ 504,923	\$ 35,386	\$ 25,117,288	\$ 3,111,177

Long-Term Debt Margin: Pursuant to Section 67.03 of the Wisconsin Statutes, the total indebtedness of the City for general purposes may not exceed 5% of the value of the taxable property.

	Amount
Equalized value at December 31, 2021	\$ 1,003,738,900
Legal debt margin percentage	5 %
General obligation debt limitation, per section 67.03 of the Wisconsin Statutes	50,186,945
Outstanding general obligation debt subject to debt limit	<u>25,117,288</u>
Legal debt margin	<u>\$ 25,069,657</u>

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 9: Net Position

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

Governmental Activities:

Net investment in capital assets:

Land	\$ 5,490,527
Construction in progress	56,622
Other capital assets, net of accumulated depreciation	48,113,539
Less: Related long-term debt outstanding (net of unspent proceeds of debt)	<u>(25,258,177)</u>

Total net investment in capital assets 28,402,511

Restricted for:

Net pension asset	3,566,109
Capital Improvements	<u>5,114,520</u>

Total restricted 8,680,629

Unrestricted 7,179,390

Total net position \$ 44,262,530

Business-Type Activities:

Net investment in capital assets:

Land	\$ 276,084
Construction in progress	525,789
Other capital assets, net of accumulated depreciation	51,677,050
Less: Related long-term debt outstanding (net of unspent proceeds of debt)	<u>(522,350)</u>

Total net investment in capital assets 51,956,573

Restricted for:

Net pension asset	833,858
Plant replacement	<u>500,000</u>

Total restricted 1,333,858

Unrestricted 11,012,787

Total net position \$ 64,303,218

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 10: Governmental Fund Balances

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

Nonspendable

General Fund

Inventories and prepaid items	\$ 91,914
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Restricted

Capital Projects Funds

Tax Incremental District No. 2	3,802,337
Tax Incremental District No. 3	757,701
Tax Incremental District No. 4	554,482

Total Restricted Fund Balance	\$ 5,114,520
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Assigned

Capital Improvements	\$ 2,902,112
Cable TV\	407,299
ARPA Grant	1,072

Total Assigned	\$ 3,310,483
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Deficit fund balances of \$203,065 exists in the Tax Incremental District No. 5 fund, \$81,721 in the Tax Incremental District No. 6 fund, and \$14,636 in the Tax Incremental District No. 7 fund that will be recovered with future tax increments.

Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 25% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Calendar 2022 operating budget	\$ 12,911,150
Minimum Fund Balance %	(x) 25%
Total	\$ 3,227,788

Note 11: Tax Incremental District Funds

As provided by Statute Number 66.1105, the City of Sturgeon Bay has established tax incremental districts for the development of areas in the City. All expenditures by the City for these areas are expected to be repaid through the increase in taxes resulting from the development of these areas. The increase in taxes will be deposited in the Tax Incremental District Funds as provided by Statute 66.1105(6)(b) and will be used to repay loans and make other expenditures of the districts.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System

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

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

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

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

Benefits Provided: Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Vested participants may retire at 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 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 Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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

During the reporting period ending December 31, 2022, the WRS recognized \$672,740 in contributions from the employer.

Contribution rates as of December 31, 2022, are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50 %	6.50 %
Protective with social security	6.50	12.00
Protective without social security	6.50	16.40

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions: At December 31, 2022, the City reported an asset of \$4,399,967 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension 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, 2021, the City's proportion was 0.05458892%, which was an increase of 0.00138331% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(378,679).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,107,924	\$ 512,558
Net Differences between projected and actual earnings on pension plan investments	-	9,843,093
Change in assumptions	820,883	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,491	5,637
Employer contributions subsequent to the measurement date	672,740	-
Total	\$ 8,612,038	\$ 10,361,288

The amount of \$672,740 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (202,451)
2024	(1,190,586)
2025	(524,700)
2026	(504,253)

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

Actuarial valuation date	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2021
Experience study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry Age normal
Asset valuation method	Fair market value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-retirement adjustments*	1.7%

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

Actuarial assumptions are based on an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021, is based on a rollforward of the liability calculated from the December 31, 2020, 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:

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2021

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	52.0 %	6.8 %	4.2 %
Fixed income	25.0 %	4.3 %	1.8 %
Inflation sensitive assets	19.0 %	2.7 %	0.2 %
Real estate	7.0 %	5.6 %	3.0 %
Private equity/debt	12.0 %	9.7 %	7.0 %
Total core fund	115.0 %	6.6 %	4.0 %
<u>Variable Fund Asset Class</u>			
U.S. equities	70.0 %	6.3 %	3.7 %
International equities	30.0 %	7.2 %	4.6 %
Total variable fund	100.0 %	6.8 %	4.2 %

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

Single Discount Rate: A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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 (Asset) to Changes in the Discount Rate:

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
WRS employer's proportionate share of the net pension liability (asset)	\$ 3,122,088	\$ (4,399,967)	\$ (9,814,448)

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

Payables to the Pension Plan: At December 31, 2022, the City reported a payable of \$82,757 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

Note 13: Other Postemployment Benefits - LRLIF

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

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

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

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.

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - LRLIF (Continued)

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

Contribution rates as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

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

Life Insurance Member Contribution Rates For the year ended December 31, 2021			
Attained Age	Basic		Supplemental
Under 30	\$	0.05	\$ 0.05
30-34		0.06	0.06
35-39		0.07	0.07
40-44		0.08	0.08
45-49		0.12	0.12
50-54		0.22	0.22
55-59		0.39	0.39
60-64		0.49	0.49
65-69		0.57	0.57

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

During the reporting period, the LRLIF recognized \$2,281 in contributions from the employer.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - LRLIF (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At December 31, 2022, the City reported a liability of \$658,705 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.11144900%, which was a decrease of 0.00356490% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense of \$84,328.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,508
Change in assumptions	199,018	31,928
Net differences between projected and actual earnings on plan investments	8,570	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,259	27,922
Total	\$ 234,847	\$ 93,358

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

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ 34,736
2024	33,742
2025	30,054
2026	34,917
2027	10,119
Thereafter	(2,079)

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - LRLIF (Continued)

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:

Actuarial valuation date	January 1, 2021
Measurement date of net OPEB liability (asset)	December 31, 2021
Experience study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial cost method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-term expected rate of return	4.25%
Discount rate	2.17%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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 carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - LRLIF (Continued)

Local OPEB Life Insurance

Asset Allocation Targets and Expected Returns

As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45 %	1.68 %
US Long Credit Bonds	Bloomberg US Long Credit	5 %	1.82 %
US Mortgages	Bloomberg US MBSt	50 %	1.94 %
Inflation			2.30 %
Long-Term Expected Rate of Return			4.25 %

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

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

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - LRLIF (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate:
The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.17%) or 1 percentage point higher (3.17%) than the current rate:

	1% Decrease	Current Rate	1% Increase
LRLIF Employer's proportionate share of the net OPEB (asset) liability	\$ 893,625	\$ 658,705	\$ 481,937

Note 14: Reconciliation of Deferred Outflows and Inflows

The tables below reconciles the deferred outflows and inflows from the Notes to the financial statements:

	Deferred Outflows	Deferred Inflows
Employee Retirement Plans - Wisconsin Retirement System	\$ 8,612,038	\$ 10,361,288
Other Postemployment Benefits - Local Retiree Life Insurance Fund	234,847	93,358
Total	\$ 8,846,885	\$ 10,454,646

Note 15: 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; injuries to employees; and natural disasters. For all risks of loss other than for employee health and dental care, the City's policy is to purchase commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 16: Commitments and Contingencies

From time to time, the City is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City's legal counsel 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 17: WPPI Energy

Sturgeon Bay Utilities (the "Utilities") purchases all of its electric requirements from WPPI Energy. WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act Sec. 66.073 of the Wisconsin Statutes. WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

Members of WPPI are located throughout the State of Wisconsin, Michigan and Iowa. On December 1, 1989, each of WPPI's members, including the Utilities commenced purchasing electric service from WPPI under a Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. In 2015, most WPPI members ratified an extension to their contracts. The current contract expires on December 31, 2055.

Under the Long-term Contract, the Utilities and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirements which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. The Utilities have agreed to charge rates to the retail ratepayers sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Utilities payable from any operating and maintenance fund established by the Utilities for that system.

Required Supplementary Information

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2021 Actual
Revenues:				
Taxes				
General property	\$ 6,998,135	\$ 6,998,135	\$ -	\$ 6,844,103
Mobile home	87,800	91,994	4,194	93,056
Payment in lieu of taxes	1,565	1,537	(28)	1,542
Room tax	250,000	414,373	164,373	297,918
Retained sales tax	120	120	-	125
Interest and taxes	400	1,107	707	432
Total taxes	7,338,020	7,507,266	169,246	7,237,176
Intergovernmental				
State				
State shared taxes	944,230	938,212	(6,018)	944,226
Transportation	646,815	645,024	(1,791)	591,700
DNR - marine patrol	3,610	3,897	287	3,608
Other state shared taxes	66,195	66,189	(6)	70,387
DNR - in lieu of taxes	200	228	28	-
Municipal services	6,010	5,055	(955)	6,056
Fire insurance dues	40,000	41,264	1,264	40,946
Other state payments	-	3,210	3,210	17,807
Total intergovernmental	1,707,060	1,703,079	(3,981)	1,674,730
Licenses and permits				
Licenses				
Liquor and malt beverage	28,000	28,347	347	29,517
Operators	2,000	2,840	840	3,320
Animal licenses	270	2,142	1,872	2,156
Other licenses	6,300	17,402	11,102	16,075
Permits				
Building	55,600	90,248	34,648	62,299
Plumbing and electrical	56,000	76,699	20,699	61,273
Miscellaneous	28,020	19,768	(8,252)	18,538
Signs	4,500	3,760	(740)	3,150
Total licenses and permits	180,690	241,206	60,516	196,328

See Accompanying Notes to Required Supplementary Information

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2021 Actual
Fines and forfeits				
Court fines and penalties	\$ 38,000	\$ 41,900	\$ 3,900	\$ 34,203
Public charges for services				
Special assessment letter fee	2,600	9,400	6,800	9,020
Payment in lieu of taxes	14,450	14,448	(2)	14,448
Street department	1,000	16,503	15,503	7,512
Recreation	137,550	161,827	24,277	174,321
Mooring fees	9,000	9,272	272	9,376
Weights and measures	6,400	6,404	4	6,004
Aquatic plant services	12,500	14,074	1,574	13,594
Weed control	600	800	200	200
Total public charges for services	184,100	232,728	48,628	234,475
Intergovernmental charges for services				
Fire and EMS services	650,550	646,253	(4,297)	615,870
Miscellaneous				
Rent from commercial property	53,285	47,917	(5,368)	47,525
Interest on investments	11,000	123,136	112,136	11,436
Interest on special assessments	200	195	(5)	447
Donations	5,000	6,945	1,945	4,600
Other	74,470	110,614	36,144	115,042
Total miscellaneous	143,955	288,807	144,852	179,050
Total revenues	10,242,375	10,661,239	418,864	10,171,832

See Accompanying Notes to Required Supplementary Information

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2021 Actual
Expenditures:				
General government				
City council	\$ 67,405	\$ 64,553	\$ (2,852)	\$ 63,367
Mayor	13,745	13,116	(629)	10,980
Board of review	1,520	-	(1,520)	-
Clerk-treasurer	466,830	496,805	29,975	460,136
Administration	96,260	56,246	(40,014)	82,548
Elections	31,415	31,027	(388)	12,872
Assessment of property	78,300	81,958	3,658	70,456
Legal/Special counsel	95,000	103,269	8,269	94,523
City hall	202,300	198,486	(3,814)	170,172
Property and liability insurance	298,520	266,496	(32,024)	256,624
Computer	141,350	140,902	(448)	109,377
Contingency	1,155,525	-	(1,155,525)	-
Employee benefits	46,900	29,482	(17,418)	35,380
Miscellaneous	161,000	124,636	(36,364)	104,368
Total general government	2,856,070	1,606,976	(1,249,094)	1,470,803
Public safety				
Police department	2,894,625	2,859,196	(35,429)	2,855,398
Fire department	1,988,620	2,098,004	109,384	2,055,963
Building/zoning	116,890	152,261	35,371	118,355
Total public safety	5,000,135	5,109,461	109,326	5,029,716
Public works				
Transportation				
Public works administration	148,220	151,687	3,467	165,228
Street machinery	217,685	202,074	(15,611)	161,432
Garage	68,490	66,123	(2,367)	54,909
Curb and gutter	33,825	39,813	5,988	26,405
Roadway of streets	292,045	269,669	(22,376)	178,711
Snow and ice removal	222,480	189,845	(32,635)	168,740
Street lighting	163,000	147,633	(15,367)	138,193
Streets signs and marketing	52,310	44,410	(7,900)	29,363
Highways	324,695	318,617	(6,078)	317,895
Sanitation				
Storm sewer	36,495	38,530	2,035	29,529
Garbage and refuse collection	54,155	40,606	(13,549)	46,585
Street sweeping	46,015	42,981	(3,034)	36,727
Weed control	4,575	160	(4,415)	1,353
Total public works	1,663,990	1,552,148	(111,842)	1,355,070

See Accompanying Notes to Required Supplementary Information

City of Sturgeon Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

For the Year Ended December 31, 2022

With Summarized Financial Information for the Year Ended December 31, 2021

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2021 Actual
Culture and recreation				
Library	\$ 80,500	\$ 54,814	\$ (25,686)	\$ 65,284
Celebration and entertainment	44,125	36,546	(7,579)	34,436
Recreation	112,530	92,929	(19,601)	96,339
Municipal dock	51,635	36,747	(14,888)	32,780
Parks and playground	526,530	502,699	(23,831)	515,122
Ball fields	30,015	21,165	(8,850)	15,970
Ice rinks	11,900	10,664	(1,236)	7,369
Water weed cutting	90,815	80,595	(10,220)	52,893
Total culture and recreation	948,050	836,159	(111,891)	820,193
Conservation and development				
Economic development	431,215	367,624	(63,591)	403,027
Waterfront parks and walkways	77,915	66,549	(11,366)	78,947
Engineering	251,965	253,322	1,357	246,997
Total conservation and development	761,095	687,495	(73,600)	728,971
Debt service				
Principal retirement	1,404,425	1,358,142	(46,283)	1,144,188
Interest and fiscal charges	320,000	319,539	(461)	219,607
Total debt service	1,724,425	1,677,681	(46,744)	1,363,795
Total expenditures	12,953,765	11,469,920	(1,483,845)	10,768,548
Excess (deficiency) of revenues over expenditures	(2,711,390)	(808,681)	1,902,709	(596,716)
Other Financing Sources (Uses):				
Sale of property	-	-	-	569
Transfers in	1,089,455	1,389,861	300,406	1,069,121
Transfers out	(128,120)	(46,042)	82,078	(549,031)
Total other financing sources (uses)	961,335	1,343,819	382,484	520,659
Net change in fund balance	(1,750,055)	535,138	2,285,193	(76,057)
Fund balance - beginning	6,368,144	6,368,144	-	6,444,002
Fund balance - ending	\$ 4,618,089	\$ 6,903,282	\$ 2,285,193	\$ 6,367,945

See Accompanying Notes to Required Supplementary Information

City of Sturgeon Bay, Wisconsin

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years*

Measurement Date December 31	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.05458892%	\$ (4,399,967)	\$ 6,680,160	(65.87)%	106.02%
2020	0.05320561%	(3,321,701)	6,286,298	(52.84)%	105.26%
2019	0.05221765%	(1,683,735)	6,184,034	(27.23)%	102.96%
2018	0.05105483%	1,816,370	5,851,569	31.04%	96.45%
2017	0.05021072%	(1,490,815)	5,675,256	(26.27)%	102.74%
2016	0.04935327%	406,778	5,596,736	7.27%	99.12%
2015	0.04892422%	795,009	5,537,617	14.36%	98.20%
2014	0.04903842%	(1,204,517)	5,350,151	(22.51)%	102.93%

Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2022	\$ 672,740	\$ 672,740	\$ -	6,902,053	9.75%
2021	652,529	652,529	-	6,680,161	9.77%
2020	612,782	612,782	-	6,286,298	9.75%
2019	550,067	550,067	-	6,184,034	8.89%
2018	514,968	514,968	-	5,851,569	8.80%
2017	519,913	519,913	-	5,675,256	9.16%
2016	473,957	473,957	-	5,596,736	8.47%
2015	477,298	477,298	-	5,537,617	8.62%

City of Sturgeon Bay, Wisconsin

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Notes to the Schedules:

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

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

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

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

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

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

City of Sturgeon Bay, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

<i>Year Ended December 31, 2022</i>	2021	2020	2019	2018	2017
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Frozen Entry Age Level	Level Percent of Payroll-	Level Percent of	Level Percent of	Level Percent of
	Percent of Payroll-Closed	Closed Amortization	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from date	30 Year closed from date	30 Year closed from	30 Year closed from	30 Year closed from
Amortization Period:	of participation in WRS	of participation in WRS	date of participation	date of participation	date of participation in
	Five Year Smoothed	Five Year Smoothed	in WRS	in WRS	WRS
Asset Valuation Method:	Market (Closed)	Market (Closed)	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Actuarial Assumptions			Market (Closed)	Market (Closed)	Market (Closed)
Net Investment Rate of Return:	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%

City of Sturgeon Bay, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2021	2020	2019	2018	2017
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

City of Sturgeon Bay, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2016	2015	2014	2013
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%

City of Sturgeon Bay, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2016	2015	2014	2013
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

City of Sturgeon Bay, Wisconsin

Schedules of Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - LRLIF

Last 10 Years*

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Measurement Date December 31	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.11144900%	\$ 658,705	\$ 6,016,000	10.95%	29.57%
2020	0.11501400%	632,660	5,800,000	10.91%	31.34%
2019	0.12183400%	518,793	5,789,000	8.96%	37.58%
2018	0.11121500%	286,972	5,537,617	5.18%	48.69%
2017	0.10668500%	320,970	4,486,409	7.15%	44.81%

Schedule of the Employer Contributions

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll for the Fiscal Period	Contributions as a Percentage of Covered Payroll
2022	\$ 2,281	\$ 2,281	\$ -	\$ 5,950,000	0.04%
2021	2,293	2,293	-	6,016,000	0.04%
2020	2,202	2,202	-	5,800,000	0.04%
2019	2,224	2,224	-	5,789,000	0.04%
2018	2,142	2,142	-	5,537,617	0.04%

City of Sturgeon Bay, Wisconsin

Schedules of Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - LRLIF

Last 10 Years*

Notes to the Schedules:

Changes of benefit terms: There were no recent changes of benefit terms.

Changes of assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. 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 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.

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

City of Sturgeon Bay, Wisconsin

Notes to Required Supplementary Information

Year Ended December 31, 2022

Note 1: Budgetary Information

The City's budget is adopted in accordance with state law. Budget amounts in the budgetary comparison schedule include appropriations authorized in the original budget resolution and subsequent revisions authorized by the City. Budgets are formally adopted for all funds. Reported budget amounts represent the originally adopted budget as amended. Amendments to the originally adopted budget require a two-thirds vote by the City Council.

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

Supplementary Financial Information

City of Sturgeon Bay, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Cable TV	TID No. 1	TID No. 3	TID No. 4	TID No. 5
Assets:					
Cash	\$385,348	\$ -	\$758,510	\$738,946	\$ -
Investments	-	-	-	-	-
Receivables					
Taxes	-	823,515	75,755	126,883	9,646
Other	21,951	-	-	-	-
Total assets	<u>\$407,299</u>	<u>\$ 823,515</u>	<u>\$834,265</u>	<u>\$865,829</u>	<u>\$ 9,646</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 416	\$ -
Due to other funds	-	-	809	184,048	203,065
Unearned grant revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>809</u>	<u>184,464</u>	<u>203,065</u>
Deferred inflows of resources:					
Property taxes	<u>-</u>	<u>823,515</u>	<u>75,755</u>	<u>126,883</u>	<u>9,646</u>
Fund balances (deficits):					
Restricted	-	-	757,701	554,482	-
Assigned	407,299	-	-	-	-
Unassigned	-	-	-	-	(203,065)
Total fund balances (deficits)	<u>407,299</u>	<u>-</u>	<u>757,701</u>	<u>554,482</u>	<u>(203,065)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$407,299</u>	<u>\$ 823,515</u>	<u>\$834,265</u>	<u>\$865,829</u>	<u>\$ 9,646</u>

City of Sturgeon Bay, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	TID No. 6	TID No. 7	ARPA Grant Fund	Total Nonmajor Governmental Funds
Assets:				
Cash	\$ -	\$ -	\$661,180	\$ 2,543,984
Investments	-	-	-	-
Receivables				
Taxes	-	-	-	1,035,799
Other	-	-	-	21,951
Total assets	\$ -	\$ -	\$661,180	\$ 3,601,734
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 416
Due to other funds	81,721	14,636	-	484,279
Unearned grant revenue	-	-	660,108	660,108
Total liabilities	81,721	14,636	660,108	1,144,803
Deferred inflows of resources:				
Property taxes	-	-	-	1,035,799
Fund balances (deficits):				
Restricted	-	-	-	1,312,183
Assigned	-	-	1,072	408,371
Unassigned	(81,721)	(14,636)	-	(299,422)
Total fund balances (deficits)	(81,721)	(14,636)	1,072	1,421,132
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ -	\$ -	\$661,180	\$ 3,601,734

City of Sturgeon Bay, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) Nonmajor Governmental Funds For the Year Ended December 31, 2022

	Cable TV	TID No. 1	TID No. 3	TID No. 4	TID No. 5
Revenues:					
Taxes	\$ -	\$ 841,255	\$ 68,756	\$ 96,722	\$ -
Intergovernmental	30,322	46,320	-	480,001	-
Licenses and permits	129,789	-	-	-	-
Miscellaneous	7,516	7,663	12,487	9,190	-
Total revenues	167,627	895,238	81,243	585,913	-
Expenditures:					
Current:					
Conservation and development	79,262	-	959	148,939	5,341
Debt service:					
Principal	-	-	70,000	150,000	-
Interest	-	-	44,665	80,993	-
Capital outlay	2,063	-	-	138,648	187,120
Total expenditures	81,325	-	115,624	518,580	192,461
Excess of revenues over (under) expenditures	86,302	895,238	(34,381)	67,333	(192,461)
Other Financing Uses					
Transfers out	(5,625)	(1,349,058)	-	-	-
Total other financing uses	(5,625)	(1,349,058)	-	-	-
Net Change in Fund Balances (Deficits)	80,677	(453,820)	(34,381)	67,333	(192,461)
Fund Balances (Deficits) - Beginning	326,622	453,820	792,082	487,149	(10,604)
Fund Balances (Deficits) - Ending	\$407,299	\$ -	\$757,701	\$554,482	\$ (203,065)

City of Sturgeon Bay, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) Nonmajor Governmental Funds For the Year Ended December 31, 2022

	TID No. 6	TID No. 7	ARPA Grant Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,006,733
Intergovernmental	-	-	275,000	831,643
Licenses and permits	-	-	-	129,789
Miscellaneous	-	-	1,003	37,859
Total revenues	-	-	276,003	2,006,024
Expenditures:				
Current:				
Conservation and development	32,736	14,636	-	281,873
Debt service:				
Principal	-	-	-	220,000
Interest	-	-	-	125,658
Capital outlay	48,985	-	275,000	651,816
Total expenditures	81,721	14,636	275,000	1,279,347
Excess of revenues over (under) expenditures	(81,721)	(14,636)	1,003	726,677
Other Financing Uses				
Transfers out	-	-	-	(1,354,683)
Total other financing uses	-	-	-	(1,354,683)
Net Change in Fund Balances (Deficits)	(81,721)	(14,636)	1,003	(628,006)
Fund Balances (Deficits) - Beginning	-	-	69	2,049,138
Fund Balances (Deficits) - Ending	\$ (81,721)	\$ (14,636)	\$ 1,072	\$ 1,421,132

City of Sturgeon Bay, Wisconsin

Combining Statement of Net Position

Nonmajor Proprietary Funds

December 31, 2022

	Solid Waste	Compost Site	Total
Assets:			
Current assets:			
Cash	\$ 303,009	\$ 58,264	\$ 361,273
Receivables			
Other	2,672	-	2,672
Prepaid items	2,595	301	2,896
Total current assets	308,276	58,565	366,841
Noncurrent assets:			
Net pension asset	64,467	-	64,467
Capital assets, depreciable	563,443	-	563,443
Total capital assets, net of accumulated depreciation	563,443	-	563,443
Total noncurrent assets	627,910	-	627,910
Total assets	936,186	58,565	994,751
Deferred outflows related to pensions	126,180	-	126,180
Total assets and deferred outflows of resources	\$ 1,062,366	\$ 58,565	\$ 1,120,931
Liabilities:			
Current liabilities:			
Other accrued liabilities	\$ 9,942	\$ 1,230	\$ 11,172
Accrued interest payable	2,514	-	2,514
Current portion of long-term debt	42,676	-	42,676
Total current liabilities	55,132	1,230	56,362
Noncurrent liabilities:			
General obligation debt	473,530	-	473,530
Total liabilities	528,662	1,230	529,892
Deferred inflows related to pensions	151,810	-	151,810
Total liabilities and deferred inflows of resources	680,472	1,230	681,702
Net position:			
Net investment in capital assets	47,237	-	47,237
Restricted	64,467	-	64,467
Unrestricted	270,190	57,335	327,525
Total net position	381,894	57,335	439,229
Total liabilities, deferred inflows of resources and net position	\$ 1,062,366	\$ 58,565	\$ 1,120,931

City of Sturgeon Bay, Wisconsin

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

	Solid Waste	Compost Site	Total
Operating revenues:			
Charges for services	\$ 540,171	\$ 156,194	\$ 696,365
Operating expenses:			
Operation and maintenance	460,537	80,932	541,469
Depreciation	106,343	-	106,343
Total operating expenses	566,880	80,932	647,812
Operating income	(26,709)	75,262	48,553
Nonoperating revenues (expenses):			
Other	50,520	-	50,520
Interest expense	(10,032)	-	(10,032)
Total nonoperating revenues (expenses)	40,488	-	40,488
Net income before transfers	13,779	75,262	89,041
Transfers out	(2,400)	-	(2,400)
Change in net position	11,379	75,262	86,641
Net position - beginning	370,515	(17,927)	352,588
Net position - ending	\$ 381,894	\$ 57,335	\$ 439,229