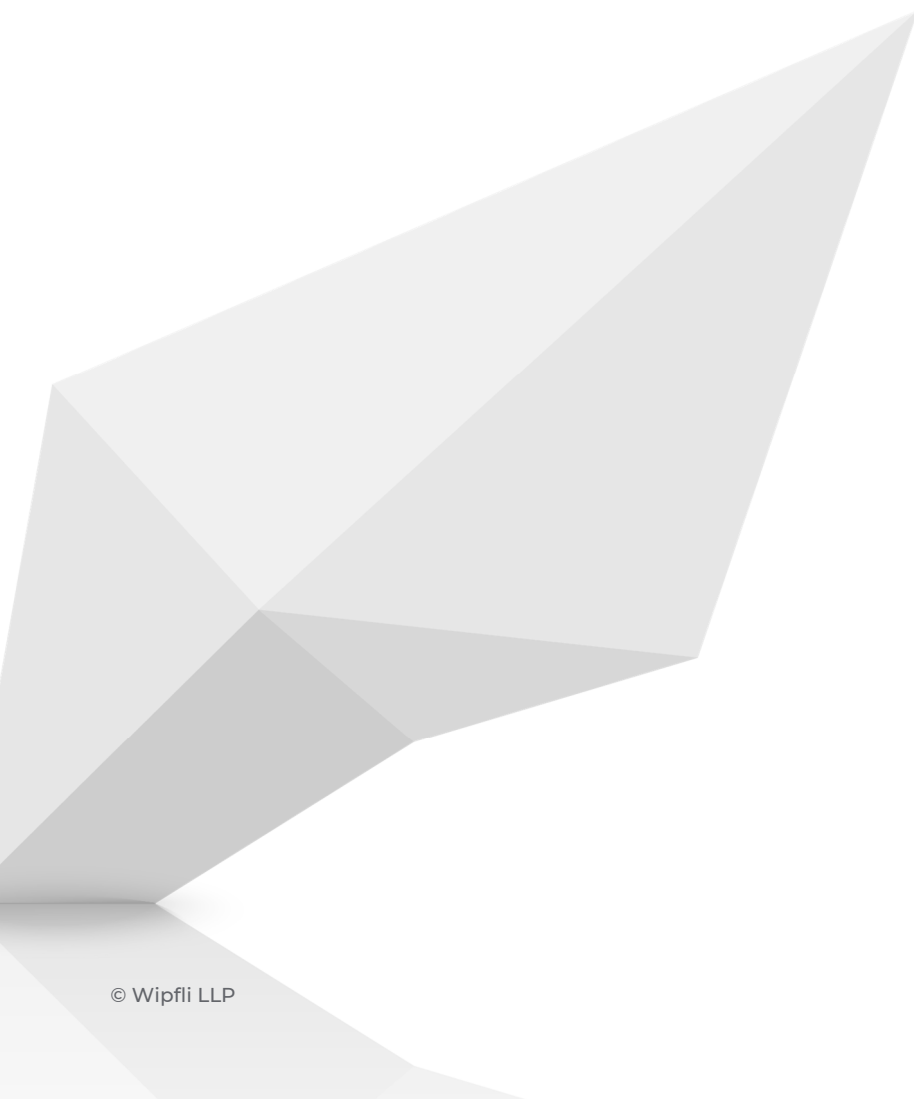


City of Sturgeon Bay, Wisconsin

Financial Report

Year Ended December 31, 2023



City of Sturgeon Bay, Wisconsin
Financial Statements and Supplementary Information
Year Ended December 31, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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.

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 2022 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 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP
March 28, 2024
Madison, Wisconsin

Required Supplementary Information

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Management's Discussion and Analysis December 31, 2023

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, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2023 by \$111,540,698 (*net position*). Of this amount, \$21,845,063 (*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 \$10,497,686.
 - The unrestricted net position of the City's Proprietary funds (Solid Waste & Compost) is \$506,075.
 - The unrestricted net position of the Sturgeon Bay Utilities is \$10,841,302.
- The City's total net position increased by \$2,974,950. Several factors contributed to the overall increase as follows:
 - The City's Governmental activities' total net position increased by \$1,183,640.
 - The City's Business-type activities' (*Solid Waste Fund & Compost Fund*) total net position increased by \$65,490.
 - The City's total net position of Sturgeon Bay Utilities increased by \$1,725,820.
- The City's general fund increased by \$245,360. Overall, the 2023 general fund revenues were in excess of the 2023 budgeted revenues, and 2023 general fund expenditures were less than the 2023 budgeted expenditures. On the revenue side, excess income was realized in room tax revenues, construction permits, recreation fees, 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 2023.
- The assessed property tax rate, without TID, increased from \$7.35 to \$7.83 per \$1,000 of property value for the year ended December 31, 2023.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$17,373,282, an increase of \$2,344,419 in comparison with the prior year. Approximately 37% of this total amount, \$6,450,593 is available for spending at the City's discretion (*unassigned fund balance*).

- As of December 31, 2023, unassigned fund balance for the general fund was \$7,038,617 approximately 51% of the total general fund expenditures budgeted for 2024.
- 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, increased by \$182,712 (.73%) during 2023. The key factor in this increase was budgeted debt issuance for capital improvements in excess of scheduled retirement of existing debt.

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 eleven 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 \$111,540,698 at the close of 2023.

City of Sturgeon Bay's Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 28,699,724	\$ 30,599,582	\$ 14,238,752	\$ 14,993,341	\$ 42,938,476	\$ 45,592,923
Capital assets	53,754,583	53,660,688	54,717,195	52,478,923	108,471,778	106,139,611
Total assets	\$ 82,454,307	\$ 84,260,270	\$ 68,955,947	\$ 67,472,264	\$151,410,254	\$ 151,732,534
Deferred outflows of resources	\$ 9,535,745	\$ 7,249,502	\$ 1,816,384	\$ 1,632,106	\$ 11,352,129	\$ 8,881,608
Long-term liabilities outstanding	29,782,166	26,931,004	1,416,295	942,283	31,198,461	27,873,287
Other liabilities	1,298,124	1,544,157	2,242,943	1,895,254	3,541,067	3,439,411
Total liabilities	\$ 31,080,290	\$ 28,475,161	\$ 3,659,238	\$ 2,837,537	\$ 34,739,528	\$ 31,312,698
Deferred inflows of resources	\$ 15,463,592	\$ 18,772,081	\$ 1,018,565	\$ 1,963,615	\$ 16,482,157	\$ 20,735,696
Net position:						
Net investment in capital assets	\$ 28,070,061	\$ 28,402,511	\$ 54,247,151	\$ 51,956,573	\$ 82,317,212	\$ 80,359,084
Restricted	6,878,423	8,680,629	500,000	1,333,858	7,378,423	10,014,487
Unrestricted	10,497,686	7,179,390	11,347,377	11,012,787	21,845,063	18,192,177
Total net position	\$ 45,446,170	\$ 44,262,530	\$ 66,094,528	\$ 64,303,218	\$111,540,698	\$ 108,565,748

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 (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$21,845,063) 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 \$10,497,686
- The unrestricted net position of the Proprietary Funds of the City is \$506,075
- The unrestricted net position of the Sturgeon Bay Utilities is \$10,841,302

Change in net position. Governmental activities increased the City's net position by \$1,183,640. Key elements of this increase are as follows:

City of Sturgeon Bay's Change in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 1,113,900	\$ 1,076,731	\$ 22,239,470	\$ 22,987,505	\$ 23,353,370	\$ 24,064,236
Operating grants and contributions	1,911,884	1,160,305	-	(10,032)	1,911,884	1,150,273
Capital grants and contributions	536,461	840,375	798,345	561,342	1,334,806	1,401,717
General revenues:						
Property taxes	10,298,930	9,318,257	-	-	10,298,930	9,318,257
Other taxes	463,705	522,472	-	-	463,705	522,472
Grants and contributions not restricted to specific programs	1,111,918	1,091,121	-	-	1,111,918	1,091,121
Other revenues and transfers	2,379,509	1,469,765	(68,592)	(571,785)	2,310,917	897,980
Total revenues	\$ 17,816,307	\$ 15,479,026	\$ 22,969,223	\$ 22,967,030	\$ 40,785,530	\$ 38,446,056
Expenses:						
General government	\$ 1,961,540	\$ 1,340,408	\$ -	\$ -	\$ 1,961,540	\$ 1,340,408
Public safety	6,205,917	4,853,101	-	-	6,205,917	4,853,101
Public works	5,434,458	4,652,689	-	-	5,434,458	4,652,689
Culture and recreation	950,338	837,843	-	-	950,338	837,843
Conservation and development	1,407,159	949,203	-	-	1,407,159	949,203
Interest on long-term debt	673,255	668,179	-	-	673,255	668,179
Sewer	-	-	2,410,155	2,299,617	2,410,155	2,299,617
Water	-	-	2,471,994	2,086,532	2,471,994	2,086,532
Electric	-	-	15,597,256	16,315,968	15,597,256	16,315,968
Solid waste	-	-	698,508	647,812	698,508	647,812
Total expenses	\$ 16,632,667	\$ 13,301,423	\$ 21,177,913	\$ 21,349,929	\$ 37,810,580	\$ 34,651,352
Increase (Decrease) in net position	1,183,640	2,177,603	1,791,310	1,617,101	2,974,950	3,794,704
Net position - January 1	44,262,530	42,084,927	64,303,218	62,686,117	108,565,748	104,771,044
Net position - December 31	\$ 45,446,170	\$ 44,262,530	\$ 66,094,528	\$ 64,303,218	\$ 111,540,698	\$ 108,565,748

The property tax levy increased by \$522,510 (7.13%), without TID, for the 2023 collection year. This increase was directed toward the following areas:

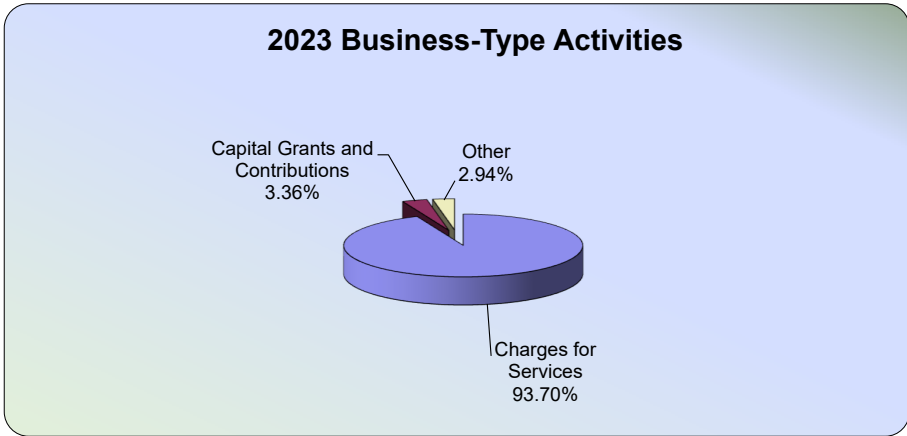
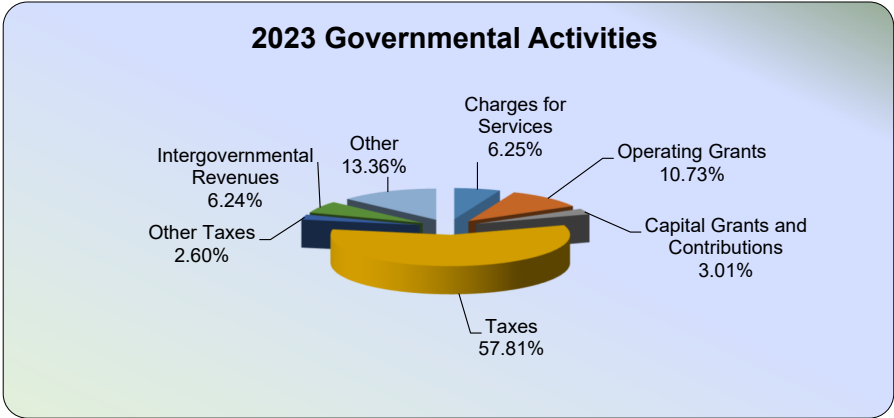
Property Taxes		
\$ 580,177	for the General Fund Operations and Debt	
\$ (57,667)	for Capital Improvements	

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

Investment Earnings		
\$ 399,353	General	
\$ 60,220	Capital Fund	
\$ 24,800	Affordable Housing District	
\$ 161,776	Tax Increment District #2	
\$ 27,021	Tax Increment District #3	
\$ 34,433	Tax Increment District #4	
\$ 366	Tax Increment District #5	
	Tax Increment District #6	
\$ 1,177	ARPA	

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 60.41% 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 19.61% 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 93.70% 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, 2023, the City's governmental funds reported combined ending fund balances of \$17,373,282, an increase of \$2,344,419 in comparison with the prior year. Approximately 37% of this amount (\$6,450,593) 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:

Spending		
\$ 110,025	Prepaid Items	
6,878,423	Restricted for other Governmental Funds	
3,934,241	Assigned for Governmental Funds	
<u>\$ 10,922,689</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 \$7,038,617. 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 51% of total 2024 budgeted general fund expenditures, and the total general fund balance also represents 52% of that same amount.

The fund balance of the City's general fund increased by \$245,360 during the current year. Overall, the 2023 general fund revenues were in excess of the 2023 budgeted revenues, and 2023 general fund expenditures were less than the 2023 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 2023. 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 \$3,507,440. 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 \$10,841,302. The total increase in unrestricted net position was \$156,040.

Unrestricted net position of the Solid Waste fund and Compost fund at the end of the year amounted to \$506,075. The total increase in unrestricted net position was \$178,550.

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. Following is a list of budget adjustments that were made in 2023 where the adjustments were made between different departments or budgetary categories:

- \$25,000 was transferred from the Fire Department Capital Truck line to the Police Department Vehicle line for overages incurred to purchase and changeover two squads.
- \$50,000 was transferred from the Cable TV Fund balance to the General Fund Computer Department for technology upgrades.
- \$11,481 was transferred from the Street Construction Capital line item to the Building Maintenance line item for overages incurred to upgrade the cold storage building.

There were no budget amendments in 2023.

During the year, actual general fund revenues were more than budgeted revenues and appropriated balances by \$738,236 prior to applying budgeted appropriated balances and reserves. The 2023 budget contained \$2,328,625 in appropriated balances and reserves.

Actual expenditures were less than budgeted expenditures by \$2,291,231 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, 2023 amounts to \$108,471,778 (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 \$2,332,167 or roughly 2% compared to last year.

Major capital assets acquired or constructed during the year include:

- Insulate and install heat in cold storage building
- Purchased two (2) new patrol boat motors
- Purchased Axon Fleet 3 recording system
- Purchased two squad cars
- Purchased a brush truck
- Purchased a chassis for the squad (truck completion in 2024)
- Purchase a heavy duty plow truck with dump box
- Replaced doors at Municipal Services
- Purchased a 40 HP tractor
- Reroofed Sunset Park Pavilion
- Accepted the donation of the Otumba Park improvements
- Replaced docks at Sawyer Park boat ramp
- Purchased an aquatic weed harvester
- Completed an aquatic plant management plan
- Repaved Oak Street parking lot
- Annual storm sewer outlay
- Annual road resurfacing and repair
- Annual alley/parking lot repair
- Annual curbing & sidewalk repair
- Converted 3 miles of overhead electric distribution to underground
- Replaced 85 utility poles
- Installed new primary electric feed on Iowa St. to Fincantieri Bay Shipbuilding
- Replaced 73 private galvanized water laterals using DNR grant
- Completely refurbished the million gallon reservoir at Big Hill
- Exterior coating refurbishment of Yew Street water tower
- Water & sewer mains extended at multiple locations for multi-family developments
- Replaced hauled-in waste receiving stations at wastewater treatment plant
- Refurbished primary clarifier at wastewater treatment plant
- Constructed biosolids storage facility at County landfill site
- Replaced garage doors (10) on south side of main office
- Purchased 2 half-ton extended cab pick-up trucks

City of Sturgeon Bay's Capital Assets						
(Governmental Activities are net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,490,436	\$ 5,490,527	\$ 276,084	\$ 276,084	\$ 5,766,520	\$ 5,766,611
Land improvements	2,600,811	2,310,322	-	-	2,600,811	2,310,322
Buildings	4,627,860	4,953,357	7,716,377	7,892,778	12,344,237	12,846,135
Machinery and equipment and vehicles	4,407,499	4,073,597	15,515,738	14,931,153	19,923,237	19,004,750
Infrastructure	36,484,156	36,776,263	74,033,474	71,537,333	110,517,630	108,313,596
Less: Utility and solid waste fund depreciation	-	-	(44,960,774)	(42,684,214)	(44,960,774)	(42,684,214)
Construction in progress	143,821	56,622	2,136,296	525,789	2,280,117	582,411
Total	\$ 53,754,583	\$ 53,660,688	\$ 54,717,195	\$ 52,478,923	\$108,471,778	\$ 106,139,611

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$25,300,000. Of this amount, \$25,300,000 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 Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation debt:						
Bonds	\$ 17,045,000	\$ 18,750,000	\$ -	\$ -	\$ 17,045,000	\$ 18,750,000
Notes	7,798,897	5,862,365	456,103	504,923	8,255,000	6,367,288
Total general obligation debt	\$ 24,843,897	\$ 24,612,365	\$ 456,103	\$ 504,923	25,300,000	25,117,288
Note anticipation note	-	-	-	-	-	-
Total	\$ 24,843,897	\$ 24,612,365	\$ 456,103	\$ 504,923	\$ 25,300,000	\$ 25,117,288

The City's total debt increased by \$182,712 during the current fiscal year. The key factor in this increase was budgeted debt issuance for capital improvements in excess of scheduled retirement of existing debt.

As of 12/31/23 there was no outstanding debt for the Sturgeon Bay Utilities.

In 2023 Moody's Investor Service upgraded the City from an Aa3 rating to Aa2. The upgrade is a result of the City's strong financial position across both its governmental and business-type activities. Moody's stated that the City's full value per capita is strong, and the local economy benefits from the City's status as a tourism destination. As with prior rating reports, Moody's recognized the City's growing tax base and healthy financial position with healthy reserve levels. It is important to note that although the City has an above average debt burden, 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 \$50,348,290, which is significantly in excess of the City's \$25,300,000, 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.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unassigned fund balance in the general fund increased to \$7,038,617. The City has assigned fund balance in the amount of \$750,854 for spending in the 2024 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, 2023

With Summarized Financial Information as of December 31, 2022

	Governmental Activities	Business-type Activities	Totals	
			2023	2022
Assets:				
Cash	\$ 5,302,155	\$ 1,335,342	\$ 6,637,497	\$ 11,067,243
Investments	14,285,661	5,912,044	20,197,705	14,485,726
Receivables				
Taxes	7,939,777	-	7,939,777	7,649,288
Delinquent taxes	241,387	-	241,387	295,729
Accounts, net	63,468	2,422,138	2,485,606	2,755,562
Other	-	263,376	263,376	175,923
Internal balances	757,251	(757,251)	-	-
Inventories and prepaid items	110,025	1,480,218	1,590,243	1,377,386
Investment in American Transmission Company	-	3,040,885	3,040,885	2,844,099
Net pension asset	-	-	-	4,399,967
Land held for resale	-	42,000	42,000	42,000
Restricted assets:				
Investments	-	500,000	500,000	500,000
Capital assets, nondepreciable	5,634,257	2,412,380	8,046,637	6,349,022
Capital assets, depreciable, net	48,120,326	52,304,815	100,425,141	99,790,589
Total assets	82,454,307	68,955,947	151,410,254	151,732,534
Deferred outflows of resources:				
Loss on advance refunding	22,468	-	22,468	34,723
Deferred outflows related to pensions/OPEB	9,513,277	1,816,384	11,329,661	8,846,885
Total deferred outflows of resources	9,535,745	1,816,384	11,352,129	8,881,608
Liabilities:				
Accounts payable	618,893	2,148,859	2,767,752	2,109,138
Other accrued liabilities	439,321	11,846	451,167	455,955
Due to other governments	81	-	81	398
Accrued interest payable	132,721	2,299	135,020	118,840
Unearned grant revenue	107,108	-	107,108	660,108
Customer deposits	-	79,939	79,939	94,972
Long-term obligations				
Due within one year	2,939,955	26,673	2,966,628	2,988,916
Due in more than one year	26,842,211	1,389,622	28,231,833	24,884,371
Total liabilities	31,080,290	3,659,238	34,739,528	31,312,698
Deferred inflows of resources:				
Property taxes	9,919,652	-	9,919,652	10,281,050
Deferred inflows related to pensions/OPEB	5,543,940	1,018,565	6,562,505	10,454,646
Total deferred inflows of resources	15,463,592	1,018,565	16,482,157	20,735,696
Net position:				
Net investment in capital assets	28,070,061	54,247,151	82,317,212	80,359,084
Restricted	6,878,423	500,000	7,378,423	10,014,487
Unrestricted	10,497,686	11,347,377	21,845,063	18,192,177
Total net position	\$ 45,446,170	\$66,094,528	\$111,540,698	\$108,565,748

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Activities

For the Year Ended December 31, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,961,540	\$ 290,018	\$ 553,000	\$ -
Public safety	6,205,917	593,464	197,120	-
Public works	5,434,458	30,019	943,359	-
Culture, recreation and education	950,338	200,399	218,405	488,515
Conservation and development	1,407,159	-	-	47,946
Interest and fiscal charges	673,255	-	-	-
Total governmental activities	<u>16,632,667</u>	<u>1,113,900</u>	<u>1,911,884</u>	<u>536,461</u>
Business-type activities:				
Sewer utility	2,410,155	2,104,321	-	232,349
Water utility	2,471,994	2,408,144	-	467,545
Electric utility	15,597,256	17,011,463	-	98,451
Solid waste utility	698,508	715,542	-	-
Total business-type activities	<u>21,177,913</u>	<u>22,239,470</u>	<u>-</u>	<u>798,345</u>
Total	<u>\$ 37,810,580</u>	<u>\$ 23,353,370</u>	<u>\$ 1,911,884</u>	<u>\$ 1,334,806</u>

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

Gain on sale of capital assets

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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

		Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Business-type Activities	Totals	
		2023	2022
\$ (1,118,522)	\$ -	\$ (1,118,522)	\$ (776,642)
(5,415,333)	-	(5,415,333)	(4,110,612)
(4,461,080)	-	(4,461,080)	(3,931,824)
(43,019)	-	(43,019)	(302,111)
(1,359,213)	-	(1,359,213)	(434,644)
(673,255)	-	(673,255)	(668,179)
<u>(13,070,422)</u>	<u>-</u>	<u>(13,070,422)</u>	<u>(10,224,012)</u>
-	(73,485)	(73,485)	(126,124)
-	403,695	403,695	336,820
-	1,512,658	1,512,658	1,939,669
-	17,034	17,034	38,521
<u>-</u>	<u>1,859,902</u>	<u>1,859,902</u>	<u>2,188,886</u>
<u>(13,070,422)</u>	<u>1,859,902</u>	<u>(11,210,520)</u>	<u>(8,035,126)</u>
7,579,197	-	7,579,197	6,999,242
2,719,733	-	2,719,733	2,320,122
463,705	-	463,705	508,024
1,111,918	-	1,111,918	1,105,569
979,770	637,778	1,617,548	471,172
47,092	-	47,092	-
585,928	60,349	646,277	425,701
766,719	(766,719)	-	-
<u>14,254,062</u>	<u>(68,592)</u>	<u>14,185,470</u>	<u>11,829,830</u>
1,183,640	1,791,310	2,974,950	3,794,704
<u>44,262,530</u>	<u>64,303,218</u>	<u>108,565,748</u>	<u>104,771,044</u>
<u>\$ 45,446,170</u>	<u>\$ 66,094,528</u>	<u>\$ 111,540,698</u>	<u>\$ 108,565,748</u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Balance Sheet

Governmental Funds

December 31, 2023

With Summarized Financial Information as of December 31, 2022

	General	Capital Improvements	TID No. 2	Nonmajor Governmental Funds	Totals	
					2023	2022
Assets:						
Cash	\$ 3,825,407	\$ 959,084	\$ -	\$ 517,664	\$ 5,302,155	\$ 8,954,572
Investments	4,628,767	2,542,335	4,083,662	3,030,897	14,285,661	8,835,229
Receivables						
Taxes	5,708,194	516,627	1,423,715	291,241	7,939,777	7,649,288
Delinquent taxes	241,387	-	-	-	241,387	295,729
Accounts	28,808	18,051	-	16,609	63,468	308,051
Due from other funds	1,573,850	-	-	-	1,573,850	1,764,411
Inventories and prepaid items	110,025	-	-	-	110,025	91,914
Total assets	\$ 16,116,438	\$ 4,036,097	\$ 5,507,377	\$ 3,856,411	\$ 29,516,323	\$ 27,899,194
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	\$ 598,938	\$ 12,030	\$ -	\$ 7,925	\$ 618,893	\$ 322,542
Other accrued liabilities	439,321	-	-	-	439,321	444,783
Due to other funds	-	-	1,721	814,878	816,599	865,721
Unearned grant revenue	-	-	-	107,108	107,108	660,108
Due to other governments	81	-	-	-	81	398
Total liabilities	1,038,340	12,030	1,721	929,911	1,982,002	2,293,552
Deferred inflows of resources:						
Property taxes	7,688,069	516,627	1,423,715	291,241	9,919,652	10,281,050
Special assessments	241,387	-	-	-	241,387	295,729
Total deferred inflows of resources	7,929,456	516,627	1,423,715	291,241	10,161,039	10,576,779
Fund balances:						
Nonspendable	110,025	-	-	-	110,025	91,914
Restricted	-	-	4,081,941	2,796,482	6,878,423	4,911,455
Assigned	-	3,507,440	-	426,801	3,934,241	3,309,411
Unassigned	7,038,617	-	-	(588,024)	6,450,593	6,716,083
Total fund balances	7,148,642	3,507,440	4,081,941	2,635,259	17,373,282	15,028,863
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,116,438	\$ 4,036,097	\$ 5,507,377	\$ 3,856,411	\$ 29,516,323	\$ 27,899,194

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, 2023

With Summarized Financial Information as of December 31, 2022

	2023	2022
Total fund balance - governmental funds	\$17,373,282	\$15,028,863
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	53,754,583	53,660,688
The net pension asset is not an available resource and therefore is not reported in the fund statements	-	3,566,109
Other long-term assets are not available to pay current expenditures and therefore are deferred in the funds	241,387	295,729
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	22,468	34,723
Deferred outflows of resources	9,513,277	7,214,779
Deferred inflows of resources	(5,543,940)	(8,491,031)
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:		
Bonds and notes payable	(24,843,897)	(24,601,140)
Debt premium	(840,625)	(657,037)
Compensated absences	(1,155,237)	(1,014,122)
Net pension liability	(2,474,244)	-
Post-employment health benefits payable	(468,163)	(658,705)
Accrued interest on long-term obligations	(132,721)	(116,326)
Total net position of governmental activities	<u>\$45,446,170</u>	<u>\$44,262,530</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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	General	Capital Improvements	TID No. 2	Nonmajor Governmental Funds	Totals	
					2023	2022
Revenues:						
Taxes	\$ 8,042,902	\$ 277,508	\$ 1,406,426	\$ 1,035,799	\$ 10,762,635	\$ 9,827,388
Special assessments	-	54,342	-	-	54,342	35,145
Intergovernmental	1,776,859	512,606	40,319	629,723	2,959,507	2,660,271
Licenses and permits	243,617	-	-	128,927	372,544	370,995
Fines and forfeits	41,248	5,153	-	-	46,401	47,555
Public charges for services	246,115	27,600	-	-	273,715	277,128
Intergovernmental charges	675,371	-	-	-	675,371	646,253
Miscellaneous	697,527	623,420	225,265	366,111	1,912,323	1,149,243
Total revenues	11,723,639	1,500,629	1,672,010	2,160,560	17,056,838	15,013,978
Expenditures:						
Current:						
General government	1,787,057	-	-	-	1,787,057	1,715,036
Public safety	5,299,397	-	-	-	5,299,397	5,394,229
Public works	1,575,835	-	-	-	1,575,835	1,603,756
Culture and recreation	898,876	-	-	-	898,876	837,806
Conservation and development	718,852	-	2,371	671,462	1,392,685	970,974
Debt service:						
Principal	1,468,468	-	1,180,000	220,000	2,868,468	3,789,096
Interest and fiscal charges	341,152	23,251	210,035	141,795	716,233	739,638
Capital outlay	-	3,389,363	-	965,821	4,355,184	3,208,496
Total expenditures	12,089,637	3,412,614	1,392,406	1,999,078	18,893,735	18,259,031
Excess of revenues over (under) expenditures	(365,998)	(1,911,985)	279,604	161,482	(1,836,897)	(3,245,053)
Other Financing Sources (Uses)						
Sales of capital assets	-	48,156	-	-	48,156	466,885
Long-term debt issued	-	2,327,730	-	772,270	3,100,000	2,445,000
Premium on debt issued	-	266,441	-	-	266,441	157,963
Transfers in	1,004,054	56,696	-	336,000	1,396,750	2,784,961
Transfers out	(392,696)	(181,710)	-	(55,625)	(630,031)	(1,883,871)
Total other financing sources (uses)	611,358	2,517,313	-	1,052,645	4,181,316	3,970,938
Net Change in Fund Balances	245,360	605,328	279,604	1,214,127	2,344,419	725,885
Fund Balances - Beginning	6,903,282	2,902,112	3,802,337	1,421,132	15,028,863	14,302,978
Fund Balances - Ending	\$ 7,148,642	\$ 3,507,440	\$ 4,081,941	\$ 2,635,259	\$ 17,373,282	\$ 15,028,863

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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
Net change in fund balance - governmental funds	\$ 2,344,419	\$ 725,885
<p>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.</p>		
Capital expenditures reported in governmental fund statements	2,653,707	3,189,444
Depreciation expense reported in the statement of activities	(2,558,748)	(2,600,407)
Net book value of disposals	(1,064)	(520,927)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
	(54,342)	(18,657)
<p>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:</p>		
Amortization of premiums, discounts and loss on advance refunding	59,373	14,118
Compensated absences	(141,115)	(25,996)
Pension amounts	(550,334)	831,453
Other postemployment benefits	(53,888)	(79,737)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
	(3,366,441)	(4,637,892)
<p>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.</p>		
The amount of long-term debt principal payments in the current year is:	2,868,468	4,996,669
<p>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.</p>		
	<u>(16,395)</u>	<u>273</u>
Change in net position - governmental activities	<u>\$ 1,183,640</u>	<u>\$ 1,874,226</u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Net Position

Proprietary Funds

December 31, 2023

With Summarized Financial Information as of December 31, 2022

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2023	2022
Assets:						
Current assets:						
Cash	\$ -	\$ 654,435	\$ 192,141	\$ 488,766	\$ 1,335,342	\$ 2,112,671
Investments	1,580,947	1,008,373	3,322,724	-	5,912,044	5,650,497
Receivables						
Accounts, net	201,102	376,236	1,844,800	-	2,422,138	2,447,511
Other	45,348	6,471	208,652	2,905	263,376	175,923
Due from other funds	-	-	-	-	-	-
Inventory	30,842	287,121	1,122,804	-	1,440,767	1,238,343
Prepaid items	-	-	36,157	3,294	39,451	47,129
Total current assets	<u>1,858,239</u>	<u>2,332,636</u>	<u>6,727,278</u>	<u>494,965</u>	<u>11,413,118</u>	<u>11,672,074</u>
Noncurrent assets:						
Restricted assets:						
Investments	500,000	-	-	-	500,000	500,000
Investment in American Transmission Company	-	-	3,040,885	-	3,040,885	2,844,099
Net pension asset	-	-	-	-	-	833,858
Land held for resale	-	42,000	-	-	42,000	42,000
Capital assets, nondepreciable	1,689,962	585,703	136,715	-	2,412,380	801,873
Capital assets, depreciable	11,131,631	13,170,505	27,533,991	468,688	52,304,815	51,677,050
Total capital assets, net of accumulated depreciation	<u>12,821,593</u>	<u>13,756,208</u>	<u>27,670,706</u>	<u>468,688</u>	<u>54,717,195</u>	<u>52,478,923</u>
Total noncurrent assets	<u>13,321,593</u>	<u>13,798,208</u>	<u>30,711,591</u>	<u>468,688</u>	<u>58,300,080</u>	<u>56,698,880</u>
Total assets	<u>15,179,832</u>	<u>16,130,844</u>	<u>37,438,869</u>	<u>963,653</u>	<u>69,713,198</u>	<u>68,370,954</u>
Deferred outflows of resources:						
Deferred outflows related to pensions	183,303	188,172	1,298,386	146,523	1,816,384	1,632,106
Total assets and deferred outflows of resources	<u>\$ 15,363,135</u>	<u>\$ 16,319,016</u>	<u>\$ 38,737,255</u>	<u>\$ 1,110,176</u>	<u>\$ 71,529,582</u>	<u>\$ 70,003,060</u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Net Position - Continued

Proprietary Funds

December 31, 2023

With Summarized Financial Information as of December 31, 2022

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2023	2022
Liabilities:						
Current liabilities:						
Accounts payable	\$ 593,371	\$ 106,846	\$ 1,448,642	\$ -	\$ 2,148,859	\$ 1,786,596
Other accrued liabilities	-	-	-	11,846	11,846	11,172
Accrued interest payable	-	-	-	2,299	2,299	2,514
Due to other funds	-	307,571	449,680	-	757,251	898,690
Customer deposits	-	-	79,939	-	79,939	94,972
Current portion of long-term debt	-	-	-	26,673	26,673	48,820
Total current liabilities	593,371	414,417	1,978,261	40,818	3,026,867	2,842,764
Noncurrent liabilities:						
General obligation debt	-	-	-	443,371	443,371	473,530
Net pension liability	48,918	50,218	346,502	39,103	484,741	
Compensated absences	59,835	61,215	340,460	-	461,510	419,933
Total noncurrent liabilities	108,753	111,433	686,962	482,474	1,389,622	893,463
Total liabilities	702,124	525,850	2,665,223	523,292	4,416,489	3,736,227
Deferred inflows of resources:						
Related to pensions	102,790	105,521	728,089	82,165	1,018,565	1,963,615
Total liabilities and deferred inflows of resources	804,914	631,371	3,393,312	605,457	5,435,054	5,699,842
Net position:						
Net investment in capital assets	12,821,593	13,756,208	27,670,706	(1,356)	54,247,151	51,956,573
Restricted	500,000	-	-	-	500,000	1,333,858
Unrestricted	1,236,628	1,931,437	7,673,237	506,075	11,347,377	11,012,787
Total net position	14,558,221	15,687,645	35,343,943	504,719	66,094,528	64,303,218
Total liabilities, deferred inflows of resources and net position	\$ 15,363,135	\$ 16,319,016	\$ 38,737,255	\$ 1,110,176	\$ 71,529,582	\$ 70,003,060

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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2023	2022
Operating revenues:						
Charges for services	\$ 2,098,917	\$ 2,344,030	\$ 16,614,289	\$ 715,542	\$ 21,772,778	\$ 22,517,073
Other operating revenues	5,404	64,114	397,174	-	466,692	470,432
Total operating revenues	2,104,321	2,408,144	17,011,463	715,542	22,239,470	22,987,505
Operating expenses:						
Operation and maintenance	1,606,586	1,758,554	13,764,413	593,945	17,723,498	18,256,594
Depreciation	803,569	713,440	1,828,045	94,755	3,439,809	3,093,025
Total operating expenses	2,410,155	2,471,994	15,592,458	688,700	21,163,307	21,349,619
Operating income (loss)	(305,834)	(63,850)	1,419,005	26,842	1,076,163	1,637,886
Nonoperating revenues (expenses):						
Interest income	109,295	104,473	424,010	-	637,778	216,419
Interest expense	-	-	(4,798)	(9,808)	(14,606)	(10,342)
Other	124	2,740	4,229	53,256	60,349	112,886
Total nonoperating revenues (expenses)	109,419	107,213	423,441	43,448	683,521	318,963
Net income before transfers and capital contributions	(196,415)	43,363	1,842,446	70,290	1,759,684	1,956,849
Capital contributions	232,349	467,545	98,451	-	798,345	561,342
Transfers out	-	(307,571)	(454,348)	(4,800)	(766,719)	(901,090)
Change in net position	35,934	203,337	1,486,549	65,490	1,791,310	1,617,101
Net position - beginning	14,522,287	15,484,308	33,857,394	439,229	64,303,218	62,686,117
Net position - ending	\$ 14,558,221	\$ 15,687,645	\$ 35,343,943	\$ 504,719	\$ 66,094,528	\$ 64,303,218

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2023	2022
Cash flows from operating activities:						
Cash received from customers	\$ 2,092,966	\$ 2,303,128	\$ 17,050,955	\$ 715,309	\$ 22,162,358	\$ 23,456,028
Cash payments to suppliers	(899,123)	(1,472,757)	(12,981,225)	(359,678)	(15,712,783)	(17,470,849)
Cash payments to employees	(286,163)	(283,964)	(821,141)	(220,409)	(1,611,677)	(1,216,071)
Net cash from operating activities	907,680	546,407	3,248,589	135,222	4,837,898	4,769,108
Cash flows from noncapital financing activities:						
Other nonoperating revenue	124	2,740	4,229	53,256	60,349	112,886
Due to/from other funds	-	(58,809)	(82,630)	-	(141,439)	(63,458)
Transfer out	-	(307,571)	(454,348)	(4,800)	(766,719)	(901,090)
Net cash from noncapital financing activities	124	(363,640)	(532,749)	48,456	(847,809)	(851,662)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(2,048,371)	(960,037)	(2,669,673)	-	(5,678,081)	(3,669,476)
Capital contributions	232,349	467,545	98,451	-	798,345	561,342
Principal payments on long-term debt	-	-	(6,144)	-	(6,144)	(8,192)
Interest payments on long-term debt	-	-	(4,798)	(56,185)	(60,983)	(14,483)
Net cash from capital and related financing activities	(1,816,022)	(492,492)	(2,582,164)	(56,185)	(4,946,863)	(3,130,809)
Cash flows from investing activities:						
Sale (purchase) of investments	337,000	(47,458)	(747,875)	-	(458,333)	(108,734)
Interest income received	109,295	104,473	424,010	-	637,778	216,418
Net cash from investing activities	446,295	57,015	(323,865)	-	179,445	107,684
Change in cash and cash equivalents	(461,923)	(252,710)	(190,189)	127,493	(777,329)	894,321
Cash and cash equivalents - beginning	461,923	907,145	382,330	361,273	2,112,671	1,218,350
Cash and cash equivalents - ending	\$ -	\$ 654,435	\$ 192,141	\$ 488,766	\$ 1,335,342	\$ 2,112,671

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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	Sewer Utility	Water Utility	Electric Utility	Nonmajor Funds	Totals	
					2023	2022
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (305,834)	\$ (63,850)	\$ 1,419,005	\$ 26,842	\$ 1,076,163	\$ 1,637,886
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	803,569	713,440	1,828,045	94,755	3,439,809	3,093,025
Change in pension related assets, deferred outflows, liabilities and deferred inflows	9,899	11,170	154,619	13,582	189,270	(185,722)
Changes in assets and liabilities						
Receivables, net	(11,355)	(105,016)	54,525	(233)	(62,079)	505,281
Inventory	2,089	(4,927)	(199,586)	-	(202,424)	(182,763)
Prepaid items	-	-	8,076	(398)	7,678	(11,351)
Accounts payable	397,507	(14,029)	(21,215)	-	362,263	10,555
Accrued and other current liabilities	-	-	-	674	674	(794)
Customer deposits	-	-	(15,033)	-	(15,033)	(36,758)
Compensated absences	11,805	9,619	20,153	-	41,577	(60,251)
Net cash from operating activities	<u>\$ 907,680</u>	<u>\$ 546,407</u>	<u>\$ 3,248,589</u>	<u>\$ 135,222</u>	<u>\$ 4,837,898</u>	<u>\$ 4,769,108</u>

See accompanying notes to the financial statements.

City of Sturgeon Bay, Wisconsin

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2023

	<u>Custodial Funds</u>
Assets:	
Cash	\$ 2,897,787
Receivables	
Taxes	<u>11,642,832</u>
Total assets	<u><u>\$ 14,540,619</u></u>
Liabilities:	
Due to other governments	<u><u>\$ 14,540,619</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, 2023

	<u>Custodial Funds</u>
Additions:	
Property tax collections for other governments	<u>\$ 14,168,751</u>
Deductions:	
Payments of property taxes to other governments	<u>14,168,751</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 \$47,353 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 \$365,889 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 \$113,584 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 2022 tax levy is budgeted as property tax revenue for the year 2023 and is recognized as revenue in 2023 to the extent available. Real property tax assessments for the 2022 tax levy were based on assessed valuations as of January 1, 2022. The City levied property taxes pursuant to law in December 2022, 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, 2023, 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 \$3,040,885 as of December 31, 2023, 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

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

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

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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.

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, 2022, from which the summarized information was derived.

Note 2: 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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, 2023, none of the City's bank balance of \$9,705,314 was exposed to custodial credit risk, as \$783,556 was covered by FDIC insurance, \$400,000 was covered by the State of Wisconsin and \$8,521,758 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 \$15,637,361 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, 2023, 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, 2023:

Investment Type	Total	Level 1	Level 2	Level 3
Fannie Mae	\$ 121,981	\$ -	\$ 121,981	\$ -
Federal Home Loans Banks Debenture	119,201	-	119,201	-
Federal Home Loan Mortgage	358,686	-	358,686	-
Federal National Mortgage Association	102,652	-	102,652	-
Freddie Mac	67,735	-	67,735	-
Government National Mortgage Association	76,217	-	76,217	-
Negotiable Certificates of Deposit	2,938,381	-	2,938,381	-
Private Export Funding Corp	259,763	-	259,763	-
US Treasury Notes	874,542	-	874,542	-
US Treasury Bills	31,991	-	31,991	-
Small Business Administration Group	49,107	-	49,107	-
Tennessee Valley Debenture	60,088	-	60,088	-
Total	\$ 5,060,344	\$ -	\$ 5,060,344	\$ -

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does 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	\$ 121,981	\$ -	\$ 84,466	\$ 37,515	\$ -
Federal Home Loans Banks Debenture	119,201	79,054	40,147	-	-
Federal Home Loan Mortgage	358,686	19,528	115,858	223,300	-
Federal National Mortgage Association	102,652	-	8,060	27,228	67,364
Freddie Mac	67,735	394	-	18,710	48,631
Government National Mortgage Association	76,217	-	12,065	64,152	-
Negotiable Certificates of Deposit	2,938,381	1,480,661	1,457,720	-	-
Private Export Funding Corp	259,763	259,763	-	-	-
US Treasury Notes	874,542	459,604	151,903	263,035	-
US Treasury Bills	31,991	31,991	-	-	-
Small Business Administration Group	49,107	-	-	49,107	-
Tennessee Valley Debenture	60,088	60,088	-	-	-
Total	\$ 5,060,344	\$ 2,391,083	\$ 1,870,219	\$ 683,047	\$ 115,995

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	\$ 121,981	\$ 121,981	\$ -	\$ -
Federal Home Loans Banks Debenture	119,201	-	-	119,201
Federal Home Loan Mortgage	358,686	223,300	72,786	62,600
Federal National Mortgage Association	102,652	102,652	-	-
Freddie Mac	67,735	67,735	-	-
Government National Mortgage Association	76,217	76,217	-	-
Negotiable Certificates of Deposit	2,938,381	2,938,381	-	-
Private Export Funding Corp	259,763	-	259,763	-
US Treasury Notes	874,542	-	874,542	-
US Treasury Bills	31,991	31,991	-	-
Small Business Administration Group	49,107	-	-	-
Tennessee Valley Debenture	60,088	-	-	60,088
Total	\$ 5,060,344	\$ 3,562,257	\$ 1,207,091	\$ 241,889

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 3: 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, 2023 totaled \$500,000 held for the replacement of wastewater treatment mechanical equipment as required by the Wisconsin Department of Natural Resources.

Note 4: 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	\$ 199,185
General Fund	TID No. 2	1,721
General Fund	TID No. 3	727
General Fund	TID No. 5	477,710
General Fund	TID No. 6	24,335
General Fund	TID No. 7	17,640
General Fund	TID No. 8	31,813
General Fund	TID No. 9	15,992
General Fund	TID No. 10	47,476
General Fund	Water Utility	307,571
General Fund	Electric Utility	449,680
		<u>\$ 1,573,850</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. All amounts are expected to be repaid within the next fiscal year.

Note 5: 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	\$ 307,571	Tax equivalent payment
General Fund	Electric Utility	454,348	Tax equivalent payment
General Fund	Solid Waste	4,800	Rent
General Fund	Capital Improvements	181,710	Reimbursement of costs
General Fund	Cable TV	55,625	Rent
Capital Improvements	General Fund	56,696	Reimbursement of costs
TID #4	General Fund	336,000	Reimbursement of costs
		<u>\$ 1,396,750</u>	

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 6: Capital Assets

Capital asset balances and activity for the year ended December 31, 2023, were as follows:

Governmental activities:	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land	\$ 5,490,527	\$ -	\$ 91	\$ 5,490,436
Construction in progress	56,622	143,821	56,622	143,821
Total capital assets, not being depreciated	5,547,149	143,821	56,713	5,634,257
Capital assets, being depreciated:				
Land improvements	7,510,562	535,628	6,615	8,039,575
Buildings and improvements	10,532,411	-	-	10,532,411
Machinery and equipment	11,065,708	1,071,717	430,955	11,706,470
Infrastructure	60,714,137	959,163	677,224	60,996,076
Total capital assets, being depreciated	89,822,818	2,566,508	1,114,794	91,274,532
Accumulated depreciation:				
Land improvements	5,200,240	245,139	6,615	5,438,764
Buildings and improvements	5,579,054	325,497	-	5,904,551
Machinery and equipment	6,992,111	736,841	429,981	7,298,971
Infrastructure	23,937,874	1,251,271	677,225	24,511,920
Total accumulated depreciation	41,709,279	2,558,748	1,113,821	43,154,206
Total capital assets, being depreciated, net	48,113,539	7,760	973	48,120,326
Governmental activities capital assets, net	\$ 53,660,688	\$ 151,581	\$ 57,686	\$ 53,754,583

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 95,868
Public safety	374,741
Public works	2,064,054
Culture, recreation, and education	24,085
Total depreciation expense, governmental activities	\$ 2,558,748

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 6: Capital Assets (Continued)

Business-type activities:	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land	\$ 276,084	\$ -	\$ -	\$ 276,084
Construction in progress	525,789	1,624,671	14,164	2,136,296
Total capital assets, not being depreciated	801,873	1,624,671	14,164	2,412,380
Capital assets, being depreciated:				
Buildings and improvements	7,892,778	200,606	377,007	7,716,377
Machinery and equipment	14,931,153	825,958	241,374	15,515,737
Infrastructure	71,537,333	3,041,023	544,882	74,033,474
Total capital assets, being depreciated	94,361,264	4,067,587	1,163,263	97,265,588
Accumulated depreciation:				
Buildings and improvements	5,022,529	280,563	377,007	4,926,085
Machinery and equipment	9,262,459	992,170	241,376	10,013,253
Infrastructure	28,399,226	2,167,076	544,867	30,021,435
Total accumulated depreciation	42,684,214	3,439,809	1,163,250	44,960,773
Total capital assets, being depreciated, net	51,677,050	627,778	13	52,304,815
Business-type activities capital assets, net	\$ 52,478,923	\$ 2,252,449	\$ 14,177	\$ 54,717,195

Construction in progress relates to various projects that will be placed in service in the subsequent year. Remaining commitments on those projects are approximately \$400,000.

Depreciation was charged to business-type activities as follows:

Sewer utility	\$ 803,569
Water utility	713,440
Electric utility	1,828,045
Solid waste	94,755
Total depreciation expense, business-type activities	\$ 3,439,809

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 7: Long-Term Obligations

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

<i>Year Ended December 31, 2023</i>	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 18,750,000	\$ -	\$ 1,705,000	\$ 17,045,000	\$ 2,795,000
Notes	5,862,365	3,100,000	1,163,468	7,798,897	73,327
Total general obligation debt	24,612,365	3,100,000	2,868,468	24,843,897	2,868,327
Debt premium	645,812	266,441	71,628	840,625	71,628
Net pension liability	-	2,474,244	-	2,474,244	-
Net OPEB liability - LRLIF	658,705	-	190,542	468,163	-
Compensated absences	1,014,122	141,115	-	1,155,237	-
Governmental activities Long- Term obligations	26,931,004	5,981,800	3,130,638	29,782,166	2,939,955
Business-type activities:					
General obligation debt					
Notes	504,923	\$ -	48,820	456,103	26,673
Net pension liability	-	484,741	-	484,741	-
Debt premium	17,427	-	3,486	13,941	-
Compensated absences	419,933	41,577	-	461,510	-
Business-type activities Long- term obligations	\$ 942,283	\$ 526,318	\$ 52,306	\$ 1,416,295	\$ 26,673

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 7: Long-Term Obligations (Continued)

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
General obligation bonds	10/1/13	10/1/33	2.625-4.625%	\$ 1,755,000	\$ 930,000
General obligation bonds	12/30/13	10/1/25	2.00-3.00%	1,735,000	375,000
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%	2,085,000	1,285,000
General obligation bonds	9/7/16	10/1/31	2.00%	7,325,000	6,300,000
General obligation bonds	11/14/17	10/1/37	3.00-3.15%	1,225,000	755,000
General obligation bonds	11/6/18	10/1/28	2.50-4.00%	1,480,000	420,000
General obligation notes	8/22/19	10/1/28	2.00%	2,345,000	990,000
General obligation bonds	3/31/20	4/1/28	1.54%	1,235,000	785,000
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	1,730,000
General obligation notes	9/7/21	10/1/30	2.00%	4,920,000	2,710,000
General obligation notes	6/6/22	10/1/30	4.00%	2,445,000	2,445,000
General obligation notes	8/22/23	10/1/32	5.00%	3,100,000	3,100,000
Total					\$ 25,300,000

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
2024	\$ 2,868,327	\$ 530,886	\$ 26,673	\$ 8,826	\$ 2,895,000	\$ 539,712
2025	2,783,960	527,242	176,040	8,589	2,960,000	535,831
2026	3,185,656	541,771	49,344	5,068	3,235,000	546,839
2027	3,260,656	454,333	49,344	4,081	3,310,000	458,414
2028	3,350,656	364,361	49,344	3,094	3,400,000	367,455
2029 - 2033	7,894,642	736,151	105,358	3,174	8,000,000	739,325
2034 - 2038	1,280,000	104,513	-	-	1,280,000	104,513
2039 - 2040	220,000	4,400	-	-	220,000	4,400
Total	\$ 24,843,897	\$ 3,263,657	\$ 456,103	\$ 32,832	\$ 25,300,000	\$ 3,296,489

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

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, 2022	\$ 1,456,712,100
Legal debt margin percentage	5 %
General obligation debt limitation, per section 67.03 of the Wisconsin Statutes	72,835,605
Outstanding general obligation debt subject to debt limit	25,300,000
Legal debt margin	\$ 47,535,605

Note 8: Net Position

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

Governmental Activities:

Net investment in capital assets:

Land	\$ 5,490,436
Construction in progress	143,821
Other capital assets, net of accumulated depreciation	48,120,326
Less: Related long-term debt outstanding (net of unspent proceeds of debt)	(25,684,522)
Total net investment in capital assets	28,070,061
Restricted for:	
Capital Improvements	6,878,423
Unrestricted	10,497,686
Total net position	\$ 45,446,170

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 8: Net Position (Continued)

Business-Type Activities:

Net investment in capital assets:

Land	\$ 276,084
Construction in progress	2,136,296
Other capital assets, net of accumulated depreciation	52,304,815
Less: Related long-term debt outstanding (net of unspent proceeds of debt)	<u>(470,044)</u>

Total net investment in capital assets	54,247,151
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Restricted for:

Plant replacement	<u>500,000</u>
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Unrestricted	<u>11,347,377</u>
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Total net position	<u><u>\$ 66,094,528</u></u>
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Note 9: Governmental Fund Balances

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

Nonspendable

General Fund	
Inventories and prepaid items	<u><u>\$ 110,025</u></u>

Restricted

Capital Projects Funds	
Tax Incremental Districts	<u><u>\$ 6,878,423</u></u>

Assigned

Capital Improvements	\$ 3,507,440
Cable TV	423,550
ARPA Grant	<u>3,251</u>

Total Assigned	<u><u>\$ 3,934,241</u></u>
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Deficit fund balances of \$467,698 exists in the Tax Incremental District No. 5 fund, \$17,640 in the Tax Incremental District No. 7 fund, \$39,218 in the Tax Incremental District No. 8 fund, \$15,992 in the Tax Incremental District No. 9 fund, and \$47,476 in the Tax Incremental District No. 10 fund that will be recovered with future tax increments.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 9: Governmental Fund Balances (Continued)

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 2023 operating budget	\$ 13,857,244
Minimum Fund Balance %	25%
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Total	\$ 3,464,311
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Note 10: 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.

Note 11: 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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.

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
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
2022	7.4	15.0

Contributions: Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for general category employees, 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.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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, 2023, the WRS recognized \$761,113 in contributions from the employer.

Contribution rates as of December 31, 2023, are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.80 %	6.80 %
Protective with social security	6.80	13.20
Protective without social security	6.80	18.10

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2023, the City reported an liability of \$2,958,985 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.05585241%, which was an increase of 0.00126349% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$1,501,311.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,712,603	\$ 6,191,302
Net Differences between projected and actual earnings on pension plan investments	5,026,480	-
Change in assumptions	581,841	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,649	26,286
Employer contributions subsequent to the measurement date	761,113	-
Total	\$ 11,087,686	\$ 6,217,588

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

The amount of \$761,113 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, 2024. 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
2024	\$ 167,296
2025	848,652
2026	869,601
2027	2,223,436

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

Actuarial valuation date	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry Age normal
Asset valuation method	Fair 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. The total pension liability for December 31, 2022, is based upon on a rollforward of the liability calculated from the December 31, 2021, actuarial valuation.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

Asset Allocation Targets and Expected Returns

As of December 31, 2022

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	48.0 %	7.6 %	5.0 %
Fixed income	25.0 %	5.3 %	2.7 %
Inflation sensitive assets	19.0 %	3.6 %	1.1 %
Real estate	8.0 %	5.2 %	2.6 %
Private equity/debt	15.0 %	9.6 %	6.9 %
Total core fund	115.0 %	7.4 %	4.8 %
<u>Variable Fund Asset Class</u>			
U.S. equities	70.0 %	7.2 %	4.6 %
International equities	30.0 %	8.1 %	5.5 %
Total variable fund	100.0 %	7.7 %	5.1 %

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%.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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)	\$ 9,820,476	\$ 2,958,985	\$ (1,761,284)

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, 2023, the City reported a payable of \$87,736 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: 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.

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

Contribution rates as of December 31, 2023 are:

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - LRLIF (Continued)

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

Life Insurance				
Member Contribution Rates				
For the year ended December 31, 2022				
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 \$2,465 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At December 31, 2023, the City reported a liability of \$468,163 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2022. No material changes in assumptions or 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, 2022, the City's proportion was 0.12288300%, which was a decrease of 0.01143400% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense of \$56,353.

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - LRLIF (Continued)

At December 31, 2023, 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	\$ -	\$ 45,817
Change in assumptions	168,201	-
Net differences between projected and actual earnings on plan investments	8,784	276,345
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,990	22,755
Total	\$ 241,975	\$ 344,917

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
2024	\$	(43)
2025		(4,038)
2026		1,553
2027		(25,348)
2028		(39,898)
Thereafter		(35,168)

Actuarial assumptions - The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2022
Measurement date of net OPEB liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial cost method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.72%
Long-term expected rate of return	4.25%
Discount rate	3.76%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - LRLIF (Continued)

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

Local OPEB Life Insurance

Asset Allocation Targets and Expected Returns

As of December 31, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interim Credit	50 %	2.45 %
US Mortgages	Bloomberg US MBSt	50 %	2.83 %
Inflation			2.30 %
Long-Term Expected Rate of Return			4.25 %

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

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - LRLIF (Continued)

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

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

Sensitivity of the 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 3.76%, 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 (2.76%) or 1 percentage point higher (4.76%) than the current rate:

	1% Decrease	Current Rate	1% Increase
LRLIF Employer's proportionate share of the net OPEB (asset) liability	\$ 638,291	\$ 468,163	\$ 337,780

Note 13: 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	\$ 11,087,686	\$ 6,217,588
Other Postemployment Benefits - Local Retiree Life Insurance Fund	241,975	344,917
Total	\$ 11,329,661	\$ 6,562,505

City of Sturgeon Bay, Wisconsin

Notes to Financial Statements

Note 14: 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 15: 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.

Note 16: 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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2022 Actual
Revenues:				
Taxes				
General property	\$ 7,578,312	\$ 7,578,744	\$ 432	\$ 6,998,135
Mobile home	86,900	91,875	4,975	91,994
Payment in lieu of taxes	1,545	5,810	4,265	1,537
Room tax	302,400	365,889	63,489	414,373
Retained sales tax	120	131	11	120
Interest and taxes	500	453	(47)	1,107
Total taxes	7,969,777	8,042,902	73,125	7,507,266
Intergovernmental				
State				
State shared taxes	944,525	944,561	36	938,212
Transportation	680,708	680,797	89	645,024
DNR - marine patrol	3,900	4,126	226	3,897
Other Law Enforcement	-	6,732	6,732	-
Other state shared taxes	66,195	66,189	(6)	66,189
DNR - in lieu of taxes	230	228	(2)	228
Municipal services	5,055	5,593	538	5,055
Fire insurance dues	41,000	49,157	8,157	41,264
Other state payments	-	19,476	19,476	3,210
Total intergovernmental	1,741,613	1,776,859	35,246	1,703,079
Licenses and permits				
Licenses				
Liquor and malt beverage	27,000	34,149	7,149	28,347
Operators	2,000	2,685	685	2,840
Animal licenses	235	2,459	2,224	2,142
Other licenses	7,945	20,999	13,054	17,402
Permits				
Building	57,800	68,543	10,743	90,248
Plumbing and electrical	58,700	86,288	27,588	76,699
Miscellaneous	29,870	24,244	(5,626)	19,768
Signs	1,750	4,250	2,500	3,760
Total licenses and permits	185,300	243,617	58,317	241,206

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, 2023

With Summarized Financial Information for the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2022 Actual
Fines and forfeits				
Court fines and penalties	\$ 38,000	\$ 41,248	\$ 3,248	\$ 41,900
Public charges for services				
Special assessment letter fee	2,500	11,385	8,885	9,400
Payment in lieu of taxes	14,450	14,448	(2)	14,448
Street department	700	19,233	18,533	16,503
Recreation	124,970	170,705	45,735	161,827
Mooring fees	9,000	8,960	(40)	9,272
Weights and measures	3,200	3,204	4	6,404
Aquatic plant services	14,000	17,530	3,530	14,074
Weed control	500	650	150	800
Total public charges for services	169,320	246,115	76,795	232,728
Intergovernmental charges for services				
Fire and EMS services	674,870	675,371	501	646,253
Miscellaneous				
Rent from commercial property	49,400	52,061	2,661	47,917
Interest on investments	55,000	524,832	469,832	123,136
Interest on special assessments	200	2,526	2,326	195
Donations	5,000	16,920	11,920	6,945
Other	589,865	594,130	4,265	556,697
Total miscellaneous	699,465	1,190,469	491,004	734,890
Total revenues	11,478,345	12,216,581	738,236	11,107,322

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, 2023
 With Summarized Financial Information for the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2022 Actual
Expenditures:				
General government				
City council	\$ 68,050	\$ 64,811	\$ (3,239)	\$ 63,729
Mayor	16,675	12,272	(4,403)	12,416
Board of review	1,520	50	(1,470)	-
Clerk-treasurer	527,455	523,475	(3,980)	496,637
Administration	214,220	207,923	(6,297)	165,998
Elections	16,840	16,636	(204)	31,027
Assessment of property	81,600	64,901	(16,699)	81,958
Legal/Special counsel	90,000	140,499	50,499	103,269
City hall	215,400	212,877	(2,523)	198,486
Property and liability insurance	317,140	293,480	(23,660)	266,496
Computer	201,450	259,279	57,829	140,902
Employee benefits	46,520	26,607	(19,913)	29,482
Miscellaneous	1,918,140	96,779	(1,821,361)	124,636
Total general government	3,715,010	1,919,589	(1,795,421)	1,715,036
Public safety				
Police department	3,215,195	3,081,733	(133,462)	3,007,105
Fire department	2,215,760	2,344,496	128,736	2,234,863
Building/zoning	113,580	141,258	27,678	152,261
Total public safety	5,544,535	5,567,487	22,952	5,394,229
Public works				
Transportation				
Public works administration	249,720	261,705	11,985	236,240
Street machinery	231,150	203,811	(27,339)	202,074
Garage	82,620	57,031	(25,589)	66,123
Curb and gutter	37,505	37,873	368	39,813
Roadway of streets	290,415	309,890	19,475	236,724
Snow and ice removal	232,565	152,161	(80,404)	189,845
Street lighting	170,000	145,033	(24,967)	147,633
Streets signs and marketing	32,400	32,851	451	44,410
Highways	341,690	343,486	1,796	318,617
Sanitation				
Storm sewer	36,470	17,583	(18,887)	38,530
Garbage and refuse collection	56,330	53,965	(2,365)	40,606
Street sweeping	44,280	51,413	7,133	42,981
Weed control	2,935	1,353	(1,582)	160
Total public works	1,808,080	1,668,155	(139,925)	1,603,756

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, 2023
 With Summarized Financial Information for the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget	
	Original and Final	Actual Amounts	Over (Under)	2022 Actual
Culture and recreation				
Library	\$ 59,400	\$ 47,353	\$ (12,047)	\$ 54,814
Celebration and entertainment	40,950	34,819	(6,131)	36,546
Recreation	119,880	103,403	(16,477)	94,408
Municipal dock	47,780	39,203	(8,577)	36,915
Parks and playground	574,245	490,008	(84,237)	502,699
Ball fields	21,275	18,500	(2,775)	21,165
Ice rinks	18,605	9,381	(9,224)	10,664
Water weed cutting	154,405	156,209	1,804	80,595
Total culture and recreation	1,036,540	898,876	(137,664)	837,806
Conservation and development				
Economic development	448,880	412,246	(36,634)	367,624
Waterfront parks and walkways	88,930	74,866	(14,064)	66,549
Engineering	269,175	231,740	(37,435)	253,322
Total conservation and development	806,985	718,852	(88,133)	687,495
Debt service				
Principal retirement	1,612,660	1,468,468	(144,192)	1,358,142
Interest and fiscal charges	350,000	341,152	(8,848)	319,539
Total debt service	1,962,660	1,809,620	(153,040)	1,677,681
Total expenditures	14,873,810	12,582,579	(2,291,231)	11,916,003
Excess (deficiency) of revenues over expenditures	(3,395,465)	(365,998)	3,029,467	(808,681)
Other Financing Sources (Uses):				
Transfers in	1,066,840	1,004,054	(62,786)	1,389,861
Transfers out	-	(392,696)	(392,696)	(46,042)
Total other financing sources (uses)	1,066,840	611,358	(455,482)	1,343,819
Net change in fund balance	(2,328,625)	245,360	2,573,985	535,138
Fund balance - beginning	6,903,282	6,903,282	-	6,368,144
Fund balance - ending	\$ 4,574,657	\$ 7,148,642	\$ 2,573,985	\$ 6,903,282

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
2022	0.05585241%	\$ 2,958,985	\$ 6,902,052	42.87%	95.72%
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
2023	\$ 761,113	\$ 761,113	-	\$ 7,180,330	10.60%
2022	672,740	672,740	-	6,902,052	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:

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

City of Sturgeon Bay, Wisconsin

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

	2022	2021	2020	2019	2018
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 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.
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 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%).

*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):

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	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	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation in	date of participation in	date of participation in	date of participation in
	WRS	WRS	in WRS	in WRS	in WRS
Amortization Period:	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
Asset Valuation Method:	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	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%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	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, 2023</i>	2017	2016	2015	2014	2013	
Retirement Age:	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 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 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 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 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 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
2022	0.12288300%	\$ 468,163	\$ 6,208,000	7.54%	38.81%
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
2023	\$ 2,465	\$ 2,465	-	\$ 6,000,000	0.04%
2022	2,281	2,281	-	6,208,000	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, 2023

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. The City budgets for employee health and retirement contributions as revenue and budgets the related expenditure. Generally accepted accounting principles requires employee contributions should be netted against the related expenditure so that difference of \$492,942 is the difference between the budgetary comparison schedule and the basic financial statements.

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.

Note 2: Excess of Expenditures over Budget Appropriations

For the year ended December 31, 2023, the following departments in the General Fund had actual expenditures in excess of budget appropriations:

Department	Budget	Actual
Legal/Special counsel	\$ 90,000	\$ 140,499
Computer	201,450	259,279
Fire department	2,215,760	2,344,496
Building/zoning	113,580	141,658
Public works administration	249,720	261,705
Curb and gutter	37,505	37,873
Roadway of streets	290,415	309,890
Highways	341,690	343,486
Street sweeping	44,280	51,413
Water weed cutting	154,405	156,209

Supplementary Financial Information

City of Sturgeon Bay, Wisconsin

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2023

	Cable TV	ARPA Grant Fund	Affordable Housing TID	TID No. 3	TID No. 4	TID No. 5
Assets:						
Cash	\$ 407,305	\$110,359	\$ -	\$ -	\$ -	\$ -
Investments	-	-	902,298	760,353	968,584	10,012
Receivables						
Taxes	-	-	-	82,935	126,579	29,340
Other	16,245	-	-	-	364	-
Total assets	\$ 423,550	\$110,359	\$902,298	\$843,288	\$1,095,527	\$ 39,352
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 364	\$ -
Due to other funds	-	-	-	727	199,185	477,710
Unearned grant revenue	-	107,108	-	-	-	-
Total liabilities	-	107,108	-	727	199,549	477,710
Deferred inflows of resources:						
Property taxes	-	-	-	82,935	126,579	29,340
Fund balances (deficits):						
Restricted	-	-	902,298	759,626	769,399	-
Assigned	423,550	3,251	-	-	-	-
Unassigned	-	-	-	-	-	(467,698)
Total fund balances (deficits)	423,550	3,251	902,298	759,626	769,399	(467,698)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 423,550	\$110,359	\$902,298	\$843,288	\$1,095,527	\$ 39,352

City of Sturgeon Bay, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10	Total Nonmajor Governmental Funds
Assets:						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,664
Investments	389,650	-	-	-	-	3,030,897
Receivables						
Taxes	50,578	1,809	-	-	-	291,241
Other	-	-	-	-	-	16,609
Total assets	\$ 440,228	\$ 1,809	\$ -	\$ -	\$ -	\$ 3,856,411
Liabilities:						
Accounts payable	\$ 156	\$ -	\$ 7,405	\$ -	\$ -	\$ 7,925
Due to other funds	24,335	17,640	31,813	15,992	47,476	814,878
Unearned grant revenue	-	-	-	-	-	107,108
Total liabilities	24,491	17,640	39,218	15,992	47,476	929,911
Deferred inflows of resources:						
Property taxes	50,578	1,809	-	-	-	291,241
Fund balances (deficits):						
Restricted	365,159	-	-	-	-	2,796,482
Assigned	-	-	-	-	-	426,801
Unassigned	-	(17,640)	(39,218)	(15,992)	(47,476)	(588,024)
Total fund balances (deficits)	365,159	(17,640)	(39,218)	(15,992)	(47,476)	2,635,259
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 440,228	\$ 1,809	\$ -	\$ -	\$ -	\$ 3,856,411

City of Sturgeon Bay, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (De
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Cable TV	ARPA Grant Fund	Affordable Housing TID	TID No. 3	TID No. 4	TID No. 5
Revenues:						
Taxes	\$ -	\$ -	\$823,515	\$ 75,755	\$126,883	\$ 9,646
Intergovernmental	30,322	553,000	46,320	-	81	-
Licenses and permits	128,927	-	-	-	-	-
Miscellaneous	1,302	2,179	32,463	39,507	282,566	366
Total revenues	160,551	555,179	902,298	115,262	409,530	10,012
Expenditures:						
Current:						
Conservation and development	81,406	-	-	877	283,762	203,005
Debt service:						
Principal	-	-	-	70,000	150,000	-
Interest	-	-	-	42,460	78,010	-
Capital outlay	7,269	553,000	-	-	18,841	71,640
Total expenditures	88,675	553,000	-	113,337	530,613	274,645
Excess of revenues over (under) expenditures	71,876	2,179	902,298	1,925	(121,083)	(264,633)
Other Financing Uses						
Long Term Debt Issued	-	-	-	-	-	-
Transfers in	-	-	-	-	336,000	-
Transfers out	(55,625)	-	-	-	-	-
Total other financing uses	(55,625)	-	-	-	336,000	-
Net Change in Fund Balances (Deficits)	16,251	2,179	902,298	1,925	214,917	(264,633)
Fund Balances (Deficits) - Beginning	407,299	1,072	-	757,701	554,482	(203,065)
Fund Balances (Deficits) - Ending	\$423,550	\$ 3,251	\$902,298	\$759,626	\$769,399	\$(467,698)

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, 2023

	TID No. 6	TID No. 7	TID No. 8	TID No.9	TID No. 10	Total Nonmajor Governmental Funds
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035,799
Intergovernmental	-	-	-	-	-	629,723
Licenses and permits	-	-	-	-	-	128,927
Miscellaneous	7,728	-	-	-	-	366,111
Total revenues	7,728	-	-	-	-	2,160,560
Expenditures:						
Current:						
Conservation and development	35,754	3,004	17,136	15,992	30,526	671,462
Debt service:						
Principal	-	-	-	-	-	220,000
Interest	21,325	-	-	-	-	141,795
Capital outlay	276,039	-	22,082	-	16,950	965,821
Total expenditures	333,118	3,004	39,218	15,992	47,476	1,999,078
Excess of revenues over (under) expenditures	(325,390)	(3,004)	(39,218)	(15,992)	(47,476)	161,482
Other Financing Uses						
Long Term Debt Issued	772,270	-	-	-	-	772,270
Transfers in	-	-	-	-	-	336,000
Transfers out	-	-	-	-	-	(55,625)
Total other financing uses	772,270	-	-	-	-	1,052,645
Net Change in Fund Balances (Deficits)	446,880	(3,004)	(39,218)	(15,992)	(47,476)	1,214,127
Fund Balances (Deficits) - Beginning	(81,721)	(14,636)	-	-	-	1,421,132
Fund Balances (Deficits) - Ending	\$ 365,159	\$ (17,640)	\$ (39,218)	\$ (15,992)	\$ (47,476)	\$ 2,635,259

City of Sturgeon Bay, Wisconsin

Combining Statement of Net Position Nonmajor Proprietary Funds December 31, 2023

	Solid Waste	Compost Site	Total
Assets:			
Current assets:			
Cash	\$ 362,476	\$ 126,290	\$ 488,766
Receivables			
Other	2,905	-	2,905
Prepaid items	2,856	438	3,294
Total current assets	<u>368,237</u>	<u>126,728</u>	<u>494,965</u>
Noncurrent assets:			
Net pension asset	-	-	-
Capital assets, depreciable	468,688	-	468,688
Total capital assets, net of accumulated depreciation	<u>468,688</u>	<u>-</u>	<u>468,688</u>
Total noncurrent assets	<u>468,688</u>	<u>-</u>	<u>468,688</u>
Total assets	<u>836,925</u>	<u>126,728</u>	<u>963,653</u>
Deferred outflows related to pensions	<u>146,523</u>	<u>-</u>	<u>146,523</u>
Total assets and deferred outflows of resources	<u>\$ 983,448</u>	<u>\$ 126,728</u>	<u>\$ 1,110,176</u>
Liabilities:			
Current liabilities:			
Other accrued liabilities	\$ 10,394	\$ 1,452	\$ 11,846
Accrued interest payable	2,299	-	2,299
Current portion of long-term debt	26,673	-	26,673
Total current liabilities	<u>39,366</u>	<u>1,452</u>	<u>40,818</u>
Noncurrent liabilities:			
General obligation debt	482,474	-	482,474
Total liabilities	<u>521,840</u>	<u>1,452</u>	<u>523,292</u>
Deferred inflows related to pensions	<u>82,165</u>	<u>-</u>	<u>82,165</u>
Total liabilities and deferred inflows of resources	<u>604,005</u>	<u>1,452</u>	<u>605,457</u>
Net position:			
Net investment in capital assets	(40,459)	-	(40,459)
Restricted	-	-	-
Unrestricted	419,902	125,276	545,178
Total net position	<u>379,443</u>	<u>125,276</u>	<u>504,719</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 983,448</u>	<u>\$ 126,728</u>	<u>\$ 1,110,176</u>

City of Sturgeon Bay, Wisconsin

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2023

	Solid Waste	Compost Site	Total
Operating revenues:			
Charges for services	\$ 557,678	\$ 157,864	\$ 715,542
Operating expenses:			
Operation and maintenance	504,022	89,923	593,945
Depreciation	94,755	-	94,755
Total operating expenses	598,777	89,923	688,700
Operating income	(41,099)	67,941	26,842
Nonoperating revenues (expenses):			
Other	53,256	-	53,256
Interest expense	(9,808)	-	(9,808)
Total nonoperating revenues (expenses)	43,448	-	43,448
Net income before transfers	2,349	67,941	70,290
Transfers out	(4,800)	-	(4,800)
Change in net position	(2,451)	67,941	65,490
Net position - beginning	381,894	57,335	439,229
Net position - ending	\$ 379,443	\$ 125,276	\$ 504,719