

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 31, 2023

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

Non-Rated

CITY OF SAINT CROIX FALLS, WISCONSIN (Polk County)

\$5,490,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023A

BID OPENING: September 11, 2023, 10:30 A.M., C.T. **CONSIDERATION:** September 11, 2023, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,490,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds") are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City of Saint Croix Falls, Wisconsin (the "City"), for the public purposes of financing street improvement projects, water system projects, sewerage projects, parks and public grounds projects and current refunding certain outstanding general obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: September 28, 2023

MATURITY: September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$95,000	2031	\$195,000	2038	\$355,000
2025	90,000	2032	290,000	2039	365,000
2026	130,000	2033	300,000	2040	380,000
2027	130,000	2034	310,000	2041	395,000
2028	135,000	2035	320,000	2042	495,000
2029	140,000	2036	335,000	2043	525,000
2030	155,000	2037	350,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: March 1, 2024 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on September 1, 2032 and thereafter are subject to call for prior optional redemption on September 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$5,421,375.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$109,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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

REPRESENTATIONS

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

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete.

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">GENERAL 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION 2</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES 2</p> <p style="padding-left: 20px;">SECURITY 3</p> <p style="padding-left: 20px;">RATING 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE..... 3</p> <p style="padding-left: 20px;">LEGAL MATTERS 3</p> <p style="padding-left: 20px;">TAX EXEMPTION..... 4</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT..... 4</p> <p style="padding-left: 20px;">BOND PREMIUM 5</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES..... 6</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS 6</p> <p style="padding-left: 20px;">RISK FACTORS..... 6</p> <p>VALUATIONS 9</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES 9</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS..... 10</p> <p style="padding-left: 20px;">2023 EQUALIZED VALUE BY CLASSIFICATION . . . 10</p> <p style="padding-left: 20px;">TREND OF VALUATIONS..... 10</p> <p style="padding-left: 20px;">LARGER TAXPAYERS..... 11</p> <p>DEBT 11</p> <p style="padding-left: 20px;">DIRECT DEBT 11</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY 12</p> <p style="padding-left: 20px;">FUTURE FINANCING..... 12</p> <p style="padding-left: 20px;">DEBT LIMIT 12</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT 13</p> <p style="padding-left: 20px;">SCHEDULE OF SEWERAGE REVENUE DEBT..... 15</p> <p style="padding-left: 20px;">SCHEDULE OF WATER REVENUE DEBT 16</p> <p style="padding-left: 20px;">OVERLAPPING DEBT 17</p> <p style="padding-left: 20px;">DEBT RATIOS..... 17</p>	<p>TAX LEVIES AND COLLECTIONS 18</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS 18</p> <p style="padding-left: 20px;">PROPERTY TAX RATES 19</p> <p style="padding-left: 20px;">ASSESSED TAX RATES..... 19</p> <p style="padding-left: 20px;">LEVY LIMITS 19</p> <p style="padding-left: 20px;">REVENUE FROM THE STATE 21</p> <p>THE ISSUER 21</p> <p style="padding-left: 20px;">CITY GOVERNMENT..... 21</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS 21</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS..... 22</p> <p style="padding-left: 20px;">LITIGATION 22</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY..... 23</p> <p style="padding-left: 20px;">FUNDS ON HAND 23</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS..... 24</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION..... 25</p> <p>GENERAL INFORMATION..... 26</p> <p style="padding-left: 20px;">LOCATION 26</p> <p style="padding-left: 20px;">LARGER EMPLOYERS 26</p> <p style="padding-left: 20px;">BUILDING PERMITS 27</p> <p style="padding-left: 20px;">U.S. CENSUS DATA 28</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA..... 28</p> <p>FINANCIAL STATEMENTS..... A-1</p> <p>FORM OF LEGAL OPINION B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE D-1</p> <p>NOTICE OF SALE..... E-1</p> <p>BID FORM</p>
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**CITY OF SAINT CROIX FALLS
COMMON COUNCIL**

		<u>Term Expires</u>
Kirk Anderson	Mayor	April 2024
Shannon Donaghue	Council Member	April 2025
Craig Lien	Council Member	April 2024
Joe Snyder	Council Member	April 2024
Warren White	Council Member	April 2025

ADMINISTRATION

Gail Bibeau, City Treasurer
Joel B. West, City Administrator
Sarah Jensen, City Clerk

PROFESSIONAL SERVICES

Paul Mahler, City Attorney, New Richmond, Wisconsin
Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Saint Croix Falls, Wisconsin (the "City") and the issuance of its \$5,490,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on September 11, 2023.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of September 28, 2023. The Bonds will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after September 1, 2032 shall be subject to optional redemption prior to maturity on September 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purposes of financing street improvement projects, water system projects, sewerage projects, parks and public grounds projects and current refunding the City's General Obligation Promissory Note, Series 2022A, dated December 27, 2022 (the "Series 2022A Note") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded
Series 2022A Note	12/27/22	10/3/23	Par	2024	4.39%	<u>\$1,500,000</u>
Total Series 2022A Note Being Refunded						<u>\$1,500,000</u>

A portion of the proceeds of the Bonds will be used to call and prepay the Series 2022A Note.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	<u>\$5,490,000</u>	
Total Sources		\$5,490,000

Uses

Estimated Underwriter's Discount	\$68,625	
Costs of Issuance	65,600	
Deposit to Construction Fund	3,800,609	
Deposit to Current Refunding Fund	1,550,485	
Rounding Amount	<u>4,681</u>	
Total Uses		\$5,490,000

*Preliminary, subject to change.

SECURITY

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

RATING

None of the outstanding indebtedness of the City is currently rated, except for insured issues, and the City has not requested a rating on the Bonds.

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

CONTINUING DISCLOSURE

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

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

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

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

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

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by CliftonLarsonAllen, LLP, Eau Claire, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". As described in the Independent Auditor's Report, the City has not adopted Governmental Accounting Standards Board Statement No. 68. Accounting and Financial Reporting for Pensions ("GASB 68"), and the amount by which the departure would affect the assets, liabilities, deferred outflow of resources, deferred inflow of resources, net position, and expenses has not been determined. The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

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

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

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

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

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the Bonds for resale prior to maturity.

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

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$33,946. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half received in 2022. The City's allocation was \$214,152.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$300,207,100
2022 Assessed Value ¹	\$204,035,800

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value	Percent of Total Equalized Value
Residential	\$203,743,400	67.868%
Commercial	78,836,500	26.261%
Manufacturing	9,600,900	3.198%
Agricultural	48,600	0.016%
Undeveloped	172,300	0.057%
Ag Forest	42,000	0.014%
Forest	930,000	0.310%
Personal Property	<u>6,833,400</u>	<u>2.276%</u>
Total	<u><u>\$300,207,100</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value²	Percent Increase/Decrease in Equalized Value
2019	\$197,110,000	\$235,552,100	10.29%
2020	199,693,500	251,340,200	6.70%
2021	199,987,100	267,610,000	6.47%
2022	204,035,800	297,461,900	11.16%
2023	n/a ¹	300,207,100	0.92%

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

¹ 2023 Assessed Values are not yet available.

² Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2022 Equalized Value ¹	Percent of City's Total Equalized Value
Walmart ²	Retail store	\$15,374,198	5.17%
Menard, Inc.	Retail store	11,906,165	4.00%
BamFam	Nonprofit organization	6,249,982	2.10%
WTG Investments	Staff agency	5,109,036	1.72%
Coborns	Grocery store	4,926,362	1.66%
St. Croix Regional Medical Center	Hospital	3,308,977	1.11%
Johnson Motors	Auto dealership	2,829,768	0.95%
Maynards Development	Retain and gas station	2,691,122	0.90%
Pine Ridge Apartments	Residential	2,512,531	0.84%
RAR Properties LLC	Residential	<u>2,250,985</u>	<u>0.76%</u>
Total		\$57,159,126	19.22%
City's Total 2022 Equalized Value ³		\$297,461,900	

Source: The City.

DEBT

DIRECT DEBT⁴

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$9,133,657</u>
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*Preliminary, subject to change.

¹ Calculated by dividing the 2022 Assessed Values by the 2022 Aggregate Ratio of assessment for the City. Information for 2023 is not yet available.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

⁴ Outstanding debt is as of the dated date of the Bonds and excludes the obligations to be refunded.

Revenue Debt (see schedules following)

Total revenue debt secured by sewerage revenues	<u>\$2,748,060</u>
Total revenue debt secured by water revenues	<u>\$784,402</u>

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City is considering a borrowing through a State Trust Fund Loan in the amount of approximately \$350,000 for downtown building projects, and the City is also considering a Safe Drinking Water Loan in the amount of approximately \$2,000,000 for a booster station project, but the final amount and timing of any such borrowings have not yet been determined. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

DEBT LIMIT

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

Equalized Value	\$300,207,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$15,010,355
Less: General Obligation Debt*	<u>(9,133,657)</u>
Unused Debt Limit*	<u>\$5,876,698</u>

*Preliminary, subject to change.

City of Saint Croix Falls, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 09/28/2023)

	Promissory Note		Sewerage System Promissory Notes Series 2017		Promissory Note		Promissory Notes Series 2021A		Corporate Purpose Bonds Series 2021B	
Dated Amount	10/27/2014 \$125,000		12/27/2017 \$699,424		07/29/2020 \$205,000		12/15/2021 \$1,155,000		12/15/2021 \$1,995,000	
Maturity	12/01		05/01		10/15		11/01		11/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	14,044	481	0	2,670	19,312	4,281	100,000	6,625	85,000	16,778
2024			33,708	5,162	19,792	3,802	115,000	12,250	85,000	32,706
2025			34,064	4,804	20,304	3,290	120,000	11,100	85,000	31,856
2026			34,423	4,443	20,818	2,775	120,000	9,900	90,000	31,006
2027			34,787	4,077	21,346	2,248	120,000	8,700	95,000	30,106
2028			35,154	3,708	21,882	1,711	120,000	7,140	95,000	28,919
2029			35,525	3,335	22,442	1,152	120,000	5,580	95,000	27,731
2030			35,901	2,958	23,010	583	120,000	3,720	95,000	25,831
2031			36,280	2,577			120,000	1,860	95,000	23,931
2032			36,663	2,192					100,000	22,031
2033			37,050	1,802					100,000	20,031
2034			37,441	1,409					100,000	18,031
2035			37,837	1,012					105,000	16,031
2036			38,236	610					110,000	13,931
2037			38,640	204					110,000	11,731
2038									110,000	9,531
2039									115,000	7,331
2040									115,000	4,888
2041									115,000	2,444
2042										
2043										
	14,044	481	505,707	40,963	168,906	19,844	1,055,000	66,875	1,900,000	374,847

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City of Saint Croix Falls, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 09/28/2023)

Corporate Purpose Bonds
 Series 2023A

Dated	09/28/2023							
Amount	\$5,490,000*							
Maturity	09/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	0	0	218,357	30,835	249,192	8,915,301	2.39%	2023
2024	95,000	224,634	348,499	278,555	627,054	8,566,802	6.21%	2024
2025	90,000	238,858	349,367	289,908	639,276	8,217,435	10.03%	2025
2026	130,000	235,123	395,242	283,247	678,489	7,822,193	14.36%	2026
2027	130,000	229,923	401,133	275,054	676,187	7,421,060	18.75%	2027
2028	135,000	224,788	407,036	266,266	673,302	7,014,024	23.21%	2028
2029	140,000	219,455	412,967	257,253	670,220	6,601,057	27.73%	2029
2030	155,000	213,925	428,911	247,017	675,928	6,172,146	32.42%	2030
2031	195,000	207,803	446,280	236,170	682,450	5,725,866	37.31%	2031
2032	290,000	200,003	426,663	224,225	650,888	5,299,203	41.98%	2032
2033	300,000	188,403	437,050	210,236	647,286	4,862,154	46.77%	2033
2034	310,000	176,103	447,441	195,543	642,984	4,414,712	51.67%	2034
2035	320,000	163,238	462,837	180,280	643,117	3,951,876	56.73%	2035
2036	335,000	149,638	483,236	164,179	647,415	3,468,640	62.02%	2036
2037	350,000	134,898	498,640	146,833	645,473	2,970,000	67.48%	2037
2038	355,000	119,148	465,000	128,679	593,679	2,505,000	72.57%	2038
2039	365,000	102,818	480,000	110,149	590,149	2,025,000	77.83%	2039
2040	380,000	85,845	495,000	90,733	585,733	1,530,000	83.25%	2040
2041	395,000	67,985	510,000	70,429	580,429	1,020,000	88.83%	2041
2042	495,000	49,223	495,000	49,223	544,223	525,000	94.25%	2042
2043	525,000	25,463	525,000	25,463	550,463	0	100.00%	2043
	5,490,000	3,257,266	9,133,657	3,760,276	12,893,933			

* Preliminary, subject to change.

City of Saint Croix Falls, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Sewerage Revenues
 (As of 09/28/2023)

Sewerage System Revenue Bonds
 Series 2013

Dated		09/25/2013						
Amount		\$6,507,396						
Maturity		05/01						
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	0	36,068	0	36,068	36,068	2,748,060	.00%	2023
2024	243,885	68,936	243,885	68,936	312,820	2,504,175	8.87%	2024
2025	250,287	62,450	250,287	62,450	312,736	2,253,888	17.98%	2025
2026	256,857	55,793	256,857	55,793	312,650	1,997,031	27.33%	2026
2027	263,599	48,962	263,599	48,962	312,562	1,733,432	36.92%	2027
2028	270,519	41,952	270,519	41,952	312,471	1,462,913	46.77%	2028
2029	277,620	34,758	277,620	34,758	312,378	1,185,293	56.87%	2029
2030	284,907	27,375	284,907	27,375	312,282	900,386	67.24%	2030
2031	292,386	19,798	292,386	19,798	312,184	607,999	77.88%	2031
2032	300,061	12,022	300,061	12,022	312,083	307,938	88.79%	2032
2033	307,938	4,042	307,938	4,042	311,980	0	100.00%	2033
	2,748,060	412,154	2,748,060	412,154	3,160,214			

City of Saint Croix Falls, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 09/28/2023)

Water System Revenue Bonds
Series 2017

Dated		06/14/2017						
Amount		\$1,084,390						
Maturity		05/01						
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	0	4,400	0	4,400	4,400	784,402	.00%	2023
2024	52,056	8,509	52,056	8,509	60,565	732,345	6.64%	2024
2025	52,641	7,922	52,641	7,922	60,562	679,705	13.35%	2025
2026	53,231	7,328	53,231	7,328	60,559	626,474	20.13%	2026
2027	53,828	6,727	53,828	6,727	60,555	572,645	27.00%	2027
2028	54,432	6,120	54,432	6,120	60,552	518,213	33.94%	2028
2029	55,043	5,506	55,043	5,506	60,549	463,170	40.95%	2029
2030	55,661	4,885	55,661	4,885	60,545	407,509	48.05%	2030
2031	56,285	4,257	56,285	4,257	60,542	351,224	55.22%	2031
2032	56,917	3,621	56,917	3,621	60,538	294,307	62.48%	2032
2033	57,555	2,979	57,555	2,979	60,535	236,752	69.82%	2033
2034	58,201	2,330	58,201	2,330	60,531	178,551	77.24%	2034
2035	58,854	1,673	58,854	1,673	60,527	119,697	84.74%	2035
2036	59,514	1,009	59,514	1,009	60,524	60,182	92.33%	2036
2037	60,182	338	60,182	338	60,520	0	100.00%	2037
	784,402	67,602	784,402	67,602	852,004			

OVERLAPPING DEBT¹

Taxing District	Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Polk County	\$7,930,198,900	3.7856%	\$4,983,764	\$188,665
Saint Croix Falls School District	1,127,598,894 ⁴	26.3801%	18,515,000	4,884,276
Northwood Technical College	48,867,525,052 ⁴	0.6087%	41,685,000	<u>253,737</u>
City's Share of Total Overlapping Debt				<u><u>\$5,326,677</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$300,207,100	Debt/ Per Capita 2,238⁵
Total General Obligation Debt*	\$9,133,657	3.04%	\$4,081.17
City's Share of Total Overlapping Debt	<u>5,326,677</u>	<u>1.77%</u>	<u>\$2,380.11</u>
Total*	\$14,460,334	4.81%	\$6,461.28

*Preliminary, subject to change.

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

² Includes tax increment valuation.

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

⁴ 2022 equalized values. 2023 equalized values are expected to be certified in October 2023.

⁵ Preliminary estimated 2023 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2018/19	\$951,796	100%	\$6.21
2019/20	1,009,067	100%	6.07
2020/21	1,338,470	100%	5.33
2021/22	1,340,448	100%	5.01
2022/23	1,367,541	100%	4.60

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

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

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools ¹	County	Local	Total
2018/19	\$9.60	\$4.77	\$6.21	\$20.58
2019/20	9.66	4.52	6.07	20.25
2020/21	9.32	4.20	5.33	18.85
2021/22	9.09	3.90	5.01	18.00
2022/23	7.75	3.34	4.60	15.69

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

ASSESSED TAX RATES

The following are the historical city tax levies per \$1,000 of assessed value and constitute the City's portion of the combined mill rate for all of the taxing jurisdictions.

2022 Payable 2023	6.70%
2021 Payable 2022	6.70%
2020 Payable 2021	6.70%

LEVY LIMITS

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and

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

by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

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

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

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

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

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

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

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City to begin in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$214,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$147,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if state sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1887 and is governed by a Mayor and a four-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Treasurer, City Administrator and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 17 full-time and six (6) part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$65,676, \$79,526 and \$83,971, respectively.

The City has not implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") (see "THE NOTES - Independent Auditors" above).

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.A. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Teamsters Union	December 31, 2023
Wisconsin Professional Police Association	December 31, 2025

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of December 31, 2022)

Fund	Total Cash and Investments
General	\$301,459
Special Revenue/CDA	2,734,118
Debt Service	38,661
Capital Projects	336,089
Water Utility	1,362,464
Other Non-major Governmental Funds	<u>227,623</u>
Total Funds on Hand	<u><u>\$5,000,414</u></u>

ENTERPRISE FUNDS

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

	2020	2021	2022
	Audited	Audited	Audited
Water			
Total Operating Revenues	\$718,762	\$763,648	\$732,021
Less: Operating Expenses	<u>(452,050)</u>	<u>(1,151,986)</u>	<u>(585,539)</u>
Operating Income	\$266,712	(\$388,338)	\$146,482
Plus: Depreciation	143,198	147,410	152,198
Interest Income	<u>4,852</u>	<u>2,868</u>	<u>4,843</u>
Revenues Available for Debt Service	<u><u>\$414,762</u></u>	<u><u>(\$238,060)</u></u>	<u><u>\$303,523</u></u>
Sewer			
Total Operating Revenues	\$746,396	\$816,030	\$714,107
Less: Operating Expenses	<u>(821,442)</u>	<u>(856,827)</u>	<u>(905,707)</u>
Operating Income	(\$75,046)	(\$40,797)	(\$191,600)
Plus: Depreciation	373,229	375,391	377,768
Interest Income	<u>382</u>	<u>346</u>	<u>387</u>
Revenues Available for Debt Service	<u><u>\$298,565</u></u>	<u><u>\$334,940</u></u>	<u><u>\$186,555</u></u>

SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT

	2019	2020	2021	2022	2023
	Audited	Audited	Audited	Audited	Adopted Budget ¹
Revenues					
Taxes	\$869,161	\$983,369	\$1,323,815	\$1,330,055	\$1,227,541
Special assessments	11,235	11,255	11,254	11,007	10,970
Intergovernmental	437,153	452,865	497,755	553,193	587,613
Licenses and permits	72,087	48,165	69,039	74,592	63,504
Fines and forfeits	40,405	45,944	57,896	51,852	50,250
Public charges for services	42,537	41,813	21,582	13,457	11,136
Intergovernmental charges for services	51,267	56,390	63,454	93,105	46,800
Miscellaneous	307,566	259,200	216,480	244,206	159,607
Total Revenues	\$1,831,411	\$1,899,001	\$2,261,275	\$2,371,467	\$2,157,421
Expenditures					
Current:					
General government	\$386,818	\$362,994	\$368,445	\$384,887	\$375,680
Public safety	946,161	929,132	1,030,890	1,120,105	1,113,833
Transportation	547,781	481,937	517,532	602,268	529,089
Sanitation	21,742	22,208	18,867	53,265	24,965
Health and Human Services	3,606	3,609	5,000	5,000	6,050
Culture, recreation and education	18,589	77,098	124,280	118,259	19,100
Conservation and development	16,210	13,607	17,158	23,598	41,745
Debt Service	0	0	0	2,100	0
Total Expenditures	\$1,940,907	\$1,890,585	\$2,082,172	\$2,309,482	\$2,110,462
Excess of revenues over (under) expenditures	(\$109,496)	\$8,416	\$179,103	\$61,985	\$46,959
Other Financing Sources (Uses)					
Issuance of Long-Term Debt	\$50,250	\$0	\$0	\$0	\$0
Sale of Capital Assets	0	38,175	69,402	2,500	0
Transfers in	228,705	86,131	83,660	121,758	205,153
Transfers out	(68,345)	(125,645)	(254,298)	(241,798)	(235,600)
Total Other Financing Sources (Uses)	\$210,610	(\$1,339)	(\$101,236)	(\$117,540)	(\$30,447)
Net changes in Fund Balances	\$101,114	\$7,077	\$77,867	(\$55,555)	\$16,512
General Fund Balance January 1	\$132,340	\$233,454	\$240,531	\$318,398	\$262,843
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$233,454	\$240,531	\$318,398	\$262,843	\$279,355
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$450	\$1,033	\$886	\$965	
Restricted	34,272	2,780	4,860	4,161	
Assigned	56,657	33,825	17,377	13,672	
Unassigned	142,075	202,893	295,275	244,045	
Total	\$233,454	\$240,531	\$318,398	\$262,843	

¹ The 2023 budget was adopted on November 14, 2022.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 2,208 and a current preliminary estimated population of 2,238 comprises an area of 4.78 square miles, and is located approximately 45 miles northeast of the Minneapolis-St. Paul, Minnesota metropolitan area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
St. Croix Regional Medical Center	Hospital	749
Wal-Mart	Discount retail	400
Saint Croix Falls School District	Elementary and secondary education	244
Menards	Home improvement store	151
Market Place Foods	Grocery store	79
McDonald's	Restaurant	78
Devine Rehabilitation and Nursing	Nursing home	63
Thermal Plastic Design, Inc.	Manufactured plastic molds	50
Holiday Inn Express	Hotel	39
Equus Magnificus	Manufacture horse products	25

Source: The City.

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

BUILDING PERMITS (as of July 31, 2023)

	2019	2020	2021	2022	2023
<u>New Single Family Homes</u>					
No. of building permits	15	5	14	11	11
Valuation	\$2,047,500	\$1,129,000	\$3,326,879	\$2,723,651	\$2,730,215
<u>New Multiple Family Buildings</u>					
No. of building permits	1	2	2	1	4
Valuation	\$320,000	\$640,000	\$640,000	\$320,000	\$640,000
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	1	1	2
Valuation	\$0	\$70,000	\$130,000	\$2,500,000	\$380,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	64	43	67	51	51
Valuation	\$5,117,641	\$2,492,480	\$20,691,037	\$5,160,716	\$8,408,749

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	2,133
2020 U.S. Census Population	2,208
Percent of Change 2010 - 2020	3.52%
2023 Preliminary Estimated Population	2,238

Income and Age Statistics

	The City	Polk County	State of Wisconsin	United States
2021 per capita income	\$37,117	\$34,295	\$36,754	\$37,638
2021 median household income	\$58,192	\$67,878	\$67,080	\$69,021
2021 median family income	\$60,556	\$79,061	\$85,623	\$85,028
2021 median gross rent	\$798	\$817	\$916	\$1,163
2021 median value owner occupied units	\$172,000	\$194,100	\$200,400	\$244,900
2021 median age	50.0 yrs.	46.3 yrs.	39.6 yrs.	38.4 yrs.

	State of Wisconsin	United States
City % of 2021 per capita income	100.99%	98.62%
City % of 2021 median family income	70.72%	71.22%

Housing Statistics

	<u>The City</u>		
	2020	2021	Percent of Change
All Housing Units	1,125	1,024	-8.98%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Polk County	Polk County	State of Wisconsin	
2019	23,632	3.8%	3.2%	
2020	22,900	7.2%	6.4%	
2021	23,505	4.3%	3.8%	
2022	23,447	3.8%	2.9%	¹
2023, June	24,634 ¹	3.4% ¹	3.4%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary

FINANCIAL STATEMENTS

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

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

CITY OF ST. CROIX FALLS, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022



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**CITY OF ST. CROIX FALLS, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIS FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	16
STATEMENT OF ACTIVITIES	17
BALANCE SHEET – GOVERNMENTAL FUNDS	18
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES	19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	23
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	24
STATEMENT OF NET POSITION – FIDUCIARY FUNDS	26
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS	27
NOTES TO BASIC FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE	58
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	59
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
A-1 - COMBINING BALANCE SHEET	62
A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	63
GENERAL FUND	
B-1 – DETAILED BALANCE SHEET	64
B-2 - STATEMENT OF CHANGES IN FUND BALANCES	65
B-3 – DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	66

**CITY OF ST. CROIX FALLS, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

WATER UTILITY ENTERPRISE FUND	
D-1 - STATEMENT OF NET POSITION	71
D-2 - COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	72
D-3 - STATEMENT OF CASH FLOWS	73
D-4 – SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES	74
SEWER UTILITY ENTERPRISE FUND	
D-5 - STATEMENT OF NET POSITION	75
D-6 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	76
D-7 - STATEMENT OF CASH FLOWS	77
D-8 – SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES	78



INDEPENDENT AUDITORS' REPORT

City Council
City of St. Croix Falls
St. Croix Falls, Wisconsin

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 St. Croix Falls, Wisconsin (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and proprietary funds of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Governmental Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the City of St. Croix Falls as of December 31, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of St. Croix Falls 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds

The City has not adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Accounting principles generally accepted in the United States of America require that the City's financial statements include amounts and disclosures related to participation in the Wisconsin Retirement System cost-sharing, multiple-employer defined benefit pension plan. The amount by which the departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, and expenses has not been determined.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 3.E to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Croix Falls' 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 of St. Croix Falls' 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.

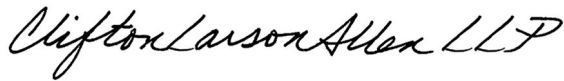
Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2022, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund statements and schedules for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for the effects on the individual fund financial statements and schedules presented for the Water Utility Enterprise Fund and the Sewer Utility Enterprise Fund of the qualified opinion on the Proprietary Funds as explained in the Matter Giving Rise to the Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds section, the individual and combining fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

We have also previously audited, in accordance with GAAS, the basic financial statements of the City as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated July 15, 2022, which contained unmodified opinions on the respective financial statements of each major governmental fund and the aggregate remaining fund information and a qualified opinion on the Governmental Activities, Business-Type Activities, and Proprietary Funds, resulting from the City not adopting GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. The individual fund statements and schedules for the year ended December 31, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for the effects on the individual fund financial statements and schedules presented for the Water Utility Enterprise Fund and the Sewer Utility Enterprise Fund of the qualified opinions described above, the individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
June 14, 2023

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

As management of the City of St. Croix Falls, (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the year ended December 31, 2022. Please consider this information in conjunction with the City's financial statements, which begin on page 17 following this narrative.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2022 include the following:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,565,906 (*net position*). Of this amount, \$22,258,752 represented the City's net investment in capital assets, \$1,086,278 was held for restricted purposes, and \$3,220,876 was unrestricted. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City's total net position decreased by \$1,759,126. Net position related to the business-type activities of the City decreased \$229,429, while net position related to governmental activities decreased \$1,529,697.
- Net investment in capital assets decreased \$564,223. This decrease is the result of the cost of acquisitions being less than depreciation expense.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$3,347,773, a decrease of \$775,440 from the previous year.
- At the end of 2022, the unassigned general fund balance totaled \$244,045 or 10.6% of the general fund expenditures.
- The City's total long-term debt and other long-term obligations increased \$912,955 during the current fiscal year. The City issued \$1,500,000 of general obligation notes for the purpose of financing various projects and equipment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The two 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, deferred outflows of resources, liabilities and deferred 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.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Government-wide Financial Statements (Continued)

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

Both of the government-wide financial statements distinguish those 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 service charges (*business-type activities*). The governmental activities of the City include general government, public safety, transportation facilities, sanitation, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the City include a water utility and a sewer utility.

The government-wide financial statements can be found beginning on page 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 governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

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

The City maintains 9 individual governmental funds. For report purposes, the City considers its individual debt service funds as one fund. 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, debt service fund, community development authority fund, capital projects fund and capital improvements plan fund which are considered to be major funds. Data from the other 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 in the supplementary information section.

The basic governmental fund financial statements can be found beginning on page 18 of this report.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Proprietary Funds: The City maintains one type of proprietary fund – enterprise funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water utility and sewer utility.

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 each of the enterprise funds, which are all considered to be major funds of the City.

The basic proprietary fund financial statements can be found beginning on page 22 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains a custodial fund to account for advance tax collections for other taxing agencies and a room tax committee fund.

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the Financial Statements

The notes to the basic financial statements provide additional detail 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 beginning on page 28 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 57 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds, individual fund statements and schedules for selected funds. This supplementary information section of the report begins on page 60.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,565,906 at the close of 2022. The largest portion of the net position (83.79%) reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the City's statement of net position:

**Condensed Statement of Net Position
December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 6,744,124	\$ 6,295,617	\$ 1,841,817	\$ 2,127,420	\$ 8,585,941	\$ 8,423,037
Capital Assets	13,882,459	13,488,478	16,811,120	16,924,889	30,693,579	30,413,367
Total Assets	20,626,583	19,784,095	18,652,937	19,052,309	39,279,520	38,836,404
Long-Term Debt Outstanding	3,762,139	2,657,795	5,295,649	5,457,463	9,057,788	8,115,258
Other Long-Term Obligations	88,725	94,496	34,558	30,682	123,283	125,178
Other Liabilities	619,004	849,778	57,699	69,704	676,703	919,482
Total Liabilities	4,469,868	3,602,069	5,387,906	5,557,849	9,857,774	9,159,918
Deferred Inflows of Resources	2,855,840	1,351,454	-	-	2,855,840	1,351,454
Net Position:						
Net Investment in						
Capital Assets	10,152,234	10,725,003	12,106,518	12,097,972	22,258,752	22,822,975
Restricted	742,266	1,060,940	344,012	341,493	1,086,278	1,402,433
Unrestricted	2,406,375	3,044,629	814,501	1,054,995	3,220,876	4,099,624
Total Net Position	\$ 13,300,875	\$ 14,830,572	\$ 13,265,031	\$ 13,494,460	\$ 26,565,906	\$ 28,325,032

An additional portion of the City's net position (4.09%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$3,220,876 of net position (12.12%) may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$814,501 of this unrestricted net position is related to the City's business-type activities. Consequently, it generally may not be available to fund governmental activities.

At the end of 2022, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

The condensed statement of changes in net position presented below shows that total net position of the City decreased \$1,759,126, approximately 6.21%. The decrease consisted of a decrease in net position related to governmental activities in the amount of \$1,529,697 and a decrease in net position related to business-type activities in the amount of \$229,429. The overall decrease in net position of business-type activities consisted of an increase of \$54,411 in the water utility and a decrease of \$283,840 in the sewer utility.

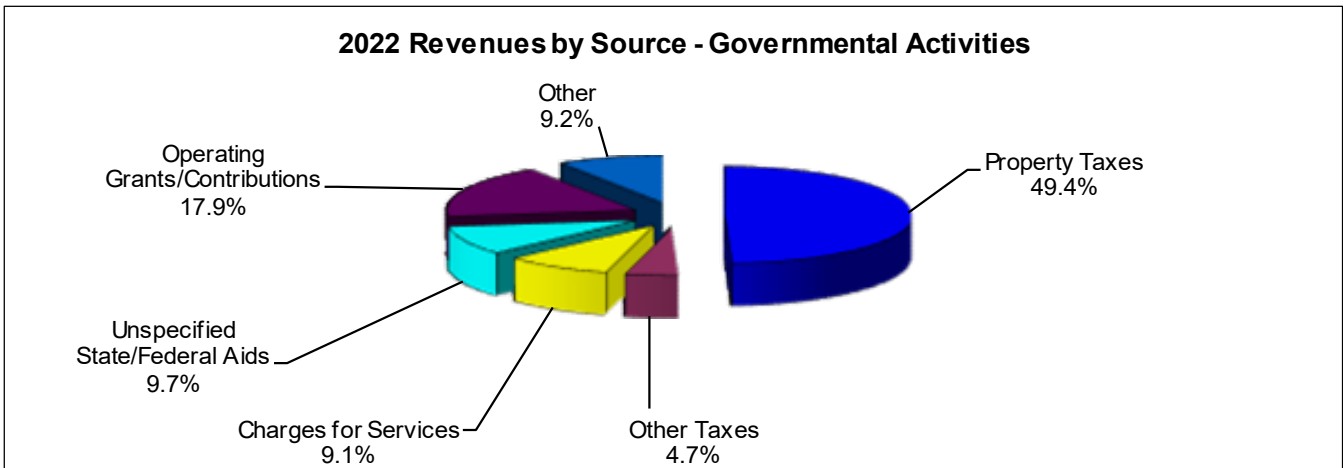
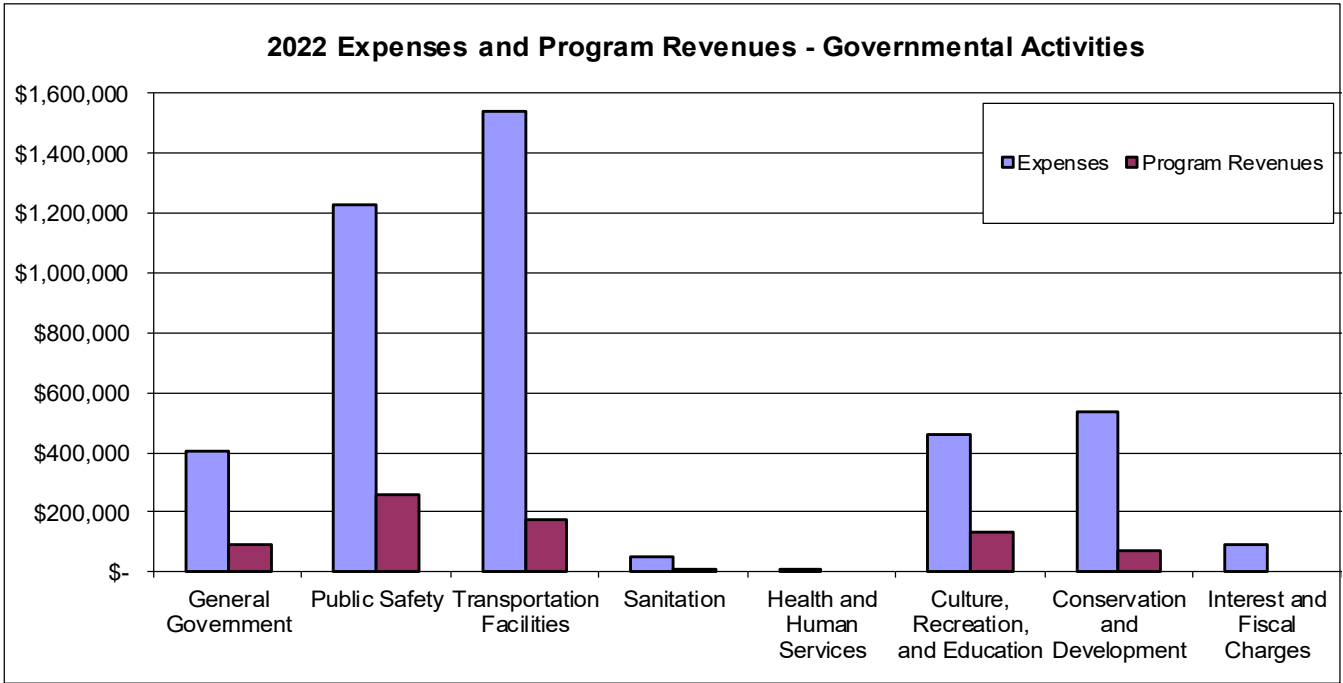
The following is a summary of the changes in the City's net position for the years ended December 31, 2022 and 2021:

**Condensed Statement of Changes in Net Position
Years Ended December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 247,752	\$ 220,953	\$ 1,446,128	\$ 1,579,678	\$ 1,693,880	\$ 1,800,631
Operating Grants and Contributions	485,347	334,931	-	-	485,347	334,931
Capital Grants and Contributions	200	7,544	-	-	200	7,544
General Revenues:						
Property Taxes	1,340,448	1,338,470	-	-	1,340,448	1,338,470
Other Taxes	126,607	120,345	-	-	126,607	120,345
State and Federal Aids not Restricted to Specific Programs	264,170	287,597	-	-	264,170	287,597
Other Revenues	249,474	286,032	5,230	3,214	254,704	289,246
Total Revenues	2,713,998	2,595,872	1,451,358	1,582,892	4,165,356	4,178,764
Expenses:						
General Government	401,823	384,714	-	-	401,823	384,714
Public Safety	1,229,051	1,124,940	-	-	1,229,051	1,124,940
Transportation Facilities	1,539,182	868,181	-	-	1,539,182	868,181
Sanitation	53,265	18,867	-	-	53,265	18,867
Health and Human Services	5,000	5,000	-	-	5,000	5,000
Culture, Recreation, and Education	461,331	445,745	-	-	461,331	445,745
Conservation and Development	535,127	431,486	-	-	535,127	431,486
Debt Service	94,239	125,970	-	-	94,239	125,970
Water	-	-	607,130	1,193,983	607,130	1,193,983
Sewer	-	-	998,334	964,811	998,334	964,811
Total Expenses	4,319,018	3,404,903	1,605,464	2,158,794	5,924,482	5,563,697
Change in Net Position before Transfers	(1,605,020)	(809,031)	(154,106)	(575,902)	(1,759,126)	(1,384,933)
Transfers	75,323	(218,089)	(75,323)	218,089	-	-
Change in Net Position	(1,529,697)	(1,027,120)	(229,429)	(357,813)	(1,759,126)	(1,384,933)
Net Position, Beginning of Year	14,830,572	15,857,692	13,494,460	13,852,273	28,325,032	29,709,965
Net Position - End of Year	\$ 13,300,875	\$ 14,830,572	\$ 13,265,031	\$ 13,494,460	\$ 26,565,906	\$ 28,325,032

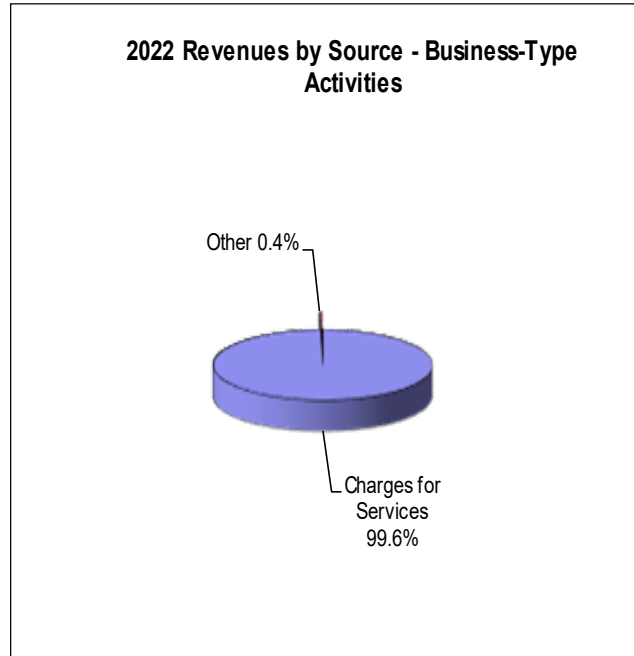
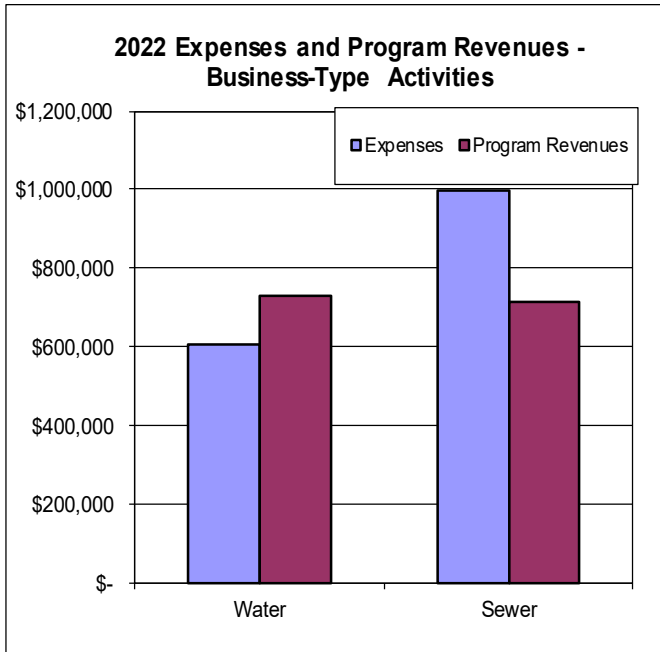
A review of the statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The charts on the following page draw data from the statement of activities.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**



For governmental activities, the City was primarily dependent on property taxes (49.4%), operating grants/contributions (17.9%) and unspecified state and federal aids (9.7%) for funding 2022 expenses. The decrease in unspecified state/federal aids in the current year is mainly attributed to the less state shared revenues received during 2022.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**



In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (99.6%) replace property taxes as the primary source of revenue.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR 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 regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2022 the City's governmental funds reported combined ending fund balances of \$3,347,773 a decrease of \$775,440, from the previous year. The governmental funds comprising this balance are shown on the following page:

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

	Fund Balances at December 31, 2022					Total	Current Year Change
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 965	\$ 4,161	\$ -	\$ 13,672	\$ 244,045	\$ 262,843	\$ (55,555)
Debt Service Fund:	-	38,661	-	-	-	38,661	(6,426)
Community Development Authority Fund	-	565,371	-	2,293,701	-	2,859,072	(396,839)
Capital Projects Fund	-	80,250	-	-	-	80,250	(37,001)
Capital Improvements Plan Fund	-	92,484	-	-	-	92,484	(264,715)
Nonmajor Funds:							
Special Revenue Funds:							
Library Fund	-	-	-	-	(10,063)	(10,063)	(1,633)
Parks and Recreation Fund	-	-	17,439	-	-	17,439	2,998
Capital Projects Fund:							
Wilberg Blvd Improvements Fund	-	-	-	6,890	-	6,890	(16,435)
ARPA Fund	-	-	-	197	-	197	166
Total	<u>\$ 965</u>	<u>\$ 780,927</u>	<u>\$ 17,439</u>	<u>\$ 2,314,460</u>	<u>\$ 233,982</u>	<u>\$ 3,347,773</u>	<u>\$ (775,440)</u>

Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the governmental imposes upon itself by high-level action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

The general fund is the primary operating fund used to account for the governmental operations of the City. The general fund's total fund balance decreased \$55,555 during the year, while the unassigned portion of the fund decreased \$51,230 to a balance of \$244,045.

As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 11.4% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance of \$244,045 represented 10.6% of the same amount.

The balance in debt service funds at December 31, 2022 was \$38,661 due to a transfer of tax appropriations from the general fund and will be used to fund future debt repayments.

The Community Development Authority Fund (CDA) is used to account for various City projects pursuant to Wisconsin State Statute 66.1331 for blighted area properties. Included in ending fund balance of the CDA is unspent donor contributions in the amount of \$565,371 which is restricted for specific projects. During 2019 the City Council took action to disband the CDA as a separate entity. The City continues to report financial activity for projects as a fund of the primary government under the same name.

The Capital Projects Fund, a capital projects fund, is used for financing capital projects and has a restricted fund balance of \$80,250 at the end of the year.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

The Capital Improvements Fund, a capital projects fund, is used for financing capital improvements. At the end of the year this fund had a fund balance of \$92,484.

The aggregated other governmental funds column in the City's governmental funds financial statements includes the nonmajor funds as shown on the previous page. Transactions of these funds are individually detailed in the supplementary information section of this report.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. As shown below, the net position of the enterprise-type proprietary funds at the end of 2022 totaled \$13,265,031, a decrease of \$229,429 from the previous year.

**Condensed Statement of Changes in Net Position for Enterprise Funds
Years Ended December 31, 2022 and 2021**

	Water Utility		Sewer Utility		Total	
	2022	2021	2022	2021	2022	2021
Operating Revenues	\$ 732,021	\$ 763,648	\$ 714,107	\$ 816,030	\$ 1,446,128	\$ 1,579,678
Operating Expenses:						
Depreciation	152,198	147,410	377,768	375,391	529,966	522,801
Other	433,341	1,004,576	527,939	481,436	961,280	1,486,012
Operating Income (Loss)	146,482	(388,338)	(191,600)	(40,797)	(45,118)	(429,135)
Nonoperating Revenues (Expenses)	(16,748)	(39,129)	(92,240)	(107,638)	(108,988)	(146,767)
Income (Loss) Before Contributions and Transfers	129,734	(427,467)	(283,840)	(148,435)	(154,106)	(575,902)
Transfers	(75,323)	98,868	-	598	(75,323)	99,466
Changes in Net Position	<u>\$ 54,411</u>	<u>\$ (328,599)</u>	<u>\$ (283,840)</u>	<u>\$ (147,837)</u>	<u>\$ (229,429)</u>	<u>\$ (476,436)</u>
Net Position at Year End:						
Net Investment in Capital Assets	\$ 3,415,556	\$ 3,445,237	\$ 8,690,962	\$ 8,652,735	\$ 12,106,518	\$ 12,097,972
Restricted	-	-	344,012	341,493	344,012	341,493
Unrestricted	948,644	864,552	(134,143)	190,443	814,501	1,054,995
Total	<u>\$ 4,364,200</u>	<u>\$ 4,309,789</u>	<u>\$ 8,900,831</u>	<u>\$ 9,184,671</u>	<u>\$ 13,265,031</u>	<u>\$ 13,494,460</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Budgetary Comparison Schedule for the general fund (in required supplementary information), the final 2022 general fund budget was not amended from the original budget adopted by the City. The City had a positive variance between final budget and actual revenues in the amount of \$248,343 and a negative variance between budgeted and actual expenditures in the amount of \$266,595.

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 and 2021 was \$30,693,579 and \$30,441,047, respectively, (net of accumulated depreciation) as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Not Subject to Depreciation:						
Land and Land Rights	\$ 1,238,732	\$ 1,238,732	\$ 503,267	\$ 503,267	\$ 1,741,999	\$ 1,741,999
Construction Work in Progress	1,520,741	1,020,772	316,951	170,558	1,837,692	1,191,330
Subject to Depreciation:						
Buildings and Improvements	3,216,427	3,216,427	-	-	3,216,427	3,216,427
Land Improvements	1,610,689	1,610,689	-	-	1,610,689	1,610,689
Equipment and Vehicles	2,934,257	2,760,271	-	-	2,934,257	2,760,271
Infrastructure	12,801,644	12,651,842	-	-	12,801,644	12,651,842
Water System	-	-	6,528,314	6,471,554	6,528,314	6,471,554
Sewer System	-	-	15,737,463	15,576,109	15,737,463	15,576,109
Subtotal	23,322,490	22,498,733	23,085,995	22,721,488	46,408,485	45,220,221
Accumulated Depreciation	9,440,031	8,996,853	6,274,875	5,782,321	15,714,906	14,779,174
Total	<u>\$ 13,882,459</u>	<u>\$ 13,501,880</u>	<u>\$ 16,811,120</u>	<u>\$ 16,939,167</u>	<u>\$ 30,693,579</u>	<u>\$ 30,441,047</u>

Additional information related to the City's capital assets is reported in Note 3.B following the financial statements.

Long-Term Obligations

At December 31, 2022, the City had outstanding \$9,181,071 of long-term debt, net of bond premium, and other long-term obligations. A summary detail of this amount, together with the net change from the previous year, is shown below:

**Outstanding Long-Term Obligations
December 31, 2022 and 2021**

	Governmental Activities	Business-Type Activities	Outstanding 12/31/22	Outstanding 12/31/21	Percent Change
Long-Term Debt:					
General Obligation Bonds	\$ 1,320,000	\$ 580,000	\$ 1,900,000	\$ 1,995,000	-4.8%
General Obligation Notes	2,417,105	337,857	2,754,962	1,421,245	93.8%
Revenue Bonds	-	4,360,649	4,360,649	4,676,133	-6.7%
Lease Liability	9,852	11,563	21,415	27,680	-22.6%
Bond Premiums	15,182	5,580	20,762	22,880	-9.3%
Total Long-Term Debt	3,762,139	5,295,649	9,057,788	8,142,938	11.2%
Other Long-Term Obligations:					
Estimated Employee Leave	88,725	34,558	123,283	125,178	-1.5%
Total	<u>\$ 3,850,864</u>	<u>\$ 5,330,207</u>	<u>\$ 9,181,071</u>	<u>\$ 8,268,116</u>	

**CITY OF ST. CROIX FALLS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of the City outstanding at December 31, 2022 totaled \$4,654,962, approximately 31.3% of the maximum legal limit of \$14,873,095.

Additional information related to the City's long-term debt is reported in Note 3.D following the financial statement.

CURRENTLY KNOWN FACTS

The State of Wisconsin has imposed limits on the City's property tax levy beginning with the 2006 budget year levy. Essentially, the legislation restricts the growth in the City's property taxes (except for debt service and tax increments) to the greater of the percentage increase in the City's equalized value due to the new construction or 3.00%. The City's allowable percentage increase for its 2023 budget year was 1.97%. The City approved a levy of \$1,367,541 for its 2023 budget, an increase of \$27,093 or 0.2.02% over the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of St. Croix Fall's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the City Clerk-Treasurer, P.O. Box 640, St. Croix Falls, Wisconsin 54024.

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,637,948	\$ 1,362,464	\$ 5,000,412
Taxes Receivable	1,168,106	6,226	1,174,332
Accounts Receivable	95,318	371,286	466,604
Leases Receivable	1,421,618	-	1,421,618
Special Assessments Receivable	89,939	466	90,405
Internal Balances	257,729	(257,729)	-
Inventories	-	15,092	15,092
Land Held for Resale	73,466	-	73,466
Restricted Assets:			
Cash and Investments	-	344,012	344,012
Capital Assets:			
Capital Assets Not Being Depreciated	2,759,473	820,218	3,579,691
Capital Assets Being Depreciated	20,563,017	22,265,777	42,828,794
Accumulated Depreciation	(9,440,031)	(6,274,875)	(15,714,906)
Total Assets	20,626,583	18,652,937	39,279,520
LIABILITIES			
Vouchers and Accounts Payable	273,052	27,387	300,439
Accrued Interest Payable	78,493	30,312	108,805
Due to Other Governments	4,167	-	4,167
Special Deposits	60,195	-	60,195
Unearned Revenues	203,097	-	203,097
Long-Term Liabilities:			
Amounts Due Within One Year	239,626	408,124	647,750
Amounts Due in More than One Year	3,611,238	4,922,083	8,533,321
Total Liabilities	4,469,868	5,387,906	9,857,774
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year's Property Taxes	1,367,541	-	1,367,541
Succeeding Year's Special Assessments	11,242	-	11,242
Succeeding Year's BID Assessments	10,970	-	10,970
Special Assessments	89,939	-	89,939
Deferred Amount Related to Leases	1,376,148	-	1,376,148
Total Deferred Inflows of Resources	2,855,840	-	2,855,840
NET POSITION			
Net Investment in Capital Assets	10,152,234	12,106,518	22,258,752
Restricted for:			
Capital Improvements	172,734	-	172,734
Plant Replacement	-	344,012	344,012
Police K-9 Program	4,161	-	4,161
CDA Donor Restrictions	565,371	-	565,371
Unrestricted	2,406,375	814,501	3,220,876
Total Net Position	\$ 13,300,875	\$ 13,265,031	\$ 26,565,906

See accompanying Notes to Basic Financial Statements.

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 401,823	\$ -	\$ -	\$ (312,494)	\$ -	\$ (312,494)
Public Safety	1,229,051	132,952	-	(968,306)	-	(968,306)
Transportation	1,539,182	174,483	200	(1,364,499)	-	(1,364,499)
Sanitation	53,265	375	-	(52,890)	-	(52,890)
Health and Human Services	5,000	-	-	(5,000)	-	(5,000)
Culture, Recreation and Education	461,331	120,778	-	(324,817)	-	(324,817)
Conservation and Development	535,127	57,134	-	(463,474)	-	(463,474)
Interest and Fiscal Charges	94,239	-	-	(94,239)	-	(94,239)
Total Governmental Activities	4,319,018	247,752	200	(3,585,719)	-	(3,585,719)
Business-Type Activities:						
Water Service	607,130	732,021	-	-	124,891	124,891
Sewage Treatment	998,334	714,107	-	-	(284,227)	(284,227)
Total Business-Type Activities	1,605,464	1,446,128	-	-	(159,336)	(159,336)
Total Primary Government	\$ 5,924,482	\$ 1,693,880	\$ 200	(3,585,719)	(159,336)	(3,745,055)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				1,340,448	-	1,340,448
Other Taxes				126,607	-	126,607
State and Federal Aids not Restricted to Specific Functions				264,170	-	264,170
Interest and Investment Earnings				64,488	5,230	69,718
Other Miscellaneous				184,986	-	184,986
Transfers				75,323	(75,323)	-
Total General Revenues and Transfers				2,056,022	(70,093)	1,985,929
Change in Net Position				(1,529,697)	(229,429)	(1,759,126)
Net Position - Beginning of Year				14,830,572	13,494,460	28,325,032
Net Position - End of Year				\$ 13,300,875	\$ 13,265,031	\$ 26,565,906

See accompanying Notes to Basic Financial Statements.

**CITY OF ST. CROIX FALLS, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

ASSETS	General Fund	Debt Service Fund	Capital Projects Fund	Capital Improvements Plan Fund	Community Development Authority Fund	Other Nonmajor Governmental Funds	Totals
Treasurer's Cash and Investments	\$ 301,459	\$ 38,661	\$ 236,905	\$ 99,184	\$ 2,734,116	\$ 227,623	\$ 3,637,948
Taxes Receivable	1,028,106	-	-	-	-	140,000	1,168,106
Special Assessments Receivable	89,939	-	-	-	-	-	89,939
Accounts Receivable	38,734	-	-	-	51,534	5,050	95,318
Lease Receivable	1,421,618	-	-	-	-	-	1,421,618
Due from Other Funds	270,034	-	-	-	-	-	270,034
Land Held for Resale	-	-	-	-	73,466	-	73,466
Total Assets	\$ 3,149,890	\$ 38,661	\$ 236,905	\$ 99,184	\$ 2,859,116	\$ 372,673	\$ 6,756,429

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES	\$ 106,845	\$ -	\$ 156,655	\$ 6,700	\$ 44	\$ 2,808	\$ 273,052
Vouchers and Accounts Payable	4,167	-	-	-	-	-	4,167
Due to Other Governmental Units	-	-	-	-	-	12,305	12,305
Due to Other Funds	-	-	-	-	-	203,097	203,097
Unearned Revenues	60,195	-	-	-	-	-	60,195
Special Deposits	171,207	-	156,655	6,700	44	218,210	552,816
Total Liabilities	\$ 1,227,541	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ 1,367,541

DEFERRED INFLOWS OF RESOURCES

Succeeding Year's Property Taxes	11,242	-	-	-	-	-	11,242
Succeeding Year's Special Assessments	10,970	-	-	-	-	-	10,970
Succeeding Year's BID Assessments	89,939	-	-	-	-	-	89,939
Unavailable Revenue - Special Assessments	1,376,148	-	-	-	-	-	1,376,148
Deferred Amount Related to Leases	2,715,840	-	-	-	-	140,000	2,855,840
Total Deferred Inflows of Resources	\$ 965	\$ 38,661	\$ 80,250	\$ 92,484	\$ 565,371	\$ 17,439	\$ 780,927

FUND BALANCES

Nonspendable	4,161	-	-	-	-	-	965
Restricted	-	-	-	-	-	-	-
Committed	13,672	-	-	-	2,293,701	17,439	17,439
Assigned	244,045	-	-	-	-	7,087	2,314,460
Unassigned	262,843	38,661	80,250	92,484	2,859,072	(10,063)	233,982
Total Fund Balances	\$ 3,149,890	\$ 38,661	\$ 236,905	\$ 99,184	\$ 2,859,116	\$ 372,673	\$ 6,756,429

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

See accompanying Notes to Basic Financial Statements.

**CITY OF ST. CROIX FALLS, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds \$ 3,347,773

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 funds. These assets consist of:

Land	\$ 1,238,732	
Buildings and Improvements	3,216,427	
Land Improvements	1,610,689	
Equipment and Vehicles	2,934,257	
Infrastructure	12,801,644	
Construction Work in Progress	1,520,741	
Accumulated Depreciation	<u>(9,440,031)</u>	13,882,459

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds Payable	1,320,000	
Notes Payable	2,417,105	
Bond Premium	15,182	
Leases Payable	9,852	
Accrued Interest on Debt	78,493	
Employee Leave Benefits Liabilities	<u>88,725</u>	<u>(3,929,357)</u>

Net Position of Governmental Activities \$ 13,300,875

CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Capital Improvements Plan Fund	Community Development Authority Fund	Other Nonmajor Governmental Funds	Totals
REVENUES							
Taxes	\$ 1,330,055	\$ -	\$ -	\$ -	\$ -	\$ 137,000	\$ 1,467,055
Special Assessments	11,007	-	-	-	-	-	11,007
Intergovernmental	553,193	-	-	20,000	-	102,642	675,835
Licenses and Permits	74,592	-	-	-	-	-	74,592
Fines and Forfeits	51,852	-	-	-	-	-	51,852
Public Charges for Services	13,457	-	-	-	-	3,939	17,396
Intergovernmental Charges for Services	93,105	-	-	-	-	-	93,105
Miscellaneous:							
Interest	64,220	-	-	-	-	268	64,488
Rent	144,134	-	-	-	-	-	144,134
Donations	6,697	-	-	-	57,134	16,548	80,379
Other	29,155	-	-	-	-	-	29,155
Total Revenues	2,371,467	-	-	20,000	57,134	260,397	2,708,998
EXPENDITURES							
General Government	384,887	-	-	-	-	-	384,887
Public Safety	1,120,105	-	12,041	146,112	-	-	1,278,258
Transportation	602,268	-	1,425,277	-	-	-	2,027,545
Sanitation	53,265	-	-	-	-	-	53,265
Health and Human Services	5,000	-	-	-	-	-	5,000
Culture, Recreation, and Education	118,259	-	5,392	-	2,160	257,122	382,933
Conservation and Development	23,598	-	3,830	-	451,813	-	479,241
Debt Service:							
Principal Retirement	1,903	208,843	-	-	-	1,647	212,393
Interest	197	38,581	-	-	-	97	38,875
Debt Issuance Costs	-	800	-	-	-	-	800
Fiscal Fees and Charges	-	-	5,525	1,000	-	-	6,525
Total Expenditures	2,309,482	248,224	1,452,065	147,112	453,973	258,866	4,869,722
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	61,985	(248,224)	(1,452,065)	(127,112)	(396,839)	1,531	(2,160,724)
OTHER FINANCING SOURCES (USES)							
Issuance of Long-Term Debt	-	-	1,104,961	200,000	-	-	1,304,961
Transfers In	121,758	241,798	340,103	-	-	-	703,659
Transfers Out	(241,798)	-	(30,000)	(340,103)	-	(16,435)	(628,336)
Sale of Capital Assets	2,500	-	-	2,500	-	-	5,000
Total Other Financing Sources (Uses)	(117,540)	241,798	1,415,064	(137,603)	-	(16,435)	1,385,284
NET CHANGE IN FUND BALANCES	(55,555)	(6,426)	(37,001)	(264,715)	(396,839)	(14,904)	(775,440)
Fund Balances - January 1	318,398	45,087	117,251	357,199	3,255,911	29,367	4,123,213
FUND BALANCES - DECEMBER 31	\$ 262,843	\$ 38,661	\$ 80,250	\$ 92,484	\$ 2,859,072	\$ 14,463	\$ 3,347,773

See accompanying Notes to Basic Financial Statements.

**CITY OF ST. CROIX FALLS, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (775,440)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 1,022,968	
Depreciation Expense Reported in the Statement of Activities	<u>(583,881)</u>	439,087

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the depreciated cost of the capital assets removed (58,508)

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities. Long-term debt incurred in the current year is:

General Obligation Notes	(1,304,961)	(1,304,961)
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Repayment of long-term debt and capital leases is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

General Obligation Bonds	65,000	
General Obligation Notes	143,843	
Leases Payable	<u>3,550</u>	212,393

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

Net Change in Accrued Interest Payable	(49,665)	
Net Change in Employee Vacation and Benefits Liabilities	5,771	
Amortization of Bond Premium	<u>1,626</u>	<u>(42,268)</u>

Change in Net Position of Governmental Activities \$ (1,529,697)

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

ASSETS	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CURRENT ASSETS			
Cash and Investments	\$ 1,362,464	\$ -	\$ 1,362,464
Customer Accounts Receivable	182,172	189,114	371,286
Accounts Receivable on Tax Roll	3,671	2,555	6,226
Inventories	15,092	-	15,092
Total Current Assets	1,563,399	191,669	1,755,068
RESTRICTED ASSETS			
Cash and Investments:			
Replacement Fund Cash and Investments	-	344,012	344,012
CAPITAL ASSETS			
Capital Assets Not Being Depreciated	4,533	498,734	503,267
Capital Assets Being Depreciated	6,528,314	15,737,463	22,265,777
Less Accumulated Depreciation	2,388,797	3,886,078	6,274,875
Total Plant in Service	4,144,050	12,350,119	16,494,169
Construction Work in Progress	242,414	74,537	316,951
Net Capital Assets	4,386,464	12,424,656	16,811,120
OTHER ASSETS			
Special Assessments Receivable	466	-	466
Total Assets	\$ 5,950,329	\$ 12,960,337	\$ 18,910,666
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 5,737	\$ 21,650	\$ 27,387
Accrued Interest Payable	11,983	18,329	30,312
Due to General Fund	-	257,729	257,729
Current Portion of Long-Term Debt:			
General Obligation Note	6,409	16,409	22,818
General Obligation Bonds	25,000	-	25,000
Revenue Bonds	51,478	271,002	322,480
Leases Payable	-	2,783	2,783
Unamortized Debt Premium	485	-	485
Employee Leave Liability - Current Portion	17,501	17,057	34,558
Total Current Liabilities	118,593	604,959	723,552
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
General Obligation Notes	123,039	120,000	243,039
General Obligation Bonds	555,000	-	555,000
Revenue Bonds	784,402	3,325,767	4,110,169
Leases Payable	-	8,780	8,780
Unamortized Debt Premium	5,095	-	5,095
Total Long-Term Liabilities	1,467,536	3,454,547	4,922,083
Total Liabilities	1,586,129	4,059,506	5,645,635
NET POSITION			
Net Investment in Capital Assets	3,415,556	8,690,962	12,106,518
Restricted for Asset Replacement	-	344,012	344,012
Unassigned	948,644	(134,143)	814,501
Total Net Position	4,364,200	8,900,831	13,265,031
Total Liabilities and Net Position	\$ 5,950,329	\$ 12,960,337	\$ 18,910,666

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES			
Charges for Services	\$ 692,572	\$ 675,060	\$ 1,367,632
Other Operating Revenues	39,449	39,047	78,496
Total Operating Revenues	<u>732,021</u>	<u>714,107</u>	<u>1,446,128</u>
OPERATING EXPENSES			
Operation and Maintenance	433,341	527,939	961,280
Depreciation/Amortization	152,198	377,768	529,966
Total Operating Expenses	<u>585,539</u>	<u>905,707</u>	<u>1,491,246</u>
OPERATING INCOME (LOSS)	146,482	(191,600)	(45,118)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	4,843	387	5,230
Interest Expense	(21,468)	(92,267)	(113,735)
Amortization of Debt Premium	492	-	492
Debt Issuance Cost	(615)	(360)	(975)
Total Nonoperating Revenues (Expenses)	<u>(16,748)</u>	<u>(92,240)</u>	<u>(108,988)</u>
INCOME (LOSS) BEFORE TRANSFERS	129,734	(283,840)	(154,106)
TRANSFERS			
Transfers - Utility Tax Equivalents	<u>(75,323)</u>	<u>-</u>	<u>(75,323)</u>
CHANGE IN NET POSITION	54,411	(283,840)	(229,429)
Net Position - January 1	<u>4,309,789</u>	<u>9,184,671</u>	<u>13,494,460</u>
NET POSITION - DECEMBER 31	<u>\$ 4,364,200</u>	<u>\$ 8,900,831</u>	<u>\$ 13,265,031</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 720,286	\$ 752,119	\$ 1,472,405
Cash Received (Paid) for Meter Related Charges	22,119	(22,119)	-
Cash Paid to Suppliers for Goods and Services	(184,345)	(203,999)	(388,344)
Cash Paid for Employee Services	(299,310)	(285,635)	(584,945)
Net Cash Provided by Operating Activities	<u>258,750</u>	<u>240,366</u>	<u>499,116</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances (Repayments) of Cash to Cover Cash Deficits	-	257,729	257,729
Transfers to General Fund - Payments of Tax Equivalents	(75,323)	-	(75,323)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(75,323)</u>	<u>257,729</u>	<u>182,406</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid for Acquisition of Capital Assets	(64,707)	(190,819)	(255,526)
Cash Paid for Construction in Progress	(100,592)	(23,500)	(124,092)
Cash Received from Issuance of Long-Term Debt	123,039	72,000	195,039
Cash Paid for Debt Issuance Costs	(615)	(360)	(975)
Principal Paid on Long-Term Debt	(87,129)	(280,795)	(367,924)
Principal Paid on Leases	-	(2,715)	(2,715)
Interest Paid on Long-Term Debt	(19,316)	(89,456)	(108,772)
Net Cash Used by Capital and Related Financing Activities	<u>(149,320)</u>	<u>(515,645)</u>	<u>(664,965)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>4,843</u>	<u>387</u>	<u>5,230</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>38,950</u>	<u>(17,163)</u>	<u>21,787</u>
Cash and Cash Equivalents - January 1	<u>1,323,514</u>	<u>361,175</u>	<u>1,684,689</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 1,362,464</u>	<u>\$ 344,012</u>	<u>\$ 1,706,476</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 146,482	\$ (191,600)	\$ (45,118)
Adjustments to Reconcile Operating Loss to Net Cash			
Provided by Operating Activities:			
Depreciation	152,198	377,768	529,966
(Increase) Decrease in Assets:			
Customer Accounts Receivable	10,896	39,214	50,110
Accounts Receivable on Tax Roll	(964)	(1,202)	(2,166)
Other Accounts Receivable	219	689	908
Inventory	576	-	576
Special Assessment Receivable	233	-	233
Increase (Decrease) in Liabilities:			
Accounts Payable	(51,837)	12,568	(39,269)
Employee Leave Liability	947	2,929	3,876
	<u>\$ 258,750</u>	<u>\$ 240,366</u>	<u>\$ 499,116</u>
Net Cash Provided by Operating Activities			
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS			
Cash and Investments per Statement of Net Position:			
Cash and Investments	\$ 1,362,464	\$ -	\$ 1,362,464
Cash and Investments - Restricted	-	344,012	344,012
	<u>\$ 1,362,464</u>	<u>\$ 344,012</u>	<u>\$ 1,706,476</u>
Total Cash and Cash Equivalents			

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022**

	Custodial Fund
ASSETS	
Treasurer's Cash and Investments	\$ 577,829
Taxes Receivable	2,743,212
Total Assets	3,321,041
 LIABILITIES	
Due Other Governmental Units	555,757
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Taxes	2,743,212
 NET POSITION	\$ 22,072

**CITY OF ST. CROIX FALLS, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 3,196,464
Room Tax Collections	61,200
Interest Collected	36
Total Additions	<u>3,257,700</u>
DEDUCTIONS	
Payments to Taxing Jurisdictions	3,196,464
Payments for Tourism	83,625
Total Deductions	<u>3,280,089</u>
CHANGE IN NET POSITION	(22,389)
Net Position - January 1 (Previously Reported)	<u>44,461</u>
NET POSITION - DECEMBER 31	<u><u>\$ 22,072</u></u>

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of St. Croix Falls (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units except that the Village has not adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City of St. Croix Falls is governed by a five-member elected council consisting of the mayor and four members elected by wards. The financial reporting of the City is defined by the GASB to consist 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the City consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the City.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) as described below:

Government-Wide Statements

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

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 to a specific function or segment. 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 ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds. For report purposes, the City has combined its individual debt service funds into one fund.

Community Development Authority Fund – The Community Development Authority Fund, a special revenue fund, is used to account for financial resources to be used on various development projects around the City.

Capital Projects Fund – The Capital Projects Fund, a capital projects fund, is used to account for the accumulation of expenditures of resources, including long-term borrowing, for financing capital projects.

Capital Improvements Plan Fund – The Capital Improvements Plan Fund, a capital projects fund, is used to account for the accumulation of expenditures of resources, including long-term borrowing, for financing capital improvements.

All remaining governmental funds are aggregated and reported as nonmajor funds.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

The City reports the following major enterprise funds:

Water Utility – This fund accounts for the operations of the water system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

Sewer Utility – This fund accounts for the operations of the sewer collection system and treatment facilities.

Additionally, the City reports the following fiduciary fund:

Custodial Fund – The Custodial Fund is used to account for assets held by the City in a trustee or custodial capacity for individuals, private organizations and/or other governmental units. Custodial fund transactions consist of property taxes and other tax collections received for and disbursed to other taxing districts as well as funds held for the Room Tax Committee of the Chamber of Commerce. For the latter, accommodation taxes are imposed on lodging establishments available to the public. The accommodations tax is at a rate of 4% of lodging revenue. State statute requires at least 70% of the accommodation tax proceeds to be used for tourism. The City's general fund reports the receipt of these taxes as well as the expenditures associated with disbursements to two tourism organizations, the Chamber of Commerce and the Polk County Information Center. The City Treasurer is the custodian of the portion of these funds disbursed to the Chamber of Commerce.

C. 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, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables, if any, are recorded as revenues when services are provided.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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 government's utility functions 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.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues reported in the governmental funds to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

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

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (Continued)

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

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

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

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

Investments of the City are stated at fair value.

2. Receivables and Payables

Property Taxes: Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax roll for which amounts have been collected for other taxing jurisdictions by December 31 is recorded in the City's custodial fund as a deferred inflows of resources for succeeding year's property taxes. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Property Taxes (Continued): Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Polk County Treasurer for collection in February. Polk County subsequently settles in full with the City in August of the same year, including settlement for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the City as collections are received.)

Delinquent personal property taxes are retained by the City for collection. A portion of the general fund balance is classified as nonspendable for the City's investment in delinquent taxes.

Special Assessments: Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Unavailable special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2022 tax roll are recognized as revenue in 2023). Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable: All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Interfund Balances: Activity 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Assets Held for Resale

Assets held for resale represents land purchased with the intent of selling the property for future development. This is recorded at the lower of cost or estimated market value.

4. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

5. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

6. Capital Assets

Government-Wide Statements: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with initial, individual costs as shown below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City's policy is to prospectively report infrastructure acquired after adoption of GASB Statement No. 34.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

Assets	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-line	20 to 50 Years
Buildings and Improvements	5,000	Straight-line	20 to 50 Years
Machinery and Equipment	5,000	Straight-line	3 to 10 Years
Infrastructure	5,000	Straight-line	20 to 50 Years
Right-To-Use Assets	Various	Straight-line	5 Years

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

7. Leases

The City is a lessee for noncancellable lease for two copiers and land for sludge for the sewer utility. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Leases (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

8. Lessor

The City is a lessor for a noncancellable lease of a water tower rental for a cell phone antenna. The City recognizes a lease receivable and a deferred inflow of resources in the applicable business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Lessor (Continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. Deferred Outflows of Resources

The Village would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary fund statements of net position or governmental fund balance sheets. No deferred outflows of resources are reported in these financial statements in the current year.

10. Deferred Inflows of Resources

The City's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. Lease receivables are recorded in the current year but recognized as revenue in subsequent years as lease payments are due. A deferred inflow of resources occurs because governmental fund revenues are not recognized until available (available means collected no later than 60 days after the end of the Village's year) under the modified accrual basis of accounting. The Village does not have deferred inflows of resources to report in its proprietary fund financial statements in the current year.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Compensated Absences

It is the City's policy to permit employees to accumulate vacation and personal leave benefits. Liabilities for accumulated vacation and personal leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned.

12. Wisconsin Retirement System Pension Benefits

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

13. Long-Term Obligations

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

14. Defining Operating Revenues and Expenses

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

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Use of Restricted Resources

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.

16. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is classified as follows in the City's financial statements:

Government-Wide, Proprietary Fund and Fiduciary Fund Statements: Fund equity is classified as net position in the government-wide and proprietary fund financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Governmental Fund Financial Statements: In the governmental fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Council. Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. It is the City's policy that at the end of each fiscal year, the City will maintain unassigned portion of fund balance of at least 25% of annual general fund expenditures. Unassigned fund balance in other governmental funds reflects deficit balances of those funds.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Equity Classifications (Continued)

Governmental Fund Financial Statements (Continued): Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year end. Based on resolution of the City Council, the Administrator and Clerk will have the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's policy to use committed, assigned, and finally unassigned fund balance.

17. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARSHIP AND ACCOUNTABILITY

Generally accepted accounting principles require the disclosure of individual funds that have deficit balances at year-end. The Library Fund had a deficit balance of \$10,063 as of December 31, 2022 and the City anticipates this deficit will be funded through future budgets and savings in operations.

In the general fund, at December 31, 2022, the expenditures exceeded the final budgeted amounts for expenditures as shown below:

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
Public Safety	\$ 1,000,254	\$ 1,120,105	\$ (119,851)
Transportation	520,191	602,268	(82,077)
Sanitation	38,065	53,265	(15,200)
Culture, Recreation and Education	34,675	118,259	(83,584)
Debt Service	-	2,100	(2,100)

These overages were determined necessary, were authorized by City Council, and were financed by available resources and fund balance.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2022 as shown in the financial statements are as follows:

Governmental Funds	\$ 3,637,948
Proprietary Funds	1,706,476
Fiduciary Funds	577,829
Total	\$ 5,922,253

The above cash and investment balances consisted of the following:

Deposits in Financial Institutions	\$ 5,922,103
Petty Cash	150
Total	\$ 5,922,253

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to an additional \$250,000 for demand accounts. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. As of December 31, 2022, the City's deposits were not exposed to custodial credit risk.

B. Capital Assets

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 1,238,732	\$ -	\$ -	\$ 1,238,732
Construction Work in Progress	1,020,772	709,695	209,726	1,520,741
Total Capital Assets, Not Being Depreciated	2,259,504	709,695	209,726	2,759,473
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	3,216,427	-	-	3,216,427
Land Improvements	1,610,689	-	-	1,610,689
Equipment and Vehicles	2,746,869	241,773	67,787	2,920,855
Right-To-Use Leased Equipment **	13,402	-	-	13,402
Infrastructure	12,651,842	281,226	131,424	12,801,644
Total Capital Assets, Being Depreciated/Amortized	20,239,229	522,999	199,211	20,563,017
Less: Accumulated Depreciation/Amortization:				
Buildings and Improvements	1,416,519	67,423	-	1,483,942
Land Improvements	704,573	43,260	-	747,833
Equipment and Vehicles	1,355,989	166,687	9,279	1,513,397
Right-To-Use Leased Equipment	-	3,491	-	3,491
Infrastructure	5,519,772	303,020	131,424	5,691,368
Total Accumulated Depreciation/Amortization	8,996,853	583,881	140,703	9,440,031
Total Capital Assets, Being Depreciated/Amortized, Net	11,242,376	(60,882)	58,508	11,122,986
Total Governmental Activities Capital Assets	\$ 13,501,880	\$ 648,813	\$ 268,234	\$ 13,882,459

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Governmental Activities (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$ 15,310
Public Safety	113,211
Transportation Facilities	320,292
Culture, Recreation, and Education	79,182
Conservation and Development	55,886
Total	<u>\$ 583,881</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 4,533	\$ -	\$ -	\$ 4,533
Construction Work in Progress	119,521	122,893	-	242,414
Total Capital Assets Not Being Depreciated	<u>124,054</u>	<u>122,893</u>	<u>-</u>	<u>246,947</u>
Capital Assets Being Depreciated:				
Source of Supply	392,871	-	-	392,871
Pumping Plant	464,674	12,080	-	476,754
Treatment Plant	32,764	3,968	2,836	33,896
Transmission and Distribution	5,363,953	23,623	4,400	5,383,176
Administration and General Assets	217,292	25,036	711	241,617
Total Capital Assets Being Depreciated	<u>6,471,554</u>	<u>64,707</u>	<u>7,947</u>	<u>6,528,314</u>
Total Capital Assets	6,595,608	187,600	7,947	6,775,261
Accumulated Depreciation	<u>2,244,546</u>	<u>152,198</u>	<u>7,947</u>	<u>2,388,797</u>
Net Capital Assets - Water Utility	<u>\$ 4,351,062</u>	<u>\$ 35,402</u>	<u>\$ -</u>	<u>\$ 4,386,464</u>
Sewer Utility				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 484,456	\$ -	\$ -	\$ 484,456
Right-To-Use Lease Land **	14,278	-	-	14,278
Construction Work in Progress	51,037	23,500	-	74,537
Total Capital Assets Not Being Depreciated	<u>549,771</u>	<u>23,500</u>	<u>-</u>	<u>573,271</u>
Capital Assets Being Depreciated:				
Collection System	3,957,043	55,633	4,182	4,008,494
Treatment and Disposal Plant	11,614,229	135,186	25,283	11,724,132
Administration and General Assets	4,837	-	-	4,837
Total Capital Assets Being Depreciated	<u>15,576,109</u>	<u>190,819</u>	<u>29,465</u>	<u>15,737,463</u>
Accumulated Depreciation	<u>3,537,775</u>	<u>377,768</u>	<u>29,465</u>	<u>3,886,078</u>
Net Capital Assets - Sewer Utility	<u>\$ 12,588,105</u>	<u>\$ (163,449)</u>	<u>\$ -</u>	<u>\$ 12,424,656</u>
Totals				
Capital Assets Not Being Depreciated	\$ 673,825	\$ 146,393	\$ -	\$ 820,218
Capital Assets Being Depreciated	22,047,663	255,526	37,412	22,265,777
Accumulated Depreciation	<u>(5,782,321)</u>	<u>(529,966)</u>	<u>(37,412)</u>	<u>(6,274,875)</u>
Net Capital Assets - Business-Type Activities	<u>\$ 16,939,167</u>	<u>\$ (128,047)</u>	<u>\$ -</u>	<u>\$ 16,811,120</u>

** This includes restated amounts due to the implementation of GASB Statement No. 87.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Business-Type Activities (Continued)

Depreciation was charged to business-type activities as follows:

Water	\$ 152,198
Sewer	<u>377,768</u>
Total	<u><u>\$ 529,966</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022 was as follows:

Due from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library Fund	\$ 12,305	Working Capital
General Fund	Sewer Utility Enterprise Fund	<u>257,729</u>	Working Capital
Total		<u><u>\$ 270,034</u></u>	

Interfund Transfers

The following is a schedule of interfund transfers made during 2022:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility Enterprise Fund	\$ 75,323	Property Tax Equivalent
General Fund	Wilberg Blvd Improvements Fund	16,435	Finance Project Costs
General Obligation Debt Service Fund	General Fund	241,798	Finance Current Year Debt Maturities
Capital Project Fund	Capital Improvement Fund	340,103	Finance Project Costs
General Fund	Capital Projects Fund	<u>30,000</u>	Finance Project Costs
Total		<u><u>\$ 703,659</u></u>	

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

Changes in Long-Term Obligations

Changes in the long-term obligations of the City for the year ended December 31, 2022 were as follows:

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22	Amounts Due Within One Year
Long-Term Debt:					
Governmental Activities:					
General Obligation Bonds	\$ 1,385,000	\$ -	\$ 65,000	\$ 1,320,000	\$ 60,000
Notes from Direct Borrowings	1,255,987	1,304,961	143,843	2,417,105	127,578
Leases Payable **	13,402	-	3,550	9,852	3,639
Bond Premium	16,808	-	1,626	15,182	1,571
Total Long-Term Debt	\$ 2,671,197	\$ 1,304,961	\$ 214,019	\$ 3,762,139	\$ 192,788
Other Long-Term Obligations:					
Governmental Funds:					
Compensated Absences	\$ 94,496	\$ 1,626	\$ 7,397	\$ 88,725	\$ 46,838
Business-Type Activities:					
General Obligation Bonds	\$ 610,000	\$ -	\$ 30,000	\$ 580,000	\$ 25,000
Notes from Direct Borrowings	165,258	195,039	22,440	337,857	22,818
Revenue Bonds	4,676,133	-	315,484	4,360,649	322,480
Leases Payable **	14,278	-	2,715	11,563	2,783
Bond Premium	6,072	-	492	5,580	485
Compensated Absences	30,682	34,558	30,682	34,558	34,558
Total	\$ 5,502,423	\$ 229,597	\$ 401,813	\$ 5,330,207	\$ 408,124

** This includes restated amounts due to the implementation of GASB Statement No. 87.

The City's estimated liabilities for employee vacation and sick leave are discussed in Note 4.B.

Current Year Borrowing

On December 27, 2022, the City issued a \$1,500,000 general obligation promissory note, Series 2022A, for the purpose of financing the cost of capital projects including street improvements, water utility and sewer system projects and the acquisition of new equipment. This note bears an interest rate of 4.39% and matures on February 1, 2024.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt

All general obligation bonds, notes and other long-term obligations are backed by the full faith and credit of the City. General obligation long-term debt will be retired by future tax levies accumulated by the debt service fund. The City's outstanding notes from direct borrowings related to governmental activities and business-type activities contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make payment.

Annual Requirements for Retirement: Minimum annual principal and interest payments required to retire long-term debt, together with the expected funding sources, are shown below:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Debt				
General Obligation Promissory Note, \$125,000, dated 10/27/2014, final installment 12/1/23, interest at 3.375% (100% general fund)	2023	\$ 14,086	\$ 490	\$ 14,576
General Obligation Promissory Note, \$80,700, dated 3/30/18, final installment 1/30/23, interest at 2.81% (25% general fund, 38% water utility, 38% sewer utility)	2023	17,000	468	17,468
General Obligation Promissory Note, \$205,000, dated 7/29/20, final installment 10/15/30, interest at 2.50% (100% general fund)	2023	19,312	4,282	23,594
	2024	19,792	3,802	23,594
	2025	20,304	3,290	23,594
	2026	20,818	2,776	23,594
	2027	21,346	2,248	23,594
	2028	21,882	1,711	23,593
	2029	22,442	1,152	23,594
	2030	22,980	569	23,549
		<u>168,876</u>	<u>19,830</u>	<u>188,706</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Annual Requirements for Retirement (Continued).

	Year	Principal	Interest	Total
General Obligation Debt (Continued)				
General Obligation Promissory Note, \$1,155,000, dated 12/15/2021, final installment 11/1/2031, interest at 1.0% - 1.550 (88% general, 12% sewer)	2023	\$ 100,000	\$ 13,250	\$ 113,250
	2024	115,000	12,250	127,250
	2025	120,000	11,100	131,100
	2026	120,000	9,900	129,900
	2027	120,000	8,700	128,700
	2028	120,000	7,140	127,140
	2029	120,000	5,580	125,580
	2030	120,000	3,720	123,720
	2031	120,000	1,860	121,860
			1,055,000	73,500
General Obligation Promissory Purpose Bonds, \$1,995,000, dated 12/15/21, final installment 11/1/2041, interest at 1.00% - 2.125% (69% general fund, 31% water)	2023	85,000	33,556	118,556
	2024	85,000	32,706	117,706
	2025	85,000	31,856	116,856
	2026	90,000	31,006	121,006
	2027	95,000	30,106	125,106
	2028	95,000	28,919	123,919
	2029	95,000	27,731	122,731
	2030	95,000	25,831	120,831
	2031	95,000	23,931	118,931
	2032	100,000	22,031	122,031
	2033	100,000	20,031	120,031
	2034	100,000	18,031	118,031
	2035	105,000	16,031	121,031
	2036	110,000	13,931	123,931
	2037	110,000	11,732	121,732
2038	110,000	9,532	119,532	
2039	115,000	7,332	122,332	
2040	115,000	4,888	119,888	
2041	115,000	2,444	117,444	
		1,900,000	391,625	2,291,625
General Obligation Promissory Note, Series, 2022A, \$,1,500,000, dated 12/27/22, final installment 2/1/2024, interest at 4.39% (87% general fund, 8% water, 5% sewer)		1,500,000	72,069	1,572,069
Total General Obligation Debt		\$ 4,654,962	\$ 557,982	\$ 5,212,944

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Annual Requirements for Retirement (Continued):

Year	Governmental Activities					Totals	Funding Source General Fund
	Bonded Debt		Notes from Direct Borrowings				
	Principal	Interest	Principal	Interest			
2023	\$ 60,000	\$ 23,275	\$ 127,580	\$ 16,503	\$ 227,358	\$ 227,358	
2024	60,000	22,675	1,424,753	77,212	1,584,640	1,584,640	
2025	60,000	22,075	125,304	13,002	220,381	220,381	
2026	65,000	21,475	125,818	11,438	223,731	223,731	
2027	65,000	20,825	126,346	9,860	222,031	222,031	
2028	65,000	20,013	126,882	7,959	219,854	219,854	
2029	65,000	19,200	127,442	6,034	217,676	217,676	
2030	65,000	17,900	127,980	3,823	214,703	214,703	
2031	65,000	16,600	105,000	1,628	188,228	188,228	
2032	70,000	15,300	-	-	85,300	85,300	
2033	70,000	13,900	-	-	83,900	83,900	
2034	70,000	12,500	-	-	82,500	82,500	
2035	75,000	11,100	-	-	86,100	86,100	
2036	75,000	9,600	-	-	84,600	84,600	
2037	75,000	8,100	-	-	83,100	83,100	
2038	75,000	6,600	-	-	81,600	81,600	
2039	80,000	5,100	-	-	85,100	85,100	
2040	80,000	3,400	-	-	83,400	83,400	
2041	80,000	1,700	-	-	81,700	81,700	
	<u>\$ 1,320,000</u>	<u>\$ 271,338</u>	<u>\$ 2,417,105</u>	<u>\$ 147,459</u>	<u>\$ 4,155,902</u>	<u>\$ 4,155,902</u>	

Year	Business-Type Activities					Funding Sources		
	Bonded Debt		Notes from Direct Borrowings		Totals	Water Utility	Sewer Utility	Total
	Principal	Interest	Principal	Interest				
2023	\$ 25,000	\$ 10,281	\$ 22,818	\$ 1,987	\$ 60,086	\$ 41,865	\$ 18,221	\$ 60,086
2024	25,000	10,031	210,039	10,909	255,979	163,982	91,997	255,979
2025	25,000	9,781	15,000	1,388	51,169	34,781	16,388	51,169
2026	25,000	9,531	15,000	1,238	50,769	34,531	16,238	50,769
2027	30,000	9,281	15,000	1,088	55,369	39,281	16,088	55,369
2028	30,000	8,906	15,000	892	54,798	38,906	15,892	54,798
2029	30,000	8,531	15,000	698	54,229	38,531	15,698	54,229
2030	30,000	7,931	15,000	466	53,397	37,931	15,466	53,397
2031	30,000	7,331	15,000	232	52,563	37,331	15,232	52,563
2032	30,000	6,731	-	-	36,731	36,731	-	36,731
2033	30,000	6,131	-	-	36,131	36,131	-	36,131
2034	30,000	5,531	-	-	35,531	35,531	-	35,531
2035	30,000	4,931	-	-	34,931	34,931	-	34,931
2036	35,000	4,331	-	-	39,331	39,331	-	39,331
2037	35,000	3,632	-	-	38,632	38,632	-	38,632
2038	35,000	2,932	-	-	37,932	37,932	-	37,932
2039	35,000	2,232	-	-	37,232	37,232	-	37,232
2040	35,000	1,488	-	-	36,488	36,488	-	36,488
2041	35,000	744	-	-	35,744	35,744	-	35,744
	<u>\$ 580,000</u>	<u>\$ 120,287</u>	<u>\$ 337,857</u>	<u>\$ 18,898</u>	<u>\$ 1,057,042</u>	<u>\$ 835,822</u>	<u>\$ 221,220</u>	<u>\$ 1,057,042</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Annual Requirements for Retirement (Continued):

General Obligation Debt Limitation. Section 67.03(1) of the Wisconsin Statutes provides that the amount of indebtedness of a municipality shall not exceed 5% of the equalized valuation of the taxable property in the municipality. At December 31, 2022, the City's debt limit amounted to \$14,873,095 and indebtedness subject to the limitation totaled \$4,654,962.

Mortgage Revenue Bonds

On September 25, 2013, the City issued Series 2013 Sewerage System Revenue Bonds for a total of \$7,056,855 for purpose of financing improvements on the waste water treatment plant. The bonds bear an interest rate of 2.625% and matures on May 1, 2033.

On June 14, 2017, the City authorized \$1,074,968 in water system revenue bonds for the purpose of financing the water portion of the Vincent Street/Maple Drive road project. This bond bears an interest rate of 1.122% and matures on May 1, 2037.

On December 27, 2017, the City issued \$672,808 in sewerage system revenue bonds for the purpose of financing the sewer portion of the Vincent Street/Maple Drive road project. This bond bears an interest rate of 1.056% and matures on May 1, 2037.

The City's full faith and credit do not back these bonds which are backed only by the assets and revenues of the water and sewer utility enterprise funds. The bonds are payable from a pledge of revenues of the water and sewer utility system. Principal and interest paid for the current year and total customer net revenues were \$60,572 and \$298,680 for the water utility enterprise fund. Principal and interest paid for the current year and total customer net revenues were \$351,856 and \$183,168 for the sewer utility enterprise fund. The City's outstanding bond related to business-type activities contain the following provisions in the event of default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

Annual requirements for principal and interest as of December 31, 2022 are as follows:

	Year	Principal	Interest	Total
Revenue Bonds:				
Sewerage System Revenue Bonds, Series 2013, dated 9/25/13, final installment due 5/1/33, interest at 2.625%	2023	\$ 237,647	\$ 75,255	\$ 312,902
	2024	243,885	68,935	312,820
	2025	250,287	62,449	312,736
	2026	256,857	55,793	312,650
	2027	263,599	48,962	312,561
	2028	270,519	41,952	312,471
	2029	277,620	34,758	312,378
	2030	284,907	27,375	312,282
	2031	292,386	19,798	312,184
	2032	300,061	12,022	312,083
	2033	307,938	4,043	311,981
		2,985,706	451,342	3,437,048
Water System Revenue Bonds, Series 2017 dated 6/14/17, final installment due 5/1/2037 interest at 1.122%	2023	51,478	9,090	60,568
	2024	52,056	8,509	60,565
	2025	52,641	7,921	60,562
	2026	53,231	7,328	60,559
	2027	53,828	6,727	60,555
	2028	54,432	6,120	60,552
	2029	55,043	5,506	60,549
	2030	55,661	4,885	60,546
	2031	56,285	4,256	60,541
	2032	56,917	3,621	60,538
	2033	57,555	2,979	60,534
	2034	58,201	2,330	60,531
	2035	58,854	1,673	60,527
	2036	59,514	1,009	60,523
2037	60,184	338	60,522	
		835,880	72,292	908,172

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

	Year	Principal	Interest	Total
Revenue Bonds (Continued):				
Sewerage System Revenue Bonds, Series 2017	2023	\$ 33,355	\$ 5,516	\$ 38,871
dated 12/27/17, final installment due 5/1/2037	2024	33,708	5,162	38,870
interest at 1.056%	2025	34,064	4,804	38,868
	2026	34,423	4,443	38,866
	2027	34,787	4,078	38,865
	2028	35,154	3,708	38,862
	2029	35,525	3,335	38,860
	2030	35,901	2,958	38,859
	2031	36,280	2,577	38,857
	2032	36,663	2,192	38,855
	2033	37,050	1,802	38,852
	2034	37,441	1,409	38,850
	2035	37,837	1,012	38,849
	2036	38,235	610	38,845
	2037	38,640	204	38,844
		<u>539,063</u>	<u>43,810</u>	<u>582,873</u>
Total Revenue Bonds		<u>\$ 4,360,649</u>	<u>\$ 567,444</u>	<u>\$ 4,928,093</u>

The mortgage revenue bonds may not be prepaid without the prior written consent of the State of Wisconsin Clean Water Fund Program, except as provided in the Financial Assistance Agreement between the City and the State of Wisconsin Departments of Natural Resources and Administration.

The annual requirement for debt retirement of revenue bonds can be summarized as follows:

Year	Total Revenue Bonds		
	Principal	Interest	Total
2023	\$ 322,480	\$ 89,861	\$ 412,341
2024	329,649	82,606	412,255
2025	336,992	75,174	412,166
2026	344,511	67,564	412,075
2027	352,214	59,767	411,981
2028-2032	1,883,354	175,063	2,058,417
2033-2037	791,449	17,409	808,858
Total	<u>\$ 4,360,649</u>	<u>\$ 567,444</u>	<u>\$ 4,928,093</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Lease Liability

The City entered into two lease agreements for copiers with EO Johnson. A lease liability was recorded in the amount of \$13,402 during the current fiscal year. The City also entered into a lease agreement for the use of sludge storage easement. This lease liability was recorded in the amount of \$13,545 during the current fiscal year. The City used the incremental borrowing rate for the lease since the interest rates was not provided in the lease agreement.

Total principal and interest costs for the lease for governmental activities for the year ended December 31, 2022 was \$3,550 and \$295, respectively. The principal and interest costs for the proprietary funds was \$2,433 and \$567, respectively. The future minimum lease payments for this agreement are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 3,639	\$ 205	\$ 3,844
2024	3,294	114	3,408
2025	2,050	50	2,100
2026	869	5	874
Total Minimum Lease Payments	<u>\$ 9,852</u>	<u>\$ 374</u>	<u>\$ 10,226</u>

Year	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 2,783	\$ 217	\$ 3,000
2024	2,854	146	3,000
2025	2,926	74	3,000
2026	3,000	-	3,000
Total Minimum Lease Payments	<u>\$ 11,563</u>	<u>\$ 437</u>	<u>\$ 12,000</u>

E. Lease Receivables

The City, acting as lessor, leases space on the water towers for a cell phone antennas under long-term, noncancelable lease agreements. The City also leases land to the River Bay Marina LLC under a long-term noncancelable lease agreement. The leases expire at various dates through 2048 and provide renewal option ranging from five to ten years. During the year ended December 31, 2022, the City recognized \$115,099 and \$51,507 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Lease Receivables (Continued)

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

Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 76,661	\$ 49,567	\$ 126,228
2024	85,023	47,186	132,209
2025	90,496	44,618	135,114
2026	97,110	41,857	138,967
2027	83,913	39,016	122,929
2028-2032	202,353	169,237	371,590
2033-2037	194,904	134,735	329,639
2038-2042	303,695	84,640	388,335
2043-2047	260,033	24,000	284,033
2048	27,430	367	27,797
Total Minimum Lease Payments	<u>\$ 1,421,618</u>	<u>\$ 635,223</u>	<u>\$ 2,056,841</u>

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2022 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds						
General Fund:						
Fire Donations	\$ 6,038	\$ -	\$ -	\$ -	\$ 6,038	\$ -
BID District	7,634	-	-	-	7,634	-
Nonspendable - Delinquent Taxes	965	965	-	-	-	-
Police K-9 Program	4,161	-	4,161	-	-	-
Unassigned	244,045	-	-	-	-	244,045
Debt Service Fund:						
Future Debt Payments	38,661	-	38,661	-	-	-
Community Development Authority Fund:						
Donor Restricted Projects	565,371	-	565,371	-	-	-
Assigned for CDA Projects	2,293,701	-	-	-	2,293,701	-
Capital Projects Fund:						
Capital Project	80,250	-	80,250	-	-	-
Capital Improvements Plan	92,484	-	92,484	-	-	-
Nonmajor Funds						
Special Revenue Funds:						
Library Fund	(10,063)	-	-	-	-	(10,063)
Parks and Recreation Fund	17,439	-	-	17,439	-	-
Capital Projects Fund:						
Future Wilberg Blvd Improvements	6,890	-	-	-	6,890	-
ARPA	197	-	-	-	197	-
Total Governmental Balances	<u>\$ 3,347,773</u>	<u>\$ 965</u>	<u>\$ 780,927</u>	<u>\$ 17,439</u>	<u>\$ 2,314,460</u>	<u>\$ 233,982</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

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

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

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

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

Benefits Provided: Employees who retire at or after age 65 (54 for protective occupations and 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 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 either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

For the years ended December 31, 2022 the WRS recognized \$83,971 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

	<u>Employee</u>	<u>Employer</u>
General	6.50%	6.50%
Executives and Elected Officials	6.50%	6.50%
Protective with Social Security	6.50%	12.04%
Protective without Social Security	6.50%	16.44%

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	-7.0	-7.0
2013	-9.6	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	-5.0
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	-10.0
2020	1.7	21.0
2021	5.1	13.0

**CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Compensated Absences Liability

Vacation is granted to employees in varying amounts based on length of service and terms of employment. Vacation leave may be accumulated to a maximum of 200 hours (300 hours for employees under the police union contract). Upon termination of employment, employees will be compensated for any accrued and accumulated vacation leave benefit up to the 200 hour maximum (300 hours for employees under the police union contract) at their current rate of pay in their final pay check. Employees covered under the Police union contract may also accumulate personal leave hours with a maximum accumulation of 1,200 hours. Upon leaving employment the personal leave shall be paid at the employee's regular rate of pay for the accumulation. As of March 4, 2013, the City adopted a policy to phase out the vacation leave program for all employees except those covered by the Police union contract. The phase out will occur through a payout of employee accrued balances as of that date, over four annual installments beginning in December 2013.

Liabilities for accumulated vacation and personal leave time are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The estimated liabilities for unused vacation and personal leave time payable from governmental funds at December 31, 2022 were \$88,725 which will be liquidated by the general fund. The estimated liabilities in the proprietary funds at that date were \$34,558.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

D. Contingencies

The City participates in various federal and state grant program, which are subject to program compliance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ST. CROIX FALLS, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,233,748	\$ 1,233,748	\$ 1,330,055	\$ 96,307
Special Assessments	11,007	11,007	11,007	-
Intergovernmental	482,037	482,037	553,193	71,156
Licenses and Permits	62,354	62,354	74,592	12,238
Fines and Forfeits	50,200	50,200	51,852	1,652
Public Charges for Services	12,336	12,336	13,457	1,121
Intergovernmental Charges for Services	90,562	90,562	93,105	2,543
Miscellaneous:				
Interest	8,900	8,900	64,220	55,320
Rent	163,480	163,480	144,134	(19,346)
Donations	1,000	1,000	6,697	5,697
Other	7,500	7,500	29,155	21,655
Total Revenues	<u>2,123,124</u>	<u>2,123,124</u>	<u>2,371,467</u>	<u>248,343</u>
EXPENDITURES				
General Government	419,045	419,045	384,887	34,158
Public Safety	1,000,254	1,000,254	1,120,105	(119,851)
Transportation	520,191	520,191	602,268	(82,077)
Sanitation	38,065	38,065	53,265	(15,200)
Health and Human Services	5,050	5,050	5,000	50
Culture, Recreation and Education	34,675	34,675	118,259	(83,584)
Conservation and Development	25,607	25,607	23,598	2,009
Debt Service:				
Principal on Leases Payable	-	-	1,903	(1,903)
Interest on Leases Payable	-	-	197	(197)
Total Expenditures	<u>2,042,887</u>	<u>2,042,887</u>	<u>2,309,482</u>	<u>(266,595)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	80,237	80,237	61,985	(18,252)
OTHER FINANCING SOURCES (USES)				
Transfers In	157,328	157,328	121,758	(35,570)
Transfers Out	(237,500)	(237,500)	(241,798)	(4,298)
Sale of Capital Assets	-	-	2,500	2,500
Total Other Financing Sources (Uses)	<u>(80,172)</u>	<u>(80,172)</u>	<u>(117,540)</u>	<u>(37,368)</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ 65</u>	<u>\$ 65</u>	(55,555)	<u>\$ (55,620)</u>
Fund Balance - January 1			<u>318,398</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 262,843</u>	

See Notes to the Required Supplementary Information

CITY OF ST. CROIX FALLS, WISCONSIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the City's annual operating budget. A budget is not adopted for the Community Development Authority special revenue fund.

The City's budget is adopted in accordance with Chapter 65 of the *Wisconsin Statutes* and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts, and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

EXCESS OF EXPENDITURES OVER BUDGET

Comparisons of actual revenues and expenditures to budgeted amounts for the City's general fund are presented as required supplementary information following the notes to the basic financial statements. Expenditures in excess of budgeted amounts at the legally adopted levels for each of these funds are shown in those schedules.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SCHEDULE A-1

CITY OF ST. CROIX FALLS, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2022

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Library Fund	Parks and Recreation Fund	Total Special Revenue Funds	Wilberg Boulevard Improvements Fund	ARPA Fund	Total Capital Projects Funds	
Cash and Investments	\$ -	\$ 17,439	\$ 17,439	\$ 6,890	\$ 203,294	\$ 210,184	\$ 227,623
Taxes Receivable	140,000	-	140,000	-	-	-	140,000
Accounts Receivable	5,050	-	5,050	-	-	-	5,050
Total Assets	\$ 145,050	\$ 17,439	\$ 162,489	\$ 6,890	\$ 203,294	\$ 210,184	\$ 372,673

ASSETS

Cash and Investments
 Taxes Receivable
 Accounts Receivable

Total Assets

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)

Liabilities

Vouchers Payable
 Due to Other Funds
 Unearned Revenues
 Total Liabilities

\$ 2,808	\$ -	\$ 2,808	\$ -	\$ -	\$ -	\$ -	\$ 2,808
12,305	-	12,305	-	-	-	-	12,305
-	-	-	-	203,097	203,097	203,097	203,097
15,113	-	15,113	-	203,097	203,097	203,097	218,210

Deferred Inflows of Resources

Succeeding Year's Property Taxes

140,000	-	140,000	-	-	-	-	140,000
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Fund Balances (Deficits)

Committed
 Assigned
 Unassigned
 Total Fund Balance (Deficits)

-	17,439	17,439	-	-	-	-	17,439
-	-	-	6,890	197	7,087	-	7,087
(10,063)	-	(10,063)	-	-	-	-	(10,063)
(10,063)	17,439	7,376	6,890	197	7,087	7,087	14,463

Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)

\$ 145,050	\$ 17,439	\$ 162,489	\$ 6,890	\$ 203,294	\$ 210,184	\$ 210,184	\$ 372,673
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SCHEDULE A-2

CITY OF ST. CROIX FALLS, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Library Fund	Parks and Recreation Fund	Total Special Revenue Funds	Wilberg Boulevard Improvements Fund	ARPA Fund	Capital Projects Funds	
REVENUES							
General Property Taxes	\$ 137,000	-	\$ 137,000	\$ -	\$ -	\$ -	\$ 137,000
Intergovernmental	102,642	-	102,642	-	-	-	102,642
Public Charges for Services	3,939	-	3,939	-	-	-	3,939
Miscellaneous:							
Interest on Investments	102	-	102	-	166	166	268
Donations	13,550	2,998	16,548	-	-	-	16,548
Total Revenues	257,233	2,998	260,231	-	166	166	260,397
EXPENDITURES							
Culture, Recreation, and Education	257,122	-	257,122	-	-	-	257,122
Debt Service:							
Principal on Leases Payable	1,647	-	1,647	-	-	-	1,647
Interest on Leases Payable	97	-	97	-	-	-	97
Total Expenditures	258,866	-	258,866	-	-	-	258,866
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,633)	2,998	1,365	-	166	166	1,531
OTHER FINANCING SOURCES (USES):							
Transfer Out	-	-	-	(16,435)	-	(16,435)	(16,435)
NET CHANGE IN FUND BALANCES	(1,633)	2,998	1,365	(16,435)	166	(16,269)	(14,904)
Fund Balances (Deficits) - January 1	(8,430)	14,441	6,011	23,325	31	23,356	29,367
FUND BALANCES - DECEMBER 31	<u>\$ (10,063)</u>	<u>\$ 17,439</u>	<u>\$ 7,376</u>	<u>\$ 6,890</u>	<u>\$ 197</u>	<u>\$ 7,087</u>	<u>\$ 14,463</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2021)**

	2022	2021
ASSETS		
Treasurer's Cash and Investments	\$ 297,725	\$ 705,779
Departmental Cash - Courts	3,584	14,421
Petty Cash	150	150
Taxes Receivable	1,027,141	876,595
Delinquent Personal Property Taxes Receivable	965	886
Special Assessments Receivable	89,939	-
Accounts Receivable	38,734	42,034
Lease Receivable	1,421,618	-
Due from Sewer Utility Enterprise Fund	257,729	-
Due from Library Fund	12,305	3,727
	\$ 3,149,890	\$ 1,643,592
Total Assets		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Vouchers Payable	\$ 90,129	\$ 55,279
Payroll Deductions	16,716	16,497
Mobile Home Fees Due to the School District	4,167	2,269
Municipal Fines Due State/County	-	-
Special Deposits	60,195	36,695
Total Liabilities	171,207	110,740
Deferred Inflows of Resources		
Succeeding Year's Property Taxes	1,227,541	1,203,447
Succeeding Year's Special Assessments	11,242	-
Special Assessments - Principal	89,939	-
Succeeding Year's BID Assessments	10,970	11,007
Deferred Amount Related to Leases	1,376,148	-
Total Deferred Inflows of Resources	2,715,840	1,214,454
Fund Balance		
Nonspendable	965	886
Restricted	4,161	4,860
Assigned	13,672	17,377
Unassigned	244,045	295,275
Total Fund Balance	262,843	318,398
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,149,890	\$ 1,643,592

SCHEDULE B-2

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	Balance January 1, 2022	Tax Levy	Other Revenues	Fund Transfers				Total Available	Expenditures	Balance December 31, 2022
				General Fund In	General Fund Out	Other Funds In	Other Funds Out			
Nonspendable Balance										
Delinquent Taxes	\$ 886	\$ -	\$ -	\$ 79	\$ -	\$ -	\$ -	\$ 965	\$ -	\$ 965
Restricted Balance										
Police K9	4,860	-	2,673	-	-	-	-	7,533	3,372	4,161
Wannigan Days Donation	-	-	2,050	-	-	-	-	2,050	2,050	-
Total Restricted Balances	4,860	-	4,723	-	-	-	-	9,583	5,422	4,161
Assigned Balances										
Fire Donations	7,230	-	4,024	-	-	-	-	11,254	5,216	6,038
BID District	10,147	-	11,007	-	-	-	-	21,154	13,520	7,634
Total Assigned Balances	17,377	-	15,031	-	-	-	-	32,408	18,736	13,672
Unassigned Balance										
	295,275	1,203,448	1,150,765	-	79	121,758	241,798	2,529,369	2,285,324	244,045
Total General Fund	\$ 318,398	\$ 1,203,448	\$ 1,170,519	\$ 79	\$ 79	\$ 121,758	\$ 241,798	\$ 2,572,325	\$ 2,309,482	\$ 262,843

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	2022			Variance - Positive (Negative)	2021 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES					
Taxes					
General Property Taxes	\$ 1,203,448	\$ 1,203,448	\$ 1,203,448	\$ -	\$ 1,203,470
Room Taxes	18,000	18,000	116,638	98,638	109,828
Mobile Home Parking Permit Fees	6,800	6,800	3,965	(2,835)	4,530
Payments in Lieu of Taxes:					
County Housing	3,000	3,000	3,000	-	3,000
Rivertown Heights	2,500	2,500	2,500	-	2,500
Interest on Delinquent Taxes	-	-	504	504	487
Total Taxes	1,233,748	1,233,748	1,330,055	96,307	1,323,815
Special Assessments					
BID District	11,007	11,007	11,007	-	11,254
Intergovernmental					
Routes to Recovery Federal Aid	-	-	-	-	9,312
State DNR-In Lieu of Tax on Conservation Land	1,045	1,045	1,588	543	1,045
State Shared Taxes	241,193	241,193	255,235	14,042	267,608
State Franchise Fee Replacement	2,043	2,043	-	(2,043)	-
State Exempt Computer Aid	8,935	8,935	8,935	-	8,935
State General Transportation Aids	174,968	174,968	174,483	(485)	167,822
State LRIP Grant	-	-	-	-	8,747
Fire Insurance Taxes	10,705	10,705	11,153	448	10,705
Law Enforcement Aids	-	-	960	960	960
Law Enforcement Grant	40,648	40,648	97,790	57,142	20,142
Payment for Municipal Services (Aid)	2,500	2,500	3,049	549	2,479
Total Intergovernmental	482,037	482,037	553,193	71,156	497,755
Licenses and Permits					
Licenses:					
Liquor and Malt Beverage	5,000	5,000	8,418	3,418	4,320
Operators	2,400	2,400	3,190	790	2,070
Cigarette	800	800	1,100	300	900
Dog Licenses Refund from County	300	300	375	75	349
Cable TV Franchise	18,157	18,157	17,442	(715)	16,431
Mobile Home Park	72	72	-	(72)	72

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	2022			Variance - Positive (Negative)	2021 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES (CONTINUED)					
Licenses and Permits (Continued)					
Permits:					
Construction	\$ 35,000	\$ 35,000	\$ 39,410	\$ 4,410	\$ 44,012
Site Plan	-	-	2,900	2,900	-
Zoning	200	200	612	412	400
Conditional Use	400	400	1,000	600	400
Sellers	25	25	145	120	85
Total Licenses and Permits	<u>62,354</u>	<u>62,354</u>	<u>74,592</u>	<u>12,238</u>	<u>69,039</u>
Fines and Forfeits					
County Court Fines and Forfeitures	200	200	854	654	199
Municipal Court Fines and Forfeitures	50,000	50,000	50,598	598	57,697
Parking Violations	-	-	400	400	-
Total Fines and Forfeits	<u>50,200</u>	<u>50,200</u>	<u>51,852</u>	<u>1,652</u>	<u>57,896</u>
Public Charges for Services					
License Publication Fees	150	150	160	10	150
Street Department	-	-	-	-	7,544
Street Opening Permits	-	-	200	200	-
Recycling Compost Cards	100	100	375	275	345
Boat Docking/Marina Fees	9,286	9,286	7,674	(1,612)	9,286
Other Fees	300	300	925	625	587
Park Revenues	1,000	1,000	1,590	590	1,100
Other Public Charges	1,500	1,500	2,533	1,033	2,570
Total Public Charges for Services	<u>12,336</u>	<u>12,336</u>	<u>13,457</u>	<u>1,121</u>	<u>21,582</u>
Intergovernmental Charges for Services					
Fire Services	46,800	46,800	47,488	688	47,052
School Liaison Program	36,785	36,785	38,716	1,931	12,017
Information Centers Share of Utilities	6,977	6,977	6,901	(76)	4,385
Total Intergovernmental Charges for Services	<u>90,562</u>	<u>90,562</u>	<u>93,105</u>	<u>2,543</u>	<u>63,454</u>
Miscellaneous					
Interest:					
General Investments	8,900	8,900	12,713	3,813	23,089
Special Assessments	-	-	-	-	-
Interest on Leases	-	-	51,507	51,507	-
County Tax Collections	-	-	-	-	1
Rent:					
Verizon	38,400	38,400	38,832	432	69,204
AT&T / Dobson	18,400	18,400	16,130	(2,270)	18,433
T Mobile	44,498	44,498	83,872	39,374	57,198

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	2022			Variance - Positive (Negative)	2021 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES (CONTINUED)					
Miscellaneous (Continued)					
Rent: (Continued)					
Sprint PCS - Tower Road	\$ 28,250	\$ 28,250	\$ -	\$ (28,250)	\$ 9,344
Sprint - 1126 Pine Street	29,132	29,132	-	(29,132)	9,127
Plaza Maintenance	4,800	4,800	4,800	-	4,800
Rent on City Property	-	-	500	500	-
Other:					
Sale of City Property:	-	-	-	-	75
Other					
Donations from Individuals and Organizations:					
Fire Department Donations/Fundraising	-	-	4,024	4,024	3,657
Police Department Donations - K9	-	-	2,673	2,673	2,775
Other-Miscellaneous	1,000	1,000	-	(1,000)	5,627
Insurance Dividends	7,500	7,500	13,836	6,336	4,142
Miscellaneous	-	-	15,319	15,319	9,008
Total Miscellaneous	<u>180,880</u>	<u>180,880</u>	<u>244,206</u>	<u>63,326</u>	<u>216,480</u>
Total Revenues	2,123,124	2,123,124	2,371,467	248,343	2,261,275
EXPENDITURES					
General Government					
Council	15,140	15,140	16,577	(1,437)	16,317
Legislative Support	8,000	8,000	12,720	(4,720)	5,867
Attorney	7,750	7,750	9,317	(1,567)	5,627
Municipal Court	73,233	73,233	84,178	(10,945)	66,234
Mayor	10,190	10,190	9,747	443	9,710
City Administrator	53,291	53,291	40,466	12,825	55,443
Clerk-Deputy Treasurer	65,591	65,591	65,310	281	54,575
Treasurer-Deputy Clerk	37,789	37,789	27,493	10,296	35,443
Elections	9,250	9,250	9,695	(445)	5,217
Assessment of Property	10,000	10,000	12,311	(2,311)	10,704
Special Accounting and Auditing	10,000	10,000	9,555	445	10,868
Municipal Buildings:					
Tourism/City Hall Building	33,890	33,890	10,779	23,111	18,910
Library/Auditorium Building	-	-	-	-	270
Annexation Taxes to Town	421	421	192	229	-
Property, Liability, and Workers					
Compensation Insurance	84,500	84,500	76,547	7,953	73,260
Total General Government	<u>419,045</u>	<u>419,045</u>	<u>384,887</u>	<u>34,158</u>	<u>368,445</u>

**CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)**

	2022			Variance - Positive (Negative)	2021 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES (CONTINUED)					
Public Safety					
Police Department	\$ 753,986	\$ 753,986	\$ 859,215	\$ (105,229)	\$ 762,174
Police Department - K9	-	-	3,372	(3,372)	195
Police Department - Outlay	16,500	16,500	26,977	(10,477)	15,378
Fire Hall	20,000	20,000	14,063	5,937	21,913
Fire Department Administration	166,503	166,503	150,736	15,767	173,478
Fire Department Outlay	-	-	3,369	(3,369)	2,289
Fire Donations	-	-	5,216	(5,216)	4,275
Ambulance	10,565	10,565	10,485	80	10,565
Disaster Preparedness	1,200	1,200	1,191	9	1,719
Building Inspection	31,500	31,500	45,481	(13,981)	38,904
Total Public Safety	1,000,254	1,000,254	1,120,105	(119,851)	1,030,890
Transportation					
Garages and Sheds	20,000	20,000	32,008	(12,008)	17,448
Machinery and Equipment Operation	36,000	36,000	65,937	(29,937)	45,925
Machinery and Equipment Outlay	20,000	20,000	15,975	4,025	21,150
Streets and Alleys	296,011	296,011	327,695	(31,684)	316,045
Street Cleaning	6,080	6,080	8,847	(2,767)	2,298
Snow and Ice Control	50,000	50,000	62,889	(12,889)	55,426
Traffic Control	24,000	24,000	12,983	11,017	128
Street Lighting	32,500	32,500	34,733	(2,233)	30,674
Storm Sewers Repairs	13,000	13,000	32,426	(19,426)	9,652
Sidewalk/Curb and Gutter	20,600	20,600	8,299	12,301	516
Drug Testing	500	500	476	24	715
City Projects Account:					
Roads Projects	1,500	1,500	-	1,500	-
Unallocated Public Works Wage and Fringe Benefit Appropriations			-	-	-
Total Transportation	520,191	520,191	602,268	(82,077)	499,977
Sanitation					
Weed and Nuisance Control	31,465	31,465	46,370	(14,905)	12,003
Sanitary Landfill (Groundwater Monitoring)	6,600	6,600	6,895	(295)	6,894
Total Sanitation	38,065	38,065	53,265	(15,200)	18,897
Health and Human Services					
Cemetery	5,000	5,000	5,000	-	5,000
Dog Pound	50	50	-	50	-
Total Health and Human Services	5,050	5,050	5,000	50	5,000

CITY OF ST. CROIX FALLS, WISCONSIN
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			Variance - Positive (Negative)	2021 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES (CONTINUED)					
Culture, Recreation, and Education					
Parks	\$ 17,300	\$ 17,300	\$ 13,071	\$ 4,229	\$ 13,008
Overlook Deck	5,000	5,000	5,640	(640)	5,000
Library Project	-	-	563	(563)	-
Historical Society	2,000	2,000	1,000	1,000	-
Tourism	175	175	150	25	150
Room Tax Expenses	-	-	91,288	(91,288)	85,117
Recreation Programs	6,700	6,700	4,914	1,786	9,174
Wannigan Days	3,500	3,500	1,633	1,867	11,831
Total Culture, Recreation and Education	<u>34,675</u>	<u>34,675</u>	<u>118,259</u>	<u>(83,584)</u>	<u>124,280</u>
Conservation and Development					
Economic Development	12,500	12,500	7,244	5,256	20,025
BID District	11,007	11,007	13,520	(2,513)	12,612
Site Plan	-	-	788	(788)	-
Donations	2,100	2,100	2,046	54	2,046
Total Conservation and Development	<u>25,607</u>	<u>25,607</u>	<u>23,598</u>	<u>2,009</u>	<u>34,683</u>
Debt Service					
Leases Payable	-	-	1,903	(1,903)	-
Interest on Leases Payable	-	-	197	(197)	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>(2,100)</u>	<u>-</u>
Total Expenditures	<u>2,042,887</u>	<u>2,042,887</u>	<u>2,309,482</u>	<u>(266,595)</u>	<u>2,082,172</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	80,237	80,237	61,985	(18,252)	179,103
OTHER FINANCING SOURCES (USES)					
Transfers In:					
Capital Projects (Project Management)	30,000	30,000	30,000	-	-
Wilberg Blvd Improvements Fund	16,435	16,435	16,435	-	-
Water Utility - Tax Equivalent	86,000	86,000	75,323	(10,677)	83,660
Water/Sewer Utility - Other	24,893	24,893	-	(24,893)	-
Transfers Out:					
Redemption of General Long-Term Debt	(237,500)	(237,500)	(241,798)	(4,298)	(254,298)
Sale of Capital Assets	-	-	2,500	2,500	69,402
Total Other Financing Sources (Uses)	<u>(80,172)</u>	<u>(80,172)</u>	<u>(117,540)</u>	<u>(37,368)</u>	<u>(101,236)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 65</u>	<u>\$ 65</u>	<u>(55,555)</u>	<u>\$ (55,620)</u>	<u>77,867</u>
Fund Balance - January 1			<u>318,398</u>		<u>240,531</u>
FUND BALANCE - DECEMBER 31			<u>\$ 262,843</u>		<u>\$ 318,398</u>

CITY OF ST. CROIX FALLS, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2021)

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Investments	\$ 1,362,464	\$ 1,323,514
Customer Accounts Receivable	182,172	193,068
Other Accounts Receivable	-	219
Accounts Receivable from Tax Roll	3,671	2,707
Materials and Supplies Inventories	15,092	15,668
Total Current Assets	1,563,399	1,535,176
CAPITAL ASSETS		
Capital Assets Not Being Depreciated	4,533	4,533
Capital Assets Being Depreciated	6,528,314	6,471,554
Less Accumulated Depreciation	2,388,797	2,244,546
Total Plant in Service	4,144,050	4,231,541
Construction Work in Progress	242,414	119,521
Net Capital Assets	4,386,464	4,351,062
OTHER ASSETS		
Special Assessments Receivable	466	699
Total Assets	\$ 5,950,329	\$ 5,886,937
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,737	\$ 35,273
Accrued Interest Payable	11,983	9,831
Current Portion of Long-Term Liabilities:		
General Obligation Note	6,409	6,051
General Obligation Bonds	25,000	-
Revenue Bonds	51,478	81,082
Unamortized Debt Premium	485	492
Employee Leave Liability	17,501	16,554
Total Current Liabilities	118,593	149,283
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
General Obligation Note	123,039	6,404
General Obligation Bonds	555,000	580,000
Revenue Bonds Payable	784,402	835,881
Unamortized Debt Premium	5,095	5,580
Total Long-Term Liabilities	1,467,536	1,427,865
Total Liabilities	1,586,129	1,577,148
NET POSITION		
Net Investment in Capital Assets	3,415,556	3,445,237
Unrestricted	948,644	864,552
Total Net Position	4,364,200	4,309,789
Total Liabilities and Net Position	\$ 5,950,329	\$ 5,886,937

CITY OF ST. CROIX FALLS, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sales of Water:		
General Customers	\$ 398,978	\$ 452,191
Private Fire Protection	11,098	11,202
Public Fire Protection	260,375	255,559
Public Authorities	22,121	18,223
Total Sales of Water	<u>692,572</u>	<u>737,175</u>
Other Operating Revenues:		
Forfeited Discounts	5,454	4,292
Meter Use Charge to Sewer Utility	22,119	22,181
Miscellaneous Operating Revenues	11,876	-
Total Other Operating Revenues	<u>39,449</u>	<u>26,473</u>
Total Operating Revenues	<u>732,021</u>	<u>763,648</u>
OPERATING EXPENSES		
Operation and Maintenance	433,341	1,004,576
Depreciation	152,198	147,410
Total Operating Expenses	<u>585,539</u>	<u>1,151,986</u>
OPERATING INCOME (LOSS)	146,482	(388,338)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	4,843	2,868
Debt Issuance Costs	(615)	(23,641)
Interest Expense	(21,468)	(18,356)
Premium on Debt Issuance	492	-
Total Nonoperating Revenues (Expenses)	<u>(16,748)</u>	<u>(39,129)</u>
INCOME (LOSS) BEFORE TRANSFERS	129,734	(427,467)
TRANSFERS		
Transfer from Impact Fees Fund	-	191
Transfer from Capital Projects Fund	-	182,337
Transfer to General Fund - Tax Equivalent	(75,323)	(83,660)
Total Transfers	<u>(75,323)</u>	<u>98,868</u>
CHANGE IN NET POSITION	54,411	(328,599)
Net Position - January 1	<u>4,309,789</u>	<u>4,638,388</u>
NET POSITION - DECEMBER 31	<u>\$ 4,364,200</u>	<u>\$ 4,309,789</u>

CITY OF ST. CROIX FALLS, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 720,286	\$ 742,988
Cash Received for Sewer Share of Meter Related Expense	22,119	22,181
Cash Payments to Suppliers for Goods and Services	(184,345)	(764,875)
Cash Payments for Employee Services	<u>(299,310)</u>	<u>(258,880)</u>
Net Cash Provided (Used) by Operating Activities	258,750	(258,586)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to General Fund - Payments of Tax Equivalents	(75,323)	(83,660)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(64,707)	(228,320)
Cash Paid for Construction Work in Progress	(100,592)	(18,154)
Cash Received from Issuance of Long-Term Debt	123,039	610,000
Cash Received from Impact Fees Fund	-	191
Cash Received from Capital Projects Fund	-	182,337
Principal Paid on Long-Term Debt	(87,129)	(56,392)
Cash Paid for Debt Issuance Costs	(615)	(23,641)
Cash Received for Debt Premium	-	6,072
Interest Paid on Long-Term Debt	(19,316)	(10,767)
Cash Received as Utility Hookup Fees	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(149,320)</u>	<u>461,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>4,843</u>	<u>2,868</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	38,950	121,948
Cash and Cash Equivalents - January 1	<u>1,323,514</u>	<u>1,201,566</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 1,362,464</u>	<u>\$ 1,323,514</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 146,482	\$ (388,338)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	152,198	147,410
(Increase) Decrease in Assets:		
Customer Accounts Receivable	10,896	(5,574)
Other Accounts Receivable	219	(219)
Accounts Receivable on Tax Roll	(964)	7,081
Inventories	576	(291)
Special Assessments Receivable	233	233
Increase (Decrease) in Liabilities:		
Accounts Payable	(51,837)	(22,398)
Employee Leave Liability	<u>947</u>	<u>3,510</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 258,750</u>	<u>\$ (258,586)</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Net Position	<u>\$ 1,362,464</u>	<u>\$ 1,323,514</u>

CITY OF ST. CROIX FALLS, WISCONSIN
WATER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Source		
Maintenance of Wells	\$ 22	\$ 1,492
Pumping		
Operation Labor	26,066	23,539
Fuel for Pumping	39,177	34,529
Supplies and Expense	695	125
Maintenance of Pumping Plant	4,951	5,451
Total Pumping	70,889	63,644
Water Treatment		
Operation Labor	51,931	46,415
Chemicals	1,207	725
Supplies and Expense	2,833	1,689
Maintenance of Water Treatment Plant	-	226
Total Water Treatment	55,971	49,055
Transmission and Distribution		
Operation Labor	61,099	55,399
Operation Supplies and Expenses	1,685	1,492
Maintenance of Reservoirs	30,636	632,689
Maintenance of Mains	8,957	5,608
Maintenance of Services	5,571	4,506
Maintenance of Meters	2,683	5,654
Maintenance of Hydrants	3,869	3,357
Maintenance of Other Plant	968	888
Total Transmission and Distribution	115,468	709,593
Customer Accounts		
Meter Reading Labor	791	774
Accounting and Collecting Labor	23,128	17,526
Total Customer Accounts	23,919	18,300
Administrative and General		
Administrative and General Salaries	69,515	66,045
Office Supplies and Expenses	9,058	8,088
Outside Services Employed	7,014	16,209
Property and Liability Insurance	7,392	7,062
Employees Pensions and Benefits	55,945	42,561
FICA Taxes	11,782	10,131
Regulatory Commission Expense	-	5,989
Miscellaneous General Expenses	3,156	4,375
Transportation Expenses	3,210	2,032
Total Administrative and General	167,072	162,492
TOTAL OPERATION AND MAINTENANCE	\$ 433,341	\$ 1,004,576

CITY OF ST. CROIX FALLS, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2021)

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Treasurer's Cash	\$ -	\$ 41,059
Customer Accounts Receivable	189,114	228,328
Other Customer Accounts Receivable	-	689
Accounts Receivable from Tax Roll	<u>2,555</u>	<u>1,353</u>
Total Current Assets	191,669	271,429
RESTRICTED ASSETS		
Disposal Plant Replacement Fund Investments	344,012	320,116
CAPITAL ASSETS		
Capital Assets Not Being Depreciated	498,734	484,456
Capital Assets Being Depreciated	15,737,463	15,576,109
Less Accumulated Depreciation	<u>3,886,078</u>	<u>3,537,775</u>
Total Plant in Service	12,350,119	12,522,790
Construction Work in Progress	<u>74,537</u>	<u>51,037</u>
Net Utility Plant	<u>12,424,656</u>	<u>12,573,827</u>
Total Assets	<u>\$ 12,960,337</u>	<u>\$ 13,165,372</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 21,650	\$ 9,082
Accrued Interest Payable	18,329	15,518
Due to General Fund	257,729	-
Current Portion of Long-Term Liabilities:		
General Obligation Debt	16,409	6,051
Revenue Bonds	271,002	274,749
Leases Payable	2,783	-
Employee Leave Liability	<u>17,057</u>	<u>14,128</u>
Total Current Liabilities	604,959	319,528
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)		
General Obligation Debt	120,000	136,404
Revenue Bonds	3,325,767	3,524,769
Leases Payable	<u>8,780</u>	<u>-</u>
Total Long-Term Liabilities	<u>3,454,547</u>	<u>3,661,173</u>
Total Liabilities	4,059,506	3,980,701
NET POSITION		
Net Investment in Capital Assets	8,690,962	8,652,735
Restricted for Plant Replacement	344,012	320,116
Restricted for Debt Retirement	-	21,377
Unrestricted	<u>(134,143)</u>	<u>190,443</u>
Total Net Position	<u>8,900,831</u>	<u>9,184,671</u>
Total Liabilities and Net Position	<u>\$ 12,960,337</u>	<u>\$ 13,165,372</u>

CITY OF ST. CROIX FALLS, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sewerage Revenues:		
General Customers	\$ 648,435	\$ 745,467
Public Authorities	26,625	25,988
Total Sewerage Revenues	<u>675,060</u>	<u>771,455</u>
Other Operating Revenues:		
Forfeited Discounts	4,107	4,376
Miscellaneous	34,940	40,199
Total Operating Revenues	<u>714,107</u>	<u>816,030</u>
OPERATING EXPENSES		
Operation and Maintenance	527,939	481,436
Depreciation/Amortization	377,768	375,391
Total Operating Expenses	<u>905,707</u>	<u>856,827</u>
OPERATING LOSS	(191,600)	(40,797)
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	387	346
Interest Expenses	(92,267)	(105,118)
Amortization of Debt Premium	-	400
Debt Issuance Cost	(360)	(3,266)
Total Nonoperating Revenues (Expenses)	<u>(92,240)</u>	<u>(107,638)</u>
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(283,840)	(148,435)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Transfer from Impact Fees Fund	-	598
Transfer from Capital Projects Fund	-	118,623
Total Capital Contributions and Transfers	<u>-</u>	<u>119,221</u>
CHANGE IN NET POSITION	(283,840)	(29,214)
Net Position - January 1	<u>9,184,671</u>	<u>9,213,885</u>
NET POSITION - DECEMBER 31	<u>\$ 8,900,831</u>	<u>\$ 9,184,671</u>

CITY OF ST. CROIX FALLS, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Utility Customers	\$ 752,119	\$ 806,245
Cash Payments to Suppliers for Goods and Services	(203,999)	(210,448)
Cash Payments for Employee Services	(285,635)	(248,980)
Cash Paid for Sewer Share of Meter Related Expenses	<u>(22,119)</u>	<u>(22,181)</u>
Net Cash Provided by Operating Activities	240,366	324,636
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipt (Repayment) of Cash Advance from Water Fund	257,729	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Capital Assets	(190,819)	(140,458)
Cash Paid for Construction Work in Progress	(23,500)	(38,737)
Cash Received from Issuance of Long-Term Debt	72,000	140,000
Cash Received from Impact Fees Fund	-	598
Cash Received from Capital Improvements Fund	-	118,623
Principal Paid on Long-Term Debt	(280,795)	(1,641,951)
Principal Paid on Leases	(2,715)	-
Cash Paid for Debt Issuance Costs	(360)	(3,266)
Cash Received for Debt Premium	-	400
Interest Paid on Long-Term Debt	<u>(89,456)</u>	<u>(112,243)</u>
Net Cash Used by Capital and Related Financing Activities	(515,645)	(1,677,034)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>387</u>	<u>346</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,163)	(1,352,052)
Cash and Cash Equivalents - January 1	<u>361,175</u>	<u>1,713,227</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 344,012</u>	<u>\$ 361,175</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (191,600)	\$ (40,797)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	377,768	375,391
(Increase) Decrease in Assets:		
Customer Accounts Receivable	39,214	(16,412)
Accounts Receivable on Tax Roll	(1,202)	6,627
Other Accounts Receivable	689	(689)
Increase (Decrease) in Liabilities:		
Accounts Payable	12,568	(2,641)
Employee Leave Liability	<u>2,929</u>	<u>3,157</u>
Net Cash Provided by Operating Activities	<u>\$ 240,366</u>	<u>\$ 324,636</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Investments per Statement of Position:		
Cash and Investments - Unrestricted	\$ -	\$ 41,059
Disposal Plant Replacement Fund Investments - Restricted	<u>344,012</u>	<u>320,116</u>
Cash and Cash Equivalents	<u>\$ 344,012</u>	<u>\$ 361,175</u>

CITY OF ST. CROIX FALLS, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
Operation		
Supervision and Labor	\$ 140,454	\$ 126,153
Power Purchased for Lift Station	51,234	47,432
Power Purchased for Disposal Plant	19,267	7,998
Chemicals	45,954	36,831
Outside Sewage Testing Services	12,315	15,220
Operating Supplies and Expenses	20,354	20,111
Transportation Expenses	8,915	3,776
Sludge Pumping Expense	6,555	5,854
Total Operation	<u>305,048</u>	<u>263,375</u>
Maintenance		
Collection System	14,617	5,492
Collection System Pumping Equipment	1,064	1,000
Treatment and Disposal Equipment	13,408	35,005
Buildings and Grounds	203	4,987
Total Maintenance	<u>29,292</u>	<u>46,484</u>
Customer Accounting and Collection		
Billing, Accounting and Collecting Salaries	19,106	18,546
Office Supplies and Expenses	3,448	4,461
Meter Use Charge (Paid to Water Utility)	22,119	22,181
Total Customer Accounting and Collection	<u>44,673</u>	<u>45,188</u>
Administrative and General		
Administrative and General Salaries	60,848	54,043
Outside Services Employed	6,589	5,951
Property and Liability Insurance	9,196	8,777
FICA Taxes	11,175	9,526
Employees Pensions and Benefits	56,981	43,869
Environmental Fees	1,942	1,903
Training Expenses	1,345	1,896
Miscellaneous General Expenses	850	424
Total Administrative and General	<u>148,926</u>	<u>126,389</u>
TOTAL OPERATION AND MAINTENANCE	<u>\$ 527,939</u>	<u>\$ 481,436</u>



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FORM OF LEGAL OPINION

(See following pages)

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

September 28, 2023

Re: City of Saint Croix Falls, Wisconsin ("Issuer")
\$5,490,000 General Obligation Corporate Purpose Bonds, Series 2023A,
dated September 28, 2023 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$ 95,000	___%
2025	90,000	___
2026	130,000	___
2027	130,000	___
2028	135,000	___
2029	140,000	___
2030	155,000	___
2031	195,000	___
2032	290,000	___
2033	300,000	___
2034	310,000	___
2035	320,000	___
2036	335,000	___
2037	350,000	___
2038	355,000	___
2039	365,000	___
2040	380,000	___
2041	395,000	___
2042	495,000	___
2043	525,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2024.

The Bonds maturing on September 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2031 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

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

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Saint Croix Falls, Polk County, Wisconsin (the "Issuer") in connection with the issuance of \$5,490,000 General Obligation Corporate Purpose Bonds, Series 2023A, dated September 28, 2023 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on July 31, 2023 and September 11, 2023 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

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

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

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

"Final Official Statement" means the Final Official Statement dated September 11, 2023 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

"Issuer" means the City of Saint Croix Falls, Polk County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 710 Highway 35 South, Saint Croix Falls, Wisconsin 54024, phone (715) 483-3929, fax (715) 483-1618.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

Section 5. Reporting of Listed Events.

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

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

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the

Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 28th day of September, 2023.

(SEAL)

Kirk Anderson
Mayor

Sarah Jensen
City Clerk

NOTICE OF SALE

**\$5,490,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023A
CITY OF SAINT CROIX FALLS, WISCONSIN**

Bids for the purchase of \$5,490,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds") of the City of Saint Croix Falls, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on September 11, 2023, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purposes of financing street improvement projects, water system projects, sewerage projects, parks and public grounds projects and current refunding certain outstanding general obligations of the City. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated September 28, 2023, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$95,000	2031	\$195,000	2038	\$355,000
2025	90,000	2032	290,000	2039	365,000
2026	130,000	2033	300,000	2040	380,000
2027	130,000	2034	310,000	2041	395,000
2028	135,000	2035	320,000	2042	495,000
2029	140,000	2036	335,000	2043	525,000
2030	155,000	2037	350,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after September 1, 2032 shall be subject to optional redemption prior to maturity on September 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about September 28, 2023, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

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

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

SUBMISSION OF BIDS

Bids must not be for less than \$5,421,375 plus accrued interest on the principal sum of \$5,490,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$109,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Common Council

City of Saint Croix Falls, Wisconsin

BID FORM

The Common Council
City of Saint Croix Falls, Wisconsin (the "City")

September 11, 2023

RE: \$5,490,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds")
DATED: September 28, 2023

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$5,421,375) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037		

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

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$109,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about September 28, 2023.

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

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from September 28, 2023 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Saint Croix Falls, Wisconsin, on September 11, 2023.

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