

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**



Clear Answers for Clean Water<sup>SM</sup>

**FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**Western Lake Superior Sanitary District**

**Duluth, Minnesota**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT**

**DULUTH, MINNESOTA**

**FOR THE FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019**

*Prepared by Business Services Division*

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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DULUTH, MINNESOTA  
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## Western Lake Superior Sanitary District

March 31, 2021

Board of Directors  
Western Lake Superior Sanitary District  
2626 Courtland Street  
Duluth, Minnesota 55806

The Comprehensive Annual Financial Report of the Western Lake Superior Sanitary District (WLSSD) for the fiscal year ended December 31, 2020 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with WLSSD. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the enterprise fund. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the WLSSD have been included. Please refer to the Management Discussion and Analysis section of this document for a more detailed discussion of WLSSD financial and planning highlights.

### **Services of WLSSD**

WLSSD is located in northeastern Minnesota, and encompasses 513 square miles and includes the cities of Cloquet, Carlton, Scanlon, and Wrenshall, and townships of Silver Brook, Thomson, and Twin Lakes in Carlton County and the cities of Duluth, Hermantown, Proctor, and Rice Lake, and the townships of Canosia, Duluth, Grand Lake, Lakewood, Midway, and Solway in St. Louis County.

WLSSD was established in 1971 to improve and protect the waters of the lower St. Louis River basin. This was accomplished by providing wastewater treatment to the municipalities listed above, as well as to four large industrial customers. In 1974, the State Legislature also gave WLSSD the additional responsibility for solid waste management. The combination of both wastewater treatment and proper solid waste management resulted in the cleanup of the waters of the St. Louis River which remains one of the most significant events in the environmental history of this region.

The WLSSD continues to make significant capital investments in our wastewater collection and treatment systems and our solid waste services. Long-term strategic, asset management and capital planning have ensured that the WLSSD continues to meet all financial, environmental and operational requirements.

## 2020 Comprehensive Annual Financial Report

### **Local Economy**

WLSSD serves a large geographic territory (513 square miles) with a relatively diverse service area and a population of approximately 139,300. The WLSSD serves a region with a diverse economy comprised of healthcare, forest products manufacturing, aviation and a large and robust higher education sector. All of these sectors were negatively impacted by the COVID-19 pandemic in the first half of 2020 and have been rebounding since. The segment most significantly impacted in 2020 is forest products. This segment saw significant slow down due to competitive pressures from electronic media and the COVID-19 pandemic. In June 2020 the Verso paper mill in Duluth announced an indefinite idle. This mill remains shutdown and it is unclear when, and if, it may restart. The Sappi pulp and paper mill had downtime in the second quarter of 2020 but has run steadily since. The WLSSD has made process changes to improve the ability of our treatment plant to better respond to the ebbs and flows from our commercial and industrial sector. The financial performance of the WLSSD during 2020 is a testament to this success.

### **Long-term Financial Planning**

As part of the Master Planning Process, WLSSD develops ten (10) year capital plans for both Wastewater and Solid Waste operations. This planning process integrates projected changes in demand with an engineering assessment of the major components of the facility. These capital projections are utilized in combination with loading projections and operating assumptions to develop a ten year projection for operating costs. These projections are used to make informed decisions on debt and loan financing to ensure adequate fund balances are maintained over both the short and long-terms.

### **Internal Controls**

WLSSD management is responsible for designing, establishing and maintaining an internal control system that protects WLSSD assets from loss, theft or misuse and ensures that adequate accounting data is compiled to prepare the financial statements in accordance with generally accepted accounting principles. Internal control systems are designed to provide reasonable assurance that these objectives are met, while recognizing that the cost of a control should not exceed the benefits. The evaluation of costs and benefits requires management estimates and judgments. WLSSD's internal control system is continually monitored and evaluated by management as a good business practice.

### **Independent Audit**

WLSSD's enabling legislation requires an annual audit of all books and accounts to be made by independent certified public accountants or by the State Auditor's office. This requirement has been complied with, and the certified public accountants' opinion accompanies this report.

The auditors will issue a management and compliance letter covering the review made as part of their examination of the District's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect in any way this report on the financial statements.

## 2020 Comprehensive Annual Financial Report

### **Awards**

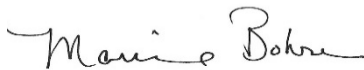
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the WLSSD for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. This was the thirty-sixth consecutive year that the WLSSD has received this prestigious award. In order to be awarded a Certificate of Achievement, WLSSD published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The accurate and timely preparation of this report could not have been accomplished without the efficiency and dedication of WLSSD's Business Services Division. We express our appreciation to all members of the division, and to the staff of the certified public accountants who reviewed and assisted in the preparation. We would also like to thank the WLSSD Board of Directors for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Marianne Bohren  
Executive Director



Cathy Remington  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Western Lake Superior Sanitary District  
Minnesota**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



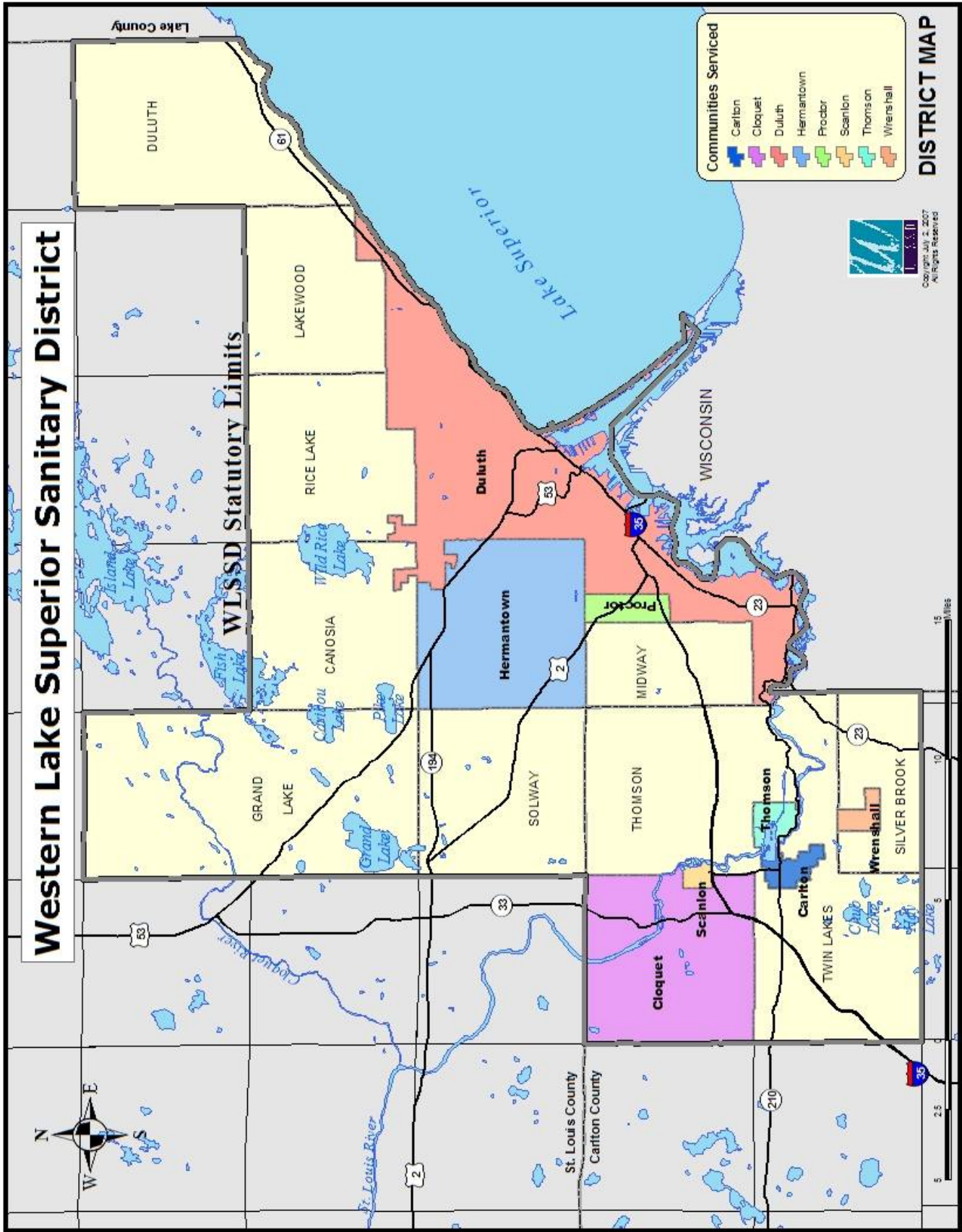


**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
BOARD OF DIRECTORS**

<u>Members</u>	<u>Length of Service</u>	<u>Appointment Date</u>	<u>Term Expires</u>
Ruth Janke	11.5 Years	7/1/2009	7/1/2021
Archie Chelseth	6.5 Years	7/1/2014	7/1/2021
Paul Thomsen	8.5 Years	6/25/2012	7/1/2021
James Aird	11.5 Years	4/30/2009	7/1/2022
Dave Manderfeld	16.5 Years	8/24/2004	7/1/2022
Julene Boe	7.5 Years	7/1/2013	7/1/2022
Loren Lilly	3.5 Years	4/18/2017	7/1/2023
Laura Ness	3.5 Years	7/17/2017	7/1/2023
Marcia Podratz	8.5 Years	4/23/2012	7/1/2023

<u>Executive Team</u>	<u>Position</u>	<u>Length of Service</u>
Marianne Bohren	Executive Director	16.5 Years
Carrie Clement	Manager of Planning & Technical Services	20 Years
Al Parrella	Manager of Operations & Maintenance	42 Years

# Western Lake Superior Sanitary District



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Western Lake Superior Sanitary District  
Duluth, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Western Lake Superior Sanitary District (WLSSD), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise WLSSD's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to WLSSD's preparation and fair presentation of the financial statements 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 WLSSD's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Lake Superior Sanitary District as of December 31, 2020 and 2019, and the respective changes in financial position and, cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of WLSSD's Proportionate Share of the Net Pension Liability, Schedule of WLSSD's Contributions, and Schedule of Changes in WLSSD's OPEB Liability, Related Ratios, and Notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WLSSD's basic financial statements. The introductory section, Detailed Schedule of Revenue Compared to Budget, Detailed Schedule of Expenses Compared to Budget - Departmental Level and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Detailed Schedule of Revenue Compared to Budget, Detailed Schedule of Expenses Compared to Budget - Departmental Level, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of WLSSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the WLSSD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WLSSD's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
March 31, 2021

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

This section presents management's analysis of the Western Lake Superior Sanitary District's (WLSSD) financial condition and activities for the fiscal year ending December 31, 2020. Please read this information in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- Operating revenues decreased by \$287,152 or 0.75% lower than 2019. Total budgeted wastewater charges for 2020 increased by 1.68% over 2019. Overall, actual wastewater charges in 2020 were \$297,533 lower than 2019 primarily due to decreased loadings due to the indefinite idle of the Verso Duluth Mill in June 2020 and the impacts of COVID-19 pandemic. Solid waste user charges and service fees were \$89,403 lower than 2019 due to the impacts of the COVID-19 pandemic. The capacity availability fee was \$186,346 lower than 2019 due to decreased projects. Miscellaneous income was \$286,130 higher than 2019 primarily due to hauled waste user charges.
- Operating expenses before depreciation and other expenses were 2.55% or \$637,800 higher than prior year expenses. Operating expenses for payroll were higher in 2020 by \$216,237 due to contractual and medical insurance increases; contract services were higher in 2020 by \$202,579 primarily due to electrical contract services and solid waste disposal costs; repairs and maintenance expenses were higher in 2020 by \$151,321 due to required maintenance due; and other post-employment benefit expenses were higher in 2020 by \$88,893 due to actuarial valuations. Other expenses were lower in 2019 by \$374,407 due to disposal of inventory in 2019 that did not occur in 2020.
- WLSSD continued to fund a significant portion of capital projects from current revenues. Wastewater capital projects funded from current revenue were \$3.2 million in 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of WLSSD's financial condition and performance. The MD&A is required to accompany the basic financial statements and notes to the financial statements and, therefore, is included as required supplementary information.

**REQUIRED FINANCIAL STATEMENTS**

The financial statements of WLSSD are presented as an enterprise fund using the accrual basis of accounting that is similar to the accounting used by private sector companies. The Statement of Net Position includes all of WLSSD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligation to creditors (liabilities). It also provides the basis for evaluating the capital structure and assessing the liquidity of WLSSD.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**REQUIRED FINANCIAL STATEMENTS (CONTINUED)**

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the performance of the operations over the past year and can be used to determine whether WLSSD has recovered all of its costs through its user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investments, and financing activities and provides answers to such questions as where did the cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**NET POSITION**

To begin our analysis, a summary of WLSSD's Statement of Net Position is presented in Table A-1.

**Table A-1  
Condensed Statement of Net Position  
(000's)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2019 to 2020 Increase (Decrease)</b>	<b>2018 to 2019 Increase (Decrease)</b>
Current and Other Assets	\$ 57,836	\$ 54,724	\$ 50,896	\$ 3,112	\$ 3,828
Capital Assets	103,632	104,655	95,466	(1,023)	9,189
Total Assets	161,468	159,379	146,362	2,089	13,017
Deferred Outflows of Resources	653	461	1,016	192	(555)
Current Liabilities	10,772	12,706	11,100	(1,934)	1,606
Long-Term Debt	53,010	51,778	45,671	1,232	6,107
Total Liabilities	63,782	64,484	56,771	(702)	7,713
Deferred Inflows of Resources	408	1,316	1,687	(908)	(371)
Net Investment in					
Capital Assets	49,950	49,065	47,993	885	1,072
- Restricted	24,850	22,685	20,430	2,165	2,255
- Unrestricted	23,131	22,290	20,497	841	1,793
Total Net Position	\$ 97,931	\$ 94,040	\$ 88,920	\$ 3,891	\$ 5,120

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**REQUIRED FINANCIAL STATEMENTS (CONTINUED)**

**NET POSITION (CONTINUED)**

As noted in the table above, total Net Position increased by \$3.89 million in 2020 as compared to \$5.12 million in 2019. The 2020 increase resulted from total assets increasing by \$2.09 million, GASB 68 Deferred Outflows increasing by \$0.19 million, total liabilities decreasing by \$0.70 million, and GASB 68 Deferred Inflows decreasing by \$0.91 million. The 2019 increase resulted from total assets increasing by \$13.02 million, GASB 68 Deferred Outflows decreasing by \$0.56 million, total liabilities increasing by \$7.71 million, and GASB 68 Deferred Inflows decreasing by \$0.37 million. In 2020, current and other assets increased by \$3.11 million primarily due to a decrease in cash and cash equivalents of \$5.20 million, offset by an increase in investments of \$6.15 million and an increase of assets restricted for Wastewater Infrastructure Fund and Debt Service of \$2.18 million. In 2019, current and other assets increased by \$3.83 million primarily due to an increase in cash and cash equivalents of \$3.46 million and an increase of assets restricted for Wastewater Infrastructure Fund and Debt Service of \$1.42 million offset by a decrease in investments of \$1.69 million. In 2020, net capital assets decreased by \$1.02 million primarily due to depreciation expense (\$11.25 million) exceeding capital outlays related to wastewater projects related to Oxygen Plant and Main Switchgear improvements (\$5.09 million), Miscellaneous Interceptor improvements (\$1.57 million), and other wastewater projects (\$3.57 million). In 2019, net capital assets increased by \$9.19 million primarily due to capital outlays related to wastewater projects related to Oxygen Plant and Main Switchgear improvements (\$9.14 million), Secondary Clarifier improvements (\$3.62 million), Miscellaneous Interceptor improvements (\$2.10 million), Cloquet Pump Station improvements (\$0.85 million) and other wastewater (\$4.35 million) projects less depreciation expense (\$10.87 million).

Current liabilities decreased in 2020 by \$1.93 million primarily due to a decrease in current portion of general obligation debt service (\$1.31 million), and a decrease in Construction Contracts Payable (\$1.15 million) offset by an increase in accounts payable (\$0.25 million). Current liabilities increased in 2019 by \$1.60 million primarily due to an increase in Construction Contracts Payable. The increase in long-term liabilities of 2020 of \$1.23 million is primarily due to an increase in long-term debt financing (new debt issues higher than debt payoff of \$0.58 million) and an increase in Net Pension Liability (\$0.69 million). The increase in long-term liabilities of 2019 of \$6.11 million is primarily due to an increase in long-term debt financing (new debt issues higher than debt payoff).

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**REQUIRED FINANCIAL STATEMENTS (CONTINUED)**

**NET POSITION (CONTINUED)**

**Table A-2  
Condensed Statement of Revenues, Expenses, and Changes in Net Position  
(000's)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2019 to 2020 Dollar Change Increase (Decrease)</b>	<b>2018 to 2019 Dollar Change Increase (Decrease)</b>
Operating Revenues					
Wastewater User Charges	\$ 27,477	\$ 27,774	\$ 26,786	\$ (297)	\$ 988
Solid Waste Fees	8,261	8,350	8,224	(89)	126
District-Wide Allocation	355	355	355	-	-
Capacity Availability Fee	528	715	471	(187)	244
Other Operating Revenues	1,346	1,060	988	286	72
Nonoperating Revenues:					
Earnings on Investments	542	924	601	(382)	323
Intergovernmental Grants	376	375	390	1	(15)
Other Nonoperating Revenue	-	14	14	(14)	-
Property Taxes	1,212	1,135	1,130	77	5
Total Revenues	40,097	40,702	38,959	(605)	1,743
Operating Expenses	25,672	25,409	25,202	263	207
Depreciation Expenses	11,253	10,871	10,024	382	847
Non-Operating Expenses	717	525	661	192	(136)
Total Expenses	37,642	36,805	35,887	837	918
Income (Loss) Before Capital Contributions	2,455	3,897	3,072	(1,442)	825
Capital Contributions	1,436	1,223	349	213	874
Changes in Net Position	3,891	5,120	3,421	(1,229)	1,699
Beginning Net Position	94,040	88,920	85,499	5,120	3,421
Ending Net Position	\$ 97,931	\$ 94,040	\$ 88,920	\$ 3,891	\$ 5,120

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**REQUIRED FINANCIAL STATEMENTS (CONTINUED)**

**NET POSITION (CONTINUED)**

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, in 2020, the income or loss before capital contributions was \$2.46 million, in 2019 the income or loss before capital contributions was \$3.90 million, and in 2018, the income or loss before capital contributions was \$3.07 million. Operating revenues decreased by \$0.29 million in 2020 primarily due to a decrease in wastewater user charges due to the indefinite idle of the Verso Duluth Mill in June 2020 and the impacts of COVID-19 pandemic. Operating revenues increased by \$1.43 million in 2019 primarily due to an increase in wastewater user charges of \$0.99 million and an increase in Capacity Availability Fee revenue of \$0.24 million. Non-operating revenues for 2020 decreased by \$0.32 million primarily due to a decrease in earnings on investments. Non-operating revenues for 2019 increased by \$0.31 million primarily due to an increase in earnings on investments.

Total operating expenses increased by \$0.26 million in 2020. Primary expense increases were \$0.22 million for payroll, \$0.20 million for electrical contract services and solid waste disposal costs, \$0.15 million for repairs and maintenance expenses and \$0.09 million for other post-employment benefit expenses offset by a decrease of \$0.37 million for other expenses. Total operating expenses increased by \$0.21 million in 2019. Primary expense increases were \$0.63 million for payroll, \$0.32 million for chemicals and \$0.33 million for other expenses related to obsolete inventory offset by decreases in expenses of \$0.37 million for electrical expenses, \$0.36 million for contract services primarily for electrical contractors and \$0.31 for repairs.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**CAPITAL ASSETS**

At the end of 2020, WLSSD had invested \$361.28 million in capital assets as shown in Table A-3. Capital assets increased by \$10.23 million primarily due to improvements to the wastewater plant and other wastewater improvements.

**Table A-3  
Capital Assets  
(000's)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2019 to 2020 Dollar Change Increase (Decrease)</b>	<b>2018 to 2019 Dollar Change Increase (Decrease)</b>
Land & Easements	\$ 812	\$ 812	\$ 812	\$ -	\$ -
Improvements	249,596	239,961	220,449	9,635	19,512
Buildings & Structures	74,672	74,672	74,672	-	-
Furniture & Equipment	32,656	32,237	31,846	419	391
Motor Vehicle	3,547	3,371	3,234	176	137
Total	361,283	351,053	331,013	10,230	20,040
Less: Accumulated Depreciation	257,651	246,399	235,547	11,253	10,852
Net Capital Assets	\$ 103,632	\$ 104,655	\$ 95,466	\$ (1,023)	\$ 9,189

More detailed information about WLSSD's capital assets is presented in Note 3.A.3 to the financial statements.

**DEBT ADMINISTRATION**

WLSSD is required to maintain, in a sinking fund at year-end, cash and investments to meet the debt service payments for the following year. Wastewater debt service charges are recovered entirely through user charges. It is the goal of management to maintain a minimum of 120% the following year's debt service in the fund at year-end. Such a goal has been incorporated into all future long-term capital planning.

General obligation indebtedness at year-end 2020 was \$52.44 million. This amount includes \$1.50 million in general obligation bonds and \$50.95 million in general obligation notes from the State of Minnesota revolving loan fund. Additional general obligation revenue notes were issued in the amount of \$6.99 million to fund wastewater infrastructure. More detailed information about WLSSD's long-term debt activity is presented in Notes 3.B. 2-4.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
OPERATING INFORMATION  
CAPITAL ASSET STATISTICS – WATERWATER OPERATIONS  
LAST TEN FISCAL YEARS**

**DEBT ADMINISTRATION (CONTINUED)**

General obligation indebtedness at year-end 2019 was \$53.19 million. This amount includes \$4.47 million in general obligation bonds and \$48.72 million in general obligation notes from the State of Minnesota revolving loan fund. Additional general obligation revenue notes were issued in the amount of \$14.34 million to fund wastewater infrastructure. More detailed information about WLSSD's long-term debt activity is presented in Notes 3.B. 2-4.

**ECONOMIC FACTORS**

Table A-4 shows the wastewater rate history for each of the four billing parameters: flow, peak flow, BOD, and suspended solids for the period 2016 through 2020. For the five-year period presented the cost of flow increased by 13.89%, the cost of peak flow increased by 30.05%, the cost of BOD increased by 38.76% and the cost of suspended solids decreased by 4.69%. The typical domestic strength (domestic equivalent) cost per 1000 gallons increased by 9.50% over this period. Domestic strength wastewater assumptions are 200 MG/L for BOD and 200 MG/L for suspended solids.

**Table A-4  
Wastewater Rate History**

<b><u>Fiscal Year</u></b>	<b><u>Flow (per 1000 gal)</u></b>	<b><u>Peak Flow (per 1000 gal)</u></b>	<b><u>BOD (per lb)</u></b>	<b><u>Suspended Solids (per lb)</u></b>	<b><u>Domestic Equivalent Cost/1000 gallons</u></b>
2016	0.5472	0.0193	0.1432	0.3026	1.78
2017	0.5338	0.0193	0.1557	0.2930	1.78
2018	0.5759	0.0199	0.1625	0.3120	1.88
2019	0.5558	0.0265	0.1847	0.2951	1.87
2020	0.6232	0.0251	0.1987	0.2884	1.95

**FINANCIAL CONTACT**

This financial report is designed to provide our customers and creditors with a general overview of WLSSD's finances and to demonstrate WLSSD's accountability. If you have questions about this report or need additional financial information, contact the Western Lake Superior Sanitary District, 2626 Courtland Street, Duluth, Minnesota 55806-1894.

## **BASIC FINANCIAL STATEMENTS**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF NET POSITION  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,005,159	\$ 9,209,720
Investments	22,137,937	15,983,071
Accounts Receivable	2,173,563	2,290,349
Accrued Interest Receivable	74,798	153,946
Due from Other Governments	1,329,218	1,489,461
Inventory	2,441,690	2,266,621
Prepaid Expense	588,744	426,168
Assets Restricted for Memorial Fund		
Investments	2,336	2,433
Assets Restricted for Wastewater Infrastructure Fund		
Capital Replacement		
Investments	5,600,942	4,180,115
Assets Restricted for General Obligation Debt Service		
Investments	<u>6,548,990</u>	<u>7,863,608</u>
Total Current Assets	<u>44,903,377</u>	<u>43,865,492</u>
Noncurrent Assets:		
Assets Restricted for General Obligation Debt Service		
Investments	<u>12,932,373</u>	<u>10,859,182</u>
Total Noncurrent Assets, Other than Capital Assets	<u>12,932,373</u>	<u>10,859,182</u>
Capital Assets:	361,283,649	351,053,948
Less: Allowance for Depreciation	<u>(257,651,258)</u>	<u>(246,398,535)</u>
Total Capital Assets		
Net of Accumulated Depreciation	<u>103,632,391</u>	<u>104,655,413</u>
Total Noncurrent Assets	<u>116,564,764</u>	<u>115,514,595</u>
Total Assets	<u>161,468,141</u>	<u>159,380,087</u>
Deferred Outflows of Resources:		
Pension Related	639,884	452,883
Other Postemployment Benefits Related	<u>13,529</u>	<u>8,124</u>
Total Deferred Outflows of Resources	<u>653,413</u>	<u>461,007</u>
Total Assets and Deferred Outflows of Resources	<u>162,121,554</u>	<u>159,841,094</u>

The notes to the financial statements are an integral part of this statement.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2020 AND 2019**

	2020	2019
<u>Liabilities and Deferred Inflows of Resources</u>		
Current Liabilities:		
Accounts Payable	\$ 1,429,424	\$ 1,181,906
Salaries and Wages Payable	245,230	488,135
Accrued Vacation Payable	653,908	457,005
Compensatory Time Payable	329,051	270,789
Payroll Deductions Payable	7,283	7,958
Due to Other Governments	236,995	20,056
Sick Leave Liability	55,194	-
Employee Benefits Payable	11,950	13,656
Construction Contracts Payable	1,240,265	2,395,186
Other Postemployment Benefits Obligation	13,529	8,124
Current Liabilities Payable from Restricted Assets:		
General Obligation Debt Service		
Accrued Interest Payable	234,266	219,989
General Obligation Bonds	1,105,000	2,980,000
General Obligation Taxable		
Revenue Notes	5,209,724	4,663,619
Total Current Liabilities	10,771,819	12,706,423
Noncurrent Liabilities:		
General Obligation Taxable Revenue Notes	45,738,755	44,053,070
General Obligation Bonds (Net of Unamortized		
Bond Discounts and Premiums)	388,537	1,498,783
Net Pension Liability	6,612,989	5,921,319
Sick Leave Liability	-	53,457
Other Postemployment Benefits Obligation	270,073	251,683
Total Noncurrent Liabilities	53,010,354	51,778,312
Total Liabilities	63,782,173	64,484,735
Deferred Inflows of Resources:		
Pension Related	369,356	1,267,560
Other Postemployment Benefits Related	38,641	48,303
	407,997	1,315,863
Total Liabilities and Deferred Inflows of Resources	64,190,170	65,800,598
<u>Net Position</u>		
Net Investment in Capital Assets	49,950,104	49,064,740
Restricted:		
Memorial Fund	2,336	2,433
Wastewater Infrastructure Fund Capital Replacement	5,600,942	4,180,115
General Obligation Debt Service	19,247,097	18,502,801
Unrestricted	23,130,905	22,290,407
Total Net Position	\$ 97,931,384	\$ 94,040,496

The notes to the financial statements are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Operating Revenue:		
User Charges - Municipalities	\$ 11,740,835	\$ 11,772,789
User Charges - Industries	15,735,905	16,001,484
User Charges - Solid Waste	5,673,387	5,702,297
Service Fee - Solid Waste	2,587,586	2,648,079
District-wide Allocation	355,001	355,001
Capacity Availability Charges	528,092	714,438
Other Income	1,345,978	1,059,848
Total Operating Revenue	<u>37,966,784</u>	<u>38,253,936</u>
Operating Expenses:		
Salaries, Wages and Compensation	8,087,366	7,672,148
Employee Benefits	3,188,270	3,387,251
Other Postemployment Benefits	23,795	(65,098)
Professional Services	193,718	154,402
Safety and Training	105,035	136,569
Public Information and Other Special Services	178,851	226,659
Easements and Rents	47,371	64,408
Travel	14,460	19,377
Repairs and Maintenance	904,116	752,795
Solid Waste Disposal	5,114,330	5,076,941
Insurance	153,713	162,120
Outside Services	233,180	192,824
Contracted Services	2,012,430	1,809,851
Supplies	452,790	415,100
Utilities	3,010,477	3,085,486
Office Expenses	47,734	56,329
Chemicals	1,591,535	1,547,507
Dues, Publications, and Permits	95,407	95,615
Grants to Other Governmental Units	196,191	207,365
Miscellaneous	20,217	35,537
Depreciation	11,252,722	10,870,503
Other Expense	1,004	375,412
Total Operating Expenses	<u>36,924,712</u>	<u>36,279,101</u>
Operating Income (Loss)	<u>1,042,072</u>	<u>1,974,835</u>

The notes to the financial statements are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Nonoperating Revenue (Expenses):		
Earnings on Investments	\$ 542,300	\$ 923,647
Proceeds from Sale of Capital Asset	-	14,352
Intergovernmental Grants	375,602	374,984
Property Taxes	1,212,482	1,134,952
Interest Expense	(717,299)	(525,160)
	<hr/>	<hr/>
Total Nonoperating Revenue (Expenses)	1,413,085	1,922,775
	<hr/>	<hr/>
Income (Loss) Before Contributions	2,455,157	3,897,610
Capital Contributions		
State	798,860	46,127
Federal	636,871	1,177,121
	<hr/>	<hr/>
Total Capital Contributions	1,435,731	1,223,248
	<hr/>	<hr/>
Changes in Net Position	3,890,888	5,120,858
Net Position - Beginning of Year	94,040,496	88,919,638
	<hr/>	<hr/>
Net Position - End of Year	\$ 97,931,384	\$ 94,040,496
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 37,058,154	\$ 36,790,542
Cash Paid to Suppliers	(14,462,686)	(14,247,493)
Cash Paid to Employees	(11,672,622)	(10,996,640)
Other Operating Revenues	1,345,978	1,059,848
Net Cash Provided by Operating Activities	<u>12,268,824</u>	<u>12,606,257</u>
Cash Flows from Noncapital Financing Activities		
State and Federal Operating Grants	433,972	528,808
Property Taxes	1,210,732	1,138,952
Net Cash Provided by Noncapital Financing Activities	<u>1,644,704</u>	<u>1,667,760</u>
Cash Flows from Capital and Related Financing Activities		
Financing Activities		
Proceeds from Sale of Capital Assets	-	14,352
Proceeds from Note Issues	6,993,564	14,340,659
Proceeds from Capital Contributions	1,435,731	1,223,248
Principal Paid on General Obligation Bonds	(2,980,000)	(3,795,000)
Interest Paid on General Obligation Bonds and Notes	(2,776,213)	(502,382)
Principal Paid on Public Facilities		
Authority General Obligation Note	(4,761,774)	(4,045,494)
Acquisition or Construction of Capital Assets	(11,384,621)	(18,436,989)
Net Cash Used by Capital and Related Financing Activities	<u>(13,473,313)</u>	<u>(11,201,606)</u>
Cash Flows from Investing Activities		
Sale of Investments	40,954,018	38,069,137
Interest on Investments	621,448	982,287
Purchase of Investments	(47,220,242)	(38,659,074)
Net Cash Provided (Used) by Investing Activities	<u>(5,644,776)</u>	<u>392,350</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,204,561)	3,464,761
Cash and Cash Equivalents - Beginning of Year	<u>9,209,720</u>	<u>5,744,959</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,005,159</u>	<u>\$ 9,209,720</u>

The notes to the financial statements are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
COMPARATIVE STATEMENT OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Net Operating Income (Loss)	\$ 1,042,072	\$ 1,974,835
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Depreciation	11,252,722	10,870,503
Pension Adjustment	691,670	(153,292)
Other Postemployment Benefits Adjustment	23,795	(65,098)
Deferred Outflows - Pension	(187,001)	563,460
Deferred Outflows - Other Postemployment Benefits	(5,405)	(8,124)
Deferred Inflows - Pension	(898,204)	(419,033)
Deferred Inflows - Other Postemployment Benefits	(9,662)	48,303
Change in Assets and Liabilities		
Decrease (Increase) in Receivables	220,409	(80,418)
Decrease (Increase) in Inventory	(175,069)	50,482
Decrease (Increase) in Prepaids	(162,576)	32,696
Increase (Decrease) in Payables	476,073	(208,057)
Net Cash Provided by Operating Activities	<u>\$ 12,268,824</u>	<u>\$ 12,606,257</u>

**Noncash Investing, Capital and Financing Activities**

In 2020, WLSSD had \$2,328 of bond discount amortized within interest expense. The remaining discount is reported with the noncurrent general obligation bonds liability on the balance sheet.

In 2020, WLSSD had \$7,574 of bond premium amortized within interest expense. The remaining premium is reported with the noncurrent general obligation bonds liability on the balance sheet.

In 2020, WLSSD acquired capital assets of \$1,240,265 which had not been paid for at year-end. The unpaid amount is shown as contracts payable.

In 2019, WLSSD had \$4,189 of bond discount amortized within interest expense. The remaining discount is reported with the noncurrent general obligation bonds liability on the balance sheet.

In 2019, WLSSD had \$10,098 of bond premium amortized within interest expense. The remaining premium is reported with the noncurrent general obligation bonds liability on the balance sheet.

In 2019, WLSSD acquired capital assets of \$2,395,186 which had not been paid for at year-end. The unpaid amount is shown as contracts payable.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies**

The accounting policies of the Western Lake Superior Sanitary District (WLSSD) conform to generally accepted accounting principles (GAAP) for the years ended December 31, 2020 and 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). This financial report has been prepared in conformity with Governmental Accounting Standards Board Statements.

**A. Financial Reporting Entity**

WLSSD was formed pursuant to 1971 Minnesota Laws, chapter 478, as amended. WLSSD was created for the purpose of protection of the public health, safety, and welfare of the area, for the preservation and best use of waters, land and other natural resources, for the prevention, control and abatement of water pollution and disposal of solid waste, and for the efficient and economic collection, treatment and disposal of sewage and solid waste. WLSSD is governed by a nine-member board which consists of one member appointed by Carlton County, three members appointed by the City of Cloquet, four members appointed by the City of Duluth and one member appointed by St. Louis County. The Board is organized with a chair and vice-chair elected in July of each year.

As required by generally accepted accounting principles, these financial statements present WLSSD (primary government) and its component units for which WLSSD is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the Primary Government. Based on the criteria for determining component units, WLSSD is not required to include any component units.

**B. Basis of Presentation - Fund Accounting**

The accounts of WLSSD are presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**C. Basis of Accounting**

Accounting records are maintained on the accrual basis, under which revenues are recorded when earned, and expenses, including vacation leave, are recorded when incurred.

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position**

**1. Assets**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, WLSSD has defined cash and cash equivalents as deposits in checking and savings accounts and petty cash. All other investments are not considered to be cash equivalents.

WLSSD has elected to value all money market and participating interest-earning investment contracts that mature within one year of acquisition at amortized cost. All of WLSSD's holdings in commercial paper, bankers' acceptances, negotiable certificates of deposit, and government agency securities qualify for amortized cost reporting. WLSSD's investments in money market mutual funds are valued at the current share price. The carrying value of the investments which are valued at amortized cost does not differ materially from the fair value of those investments.

**Inventory**

The inventory consists of chemicals, fuels, and expendable supplies held for consumption. The chemicals and fuels were inventoried at year-end and were valued at cost using the first-in, first-out method. A perpetual inventory system is maintained for the supplies inventory, which is valued using the moving weighted-average cost method.

**Restricted Assets**

Certain funds of WLSSD are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

Restricted assets consist of monies specified for payment of memorial fund scholarships, wastewater infrastructure capital replacement, and bond and note principal and interest. These assets are offset by restricted net position.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**1. Assets (Continued)**

Capital Assets

Capital assets are defined by WLSSD as assets with an initial, individual cost of more than \$10,000 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 asset's lives are not capitalized.

Depreciation of capital assets is determined using the straight-line method. The estimated useful lives of the assets are:

<u>Classification</u>	<u>Range</u>
Buildings and Structures	30 Years
Improvements Other Than Buildings	10-20 Years
Furniture and Equipment:	
Furniture	10 Years
Equipment	5-15 Years
Motor Vehicles	5 Years

**2. Liabilities**

Compensated Absences

Employees are granted from ten to twenty-six days of vacation per year depending on their years of service and union bargaining unit. Varying amounts of vacation, depending on length of service, may be accumulated and carried over to the succeeding year. Unused vacation is paid to employees upon their termination. Vacation leave is expensed when earned.

Effective January 1, 1984, employees no longer accrue sick leave. Personnel are authorized sick leave as needed up to a maximum of twenty weeks. Prior to 1984, sick leave was earned and accumulated at various rates based on length of service.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**2. Liabilities (Continued)**

Other Post-Employment Benefits

WLSSD's supervisory/confidential employees participate in a post-retirement health savings plan administered by the Minnesota State Retirement System. At retirement, the value of supervisory/confidential employee's vacation balance is transferred to the post-retirement health savings plan to be used to cover post-retirement medical expenses. The amounts are contributed tax-free and there are no taxes paid when the amounts are withdrawn from the employees account.

Effective January 1, 2009, upon voluntary retirement under PERA, the value of a bargaining unit employee's accumulated sick bank balance established as of December 31, 1983, will be transferred to a post-retirement health care savings plan administered by the Minnesota State Retirement System.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**3. Net Position**

WLSSD's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

When an expense is incurred for purposes which both restricted and unrestricted net position is available, it is WLSSD's policy to use restricted first, then unrestricted net position.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Position (Continued)**

**3. Net Position (Continued)**

It is WLSSD's policy to maintain minimum unrestricted net position targets for solid waste and wastewater functions. In the solid waste function the operations fund should maintain unrestricted net position of at least 25% of the next year's annual operating expenses, or \$1,319,275. In addition, the solid waste function should maintain a balance of \$550,000 in the capital fund and \$150,000 in the transfer station capital fund. In the wastewater function, the operations fund should maintain unrestricted net position of at least 25% of the next year's annual operating expenses, or \$4,171,565. The wastewater function should maintain a balance of \$1,000,000 in the capital fund plus the highest annual WIF set aside of \$1,420,827, for a total at December 31, 2020 of \$2,420,827.

**E. Revenues**

Operating revenues, such as user charges, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as operating grants and earnings on investments, result from non-exchange transactions or incidental activities.

WLSSD's operating and maintenance costs are allocated to the municipalities and industries using WLSSD's sewage treatment system through a user service charge. The allocation is based on the "Cost Apportionment Policy" adopted by the Board of Directors.

The general planning, regulation, and technical assistance provided by WLSSD are funded by a district-wide allocation. These costs are allocated against all governmental units within WLSSD based on their assessed valuation.

Solid waste users are charged tipping fees based on the volume of refuse disposed and a hauler collected solid waste management fee based on the customer container sizes. The fees are approved by the Board. A line item fee is levied on residential parcels to cover use of the solid waste facilities such as the household hazardous waste facility and material recovery center. The amount to be charged against real estate per parcel is set by the Board and certified to St. Louis County and Carlton County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The counties are required to distribute collections to WLSSD three times each year.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Revenues (Continued)**

The property tax calendar is as follows:

Adopt final levy and certify to Counties	October 15
Lien date	January 1
Receive first installment from Counties prior year's balance of tax collections	January 26
First half property taxes due	May 15
Receive second installment from County first half tax collections	July 6
Second half property taxes due	October 15
Receive third installment from County second half tax collections	December 4

Capital contributions consist of federal and state capital grants for the construction of pump stations and other wastewater treatment system improvements.

**F. Expenses**

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on the capital assets. All expenses not meeting this definition are reported as other expenses.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Prior Period Comparative Financial Information/Reclassification**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**2. Stewardship, Compliance, and Accountability**

**A. General Obligation Bond Reserve Requirement**

The bond resolutions require that the value of cash, cash equivalents, and investments on hand at October 1, 2020 and 2019 plus the estimated revenues to be collected through September 30, 2021 and 2020, be not less than the amount of principal and interest due on the bonds in the next succeeding year. WLSSD has complied with this requirement.

**B. Budgets and Budgetary Accounting**

Minnesota Statutes §458D.08 requires WLSSD's Board to adopt an annual budget. WLSSD follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) During September thru October, the Executive Director submits to the Board of Directors an estimate of revenues and expenses for the fiscal year commencing January 1. Revenues and expenses are budgeted on an accrual basis.
- (2) The budget is adopted by the Board of Directors by the passage of a motion on or before November 1.
- (3) The Board of Directors may increase or decrease the budget at any time by the passage of a motion. Management may increase or decrease line items within the budget.
- (4) Budgetary control of expenses is maintained at the level of total expenses. For management control purposes, the expenses are controlled at the department level.
- (5) Unexpended items within the budget lapse at year-end.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**2. Stewardship, Compliance, and Accountability (Continued)**

**B. Budgets and Budgetary Accounting (Continued)**

Below is a summary statement of actual and budget revenues and expenses for the fiscal years ended December 31, 2020 and 2019:

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenue:			
User Charges - Municipalities	\$ 11,883,098	\$ 11,740,835	\$ (142,263)
User Charges - Industries	15,302,537	15,735,905	433,368
User Charges - Solid Waste	5,756,207	5,673,387	(82,820)
Service Fee - Solid Waste	2,600,000	2,587,586	(12,414)
District-wide Allocation	355,000	355,001	1
Capacity Availability Charges	350,000	528,092	178,092
Other Income	808,710	1,345,978	537,268
Total Operating Revenue	<u>37,055,552</u>	<u>37,966,784</u>	<u>911,232</u>
Operating Expenses:			
Operating Expenses Before			
Depreciation	24,631,572	25,671,990	(1,040,418)
Depreciation	10,467,018	11,252,722	(785,704)
Total Operating Expenses	<u>35,098,590</u>	<u>36,924,712</u>	<u>(1,826,122)</u>
Operating Income (Loss)	<u>1,956,962</u>	<u>1,042,072</u>	<u>(914,890)</u>
Nonoperating Revenue (Expenses):			
Earnings on Investments	751,000	542,300	(208,700)
Intergovernmental Grants	374,500	375,602	1,102
Property Taxes	1,131,226	1,212,482	81,256
Interest Expense	(742,821)	(717,299)	25,522
Total Nonoperating Revenue (Expenses)	<u>1,513,905</u>	<u>1,413,085</u>	<u>(100,820)</u>
Income (Loss) Before Contributions	<u>3,470,867</u>	<u>2,455,157</u>	<u>(1,015,710)</u>
Capital Contributions	<u>-</u>	<u>1,435,731</u>	<u>1,435,731</u>
Change in Net Position	<u>\$ 3,470,867</u>	<u>\$ 3,890,888</u>	<u>\$ 420,021</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**2. Stewardship, Compliance, and Accountability (Continued)**

**B. Budgets and Budgetary Accounting (Continued)**

	2019		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue:			
User Charges - Municipalities	\$ 11,638,192	\$ 11,772,789	\$ 134,597
User Charges - Industries	15,086,940	16,001,484	914,544
User Charges - Solid Waste	5,540,041	5,702,297	162,256
Service Fee - Solid Waste	2,650,000	2,648,079	(1,921)
District-wide Allocation	355,000	355,001	1
Capacity Availability Charges	350,000	714,438	364,438
Other Income	778,300	1,059,848	281,548
Total Operating Revenue	36,398,473	38,253,936	1,855,463
Operating Expenses:			
Operating Expenses Before			
Depreciation	25,794,615	25,408,598	386,017
Depreciation	9,826,211	10,870,503	(1,044,292)
Total Operating Expenses	35,620,826	36,279,101	(658,275)
Operating Income (Loss)	777,647	1,974,835	1,197,188
Nonoperating Revenue (Expenses):			
Earnings on Investments	347,000	923,647	576,647
Gain on Sale of Capital Asset	-	14,352	14,352
Operating Grants	371,500	374,984	3,484
Property Taxes	1,135,588	1,134,952	(636)
Interest Expense	(892,118)	(525,160)	366,958
Total Nonoperating Revenue (Expenses)	961,970	1,922,775	960,805
Income (Loss) Before Contributions	1,739,617	3,897,610	2,157,993
Capital Contributions	-	1,223,248	1,223,248
Change in Net Position	\$ 1,739,617	\$ 5,120,858	\$ 3,381,241

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes**

**A. Assets**

**1. Deposits and Investments**

Reconciliation of WLSSD's total cash and investments to the financial statements follows:

Current Assets:	2020	2019
Cash and Cash Equivalents	\$ 4,005,159	\$ 9,209,720
Investments	22,137,937	15,983,071
<b>Restricted Assets:</b>		
Memorial Fund Investments	2,336	2,433
Wastewater Infrastructure Fund Capital Replacement		
Investments	5,600,942	4,180,115
Debt Service Investments	19,481,363	18,722,790
<b>Total Cash and Investments</b>	<b>\$ 51,227,737</b>	<b>\$ 48,098,129</b>

**a. Deposits**

Minnesota Statutes §§118A.02 and 118A.04 authorize WLSSD to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes §118A.03 requires that all WLSSD's deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, WLSSD's deposits may not be returned to it. WLSSD's policy is that all Certificates of Deposit shall be collateralized in compliance with Minnesota Statutes §118A.03. As of December 31, 2020 and 2019, WLSSD's bank balance were not exposed to custodial credit risk.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to WLSSD:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minnesota Statutes §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The Minnesota Municipal Money Market Fund is a money market account that is valued at amortized cost with maturities of investments of one year or less. The Minnesota Municipal Market Trust Fund does not have its own credit rating. PMA Financial Network, Inc., who administers the Minnesota Municipal Money Market Fund Trust, holds an organization credit rating of AA by Standard & Poor’s.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. It is WLSSD's policy that all investment securities be held in safekeeping in compliance with the requirements of Minnesota Statutes §118A.06. This statute allows investment securities to be held in safekeeping with (1) any federal reserve bank, (2) any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to the bank from which the investment is purchased, (3) a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York, or (4) a securities broker-dealer which is registered as a broker-dealer under chapter 80A or is exempt from the registration requirements, is regulated by the Securities and Exchange Commission, and maintains insurance through the Securities Investor Protection Corporation or excess insurance coverage in an amount equal to or greater than the value of the securities held.

At December 31, 2020 and 2019, WLSSD had no investments which were subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. WLSSD investment policy limits investment maturities to fewer than two years. The policy sets guidelines for the minimum percentages of the investment portfolio to be maintained at various maturities. In this way, WLSSD minimizes their exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
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DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is WLSSD's policy to invest only in securities that meet the ratings requirements set by state statute. Minnesota Statutes §118A.04 requires commercial paper to be rated in the highest quality category by at least two nationally recognized rating agencies and mature in 270 days or less. State and local government securities must be rated "A" or better for general obligation securities and "AA" or better for revenue obligations. Public funds may also be invested in United States securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by WLSSD's investment in a single issuer. It is WLSSD's policy to diversify the use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

WLSSD's investment policy allows WLSSD to invest in U.S. treasury obligations, U.S. government agency securities, and certificates of deposit which are fully insured by the Federal Deposit Insurance Corporation, without limit. However, certificates of deposit are limited to 50% with any one depository. Repurchase agreements and bankers' acceptances are limited by the investment policy to no more than 50% of the portfolio and no more than 50% with any one depository. Commercial paper is limited to no more than 50% of the portfolio and no more than 10% with any one issuer. Money market funds are limited to a maximum of 25% of the portfolio.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit, and Interest Rate Risks**

	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying Value as of 12/31/20
	Investment Type	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	
Negotiable Certificates of Deposit					
Bank Ozark CD	N/R,N/R	N/A	<5%	1/4/2021	\$ 245,000
Pathfinder Bank Oswego NY CD	N/R,N/R	N/A	<5%	1/29/2021	249,000
Stearns Bank St Cloud MN CD	N/R,N/R	N/A	<5%	2/12/2021	248,850
CFBank Fairlawn OH CD	N/R,N/R	N/A	<5%	2/26/2021	247,000
Devon Bank Chicago IL CD	N/R,N/R	N/A	<5%	2/26/2021	249,000
Mbank Manistique MI CD	N/R,N/R	N/A	<5%	3/26/2021	247,000
Lakeland Bank NFLD NJ CD	N/R,N/R	N/A	<5%	3/30/2021	247,000
First Commercial Bank MS CD	N/R,N/R	N/A	<5%	3/30/2021	247,000
Heartland Bank Somers IA CD	N/R,N/R	N/A	<5%	3/30/2021	249,000
John Marshall Bank VA CD	N/R,N/R	N/A	<5%	5/19/2021	248,827
Bank United National Association CD	N/R,N/R	N/A	<5%	6/10/2021	249,015
Third Federal Savings & Loan Association CD	N/R,N/R	N/A	<5%	6/23/2021	209,928
Royal Savings Bank Chicago IL CD	N/R,N/R	N/A	<5%	7/22/2021	248,914
Safra National Bank New York NY CD	N/R,N/R	N/A	<5%	7/27/2021	249,000
Hingham Institutional Savings MA CD	N/R,N/R	N/A	<5%	7/27/2021	249,000
Tristate Capital Bank Pittsburgh PA CD	N/R,N/R	N/A	<5%	12/23/2021	249,000
TCF National Bank CD	N/R,N/R	N/A	<5%	12/23/2021	249,000
Fidelity Bank Edina MN CD	N/R,N/R	N/A	<5%	1/31/2021	249,000
Valley National Bank Passaic NJ CD	N/R,N/R	N/A	<5%	1/22/2021	249,000
First National Bank Omaha NE CD	N/R,N/R	N/A	<5%	1/27/2021	248,000
Enterprise Bank PA CD	N/R,N/R	N/A	<5%	1/29/2021	248,000
DMB Community Bank DeForest WI CD	N/R,N/R	N/A	<5%	2/26/2021	249,000
Great West Bank Sioux Falls SD CD	N/R,N/R	N/A	<5%	3/1/2021	249,000
Fifth Third Bank OH CD	N/R,N/R	N/A	<5%	3/25/2021	247,000
Northpointe Bank Grand Rapids MI CD	N/R,N/R	N/A	<5%	3/26/2021	247,000
Synchrony Bank Retail CD	N/R,N/R	N/A	<5%	3/25/2021	247,000
Texas Exchange Bank SSB Crowley CD	N/R,N/R	N/A	<5%	3/31/2021	185,000
Bank of China New York City NY CD	N/R,N/R	N/A	<5%	4/22/2021	249,000
Community National Bank Derby VT CD	N/R,N/R	N/A	<5%	4/30/2021	249,000
Bank Hapoalim NY CD	N/R,N/R	N/A	<5%	5/10/2021	244,705
Lincoln 1st Bank Lincoln Park NJ CD	N/R,N/R	N/A	<5%	5/21/2021	249,000
DNB First National Assn Downingtown PA CD	N/R,N/R	N/A	<5%	5/27/2021	245,225
Banesto USA Coral Gables FL CD	N/R,N/R	N/A	<5%	5/28/2021	249,000
Grasshopper Bank NY CD	N/R,N/R	N/A	<5%	5/28/2021	249,000
PlainsCapital Bank Dallas TX CD	N/R,N/R	N/A	<5%	5/28/2021	249,000
Isabella Bank Mt Pleasant MI CD	N/R,N/R	N/A	<5%	6/16/2021	245,617
American Bank Wellsville MO CD	N/R,N/R	N/A	<5%	6/25/2021	249,000
Morton Community Bank IL CD	N/R,N/R	N/A	<5%	7/19/2021	246,875
Sturgis Bank & Trust Co Sturgis MI CD	N/R,N/R	N/A	<5%	7/20/2021	247,298
Bank Baroda NY CD	N/R,N/R	N/A	<5%	7/22/2021	249,005
First Federal Savings Bank Huntington IN CD	N/R,N/R	N/A	<5%	7/26/2021	247,999
Bankwest Inc. Pierre SD CD	N/R,N/R	N/A	<5%	7/29/2021	249,000
Dallas Capital Bank NA CD	N/R,N/R	N/A	<5%	7/29/2021	249,000
Home Exchange Bank Jamesport MO CD	N/R,N/R	N/A	<5%	7/30/2021	249,000
Discover Bank Greenwood DE CD	N/R,N/R	N/A	<5%	8/24/2021	246,486
Farmers State Bank Waterloo IA CD	N/R,N/R	N/A	<5%	8/30/2021	249,000
Beal Bank SSB Plano TX CD	N/R,N/R	N/A	<5%	9/29/2021	249,000
Lone Star Cap Bank San Antonio TX CD	N/R,N/R	N/A	<5%	9/30/2021	249,000
Merchants & Manufacturers Bank Joliet IL CD	N/R,N/R	N/A	<5%	9/30/2021	249,000
Cumberland Federal Bank WI CD	N/R,N/R	N/A	<5%	10/29/2021	249,000

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

Investment Type	Credit Risk		Concentration Risk		Interest Rate Risk		Carrying Value as of 12/31/20
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date			
Grand Bank Tulsa OK CD	N/R,N/R	N/A	<5%	10/29/2021	\$		249,000
Visionbank IA CD	N/R,N/R	N/A	<5%	11/30/2021			246,748
LCA Bank Corp Park City UT CD	N/R,N/R	N/A	<5%	12/28/2021			249,000
Royal Business Bank CA CD	N/R,N/R	N/A	<5%	1/27/2021			245,800
Landmark Community Bank TN CD	N/R,N/R	N/A	<5%	1/27/2021			245,900
CIBC Bank USA/Private Bank MI CD	N/R,N/R	N/A	<5%	1/27/2021			245,800
Elga Credit Union MI CD	N/R,N/R	N/A	<5%	1/27/2021			245,900
Western Alliance Bank/Torrey Pines Bank CA CD	N/R,N/R	N/A	<5%	1/27/2021			245,800
Prudential Bank PA CD	N/R,N/R	N/A	<5%	1/27/2021			246,000
Broadway Federal Bank FSB CA CD	N/R,N/R	N/A	<5%	1/27/2021			246,000
Lakeside Bank CD	N/R,N/R	N/A	<5%	3/30/2021			249,124
Douglas National Bank CD	N/R,N/R	N/A	<5%	3/31/2021			249,000
Howard Bank/Ellicott CD	N/R,N/R	N/A	<5%	3/31/2021			247,000
First Bank NC CD	N/R,N/R	N/A	<5%	3/31/2021			249,000
River Bank WI CD	N/R,N/R	N/A	<5%	4/19/2021			247,900
TBK Bank SSB / The National Bank IL CD	N/R,N/R	N/A	<5%	4/19/2021			247,700
American Plus Bank, NA CA CD	N/R,N/R	N/A	<5%	4/20/2021			247,800
BMO Harris Bank NA CD	N/R,N/R	N/A	<5%	4/23/2021			247,000
Third Coast Bank, SSB TX CD	N/R,N/R	N/A	<5%	5/19/2021			248,400
Golden Bank NA TX CD	N/R,N/R	N/A	<5%	5/19/2021			249,100
Grand Ridge National Bank IL CD	N/R,N/R	N/A	<5%	5/19/2021			249,200
Brookline Bank MA CD	N/R,N/R	N/A	<5%	5/19/2021			249,200
Vast Bank / Valley National Bank OK CD	N/R,N/R	N/A	<5%	5/19/2021			249,400
Centier Bank IN CD	N/R,N/R	N/A	<5%	5/19/2021			249,300
Southern States Bank AL CD	N/R,N/R	N/A	<5%	5/19/2021			249,500
Fieldpoint Private Bank & Trust CT CD	N/R,N/R	N/A	<5%	5/19/2021			249,600
Financial Federal Bank TN CD	N/R,N/R	N/A	<5%	5/20/2021			249,300
EagleBank VA CD	N/R,N/R	N/A	<5%	6/23/2021			249,600
CIBM Bank WI CD	N/R,N/R	N/A	<5%	6/23/2021			249,600
First Community Credit Union Beloit WI CD	N/R,N/R	N/A	<5%	6/23/2021			249,600
Great Midwest Bank WI CD	N/R,N/R	N/A	<5%	6/23/2021			249,500
Global Bank NY CD	N/R,N/R	N/A	<5%	6/23/2021			249,500
First Western Federal Savings Bank SD CD	N/R,N/R	N/A	<5%	7/23/2021			249,700
Newbank NA NY CD	N/R,N/R	N/A	<5%	7/23/2021			249,700
Farmers Bank & Trust KS CD	N/R,N/R	N/A	<5%	7/23/2021			249,700
New Omni Bank NA CA CD	N/R,N/R	N/A	<5%	7/23/2021			249,600
Mainstreet Bank VA CD	N/R,N/R	N/A	<5%	7/23/2021			249,600
Servisfirst Bank FL CD	N/R,N/R	N/A	<5%	7/23/2021			249,300
Pacific Western Bank CA CD	N/R,N/R	N/A	<5%	8/25/2021			249,600
First Internet Bank of Indiana CD	N/R,N/R	N/A	<5%	8/25/2021			249,700
Bank 7 OK CD	N/R,N/R	N/A	<5%	8/25/2021			249,700
Merrick Bank UT CD	N/R,N/R	N/A	<5%	8/25/2021			249,700
Crossfirst Bank KS CD	N/R,N/R	N/A	<5%	9/21/2021			249,800
Veritex Community Bank TX CD	N/R,N/R	N/A	<5%	9/21/2021			249,700
Three Rivers Federal Credit Union IN CD	N/R,N/R	N/A	<5%	9/21/2021			249,700
Allegiance Bank TX CD	N/R,N/R	N/A	<5%	9/21/2021			249,700
Kansas State Bank of Manhattan KS CD	N/R,N/R	N/A	<5%	10/19/2021			249,600
Premier Bank IA CD	N/R,N/R	N/A	<5%	10/19/2021			249,700
Valliance Bank NA OK CD	N/R,N/R	N/A	<5%	10/19/2021			249,800
Paducah Bank & Trust Company KY CD	N/R,N/R	N/A	<5%	10/19/2021			249,900
Southside Bank TX CD	N/R,N/R	N/A	<5%	11/18/2021			249,800
GBC International Bank CA CD	N/R,N/R	N/A	<5%	12/17/2021			249,700

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

	Credit Risk		Concentration Risk	Interest Rate Risk	
Investment Type	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	Carrying Value as of 12/31/20
Preferred Bank NY CD	N/R,N/R	N/A	<5%	12/17/2021	\$ 249,600
Texas Capital Bank TX CD	N/R,N/R	N/A	<5%	12/17/2021	249,500
First Capital Bank TN CD	N/R,N/R	N/A	<5%	12/17/2021	249,500
Mizuho Bank USA CD	N/R,N/R	N/A	<5%	1/21/2021	249,000
Bangor Savings Bank CD	N/R,N/R	N/A	<5%	1/28/2021	249,000
1st Sec Bank of Washington CD	N/R,N/R	N/A	<5%	1/29/2021	249,000
Bank of India NY CD	N/R,N/R	N/A	<5%	1/27/2021	245,000
Essa Bank & Trust PA CD	N/R,N/R	N/A	<5%	1/28/2021	245,000
First Community Bank TN CD	N/R,N/R	N/A	<5%	1/29/2021	249,000
Morgan Stanley CD	N/R,N/R	N/A	<5%	1/29/2021	245,000
Plains Commerce Bank Hoven SD CD	N/R,N/R	N/A	<5%	2/1/2021	249,000
Bar Harbor Bank & Trust ME CD	N/R,N/R	N/A	<5%	2/22/2021	249,000
Pinnacle Bank Jasper AL CD	N/R,N/R	N/A	<5%	2/25/2021	249,000
First Foundation Bank Irvine CA CD	N/R,N/R	N/A	<5%	2/26/2021	249,000
Mizrahi Tefahot Bank Ltd CD	N/R,N/R	N/A	<5%	3/22/2021	249,000
First National Bank Hamilton OH CD	N/R,N/R	N/A	<5%	3/30/2021	249,000
Medallion Bank Salt Lake City UT CD	N/R,N/R	N/A	<5%	4/23/2021	249,000
Seacoast National Bank Stuart FL CD	N/R,N/R	N/A	<5%	4/27/2021	247,000
Encore Bank Little Rock AR CD	N/R,N/R	N/A	<5%	4/27/2021	249,000
Continental Bank UT CD	N/R,N/R	N/A	<5%	6/23/2021	249,000
CapTex Bank CD	N/R,N/R	N/A	<5%	6/29/2021	249,000
Zions Bancorp Nat'l CD	N/R,N/R	N/A	<5%	9/22/2021	249,000
State Bank of India Chicago IL CD	N/R,N/R	N/A	<5%	10/28/2021	249,000
Cathay Bank Los Angeles CA CD	N/R,N/R	N/A	<5%	11/30/2021	249,000
Washington Trust Westerly RI CD	N/R,N/R	N/A	<5%	12/23/2021	249,000
Total Negotiable Certificates of Deposit					<u>31,455,316</u>
U.S. Government Agency Securities					
Federal Home Loan Bank Notes	N/R,N/R	N/A	<5%	8/13/2021	1,000,075
Federal Home Loan Bank Notes	N/R,N/R	N/A	<5%	8/13/2021	1,000,085
Total U.S. Government Agency Securities					<u>2,000,160</u>
U.S. Treasury Bill					
U.S. Treasury Bill	N/R,N/R	N/A	<5%	6/17/2021	998,508
U.S. Treasury Bill	N/R,N/R	N/A	<5%	10/7/2021	998,924
U.S. Treasury Bill	N/R,N/R	N/A	<5%	10/7/2021	999,022
U.S. Treasury Bill	N/R,N/R	N/A	<5%	11/30/2021	1,016,815
U.S. Treasury Bill	N/R,N/R	N/A	<5%	12/2/2021	999,320
Total U.S. Treasury Bill					<u>5,012,589</u>
Total Investments			100%		38,468,065
Repurchase Agreements					
U.S. Bank - Sweep					2,861,652

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

Investment Type	Credit Risk		Concentration Risk		Interest Rate Risk	Carrying Value as of 12/31/20
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date		
Deposits						\$ 1,143,168
4M Fund	N/A	N/A		N/A		1,405,821
Govt Money Market Fund	AAA	S&P/Moody's		N/A		1,700,615
First American-Prime Obligation Fund	AAA	S&P/Moody's		N/A		1,139,602
Moreton Money Market	Aaa-AAA	S&P/Moody's		N/A		4,506,139
Petty Cash						2,675
Total Cash and Investments						<u>\$ 51,227,737</u>

N/A - Not Applicable

<5% - Concentration is Less Than 5% of Investment

Investment Type	Credit Risk		Concentration Risk		Interest Rate Risk	Carrying Value as of 12/31/19
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date		
Negotiable Certificates of Deposit						
Essa Bank & Trust Stroudsburg PA CD	N/R,N/R	N/A	<5%	1/17/2020	\$	248,101
OpportunityBank Helena MT CD	N/R,N/R	N/A	<5%	1/24/2020		248,000
Discover Bank Greenwood Del CD	N/R,N/R	N/A	<5%	1/27/2020		245,000
Valley National Bank Passaic NJ CD	N/R,N/R	N/A	<5%	1/27/2020		245,000
Westchester Bank Yonkers NY CD	N/R,N/R	N/A	<5%	1/29/2020		245,000
Meridian Corporation CD	N/R,N/R	N/A	<5%	1/30/2020		245,000
Cedar Rapids Bank & Tr Co IA CD	N/R,N/R	N/A	<5%	1/30/2020		245,000
Denver Savings Bank IA CD	N/R,N/R	N/A	<5%	1/31/2020		245,000
Citizens Bank NA RI CD	N/R,N/R	N/A	<5%	1/31/2020		245,000
Bank of the Ozarks Little Rock AR CD	N/R,N/R	N/A	<5%	1/31/2020		245,000
Bank of China NY CD	N/R,N/R	N/A	<5%	2/18/2020		244,900
Pacific Western Bank CA CD	N/R,N/R	N/A	<5%	2/18/2020		245,300
Safra National Bank New York CD	N/R,N/R	N/A	<5%	2/18/2020		248,095
Ponce Bank Bronx NY CD	N/R,N/R	N/A	<5%	2/21/2020		245,282
Five Star Bank Warsaw NY CD	N/R,N/R	N/A	<5%	2/24/2020		245,000
New York Community Bank Westbury NY CD	N/R,N/R	N/A	<5%	2/24/2020		245,000
BAC Fla Bank Miami FL CD	N/R,N/R	N/A	<5%	2/28/2020		245,000
Rockland Trust Co MA CD	N/R,N/R	N/A	<5%	2/28/2020		245,000
TBK Bank SSB Dallas TX CD	N/R,N/R	N/A	<5%	3/2/2020		245,000
Bank Barolda New York CD	N/R,N/R	N/A	<5%	3/2/2020		245,000
Zions Bancorporation Nat'l Assn CD	N/R,N/R	N/A	<5%	3/18/2020		245,000
BLC Community Bank WI CD	N/R,N/R	N/A	<5%	3/19/2020		245,000
Peoples United Bank CD	N/R,N/R	N/A	<5%	3/20/2020		245,000
First Savings Bank Clarksville CD	N/R,N/R	N/A	<5%	3/20/2020		245,000
21st Century Bank Loretto MN CD	N/R,N/R	N/A	<5%	3/20/2020		245,000
First Commercial Bank USA Alhambra CD	N/R,N/R	N/A	<5%	3/23/2020		245,000
Umpqua Bank Roseburg OR CD	N/R,N/R	N/A	<5%	3/23/2020		245,000
Medallion Bank Salt Lake City UT CD	N/R,N/R	N/A	<5%	3/25/2020		245,000
Mizrahi Tefahot Bank Ltd CD	N/R,N/R	N/A	<5%	3/26/2020		245,000
Santander Bank Nat'l Assn CD	N/R,N/R	N/A	<5%	3/27/2020		245,000
Luther Burbankl Savings & Loan Assn CA CD	N/R,N/R	N/A	<5%	3/30/2020		245,000
Bank San Francisco CA CD	N/R,N/R	N/A	<5%	3/30/2020		245,000
Independence Bank KY CD	N/R,N/R	N/A	<5%	3/30/2020		245,000
California Bank Comm Lafayette, LA CD	N/R,N/R	N/A	<5%	3/30/2020		245,000
Fieldpoint Private Bank & Trust CT CD	N/R,N/R	N/A	<5%	4/28/2020		243,900
T Bank NA TX CD	N/R,N/R	N/A	<5%	4/28/2020		243,900

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk		Carrying Value as of 12/31/19
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date		
Central Bank of Oklahoma/ONB Bank & Tr Co OK CD	N/R,N/R	N/A	<5%	4/28/2020	\$	244,000
Bank Leumi USA NY CD	N/R,N/R	N/A	<5%	4/28/2020		244,000
East Boston Savings Bank MA CD	N/R,N/R	N/A	<5%	4/28/2020		244,000
Third Coast Bank SSB TX CD	N/R,N/R	N/A	<5%	4/28/2020		244,100
Brookline Bank MA CD	N/R,N/R	N/A	<5%	4/28/2020		243,900
Native American Bank NA CO CD	N/R,N/R	N/A	<5%	4/28/2020		244,100
First National Bank / The First NA ME CD	N/R,N/R	N/A	<5%	4/28/2020		244,100
Rockford B&TC IL CD	N/R,N/R	N/A	<5%	4/28/2020		244,100
Centier Bank IN CD	N/R,N/R	N/A	<5%	4/28/2020		244,100
KS Statebank / Kansas State Bank of Manhattan KS CD	N/R,N/R	N/A	<5%	4/29/2020		244,000
First Federal Savings Bank Evansville IN CD	N/R,N/R	N/A	<5%	4/30/2020		248,000
American Express Centurion Bank CD	N/R,N/R	N/A	<5%	4/30/2020		117,000
Town & Country Bank Springfield, IL CD	N/R,N/R	N/A	<5%	4/30/2020		245,000
Eagle Bank VA CD	N/R,N/R	N/A	<5%	5/21/2020		244,000
State Bank of Reeseville WI CD	N/R,N/R	N/A	<5%	5/22/2020		245,000
BMW Bank North America Salt Lake City UT CD	N/R,N/R	N/A	<5%	5/22/2020		245,000
Greenwoods State Bank Lake Mills WI CD	N/R,N/R	N/A	<5%	5/22/2020		245,000
John Marshall Bank Reston VA CD	N/R,N/R	N/A	<5%	5/22/2020		245,000
Peoples State Bank of Wausau WI CD	N/R,N/R	N/A	<5%	5/22/2020		245,000
Commonwealth Business Bank Los Angeles CA CD	N/R,N/R	N/A	<5%	5/29/2020		245,000
Live Oak Banking Company NC CD	N/R,N/R	N/A	<5%	5/29/2020		245,000
Dime Community Bank Brooklyn NY CD	N/R,N/R	N/A	<5%	5/29/2020		245,000
Enerbank USA UT CD	N/R,N/R	N/A	<5%	5/29/2020		245,000
Bank United NA (DTC) CD	N/R,N/R	N/A	<5%	5/29/2020		243,000
Berkshire Bank Pittsfield (DTC) CD	N/R,N/R	N/A	<5%	5/29/2020		244,000
Synovus Bank GA (DTC) CD	N/R,N/R	N/A	<5%	5/29/2020		244,000
Republic Bank Inc MN (DTC) CD	N/R,N/R	N/A	<5%	5/29/2020		249,000
Ally Bank Midvale UT CD	N/R,N/R	N/A	<5%	6/8/2020		219,000
Merrick Bank South Jordan UT CD	N/R,N/R	N/A	<5%	6/9/2020		248,000
Northfield Bank Staten Island NY CD	N/R,N/R	N/A	<5%	6/26/2020		245,000
CFG Community Bank MD CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Newbank NA NY CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
First Internet Bank of Indiana CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Servisfirst Bank FL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Bank 7 OK CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Allegiance Bank Texas CD	N/R,N/R	N/A	<5%	6/24/2020		110,000
Crystal Lake B&TC NA, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Northbrook B&TC, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Beverly Bank & Trust Co. NA, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Lake Forest B&T Co NA, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Hinsdale B&TC, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Libertyville B&TC, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Barrington B&TC, Wintrust IL CD	N/R,N/R	N/A	<5%	6/24/2020		244,500
Mainstreet Bank VA CD	N/R,N/R	N/A	<5%	7/23/2020		244,600
Latino Community Credit Union NC CD	N/R,N/R	N/A	<5%	7/23/2020		244,600
Premier Bank IA CD	N/R,N/R	N/A	<5%	7/23/2020		244,800
Arlington Community FCU VA CD	N/R,N/R	N/A	<5%	7/23/2020		244,700
First Capital Bank TN CD	N/R,N/R	N/A	<5%	7/23/2020		244,900
New Omni Bank NA CA CD	N/R,N/R	N/A	<5%	7/23/2020		245,100
Southside Bank TX CD	N/R,N/R	N/A	<5%	7/23/2020		245,200
St Charles B&TC - Wintrust ILCD	N/R,N/R	N/A	<5%	7/23/2020		245,200
Town Bank - Wintrust WI CD	N/R,N/R	N/A	<5%	7/23/2020		245,200
Old Plank Trail Community Bank NA-Wintrust IL CD	N/R,N/R	N/A	<5%	7/23/2020		245,200
Inbank Raton NM CD	N/R,N/R	N/A	<5%	7/29/2020		245,000

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying Value as of 12/31/19
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Sallie Mae Bank Murray UT CD	N/R,N/R	N/A	<5%	7/30/2020	\$ 245,000
Goldman Sachs Bank USA NY CD	N/R,N/R	N/A	<5%	7/30/2020	245,000
Iberiabank Lafayette LA CD	N/R,N/R	N/A	<5%	7/31/2020	245,000
Meadows Bank Las Vegas NV CD	N/R,N/R	N/A	<5%	8/1/2020	245,000
Byline Bank Chicago IL CD	N/R,N/R	N/A	<5%	8/2/2020	245,000
Industrial & Commercial Bank China CD	N/R,N/R	N/A	<5%	8/3/2020	245,000
Washington Tr Co Westerly RI CD	N/R,N/R	N/A	<5%	8/4/2020	245,000
Seattle Bank Washington CD	N/R,N/R	N/A	<5%	8/5/2020	245,183
Southeast Bank Farragut TN CD	N/R,N/R	N/A	<5%	8/6/2020	248,107
North American Banking Roseville MN CD	N/R,N/R	N/A	<5%	8/7/2020	248,081
TIAA FSB Jacksonville FL CD	N/R,N/R	N/A	<5%	8/8/2020	248,071
Security Bank OK CD	N/R,N/R	N/A	<5%	8/9/2020	245,500
Three Rivers Federal Credit Union IN CD	N/R,N/R	N/A	<5%	8/10/2020	245,700
Veritex Community Bank TX CD	N/R,N/R	N/A	<5%	8/11/2020	245,700
Corporate One Federal Credit Union OH CD	N/R,N/R	N/A	<5%	8/12/2020	245,600
Celtic Bank Salt Lake City UT CD	N/R,N/R	N/A	<5%	8/13/2020	248,000
VCC Bank Richmond VA CD	N/R,N/R	N/A	<5%	8/14/2020	248,000
Touchmark National Bank Alpharetta GA CD	N/R,N/R	N/A	<5%	8/15/2020	175,000
AvidBank San Jose CA CD	N/R,N/R	N/A	<5%	8/16/2020	248,000
Bank Rhode Island Providence RI CD	N/R,N/R	N/A	<5%	8/17/2020	248,000
Cathay Bank Los Angeles CA CD	N/R,N/R	N/A	<5%	8/18/2020	248,000
SENB Bank Moline IL CD	N/R,N/R	N/A	<5%	8/19/2020	248,000
Westfield Bank MA CD	N/R,N/R	N/A	<5%	8/20/2020	248,000
TCF National Bank CD	N/R,N/R	N/A	<5%	8/21/2020	245,000
Wells Fargo Bank Las Vegas NV CD	N/R,N/R	N/A	<5%	8/22/2020	245,000
Southern First Bank Greenville SC CD	N/R,N/R	N/A	<5%	8/23/2020	245,000
Farmers State Bank Waterloo IA CD	N/R,N/R	N/A	<5%	8/24/2020	248,000
Mabrey Bank Bixby OK CD	N/R,N/R	N/A	<5%	8/25/2020	200,000
Gateway First/Farmers Exchange Bank OK CD	N/R,N/R	N/A	<5%	8/26/2020	245,500
Pacific Enterprise Bank CA CD	N/R,N/R	N/A	<5%	8/27/2020	245,500
Security Bank TN CD	N/R,N/R	N/A	<5%	8/28/2020	245,800
Preferred Bank NY CD	N/R,N/R	N/A	<5%	8/29/2020	245,700
Bank Hapoalim NY CD	N/R,N/R	N/A	<5%	8/30/2020	245,000
Metabank Sioux Falls SD CD	N/R,N/R	N/A	<5%	8/31/2020	245,000
Investors Bank Short Hills CD	N/R,N/R	N/A	<5%	9/1/2020	245,000
Morgan Stanley Bank NA CD	N/R,N/R	N/A	<5%	9/2/2020	245,000
GBC International Bank CA CD	N/R,N/R	N/A	<5%	9/3/2020	246,000
Asian Pacific National Bank CA CD	N/R,N/R	N/A	<5%	9/4/2020	246,300
Sandy Spring Bank Olney MD CD	N/R,N/R	N/A	<5%	9/5/2020	245,000
Branch Banking & Trust Wilson NC CD	N/R,N/R	N/A	<5%	9/6/2020	245,000
Beal Bank USA Las Vegas NV CD	N/R,N/R	N/A	<5%	9/7/2020	245,000
Pinnacle Bank Jasper AL CD	N/R,N/R	N/A	<5%	9/8/2020	246,000
Customers Bank Phoenixville PA CD	N/R,N/R	N/A	<5%	9/9/2020	245,000
State Bank of India New York NY CD	N/R,N/R	N/A	<5%	9/10/2020	245,080
Citadel FCU PA CD	N/R,N/R	N/A	<5%	9/11/2020	245,600
Texas Capital Bank TX CD	N/R,N/R	N/A	<5%	9/12/2020	245,700
State Bank of Lizton IN CD	N/R,N/R	N/A	<5%	9/13/2020	245,000
Penn Community Bank Perkasi PA CD	N/R,N/R	N/A	<5%	9/14/2020	245,000
Pioneer Bank SSB Austin TX CD	N/R,N/R	N/A	<5%	9/15/2020	245,000
Iroquois Fed Savings & Loan Assoc CD	N/R,N/R	N/A	<5%	9/16/2020	245,000
Radius Bank Boston MA CD	N/R,N/R	N/A	<5%	9/17/2020	245,000
City National Bank Beverly Hills CD	N/R,N/R	N/A	<5%	9/18/2020	245,000
LCA Bank Corp Park City UT CD	N/R,N/R	N/A	<5%	9/19/2020	245,000



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Concentration of Credit Risk, Credit and Interest Rate Risks (Continued)**

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk		Carrying Value as of 12/31/19
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date		
Luana Savings Bank Luana IA CD	N/R,N/R	N/A	<5%	9/20/2020	\$	245,000
Continental Bank UT CD	N/R,N/R	N/A	<5%	9/21/2020		245,000
GNB Bank Grundy Center IA CD	N/R,N/R	N/A	<5%	9/22/2020		245,000
Total Negotiable Certificates of Deposit						<u>35,405,500</u>
Total Investments			100%			35,405,500
Repurchase Agreements						
US Bank - Sweep						8,716,577
Deposits						492,900
4M Fund	N/A	N/A		N/A		1,874,940
Govt M/M Fund	AAA	S&P/Moody's		N/A		234,395
First American-Prime Obligation Fund	AAA	S&P/Moody's		N/A		771,505
Moreton Money Market	Aaa-AAA	S&P/Moody's		N/A		599,637
Petty Cash						<u>2,675</u>
Total Cash and Investments					\$	<u>48,098,129</u>

N/A - Not Applicable

<5% - Concentration is Less Than 5% of Investment

**Fair Value Measurement**

WLSSD uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures.

WLSSD follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, WLSSD has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Fair Value Measurement (Continued)**

Financial assets recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I - Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level II - Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level III - Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Investments are measured as follows for December 31, 2020:

<u>Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal Home Loan Bank	\$ -	\$ 2,000,160	\$ -	\$ 2,000,160
U.S. Treasury Bill	-	5,012,589	-	5,012,589
Total	<u>\$ -</u>	<u>\$ 7,012,749</u>	<u>\$ -</u>	<u>\$ 7,012,749</u>
Investments Measured at Amortized Cost				
4M Fund				\$ 1,405,821
Money Market Funds				7,346,356
Repurchase Agreements				2,861,652
Negotiable Certificates of Deposit				31,455,316
Total Investments Measured at Amortized Cost				<u>43,069,145</u>
Cash and Cash Equivalents				<u>1,145,843</u>
Total Cash and Cash Investments				<u>\$ 51,227,737</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Fair Value Measurement (Continued)**

Investments are measured as follows for December 31, 2019:

<u>Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments Measured at Amortized Cost				
4M Fund			\$	1,874,940
Money Market Funds				1,605,537
Repurchase Agreements				8,716,577
Negotiable Certificates of Deposit				35,405,500
Total Investments Measured at Amortized Cost				47,602,554
Cash and Cash Equivalents				495,575
Total Cash and Cash Investments			\$	48,098,129

The Minnesota Municipal Money Market Fund Trust is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board. These shares are available to be redeemed upon proper notice without restrictions and can be made as long as the District has a sufficient number of shares to meet the redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustee determines that there is an emergency that makes up the sale of the securities or determination of its net asset value not reasonably practical.

WLSSD reports its investment in the Pool at the NAV per share, the fair value established by the Pool.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**2. Due from Other Governments**

Due from other governments consists of the following:

	<u>2020</u>	<u>2019</u>
Current Assets		
Municipality Service Charges	\$ 1,110,763	\$ 1,110,478
Other	<u>218,455</u>	<u>378,983</u>
Total	<u><u>\$ 1,329,218</u></u>	<u><u>\$ 1,489,461</u></u>

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated				
Land	\$ 605,265	\$ -	\$ -	\$ 605,265
Easements	207,149	-	-	207,149
Total Capital Assets, Not Depreciated	<u>812,414</u>	<u>-</u>	<u>-</u>	<u>812,414</u>
Capital Assets, Depreciated				
Improvements	239,960,558	9,635,266	-	249,595,824
Buildings and Structures	74,672,544	-	-	74,672,544
Furniture and Equipment	32,237,114	418,542	-	32,655,656
Motor Vehicles	3,371,319	175,892	-	3,547,211
Total Capital Assets, Depreciated	<u>350,241,535</u>	<u>10,229,700</u>	<u>-</u>	<u>360,471,235</u>
Less: Accumulated Depreciation for:				
Improvements	138,251,649	10,729,088	-	148,980,737
Buildings and Structures	73,600,956	119,149	-	73,720,105
Furniture and Equipment	31,470,260	255,568	-	31,725,828
Motor Vehicles	3,075,671	148,917	-	3,224,588
Total Accumulated Depreciation	<u>246,398,536</u>	<u>11,252,722</u>	<u>-</u>	<u>257,651,258</u>
Total Capital Assets, Depreciated, Net	<u>103,842,999</u>	<u>(1,023,022)</u>	<u>-</u>	<u>102,819,977</u>
Capital Assets, Net	<u><u>\$ 104,655,413</u></u>	<u><u>\$ (1,023,022)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,632,391</u></u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated				
Land	\$ 605,265	\$ -	\$ -	\$ 605,265
Easements	207,149	-	-	207,149
Total Capital Assets, Not Depreciated	812,414	-	-	812,414
Capital Assets, Depreciated				
Improvements	220,449,319	19,511,239	-	239,960,558
Buildings and Structures	74,672,544	-	-	74,672,544
Furniture and Equipment	31,846,026	391,088	-	32,237,114
Motor Vehicles	3,233,522	157,109	19,312	3,371,319
Total Capital Assets, Depreciated	330,201,411	20,059,436	19,312	350,241,535
Less: Accumulated Depreciation for:				
Improvements	127,871,050	10,380,599	-	138,251,649
Buildings and Structures	73,481,363	119,593	-	73,600,956
Furniture and Equipment	31,252,270	217,990	-	31,470,260
Motor Vehicles	2,942,662	152,321	19,312	3,075,671
Total Accumulated Depreciation	235,547,345	10,870,503	19,312	246,398,536
Total Capital Assets, Depreciated, Net	94,654,066	9,188,933	-	103,842,999
Capital Assets, Net	\$ 95,466,480	\$ 9,188,933	\$ -	\$ 104,655,413

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities**

**1. Due to Other Governments**

Due to other governments consists of the following:

Current liabilities - (Payable from current assets):

	2020	2019
User Adjustments	<u>\$ 236,995</u>	<u>\$ 20,056</u>

**2. Long-Term Debt**

Long-term debt is comprised of the following:

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2020
General Obligation Bonds					
2012E G.O. Refunding Bonds	2021	\$90,000- \$1,200,000	0.20-2.15	\$ 8,635,000	\$ 475,000
2015C G.O Refunding Bond	2021	\$245,000- \$510,000	0.65-2.05	2,680,000	245,000
2016B G.O Refunding Bond	2022	\$365,000- \$390,000	0.80-1.75	2,255,000	775,000
Total General Obligation Bonds				<u>\$ 13,570,000</u>	1,495,000
Less: Unamortized Discount					<u>(1,463)</u>
Total General Obligation Bonds, Net					<u>\$ 1,493,537</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**2. Long-Term Debt (Continued)**

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2020
General Obligation Taxable Revenue Notes					
2006 G.O. Taxable Revenue Note	2021	\$239,077- \$324,000	2.82	\$ 3,579,691	\$ 324,000
2007 G.O. Taxable Revenue Note	2023	\$4,000- \$186,000	2.61	2,359,776	545,000
2009 G.O. Taxable Revenue Note	2024	\$9,541- \$158,000	2.70	1,889,541	611,000
2010 G.O. Taxable Revenue Note	2025	\$200,540- \$240,255	1.59	3,351,540	1,165,255
2010 G.O. Taxable Revenue Note	2025	\$40,748- \$45,000	1.59	678,748	219,000
2010 G.O. Taxable Revenue Note	2025	\$21,000- \$25,000	1.59	342,262	122,000
2010 G.O. Taxable Revenue Note	2025	\$8,000- \$11,000	1.59	151,866	54,866
2011 G.O. Taxable Revenue Note	2026	\$46,959- \$117,000	1.52	1,610,959	679,000
2011 G.O. Taxable Revenue Note	2026	\$10,131- \$23,000	1.52	316,131	135,000
2011 G.O. Taxable Revenue Note	2026	\$110,330- \$265,000	1.52	3,581,330	1,532,000
2012 G.O. Taxable Revenue Note	2027	\$180,173- \$399,000	1.69	5,452,173	2,654,000
2013 G.O. Taxable Revenue Note	2028	\$100,518- \$191,000	1.00	2,947,518	1,475,000
2013 G.O. Taxable Revenue Note	2028	\$90,969- \$150,000	1.00	2,125,969	1,158,000
2014 G.O. Taxable Revenue Note	2029	\$360,990- \$501,000	1.00	6,941,990	4,335,000
2015 G.O. Taxable Revenue Note	2030	\$180,490- \$523,000	1.00	7,029,490	4,989,000
2015 G.O. Taxable Revenue Note	2030	\$50,276- \$132,000	1.00	2,132,276	1,259,000
2016 G.O. Taxable Revenue Note	2031	\$63,599- \$131,000	1.00	1,747,561	1,339,000

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**2. Long-Term Debt (Continued)**

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2020
2016 G.O. Taxable Revenue Note	2031	\$105,016- \$239,960	1.00	\$ 3,216,871	\$ 2,399,000
2018 G.O. Taxable Revenue Note	2033	\$29,416- \$54,055	1.25	708,870	611,000
2018 G.O. Taxable Revenue Note	2033	\$97,922- \$185,760	1.25	2,448,277	2,117,000
2018 G.O. Taxable Revenue Note	2033	\$86,317- \$178,191	1.25	2,343,195	1,902,000
2018 G.O. Taxable Revenue Note	2033	\$65,173- \$144,763	1.23	1,907,254	1,407,876
2018 G.O. Taxable Revenue Note	2033	\$555,847- \$1,158,549	1.23	15,309,936	12,939,904
2019 G.O. Taxable Revenue Note	2034	\$157,520- \$158,370	1.00	2,054,155	1,668,170
2019 G.O. Taxable Revenue Note	2034	\$360,570- \$361,660	1.00	4,697,891	4,507,498
2019 G.O. Taxable Revenue Note	2034	\$28,690- \$29,580	1.00	379,365	360,935
2020 G.O. Taxable Revenue Note	2035	\$47,268- \$48,208	1.00	621,465	438,975
Total General Obligation Taxable Revenue Notes				<u>\$ 79,926,100</u>	<u>\$ 50,948,479</u>



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**3. Debt Service Requirements**

Debt service requirements at December 31, 2020 were as follows:

Year Ending December 31	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 1,105,000	\$ 28,220	\$ 5,209,724	\$ 619,004
2022	390,000	6,825	4,947,824	546,329
2023	-	-	5,012,059	481,781
2024	-	-	4,885,495	416,316
2025	-	-	4,780,257	354,910
2026-2030	-	-	18,988,626	1,007,486
2031-2035	-	-	7,124,494	172,952
Total	\$ 1,495,000	\$ 35,045	\$ 50,948,479	\$ 3,598,778

**4. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 4,475,000	\$ -	\$ 2,980,000	\$ 1,495,000	\$ 1,105,000
Notes from direct borrowings	48,716,689	6,993,564	4,761,774	50,948,479	5,209,724
Total	53,191,689	6,993,564	7,741,774	52,443,479	6,314,724
Sick Leave Liability	53,457	1,737	-	55,194	55,194
OPEB Liability	259,807	31,919	8,124	283,602	13,529
Long-Term Liabilities	\$ 53,504,953	\$ 7,027,220	\$ 7,749,898	\$ 52,782,275	\$ 6,383,447

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**4. Changes in Long-Term Liabilities (Continued)**

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 8,270,000	\$ -	\$ 3,795,000	\$ 4,475,000	\$ 2,980,000
Notes from direct borrowings	38,421,524	14,340,659	4,045,494	48,716,689	4,663,619
Total	46,691,524	14,340,659	7,840,494	53,191,689	7,643,619
Sick Leave Liability	68,919	1,429	16,891	53,457	-
OPEB Liability	324,905	31,538	96,636	259,807	8,124
Long-Term Liabilities	\$ 47,085,348	\$ 14,373,626	\$ 7,954,021	\$ 53,504,953	\$ 7,651,743

The general obligation bonds and notes are retired with income from operations. WLSSD has a contingent liability against its full faith and credit to the extent that income from operations is insufficient to retire the general obligation bonds. The general obligation bonds of WLSSD are exempt from the limitations on net debt imposed by Minnesota law.

WLSSD's outstanding notes from direct borrowings of \$50,948,479 contain (1) a provision that if the WLSSD is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by WLSSD for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if WLSSD fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**5. Refunding Debt Issued**

During 2016, WLSSD issued 2016 Taxable General Obligation Refunding Bonds, Series 2016B in the amount of \$2,255,000 with an interest rate of .80 to 1.75 percent. These proceeds were used to provide for the current refunding of the 2007A General Obligation Bonds. The balance of the 2007A maturities being refunded was \$2,505,000 and interest rates of 4.00 to 4.50 percent.

As a result of this refunding, WLSSD decreased its debt service requirements \$250,000 resulting in an economic gain (difference between the present value of the debt service payment on the old and new debt service) of \$173,248.

The deferred outflow related to the gain on refunding was not material to the financial statements of WLSSD and therefore was not recognized and amortized.

**6. Defined Benefit Pension Plans**

**a) Pension Description**

WLSSD participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

All full-time and certain part-time employees of WLSSD are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**b) Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they last terminate their public service.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**b) Benefits Provided (Continued)**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**c) Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee Contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal years 2020 and 2019. WLSSD was required to contribute 7.50% for Coordinated Plan members for fiscal years 2020 and 2019. WLSSD's contributions to the General Employees Fund for the years ended December 31, 2020 and 2019 were \$589,708 and \$581,093, respectively. WLSSD's contributions were equal to the required contributions as set by state statute.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**d) Pension Costs**

At December 31, 2020 and 2019, WLSSD reported a liability of \$6,612,989 and \$5,921,319, respectively, for its proportionate share of the General Employees Fund's net pension liability. WLSSD's 2020 and 2019 net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2020 and 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with WLSSD totaled \$203,919 at December 31, 2020 for a total liability of \$6,816,908 and \$183,992 at December 31, 2019 for a total liability of \$6,105,311. The net pension liability was measured as of June 30, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

WLSSD's proportionate share of the net pension liability for December 31, 2020 was based on WLSSD's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. WLSSD's proportionate share was 0.1103% at the end of the measurement period and 0.1071% for the beginning of the period.

WLSSD's proportionate share of the net pension liability for December 31, 2019 was based on WLSSD's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. WLSSD's proportion share was 0.1071% at the end of the measurement period and 0.1095% for the beginning of the period.

For the years ended December 31, 2020 and 2019, WLSSD's recognized pension expense of \$210,115 and \$573,813 respectively for its proportionate share of the General Employees Plan's pension expense. In addition, WLSSD recognized an additional \$17,747 in 2020 and \$13,779 in 2019 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million per year to the General Employees Fund.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**d) Pension Costs (Continued)**

At December 31, 2020, WLSSD reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 60,294	\$ 25,020
Changes in Actuarial Assumptions	-	245,169
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,244	-
Changes in Proportion and Differences Between WLSSD Contributions and Proportionate Share of Contributions	152,893	99,167
WLSSD Contributions Subsequent to the Measurement Date	312,453	-
Total	<u>\$ 639,884</u>	<u>\$ 369,356</u>

\$312,453 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2021	\$ (385,836)
2022	7,446
2023	176,693
2024	159,772

At December 31, 2019, WLSSD reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**d) Pension Costs (Continued)**

	2019	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 164,102	\$ -
Changes in Actuarial Assumptions	-	465,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	600,195
Changes in Proportion and Differences Between WLSSD Contributions and Proportionate Share of Contributions	-	201,945
WLSSD Contributions Subsequent to the Measurement Date	288,781	-
Total	<u>\$ 452,883</u>	<u>\$ 1,267,560</u>

**e) Total Pension Expense**

The total pension expense for all plans recognized by WLSSD for the year ended December 31, 2020 and 2019, was \$227,862 and \$587,592, respectively.

**f) Actuarial Assumptions**

The total pension liability in the June 30, 2020 and 2019, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	2020	2019
Inflation	2.25% per Year	2.50% per Year
Salary Increases	3.00% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**f) Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions occurred in 2020:

Changes in Actuarial Assumptions:

- (1) The price inflation assumption was decreased from 2.50% to 2.25%.
- (2) The payroll growth assumption was decreased from 3.25% to 3.00%.
- (3) Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- (4) Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- (5) Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- (6) Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- (7) The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- (8) The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- (9) The assumed spouse age difference was changed from two years older for females to one year older.
- (10) The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**f) Actuarial Assumptions (Continued)**

Changes in Plan Provisions:

- (1) Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

Changes in Actuarial Assumptions:

- (1) The mortality projection scale was changed from Scale MP-2017 to Scale MP-2018.

Changes in Plan Provisions:

- (1) The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
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DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**f) Actuarial Assumptions (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class in 2020 and 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
International Stocks	17.5 %	5.30
Bonds	20.0 %	0.75
Alternative Assets	25.0 %	5.90
Cash	2.0 %	0.00
Totals	100.0 %	

**g) Discount Rate**

The discount rate used to measure the total pension liability in 2020 and 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**h) Pension Liability Sensitivity**

The following presents WLSSD's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what WLSSD's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Higher	Current Discount Rate	1% Lower
<u>June 30, 2020</u>			
General Employees Fund Discount Rate	6.50%	7.50%	8.50%
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 10,598,328	\$ 6,612,989	\$ 3,325,405
<u>June 30, 2019</u>			
General Employees Fund Discount Rate	6.50%	7.50%	8.50%
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 9,734,330	\$ 5,921,319	\$ 2,772,921

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**6. Defined Benefit Pension Plans (Continued)**

**i) Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**7. Postemployment Benefits**

**Plan Description and Funding Policy**

WLSSD participates in a single-employer fully-insured plan. There is no explicit subsidy for employees hired prior to December 31, 1983 with no accumulated sick leave and for employees hired on or after January 1, 1984. Active employees who retire from WLSSD when eligible to receive a retirement benefit from PERA, that do not qualify for the aforementioned benefits, and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependents under WLSSD's health benefits program. These retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. The plan does not issue a publicly available financial report. There are 101 active employees, 4 retirees receiving payments, 2 spouses receiving payments, and 0 inactive employees entitled to but not yet receiving benefits.

**Funding Policy**

WLSSD has no assets accumulated in a trust that meets the criteria in GASB 75. The authority to provide these benefits is established in Minnesota Statutes §471.61, subdivision 2a. The cost of other postemployment benefits is funded on a "pay-as-you-go" method. For the year ended December 31, 2020, WLSSD contributed \$8,124 to the plan and contributed \$38,671 to the plan for the year ended December 31, 2019.

**Actuarial Methods and Assumptions**

WLSSD's OPEB liability was measured as of January 1, 2020 and January 1, 2019, and the total OPEB liability each year was determined by an actuarial valuation as of January 1, 2019.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**7. Postemployment Benefits (Continued)**

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods including in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	6.25% Decreasing to 5.00% Over 5 Years

Mortality rates were based on the RP-2014 with projected mortality improvements based on scale MP-2016, and other adjustments.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

The discount rate used to measure the total OPEB liability was 3.80% for 2020 and 2019. The discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Since the most recent GASB 75 valuation, the following changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**7. Postemployment Benefits (Continued)**

Actuarial Methods and Assumptions (Continued)

Changes in the OPEB Liability

	Total OPEB Liability 2020	Total OPEB Liability 2019
Balance January 1,	\$ 259,807	\$ 324,905
Changes for the Year:		
Service Costs	21,387	20,764
Interest Cost	10,532	10,774
Assumption Changes	-	(3,436)
Differences Between Expected and Actual Experience	-	(54,529)
Benefit Payments	(8,124)	(38,671)
Net Change in Total OPEB Liability	23,795	(65,098)
Balance as of December 31,	<u>\$ 283,602</u>	<u>\$ 259,807</u>

The following presents the OPEB liability of WLSSD, as well as what the WLSSD's OPEB liability would be if it were calculated using a discount rate one percentage lower or one percentage higher than the current discount rate:

2020	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
OPEB Liability	\$ 302,910	\$ 283,602	\$ 265,448
2019	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
OPEB Liability	\$ 278,079	\$ 259,807	\$ 242,614

The following presents the OPEB liability of WLSSD, as well as what the WLSSD's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00% over 5 years) or 1% higher (7.25% decreasing to 6.00% over 5 years) than the current healthcare cost trend rates:

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**7. Postemployment Benefits (Continued)**

**Actuarial Methods and Assumptions (Continued)**

	1% Decrease (5.25% Decreasing to 4.00%)	Current Trend Rates (6.25% (Decreasing to 5.00%))	1% Increase (7.25% Decreasing to 6.00%)
2020			
OPEB Liability	\$ 254,720	\$ 283,602	\$ 317,539

	1% Decrease (5.25% Decreasing to 4.00%)	Current Trend Rates (6.25% (Decreasing to 5.00%))	1% Increase (7.25% Decreasing to 6.00%)
2019			
OPEB Liability	\$ 234,476	\$ 259,807	\$ 289,433

For the year ended December 31, 2020 and 2019, WLSSD recognized OPEB expense of \$22,257 and \$21,876, respectively. At December 31, 2020, WLSSD reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Authority's Contributions Subsequent to the Measurement Date	\$ 13,529	\$ -
Changes in Actuarial Assumptions	-	2,290
Liability Gains	-	36,351
Total	<u>\$ 13,529</u>	<u>\$ 38,641</u>

\$13,529 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021.

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

Year Ending December 31,	Future Recognition
2021	\$ (9,662)
2022	(9,662)
2023	(9,662)
2024	(9,655)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**3. Detailed Notes (Continued)**

**B. Liabilities (Continued)**

**7. Postemployment Benefits (Continued)**

Actuarial Methods and Assumptions (Continued)

At December 31, 2019, WLSSD reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Authority's Contributions Subsequent to the Measurement Date	\$ 8,124	\$ -
Changes in Actuarial Assumptions	-	2,863
Liability Gains	-	45,440
Total	<u>\$ 8,124</u>	<u>\$ 48,303</u>

**4. Other Note Disclosures**

**A. Major Customers**

Major customers of services provided by WLSSD were as follows:

	User Service Charges		Percentage of Total User Service Charges	
	2020	2019	2020	2019
Sappi Cloquet LLC	\$ 12,305,970	\$ 11,873,947	32.4%	31.0%
City of Duluth	9,457,125	9,275,062	24.9%	24.2%
Verso Duluth Mill	2,665,631	3,362,320	7.0%	8.8%

**B. Construction Commitments**

As of December 31, 2020, WLSSD had the following commitments with respect to unfinished capital projects.

Project	Remaining Construction Commitment	Expected date of Completion
Reactor 4 Influent Piping	\$ 145,759	2/12/21
Plant Water Pump	345,855	3/31/21
Cloquet Grating	103,618	3/31/21
Oxygen Supply	862,094	4/30/21
Main Switchgear CHP	396,640	4/30/21
Screw Pump Phase 4	469,586	3/1/22
	<u>\$ 2,323,552</u>	

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**4. Other Note Disclosures (Continued)**

**C. Risk Management**

WLSSD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; health and dental claims, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties except for dental claims which are self-insured, workers compensation and health insurance for which WLSSD belongs to public entity risk pools. WLSSD has a \$50,000 deductible for property and a \$1,000 deductible for liability insurance coverage per covered incident. There have been no significant reductions in insurance coverage during the current year. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

WLSSD retains the risk of loss from claims related to employee dental. WLSSD has contracted with Delta Dental to administer WLSSD's dental claims. WLSSD charges a premium to each employee and contributes an employer's share based on negotiated union contracts to cover the estimated dental claims. Claims are recognized as they are paid.

	2020	2019
Unpaid Claims, Beginning of Year	\$ -	\$ -
Incurred Claims	57,993	76,707
Claim Payments	(57,993)	(76,707)
Unpaid Claims, End of Year	<u>\$ -</u>	<u>\$ -</u>

Workers compensation coverage is obtained through the League of Minnesota Cities Insurance Trust – Group Self-Insured Workers' Compensation Plan, a public entity risk pool operated by the League of Minnesota Cities to lower and stabilize its members' workers' compensation costs and to assure that its members have a source of coverage available. The League of Minnesota Cities purchases reinsurance to protect the program from catastrophic and abnormal claims. WLSSD pays an annual premium to the pool and has elected to have a deductible of \$5,000 per occurrence (for medical costs only). The deductible option under this plan allows WLSSD to obtain a premium discount of 11%. As medical costs are incurred, the claims are paid by the pool and then are billed back to WLSSD up to the amount of the deductible per occurrence.

For group health insurance, WLSSD belongs to the North East Service Cooperative (NESC), a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the NESC and are based partially on the experience of WLSSD and partially on the experience of the group. The NESC solicits proposals from carriers and negotiates the contracts.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**4. Other Note Disclosures (Continued)**

**D. Voluntary Employee Benefit Plan – Northland VEBA Trust Plan**

In 2007, WLSSD Board approved a Voluntary Employees' Beneficiary Association (VEBA) plan for funding employee health benefits for supervisors effective January 1, 2008 as authorized under Sections 501(c)(9) and 213(d) of the IRS Code. Effective January 1, 2009, all employees were eligible for participation in this plan. The VEBA plan is a health reimbursement plan providing for individual employer-funded accounts that can be used to help pay eligible medical expenses incurred by participating employees. The plan is used in combination with a high-deductible health plan. Funding is provided through pre-tax contributions from WLSSD based on employee health care elections. The VEBA plan is administered by Compensation Consultants, Ltd.

The current maximum WLSSD contribution for active participating employees is \$3,000 for those with family medical coverage with a \$3,700 deductible and \$1,350 for active participating employees for those with single medical coverage with a \$1,850 deductible. Any balance remaining in an employee's account at year-end rolls over into the subsequent year. All bargaining unit and supervisory employees participating in WLSSD's high-deductible medical insurance plan are covered by the VEBA plan.

**E. Legal Contingencies**

WLSSD may be involved in various claims and litigation. Although the outcome of any claims is not presently determinable, in the opinion of WLSSD's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of WLSSD.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
SCHEDULE OF WLSSD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
DECEMBER 31, 2020**

	Measurement Date <u>June 30, 2020</u>	Measurement Date <u>June 30, 2019</u>	Measurement Date <u>June 30, 2018</u>	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>
WLSSD's Proportion of the Net Pension Liability	0.1103%	0.1071%	0.1095%	0.1111%	0.1140%	0.1181%
WLSSD's Proportionate Share of the Net Pension Liability	\$ 6,612,989	\$ 5,921,319	\$ 6,074,611	\$ 7,092,551	\$ 9,256,235	\$ 6,120,555
State's Proportionate Share of the Net Pension Liability Associated with WLSSD	<u>203,919</u>	<u>183,992</u>	<u>199,096</u>	<u>89,175</u>	<u>120,902</u>	<u>-</u>
Total District's Proportionate Share of Net Pension Liability	\$ 6,816,908	\$ 6,105,311	\$ 6,273,707	\$ 7,181,726	\$ 9,377,137	\$ 6,120,555
WLSSD's Covered Payroll	\$ 7,875,101	\$ 7,584,501	\$ 7,354,870	\$ 7,150,592	\$ 7,061,992	\$ 6,936,710
WLSSD's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	83.97%	78.07%	82.59%	99.19%	131.07%	88.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.20%	79.50%	75.90%	68.81%	78.20%

Note: Information prior to 2015 is not available.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
SCHEDULE OF WLSSD CONTRIBUTIONS  
DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>PERA</b>							
Contractually Required Contribution	\$ 589,708	\$ 581,093	\$ 557,535	\$ 544,106	\$ 533,833	\$ 523,052	\$ 507,255
Contributions in Relation to the Contractually Required Contribution	<u>(589,708)</u>	<u>(581,093)</u>	<u>(557,535)</u>	<u>(544,106)</u>	<u>(533,833)</u>	<u>(523,052)</u>	<u>(507,255)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 WLSSD's Covered Payroll	 \$ 7,862,773	 \$ 7,747,907	 \$ 7,433,800	 \$ 7,254,747	 \$ 7,117,773	 \$ 6,974,027	 \$ 6,996,621
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%	 7.25%

Note: Information prior to 2014 is not available.

The notes to the required supplementary information are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
SCHEDULE OF CHANGES IN WLSSD'S OPEB  
LIABILITY, RELATED RATIOS, AND NOTES  
DECEMBER 31, 2020**

	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 21,387	\$ 20,764	\$ 25,132
Interest Cost	10,532	10,774	10,852
Assumption Changes	-	(3,436)	45,777
Differences Between Expected and Actual Experience	-	(54,529)	-
Benefit Payments	(8,124)	(38,671)	(29,346)
<b>Net Change in Total OPEB Liability</b>	<u>23,795</u>	<u>(65,098)</u>	<u>52,415</u>
Total OPEB Liability - Beginning	<u>259,807</u>	<u>324,905</u>	<u>272,490</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 283,602</u></u>	<u><u>\$ 259,807</u></u>	<u><u>\$ 324,905</u></u>
 Covered-Employee Payroll	 \$ 7,072,878	 \$ 6,866,872	 \$ 6,924,798
 District's OPEB Liability as a Percentage of Covered-Employee Payroll	 4%	 4%	 5%

Note 1: WLSSD implemented GASB Statement No. 75 in 2018, and the above table will be expended to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2020**

**1. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2020

**Changes in Actuarial Assumptions**

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions**

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2020**

**1. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)**

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumption postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2020**

**1. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)**

2017

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA load are now 0.0% for active member liability, 15% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumption postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by .25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2020**

**1. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)**

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**2. Other Postemployment Benefits**

As disclosed on the Schedule of Changes in the Total OPEB Liability, Related Ratios, and Notes, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

The following changes were reflected in the valuation performed on behalf of the WLSSD's Other Postemployment Benefits plan for the year ended December 31:

2019

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

2018

- The discount rate was changed from 3.50% to 3.30%.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

## **SUPPLEMENTARY SCHEDULES**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DETAILED SCHEDULE OF REVENUE COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR  
YEAR ENDED DECEMBER 31, 2019**

	2020			2019
	Budget	Actual Revenue	Variance Favorable (Unfavorable)	Actual Revenue
Wastewater Treatment				
User Charges -				
Municipalities				
Duluth	\$ 9,373,756	\$ 9,457,125	\$ 83,369	\$ 9,275,062
Cloquet	992,915	866,857	(126,058)	984,427
Proctor	322,476	309,293	(13,183)	322,799
Hermantown	477,916	458,868	(19,048)	493,274
Scanlon	114,198	105,459	(8,739)	123,707
Thomson Township (Esko)	141,678	144,175	2,497	138,209
Carlton	114,545	121,297	6,752	116,786
Twin Lakes Township	89,385	42,950	(46,435)	70,663
Wrenshall	21,185	22,012	827	23,372
Thomson	9,025	7,989	(1,036)	9,004
Jay Cooke	3,447	4,626	1,179	3,549
North Shore	46,005	43,245	(2,760)	44,549
Knife River	18,730	16,021	(2,709)	15,862
Oliver	17,738	16,677	(1,061)	16,798
Rice Lake Township	51,698	47,609	(4,089)	52,323
MPCA Landfill	11,318	10,673	(645)	10,349
Midway	4,737	4,845	108	4,598
Pike Lake	72,346	61,114	(11,232)	67,458
Total Municipalities	11,883,098	11,740,835	(142,263)	11,772,789
Industries				
Sappi	11,171,384	12,305,970	1,134,586	11,873,947
USG	498,623	574,893	76,270	539,897
Verso Duluth Mill	3,363,508	2,665,631	(697,877)	3,362,320
Specialty Minerals	269,022	189,411	(79,611)	225,320
Total Industries	15,302,537	15,735,905	433,368	16,001,484
Total Wastewater Treatment	27,185,635	27,476,740	291,105	27,774,273
 User Charges - Solid Waste	5,756,207	5,673,387	(82,820)	5,702,297
Service Fee - Solid Waste	2,600,000	2,587,586	(12,414)	2,648,079
 Other Revenue				
District-Wide Allocation	355,000	355,001	1	355,001
Capacity Availability Fee	350,000	528,092	178,092	714,438
Earnings on Investments	751,000	542,300	(208,700)	923,647
Operating Grants	374,500	375,602	1,102	374,984
Property Taxes	1,131,226	1,212,482	81,256	1,134,952
Capital Contributions	-	1,435,731	1,435,731	1,223,248
Gain on Sale of Capital Asset	-	-	-	14,352
Miscellaneous	808,710	1,345,978	537,268	1,059,848
Total Other Revenue	3,770,436	5,795,186	2,024,750	5,800,470
 Total Revenue	\$ 39,312,278	\$ 41,532,899	\$ 2,220,621	\$ 41,925,119

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DETAILED SCHEDULE OF EXPENSES COMPARED TO  
BUDGET – DEPARTMENTAL LEVEL  
YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR  
YEAR ENDED DECEMBER 31, 2019**

	2020			2019
	Budget	Actual Expenses	Variance Favorable (Unfavorable)	Actual Expenses
Clean Water Production				
Salaries & Benefits	\$ 2,078,270	\$ 2,069,330	\$ 8,940	\$ 2,040,637
Electricity	1,849,889	1,455,859	394,030	1,567,297
Fuels	148,024	145,625	2,399	118,808
Chemicals	1,499,080	1,591,535	(92,455)	1,547,507
Other Operating Expenses	351,596	322,795	28,801	350,538
Total Clean Water Production	5,926,859	5,585,144	341,715	5,624,787
Conveyance System				
Salaries & Benefits	541,161	532,113	9,048	512,486
Electricity	1,018,630	854,304	164,326	847,029
Other Operating Expenses	495,000	452,180	42,820	274,591
Total Conveyance System	2,054,791	1,838,597	216,194	1,634,106
Biosolids				
Salaries & Benefits	779,581	760,481	19,100	746,446
Other Operating Expenses	154,158	107,356	46,802	133,207
Total Biosolids	933,739	867,837	65,902	879,653
Environmental Programs Wastewater				
Salaries & Benefits	197,681	160,444	37,237	187,809
Operating Expenses	78,313	40,293	38,020	72,836
Total Environmental Programs Wastewater	275,994	200,737	75,257	260,645
Transfer Station				
Salaries & Benefits	64,737	59,688	5,049	70,807
Solid Waste Disposal	4,840,764	4,779,861	60,903	4,753,553
Operating Expenses	32,400	24,875	7,525	57,409
Total Transfer Station	4,937,901	4,864,424	73,477	4,881,769
Material Recovery Center				
Salaries & Benefits	488,376	486,474	1,902	493,291
Solid Waste Disposal	350,367	337,643	12,724	319,039
Contract Services	274,600	225,420	49,180	254,201
Operating Expenses	39,000	29,607	9,393	39,299
Total Material Recovery Center	1,152,343	1,079,144	73,199	1,105,830

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DETAILED SCHEDULE OF EXPENSES COMPARED TO  
BUDGET – DEPARTMENTAL LEVEL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR  
YEAR ENDED DECEMBER 31, 2019**

	2020			2019
	Budget	Actual Expenses	Variance Favorable (Unfavorable)	Actual Expenses
Organics				
Salaries & Benefits	\$ 220,035	\$ 212,125	\$ 7,910	\$ 219,060
Operating Expenses	116,400	99,036	17,364	97,051
Total Organics	336,435	311,161	25,274	316,111
Household Hazardous Waste				
Salaries & Benefits	467,877	399,433	68,444	387,148
Operating Expenses	391,650	516,137	(124,487)	411,852
Total Household Hazardous Waste	859,527	915,570	(56,043)	799,000
Environmental Programs Solid Waste				
Salaries & Benefits	452,617	419,476	33,141	410,302
Operating Expenses	454,122	326,920	127,202	377,825
Total Environmental Programs Solid Waste	906,739	746,396	160,343	788,127
Business Services				
Salaries & Benefits	1,547,280	1,640,827	(93,547)	1,636,894
Other Postemployment Benefits	-	23,795	(23,795)	(65,098)
Insurance	170,000	153,713	16,287	162,120
Professional Services	182,360	193,717	(11,357)	154,402
Operating Expenses	729,607	682,686	46,921	724,873
Total Business Services	2,629,247	2,694,738	(65,491)	2,613,191
Mechanical Maintenance				
Salaries & Benefits	1,301,619	1,244,693	56,926	1,231,134
Repairs	450,000	488,738	(38,738)	481,020
Contracted Services	418,300	361,149	57,151	275,804
Other Operating Expenses	99,767	74,517	25,250	93,869
Total Mechanical Maintenance	2,269,686	2,169,097	100,589	2,081,827
Electrical Maintenance				
Salaries & Benefits	1,031,908	1,054,446	(22,538)	955,212
Repairs	275,000	178,392	96,608	229,858
Contracted Services	68,000	127,370	(59,370)	143,746
Other Operating Expenses	31,400	51,705	(20,305)	38,670
Total Electrical Maintenance	1,406,308	1,411,913	(5,605)	1,367,486

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DETAILED SCHEDULE OF EXPENSES COMPARED TO  
BUDGET – DEPARTMENTAL LEVEL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR  
YEAR ENDED DECEMBER 31, 2019**

	2020			2019
	Budget	Actual Expenses	Variance Favorable (Unfavorable)	Actual Expenses
Planning & Engineering				
Salaries & Benefits	\$ 1,105,844	\$ 984,147	\$ 121,697	\$ 965,838
Contracted Services	2,000	-	2,000	4,528
Operating Expenses	223,300	15,590	207,710	22,112
Total Planning & Engineering	1,331,144	999,737	331,407	992,478
Management Information System				
Salaries & Benefits	540,129	530,406	9,723	509,434
Contracted Services	209,579	205,494	4,085	165,441
Operating Expenses	103,375	159,245	(55,870)	74,061
Total Management Information System	853,083	895,145	(42,062)	748,936
Lab Services				
Salaries & Benefits	692,762	721,553	(28,791)	692,897
Contracted Services	137,000	132,651	4,349	138,065
Operating Expenses	197,700	237,142	(39,442)	108,278
Total Lab Services	1,027,462	1,091,346	(63,884)	939,240
Non-Departmental				
Depreciation	10,467,018	11,252,721	(785,703)	10,870,503
Interest and Bond Amortization Expense	742,821	717,299	25,522	525,160
Other Non-Departmental	-	1,005	(1,005)	375,412
Total Non-Departmental	11,209,839	11,971,025	(761,186)	11,771,075
Total Expenses	\$ 38,111,097	\$ 37,642,011	\$ 469,086	\$ 36,804,261

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name</b>	<b>Pass-Through Grant Numbers</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Minnesota Department of Employment and Economic Development				
Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Fund Cluster)				
Main Switchgear CHP	MPFA-CWRF-L-040-FY19	66.458	\$ 1,225,521	\$ -
Oxygen Supply	MPFA-CWRF-L-041-FY19	66.458	2,529,799	-
Secondary Clarifier Tank Rehabilitation Phase 1	MPFA-CWRF-L-029-FY20	66.458	93,342	-
Miscellaneous Interceptors Phase 2	MPFA-CWRF-L-024-FY20	66.458	1,538,309	-
Screw Pump Phase 3	MPFA-CWRF-L-032-FY20	66.458	361,300	-
Building 11 Truck Drive Thru	MPFA-CWRF-L-018-FY21	66.458	627,959	-
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 6,376,230</b>	<b>\$ -</b>

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

**1. Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Western Lake Superior Sanitary District. WLSSD's reporting entity is defined in Note 1 to the financial statements.

**2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Western Lake Superior Sanitary District under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Western Lake Superior Sanitary District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Western Lake Superior Sanitary District.

**3. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. WLSSD has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Reconciliation to Comparative Statement of Revenues, Expenses, and Changes in Net Position and the Schedule of Expenditures of Federal Awards.**

Expenditures under CFDA No. 66.458 are capitalized in capital assets on the financial statements. The funding received under this program is federal grant funding shown as additions to the long-term debt payable. Other federal grants are reported as intergovernmental grants or federal contributions.



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**4. Reconciliation to Comparative Statement of Revenues, Expenses, and Changes in Net Position and the Schedule of Expenditures of Federal Awards (Continued)**

Nonoperating Revenues: Intergovernmental Grants	\$ 375,602
Less: State Portion of Intergovernmental Grants	<u>(375,602)</u>
Federal Portion of Intergovernmental Grants	-
Capital Contributions - Federal	636,871
Public Facility Authority Loans	<u>5,739,359</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u><u>\$ 6,376,230</u></u>

**STATISTICAL SECTION**  
**(Last Ten Fiscal Years)**  
**(Unaudited)**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
STATISTICAL SECTION**

This part of Western Lake Superior Sanitary District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about WLSSD's overall financial health.

**Contents**

**Financial Trends – Pages 83-87**

These schedules contain trend information to help the reader understand how WLSSD's financial performance and well-being have changed over time.

**Revenue Capacity – Pages 88-93**

These schedules contain information to help the reader assess WLSSD's revenue sources for both wastewater and solid waste generators.

**Debt Capacity – Pages 94-97**

These schedules contain information to help the reader assess the affordability of WLSSD's current levels of outstanding debt and its ability to issue additional debt in the future.

**Demographic and Economic Information – Pages 98-99**

These schedules contain demographic and economic indicators to help the reader understand the environment within which WLSSD's financial activities take place.

**Operating Information – Pages 100-102**

These schedules contain service and infrastructure data to help the reader understand how the information in WLSSD's financial report relates to the services WLSSD provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
FINANCIAL TRENDS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Primary Government										
Net Investment in Capital Assets	\$ 49,950,104	\$ 49,064,740	\$ 47,992,524	\$ 48,967,570	\$ 44,836,109	\$ 47,270,315	\$ 38,115,671	\$ 36,164,851	\$ 29,997,246	\$ 30,084,818
Restricted	24,850,375	22,685,349	20,429,722	19,491,242	18,940,444	16,442,502	14,820,100	12,976,368	11,540,636	10,610,737
Unrestricted	23,130,905	22,290,407	20,497,392	17,039,391	18,719,326	14,456,522	20,909,540	19,013,571	18,569,761	16,578,484
Total Primary Government Net Position	<u>\$ 97,931,384</u>	<u>\$ 94,040,496</u>	<u>\$ 88,919,638</u>	<u>\$ 85,498,203</u>	<u>\$ 82,495,879</u>	<u>\$ 78,169,339</u>	<u>\$ 73,845,311</u>	<u>\$ 68,154,790</u>	<u>\$ 60,107,643</u>	<u>\$ 57,274,039</u>

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
FINANCIAL TRENDS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues	\$ 37,966,784	\$ 38,253,936	\$ 36,824,029	\$ 36,006,457	\$ 36,190,268	\$ 36,127,907	\$ 34,789,658	\$ 33,669,170	\$ 33,458,313	\$ 32,326,890
Operating Expenses	36,924,712	36,279,101	35,227,114	34,367,185	34,360,782	33,007,154	31,934,715	30,900,132	33,874,716	32,258,678
Operating Income	1,042,072	1,974,835	1,596,915	1,639,272	1,829,486	3,120,753	2,854,943	2,769,038	(416,403)	68,212
Total Nonoperating Revenues/(Expenses)	1,413,085	1,922,775	1,475,280	1,026,976	839,987	575,120	247,707	(355,122)	(227,784)	(653,727)
Income/(Loss) before Capital Contributions	2,455,157	3,897,610	3,072,195	2,666,248	2,669,473	3,695,873	3,102,650	2,413,916	(644,187)	(585,515)
Capital Contributions	1,435,731	1,223,248	349,240	336,076	1,657,067	6,613,299	2,587,871	5,633,231	3,477,791	2,810,425
Change in Net Position	<u>\$ 3,890,888</u>	<u>\$ 5,120,858</u>	<u>\$ 3,421,435</u>	<u>\$ 3,002,324</u>	<u>\$ 4,326,540</u>	<u>\$ 10,309,172</u>	<u>\$ 5,690,521</u>	<u>\$ 8,047,147</u>	<u>\$ 2,833,604</u>	<u>\$ 2,224,910</u>

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
FINANCIAL TRENDS  
OPERATING REVENUES BY SOURCE/USER  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
User Charges - Municipals	\$ 11,740,835	\$ 11,772,789	\$ 11,220,492	\$ 11,189,619	\$ 11,044,313	\$ 10,821,814	\$ 10,981,475	\$ 10,672,342	\$ 10,526,169	\$ 10,440,677
User Charges - Industries	15,735,905	16,001,484	15,565,523	15,229,129	15,659,865	15,975,134	15,614,050	15,070,681	15,038,776	14,227,532
User Charges - Solid Waste	5,673,387	5,702,297	5,585,909	5,473,131	5,307,961	5,164,712	4,835,687	4,570,310	4,545,310	4,536,288
Service Fee - Solid Waste	2,587,586	2,648,079	2,638,047	2,568,132	2,513,802	2,394,847	2,028,723	1,994,058	1,901,714	1,888,847
District-Wide Allocation	355,001	355,001	354,999	354,998	354,998	355,001	355,000	355,000	355,000	354,999
Capacity availability charges	528,092	714,438	471,143	362,374	424,504	603,542	373,218	319,979	390,732	197,011
Other Revenue	1,345,978	1,059,848	987,916	829,074	884,825	812,857	601,505	686,790	700,612	681,536
<b>TOTAL REVENUES</b>	<b>\$ 37,966,784</b>	<b>\$ 38,253,936</b>	<b>\$ 36,824,029</b>	<b>\$ 36,006,457</b>	<b>\$ 36,190,268</b>	<b>\$ 36,127,907</b>	<b>\$ 34,789,658</b>	<b>\$ 33,669,160</b>	<b>\$ 33,458,313</b>	<b>\$ 32,326,890</b>
<b>WASTEWATER TREATMENT REVENUES</b>										
City of Duluth	\$ 9,457,125	\$ 9,275,062	\$ 8,881,800	\$ 8,854,932	\$ 8,838,483	\$ 8,703,174	\$ 8,754,255	\$ 8,476,560	\$ 8,396,632	\$ 8,369,863
City of Cloquet	866,857	984,427	873,786	895,054	852,182	804,499	907,795	904,914	887,043	841,136
City of Proctor	309,293	322,799	359,284	336,941	288,120	285,693	277,814	269,237	259,764	272,253
City of Hermantown	458,868	493,274	461,668	430,969	433,729	413,498	412,713	402,416	373,241	383,869
City of Scanlon	105,459	123,707	107,780	119,565	103,064	98,257	98,905	87,576	87,721	72,060
Thomson Township (Esco)	144,175	138,209	130,222	132,220	124,094	119,472	121,268	128,901	124,192	112,209
City of Carlton	121,297	116,786	106,784	111,426	95,485	103,128	105,765	113,955	115,298	106,803
Twin Lakes Township	42,950	70,663	74,570	68,963	76,381	72,653	72,947	70,009	69,203	66,211
City of Wrenshall	22,012	23,372	16,856	23,671	19,155	18,123	21,145	19,733	20,419	19,797
City of Thomson	7,989	9,004	7,363	8,516	7,960	8,158	8,435	6,766	7,965	9,043
Jay Cooke State Park	4,626	3,549	4,098	4,177	4,411	4,031	3,916	5,389	4,514	5,715
North Shore	43,245	44,549	41,959	43,768	39,971	37,768	40,795	38,768	42,039	40,089
Knife River	16,021	15,862	15,026	15,713	15,161	16,110	16,024	15,397	13,943	12,720
Oliver	16,677	16,798	16,577	16,422	16,512	15,504	15,730	15,851	15,986	14,888
Pike Lake	61,114	67,458	60,379	60,621	56,509	54,418	57,388	57,480	51,193	49,824
Rice Lake Township	47,609	52,323	47,365	48,247	46,355	43,254	42,672	37,031	37,802	41,820
MPCA Landfill	10,673	10,349	10,381	13,964	20,050	19,027	19,446	18,307	15,703	19,568
Midway	4,845	4,598	4,594	4,450	6,691	5,047	4,462	4,052	3,511	2,809
Sappi	12,305,970	11,873,947	11,254,946	10,211,714	10,797,398	11,320,770	10,997,029	10,316,597	10,113,723	9,582,559
Georgia Pacific	-	-	-	-	450,031	75,303	86,763	88,655	336,611	390,785
Specialty Minerals	189,411	225,320	246,412	432,453	314,281	306,127	277,431	256,151	262,070	245,443
USG	574,893	539,897	505,893	482,540	447,148	434,128	454,045	441,514	577,912	666,036
Verso Duluth Mill	2,665,631	3,362,320	3,558,272	4,102,422	3,651,007	3,838,806	3,798,782	3,967,764	3,748,460	3,342,709
<b>TOTAL</b>	<b>\$ 27,476,740</b>	<b>\$ 27,774,273</b>	<b>\$ 26,786,015</b>	<b>\$ 26,418,748</b>	<b>\$ 26,704,178</b>	<b>\$ 26,796,948</b>	<b>\$ 26,595,525</b>	<b>\$ 25,743,023</b>	<b>\$ 25,564,945</b>	<b>\$ 24,668,209</b>

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
FINANCIAL TRENDS  
OPERATING EXPENSES BY FUNCTION/OBJECT  
LAST TEN FISCAL YEARS**

	OPERATING EXPENSES BY FUNCTION									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Clean Water Production	\$ 5,585,144	\$ 5,624,787	\$ 5,390,151	\$ 6,034,230	\$ 6,024,619	\$ 6,229,601	\$ 5,824,491	\$ 6,347,783	\$ 5,688,465	\$ 5,510,888
Biosolids	867,837	879,653	846,200	851,294	813,721	810,664	854,261	907,350	862,810	895,475
Conveyance System	1,838,597	1,634,106	1,926,426	2,013,248	1,880,632	1,711,154	1,703,730	1,713,204	1,707,253	1,764,808
Maintenance	3,581,010	3,449,313	3,704,341	3,587,510	3,188,980	3,153,255	3,382,574	3,401,042	3,252,447	3,138,892
Environmental Programs Wastewater	200,737	260,645	270,960	260,184	266,978	258,335	-	-	-	-
Transfer Station	4,864,424	4,881,769	4,805,257	4,708,137	4,642,832	4,466,327	4,172,445	4,055,294	4,047,388	4,028,913
Material Recovery Center	1,079,144	1,105,830	1,066,107	993,432	989,395	802,163	666,854	578,113	591,997	576,333
Recycling	-	-	-	-	-	-	238,503	211,108	227,551	238,740
Organics	311,161	316,111	321,619	322,505	317,062	299,788	268,421	260,950	258,449	249,141
Household Hazardous Waste	915,570	799,000	862,273	845,569	806,455	794,486	699,090	545,644	581,998	624,457
Environmental Programs Solid Waste	746,396	788,127	705,837	709,284	800,364	722,763	-	-	-	-
Environmental Programs Grants	-	-	44,475	-	-	1,550	-	-	-	-
Business Services	2,694,738	2,613,191	2,557,670	2,430,872	2,539,976	2,370,284	2,286,026	2,269,301	2,169,890	2,360,201
Planning & Engineering	999,737	992,478	1,040,360	983,224	956,507	957,315	956,968	911,048	939,695	927,151
Management Information	895,145	748,936	729,184	715,643	635,171	548,925	541,466	574,900	538,013	532,296
Environmental Programs	-	-	-	-	-	-	820,101	754,298	786,920	798,420
Lab Services	1,091,346	939,240	884,172	885,881	1,004,712	827,145	822,281	769,775	806,422	870,357
Flood	-	-	-	-	-	-	-	(61,388)	799,235	-
Non-Departmental	11,253,726	11,245,915	10,072,082	9,578,370	9,483,767	9,258,381	8,292,394	8,185,002	9,956,865	9,565,029
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,924,712</b>	<b>\$ 36,279,101</b>	<b>\$ 35,227,114</b>	<b>\$ 34,919,383</b>	<b>\$ 34,351,171</b>	<b>\$ 33,212,136</b>	<b>\$ 31,529,605</b>	<b>\$ 31,423,424</b>	<b>\$ 33,215,398</b>	<b>\$ 32,081,101</b>

	OPERATING EXPENSES BY OBJECT									
Salaries & Wages	\$ 8,087,366	\$ 7,672,148	\$ 7,350,891	\$ 7,194,814	\$ 7,071,240	\$ 6,903,556	\$ 6,975,215	\$ 6,900,192	\$ 6,806,685	\$ 6,613,152
Fringe Benefits	3,188,270	3,387,251	2,957,164	3,488,123	3,657,383	3,175,454	2,941,901	2,944,303	2,884,596	2,930,349
Other Postemployment Benefits	23,795	(65,098)	52,415	8,074	19,534	21,122	18,283	21,077	12,096	42,609
Utilities	3,010,477	3,085,486	3,459,444	3,464,940	3,541,246	3,505,714	3,700,199	3,370,544	3,543,347	3,486,714
Chemicals	1,591,535	1,547,507	1,226,341	1,056,996	1,344,749	1,499,679	1,641,306	1,499,728	1,890,249	1,305,413
Repairs	904,116	752,795	1,064,553	921,948	890,618	866,524	859,868	996,630	1,016,249	897,277
Supplies	452,790	415,100	454,565	411,641	439,478	478,009	477,780	433,374	405,878	394,595
Contract Services	2,012,430	1,809,851	2,168,394	2,033,056	1,784,494	1,535,534	1,519,373	1,223,816	1,678,153	1,622,587
Solid Waste Disposal	5,114,330	5,076,941	5,007,245	4,912,086	4,830,222	4,638,046	4,340,380	4,219,771	4,509,460	4,192,071
Other	1,286,881	1,726,617	1,461,721	1,297,137	1,298,051	1,125,135	1,168,016	1,105,695	1,171,138	1,208,882
Subtotal Expenses Before Depreciation	25,671,990	25,408,598	25,202,733	24,788,815	24,877,015	23,748,773	23,642,321	22,715,130	23,917,851	22,693,649
Depreciation/Amortization	11,252,722	10,870,503	10,024,381	9,578,370	9,483,767	9,258,381	8,292,394	8,185,002	9,956,865	9,565,029
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,924,712</b>	<b>\$ 36,279,101</b>	<b>\$ 35,227,114</b>	<b>\$ 34,367,185</b>	<b>\$ 34,360,782</b>	<b>\$ 33,007,154</b>	<b>\$ 31,934,715</b>	<b>\$ 30,900,132</b>	<b>\$ 33,874,716</b>	<b>\$ 32,258,678</b>

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
FINANCIAL TRENDS  
NONOPERATING REVENUES AND EXPENSES  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Earnings on Investments	\$ 542,300	\$ 923,647	\$ 600,878	\$ 294,140	\$ 156,954	\$ 83,444	\$ 45,763	\$ 50,639	\$ 28,406	\$ 24,668
Gain/(Loss) on Sale of Capital Assets	-	14,352	14,130	5,181	2,550	19,863	21,782	8,185	6,111	31,876
Operating Grants	375,602	374,984	390,401	395,190	420,717	406,338	455,328	344,267	392,121	382,969
Property Taxes	1,212,482	1,134,952	1,130,463	1,105,907	1,100,263	1,108,655	798,705	798,391	805,338	803,970
Interest Expense (1)	(717,299)	(525,160)	(660,592)	(772,579)	(840,497)	(1,042,621)	(1,073,871)	(1,556,604)	(1,434,070)	(1,876,762)
Total Nonoperating Revenues/(Expenses)	<u>\$ 1,413,085</u>	<u>\$ 1,922,775</u>	<u>\$ 1,475,280</u>	<u>\$ 1,027,839</u>	<u>\$ 839,987</u>	<u>\$ 575,679</u>	<u>\$ 247,707</u>	<u>\$ (355,122)</u>	<u>\$ (202,094)</u>	<u>\$ (633,279)</u>

(Unaudited)

(1) - Net of capitalized amounts

Source: Finance Department Western Lake Superior Sanitary District



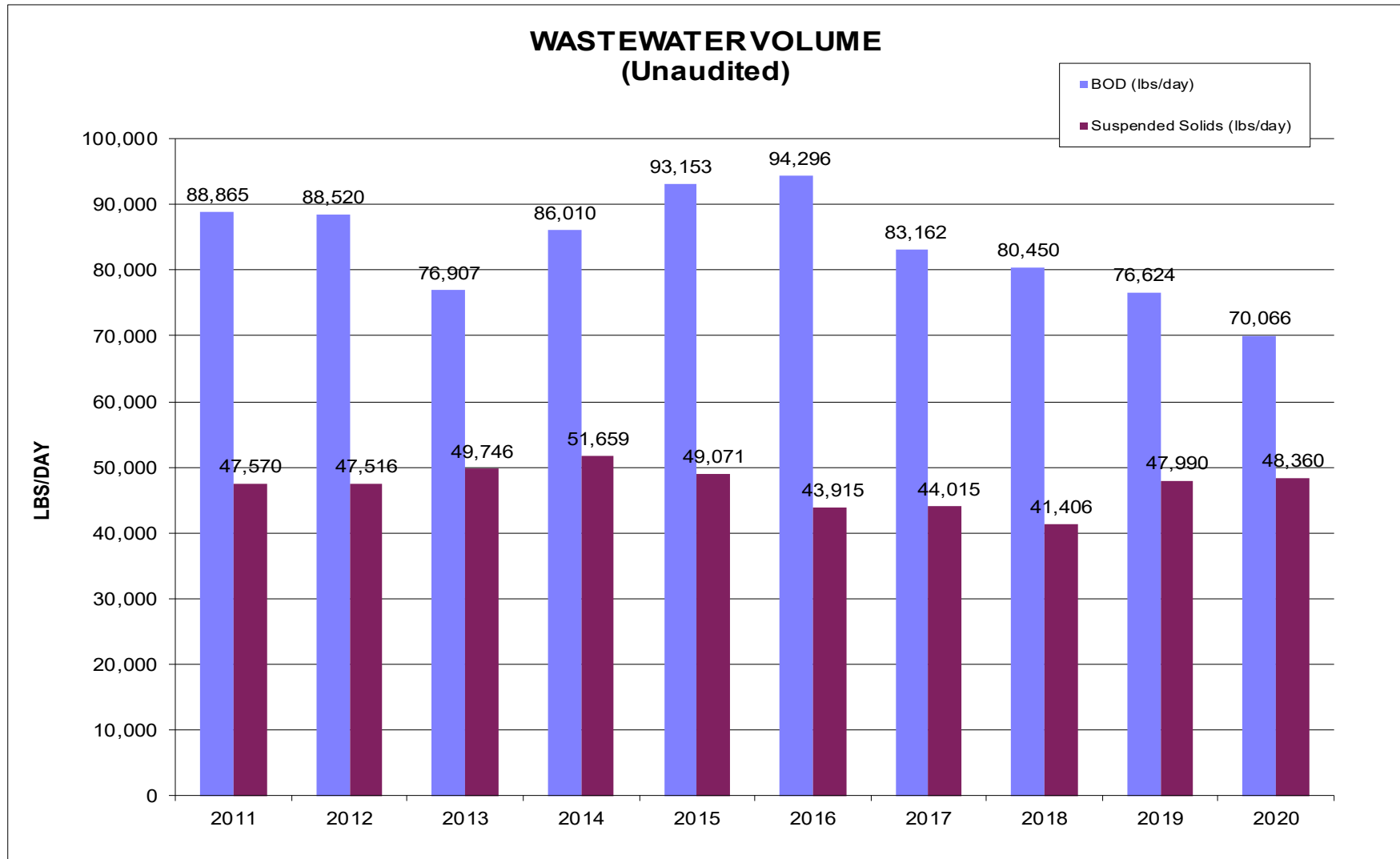
**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
REVENUE CAPACITY WASTEWATER OPERATIONS  
TOTAL WASTEWATER TREATED BY BILLING PARAMETERS  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<hr/>										
<b>MUNICIPALITIES</b>										
Flow (million gal/day)	13.83	16.78	14.21	16.83	15.88	15.19	17.12	15.17	15.18	15.69
BOD (lbs/day)	18,264	17,251	18,116	17,646	17,573	18,072	17,533	17,748	17,755	19,048
Suspended Solids (lbs/day)	23,869	22,598	21,289	21,182	22,002	22,330	22,902	22,439	22,813	24,445
<b>INDUSTRIES</b>										
Flow (million gal/day)	19.27	20.91	21.61	21.60	21.08	21.32	20.92	19.93	20.49	20.34
BOD (lbs/day)	51,802	59,373	62,334	65,516	76,723	75,081	68,477	59,159	70,765	69,817
Suspended Solids (lbs/day)	24,491	25,392	20,117	22,833	21,913	26,741	28,757	27,307	24,703	23,125
<hr/>										
<b>TOTAL WASTEWATER</b>										
Flow (million gal/day)	33.09	37.69	35.82	38.43	36.96	36.51	38.04	35.10	35.67	36.03
BOD (lbs/day)	70,066	76,624	80,450	83,162	94,296	93,153	86,010	76,907	88,520	88,865
Suspended Solids (lbs/day)	48,360	47,990	41,406	44,015	43,915	49,071	51,659	49,746	47,516	47,570

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
WASTEWATER VOLUME  
LAST TEN FISCAL YEARS**



Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
REVENUE CAPACITY WASTEWATER OPERATIONS  
OPERATIONS AND MAINTENANCE UNIT COSTS  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Flow (cost/1000gal)	\$ 0.6232	\$ 0.5558	\$ 0.5759	\$ 0.5338	\$ 0.5472	\$ 0.5717	\$ 0.5438	\$ 0.5567	\$ 0.5564	\$ 0.5103
Excess Flow (cost/1000 gal)	\$ 0.0251	\$ 0.0265	\$ 0.0199	\$ 0.0193	\$ 0.0193	\$ 0.0243	\$ 0.0208	\$ 0.0203	\$ 0.0175	\$ 0.0167
BOD (cost/lb)	\$ 0.1987	\$ 0.1847	\$ 0.1625	\$ 0.1557	\$ 0.1432	\$ 0.1509	\$ 0.1632	\$ 0.1777	\$ 0.1501	\$ 0.1462
Suspended Solids (cost/lb)	\$ 0.2884	\$ 0.2951	\$ 0.3120	\$ 0.2930	\$ 0.3026	\$ 0.2777	\$ 0.2701	\$ 0.2664	\$ 0.2701	\$ 0.2614
Domestic Equivalent (Cost/1000gal)	\$ 1.95	\$ 1.87	\$ 1.88	\$ 1.78	\$ 1.78	\$ 1.77	\$ 1.73	\$ 1.76	\$ 1.73	\$ 1.67

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District

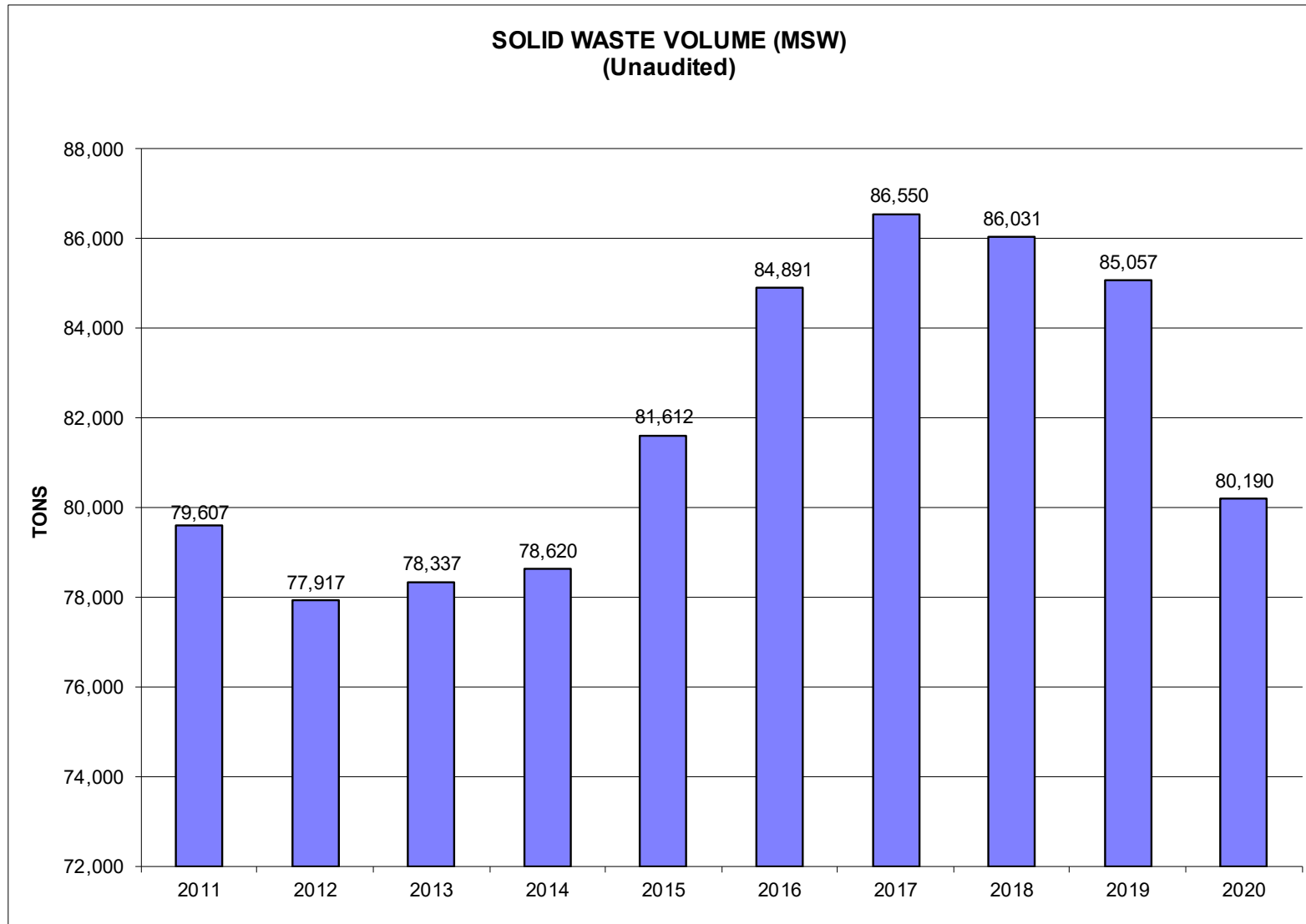
**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
REVENUE CAPACITY SOLID WASTE OPERATION  
SOLID WASTE VOLUME (MSW) AND TIPPING FEE  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b><u>VOLUME (Tons)</u></b>										
District (St. Louis County)	47,847	48,387	47,761	48,184	53,609	51,600	52,664	52,458	51,249	51,648
Carlton County	13,130	15,024	15,332	15,187	14,617	13,684	13,009	12,392	11,735	13,012
Itasca County	-	-	-	-	499	-	-	-	-	-
Lake County	6,906	7,014	6,935	7,017	6,961	6,334	5,051	5,015	5,364	5,419
Cook County	3,086	3,606	3,466	3,479	3,249	3,096	2,608	3,157	3,636	3,613
City of Superior	9,221	11,026	12,537	12,683	5,956	6,898	5,288	5,315	5,933	5,915
<b>TOTAL VOLUME</b>	<b>80,190</b>	<b>85,057</b>	<b>86,031</b>	<b>86,550</b>	<b>84,891</b>	<b>81,612</b>	<b>78,620</b>	<b>78,337</b>	<b>77,917</b>	<b>79,607</b>
<b>Tipping Fee (Per Ton)</b>										
Transfer Station	\$ 50.17	\$ 49.43	\$ 49.30	\$ 48.55	\$ 48.02	\$ 48.23	\$ 47.75	\$ 47.11	\$ 46.34	\$ 45.24

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
SOLID WASTE VOLUME (MSW)  
LAST TEN FISCAL YEARS**



Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
PRINCIPAL REVENUE PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Customer	Fiscal Year 2020		Fiscal Year 2011	
	Amount	%	Amount	%
City of Duluth	\$ 9,457,125	24.91%	\$ 8,369,863	25.89%
Sappi Cloquet LLC	12,305,970	32.41%	9,582,559	29.64%
Verso Duluth Mill	2,665,631	7.02%	3,342,709	10.34%
Waste Management	1,764,580	4.65%	1,204,401	3.73%
Subtotal	26,193,306	68.99%	22,499,532	69.60%
Balance from Other Customers	11,773,478	31.01%	9,827,358	30.40%
Grand Total User Charges	<u>\$ 37,966,784</u>	100.00%	<u>\$ 32,326,890</u>	100.00%

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEBT ACTIVITY  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR	GENERAL OBLIGATION BONDS	TAXABLE REVENUE NOTES	UNAMORTIZED PREMIUM	UNAMORTIZED DISCOUNT	TOTAL DEBT	PER CAPITA	AS A SHARE OF PERSONAL INCOME
2011	\$ 31,760,000	\$ 32,926,538	\$ 78,262	\$ (78,106)	\$ 64,686,694	\$ 369	1.07%
2012	32,785,000	17,194,114	68,164	(61,077)	49,986,201	355	1.02%
2013	28,770,000	22,414,032	58,066	(46,142)	51,195,956	387	1.07%
2014	24,770,000	22,278,322	47,967	(33,274)	47,063,015	342	0.90%
2015	20,735,000	29,081,151	37,869	(22,574)	49,831,446	362	0.96%
2016	16,570,000	33,415,388	27,771	(14,145)	49,999,014	361	0.87%
2017	12,240,000	32,762,796	27,771	(14,145)	45,016,422	325	0.78%
2018	8,270,000	38,421,524	17,672	(7,979)	46,701,217	337	0.77%
2019	4,475,000	48,716,689	7,574	(3,791)	53,195,472	382	0.83%
2020	1,495,000	50,948,479	-	(1,463)	52,442,016	376	0.79%

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEBT ACTIVITY  
NET TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
	NET TAX CAPACITY	ESTIMATED MARKET VALUE	NET TAX CAPACITY	ESTIMATED MARKET VALUE	NET TAX CAPACITY	ESTIMATED MARKET VALUE
2011	\$ 100,097,682	\$ 9,435,714,800	\$ 4,895,657	\$ 259,451,700	\$ 104,993,339	\$ 9,695,166,500
2012	97,635,860	9,264,971,300	5,187,172	274,235,600	102,823,032	9,539,206,900
2013	100,424,810	9,384,243,720	5,552,595	292,833,500	105,977,405	9,677,077,220
2014	103,478,455	9,622,916,600	5,911,053	311,435,400	109,389,508	9,934,352,000
2015	108,497,319	9,979,669,500	6,254,074	327,931,100	114,751,393	10,307,600,600
2016	112,289,003	10,253,508,300	6,297,512	331,781,300	118,586,515	10,585,289,600
2017	119,520,494	10,872,660,000	6,704,285	351,925,250	126,224,779	11,224,585,250
2018	126,958,052	11,448,399,200	6,711,687	352,804,450	133,669,739	11,801,203,650
2019	136,084,406	12,034,542,490	6,262,163	332,379,500	142,346,569	12,366,921,990
2020	140,510,678	12,595,214,100	6,472,263	343,293,200	146,982,941	12,938,507,300

Source: St. Louis County and Carlton County Auditors' Office

(Unaudited)



**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEBT ACTIVITY  
NET GENERAL BONDED DEBT RATIOS  
LAST TEN FISCAL YEARS**

	POPULATION	NET TAX CAPACITY	GROSS BONDED DEBT	DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO NET TAX CAPACITY	NET BONDED DEBT PER CAPITA	RATIO OF NET BONDED DEBT TO ESTIMATED MARKET VALUE
2011	138,061	\$ 104,993,339	\$ 48,954,114	\$ 10,610,737	\$ 38,343,377	36.52%	\$ 277.70	0.40%
2012	137,650	102,823,032	53,273,770	11,540,636	41,733,134	40.59%	303.18	0.44%
2013	137,519	105,977,405	51,184,032	12,613,621	38,570,411	36.39%	280.47	0.40%
2014	137,684	109,389,508	47,048,322	13,694,844	33,353,478	30.49%	242.25	0.34%
2015	138,245	114,751,393	49,816,151	14,409,109	35,407,042	30.86%	256.11	0.34%
2016	138,492	118,586,515	49,985,388	15,706,049	34,279,339	28.91%	247.52	0.32%
2017	138,536	126,224,779	45,016,422	16,389,100	28,627,322	22.68%	206.64	0.26%
2018	138,735	133,669,739	46,701,217	17,667,918	29,033,299	21.72%	209.27	0.25%
2019	139,302	142,346,569	53,195,472	18,502,801	34,692,671	24.37%	249.05	0.28%
2020	139,302	146,982,941	52,442,016	19,247,097	33,194,919	22.58%	238.29	0.26%

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEBT ACTIVITY  
PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES(1)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS									
				PRINCIPAL	INTEREST	TOTAL	COVERAGE						
2011	\$	33,570,373	\$	22,693,649	\$	10,876,724	\$	5,412,600	\$	1,627,237	\$	7,039,837	155%
2012		34,690,289		23,917,851		10,772,438		5,707,604		1,237,478		6,945,082	155%
2013		34,870,652		22,715,130		12,155,522		5,753,364		1,132,452		6,885,816	177%
2014		36,111,236		23,642,321		12,468,915		5,810,592		1,130,292		6,940,884	180%
2015		37,746,207		23,748,773		13,997,434		8,871,950		1,052,390		9,924,340	141%
2016		37,870,752		24,877,015		12,993,737		8,917,766		937,413		9,855,179	132%
2017		37,806,875		24,788,815		13,018,060		7,376,317		815,661		8,191,978	159%
2018		38,959,901		25,155,032		13,804,869		7,219,000		719,677		7,938,677	174%
2019		40,701,871		25,033,186		15,668,685		7,840,494		674,998		8,515,492	184%
2020		40,097,168		25,670,986		14,426,182		7,741,774		701,857		8,443,631	171%

(Unaudited)

(1) Depreciation and amortization expenses have been excluded.

Source: Finance Department Western Lake Superior Sanitary District

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	POPULATION (1)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)	
				LOCAL	STATE
2011	138,061	4,797,067,506	34,746	6.70%	5.80%
2012	137,650	4,988,711,300	36,242	6.50%	5.80%
2013	137,519	5,249,237,749	38,171	5.60%	4.30%
2014	137,684	5,423,510,444	39,391	4.40%	3.60%
2015	138,248	5,228,815,856	37,822	5.50%	3.70%
2016	138,492	5,750,603,316	41,523	5.60%	4.10%
2017	138,536	5,798,701,252	41,857	4.30%	3.30%
2018	138,735	6,033,862,620	43,492	3.90%	2.80%
2019	139,302	6,442,717,500	46,250	4.50%	3.30%
2020	139,302	6,638,297,508	47,654	5.70%	6.50%

(Unaudited)

Sources: (1) Minnesota State Demographers Office  
(2) Bureau of Economic Analysis - Regional - Metropolitan Statistical Area  
(3) Minnesota Department of Employment and Economic Development

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
DEMOGRAPHIC AND ECONOMIC INFORMATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees (1)	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Essentia Health (SMDC Health System)	6,513	1	4.71%	5,168	1	4.02%
St. Luke's Hospital	2,249	2	1.62%	1,602	4	1.25%
Miner's Inc.	1,990	3	1.44%			
St. Louis County	1,990	4	1.44%	1,956	2	1.52%
Duluth Public Schools	1,450	5	1.05%	1,426	5	1.11%
Allete (MN Power)	1,314	6	0.95%	1,419	6	1.11%
Duluth Air National Guard Base	1,068	7	0.77%	1,068	8	0.83%
Cirrus Aircraft	1,000	8	0.72%			
United Health Care	999	9	0.72%	1,362	7	1.06%
University of Minnesota Duluth	953	10	0.69%	1,700	3	1.32%
Totals	<u>19,526</u>		<u>14.11%</u>	<u>15,701</u>		<u>12.22%</u>

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District  
(1) Northland Connection

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
OPERATING INFORMATION  
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WASTEWATER</b>										
Clean Water	18.10	18.31	18.14	18.57	19.74	19.69	19.12	18.04	20.14	16.23
Conveyance	4.30	4.30	4.30	4.30	4.30	4.42	4.30	4.30	4.27	4.30
Biosolids	7.09	7.05	7.08	7.08	7.08	7.10	7.28	7.71	7.85	8.38
Maintenance	-	-	20.99	21.10	20.33	21.03	24.01	26.18	24.12	22.89
Mechanical Maintenance	12.09	13.30	-	-	-	-	-	-	-	-
Electrical Maintenance	10.09	9.30	-	-	-	-	-	-	-	-
Environmental Programs	1.70	1.95	1.95	1.95	2.45	2.45	-	-	-	-
Subtotal	53.37	54.21	52.46	53.00	53.90	54.69	54.71	56.23	56.38	51.80
<b>SOLID WASTE</b>										
Transfer Station	0.50	0.44	0.50	0.50	0.50	0.50	0.40	0.40	0.40	0.40
MRC	7.43	7.76	7.07	7.17	7.50	6.44	4.99	4.39	4.01	3.92
Household Hazardous Waste	4.43	3.42	4.46	4.47	4.47	4.05	4.40	4.30	3.94	4.52
Organics	2.00	1.99	2.02	1.50	1.50	1.50	1.40	1.40	1.40	1.25
Environmental Programs	4.03	4.05	3.32	4.01	3.49	3.40	-	-	-	-
Recycling	-	-	-	-	-	-	0.40	0.40	0.40	0.40
Subtotal	18.39	17.66	17.37	17.65	17.46	15.89	11.59	10.89	10.15	10.49
<b>ADMINISTRATION</b>										
Business Services	11.48	12.35	11.71	11.43	11.67	10.33	10.44	9.83	11.40	13.29
Planning & Engineering	8.00	8.00	8.75	9.00	7.34	8.68	9.00	8.87	9.00	9.00
Environmental Programs	0.00	0.00	0.00	0.00	0.00	-	5.96	5.94	5.93	6.02
Management Information Systems	5.00	5.00	5.00	5.00	3.68	4.00	4.29	5.10	4.43	4.00
Lab	5.99	6.00	6.00	6.00	7.35	7.00	6.00	6.00	6.34	6.00
Subtotal	30.47	31.35	31.46	31.43	30.04	30.01	35.69	35.74	37.10	38.31
Total Employees	102.23	103.22	101.29	102.08	101.40	100.59	101.99	102.86	103.63	100.60

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
OPERATING INFORMATION  
OPERATING INDICATORS – WASTEWATER OPERATIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	FLOW MG/D	VOLUME BOD LBS/DAY	TSS LBS/DAY	RATES			
				FLOW Cost/1000 Gal	PEAK FLOW * Cost/1000 Gal	BOD Cost/Lb	TSS Cost/Lb
2020	33.09	70,066	48,360	\$ 0.6232	\$ 0.0251	\$ 0.1987	\$ 0.2884
2019	37.69	76,624	47,990	0.5558	0.0265	0.1847	0.2951
2018	35.82	80,450	41,406	0.5759	0.0199	0.1625	0.3120
2017	38.43	83,162	44,015	0.5338	0.0193	0.1557	0.2930
2016	36.96	94,296	43,915	0.5472	0.0193	0.1432	0.3026
2015	36.51	93,153	49,071	0.5717	0.0243	0.1509	0.2777
2014	38.04	86,010	51,659	0.5438	0.0208	0.1632	0.2701
2013	35.10	76,907	49,746	0.5567	0.0203	0.1777	0.2664
2012	35.67	88,520	47,516	0.5564	0.0175	0.1501	0.2701
2011	36.03	88,865	47,570	0.5103	0.0167	0.1462	0.2614

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

**WESTERN LAKE SUPERIOR SANITARY DISTRICT  
DULUTH, MINNESOTA  
OPERATING INFORMATION  
CAPITAL ASSET STATISTICS – WATERWATER OPERATIONS  
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Wastewater										
Sanitary Sewers (miles)	74.560	74.560	74.560	74.390	74.620	74.330	74.260	74.667	74.667	74.667
Treatment Capacity (MGD)	48.40	48.40	48.40	48.40	48.40	48.40	48.40	48.40	48.40	48.40
BOD Treatment Capacity (Lbs/Day)	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000