

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Clear Answers for Clean WaterSM

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023**

Western Lake Superior Sanitary District

Duluth, Minnesota

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Prepared by Business Services Division

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023**

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Western Lake Superior Sanitary District

May 3, 2024

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

The Annual Comprehensive Financial Report of the Western Lake Superior Sanitary District (WLSSD) for the fiscal year ended December 31, 2023 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.

2023 Annual Comprehensive Financial Report

Local Economy

WLSSD serves a large geographic territory (513 square miles) with a relatively diverse service area and a population of approximately 141,165. The WLSSD serves a region with a diverse economy comprised of healthcare, forest products manufacturing, aviation and a large and robust higher education sector. The local economy was robust in 2023 with no customers taking any appreciable downtime. In addition, the ST Paper 1 mill located in Duluth Minnesota ran for the full year of 2023. This mill was sold to Sofidel America Corp in early 2024 and continues to manufacture tissue. It is likely that this mill location will also be expanded in future years. The WLSSD continues 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 2023 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.

2023 Annual Comprehensive Financial Report

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the WLSSD for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the thirty-ninth 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 Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

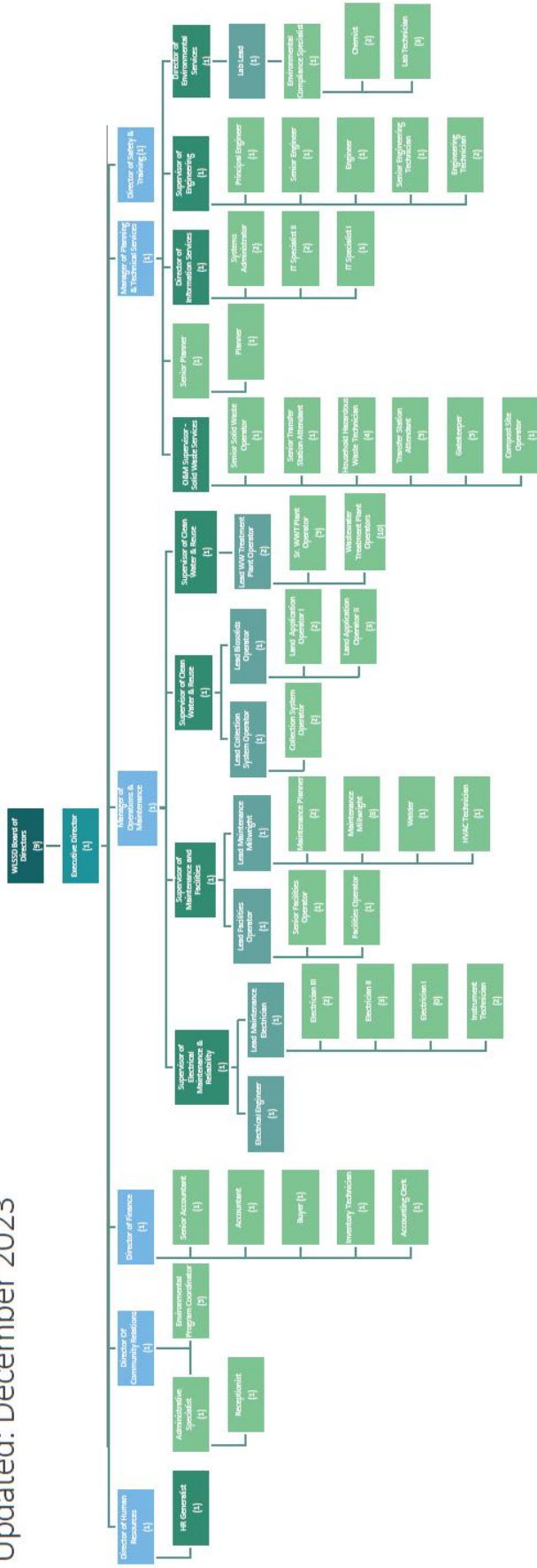
December 31, 2022

Christopher P. Morill

Executive Director/CEO

WLSSD Organizational Chart

Updated: December 2023



**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>
Jack Ezell	1 Years	12/28/2022	7/1/2024
Rob Schilling	2.5 Years	7/1/2021	7/1/2024
Paul Thomsen	11.5 Years	6/25/2012	7/1/2024
Dave Manderfeld	19.5 Years	8/24/2004	7/1/2025
James Aird	14.5 Years	4/30/2009	7/1/2025
Julene Boe	10.5 Years	7/1/2013	7/1/2025
Loren Lilly	6.5 Years	4/18/2017	7/1/2026
Laura Ness	6.5 Years	7/17/2017	7/1/2026
Marcia Podratz	11.5 Years	4/23/2012	7/1/2026

<u>Executive Team</u>	<u>Position</u>	<u>Length of Service</u>
Marianne Bohren	Executive Director	19.5 Years
Carrie Clement	Manager of Operations & Maintenance	23 Years
Brandon Kohlts	Manager of Planning & Technical Services	17 Years
Cathy Remington	Director of Finance	18 Years
Lacie Jurek	Director of Human Resources	1.75 Years
Jason Barsness	Director of Safety	3.75 Years
AJ Axtell	Director of Community Relations	17.5 Years

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Lake Superior Sanitary District
Duluth, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Western Lake Superior Sanitary District (WLSSD), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise WLSSD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WLSSD as of December 31, 2023, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WLSSD’s basic financial statements. The detailed schedule of revenue compared to budget, detailed schedule of expenses compared to budget – department level, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed schedule of revenue compared to budget, detailed schedule of expenses compared to budget – department level, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, 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.



CliftonLarsonAllen LLP

Brainerd, Minnesota
May 3, 2024

**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, 2023. Please read this information in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Operating revenues increased by \$2,228,914 or 5.6% higher than 2022. Total budgeted wastewater charges for 2023 increased by 5.67% over 2022. Overall, actual wastewater charges in 2023 were \$1,004,798 higher than 2022 primarily due to increased flows and loadings. Solid waste user charges and service fees were \$1,268,129 higher than 2022 primarily due to increased user charges.
- Operating expenses before depreciation and amortization were \$2,217,162 higher than 2022. Operating expenses for payroll and benefits were higher in 2023 by \$813,288 due to staffing levels and medical insurance cost increases; utilities were lower in 2023 by \$346,433 due to electrical rate adjustments, solid waste disposal costs were higher in 2023 by \$758,281 due to increased operational and transport costs, and chemical costs were higher in 2023 by \$450,843 due to increased unit costs.
- WLSSD continued to fund a significant portion of capital projects from current revenues. Wastewater capital projects funded from current revenue were \$3.0 million in 2023.

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)**

	2023	2022	2022 to 2023 Increase (Decrease)
Current and Other Assets	\$ 66,777	\$ 62,657	\$ 4,120
Capital Assets	124,986	105,704	19,282
Total Assets	191,763	168,361	23,402
Deferred Outflows of Resources	1,629	2,580	(951)
Current Liabilities	12,400	10,169	2,231
Long-Term Debt	64,573	55,444	9,129
Total Liabilities	76,973	65,613	11,360
Deferred Inflows of Resources	2,167	449	1,718
Net Investment in			
Capital Assets	57,962	52,508	5,454
- Restricted	31,312	28,130	3,182
- Unrestricted	24,978	24,241	737
Total Net Position	\$ 114,252	\$ 104,879	\$ 9,373

**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 \$9.38 million in 2023. The increase resulted from total assets increasing by \$23.40 million, GASB 68 Deferred Outflows decreasing by \$0.95 million, total liabilities increasing by \$11.36 million, and GASB 68 Deferred Inflows increasing by \$1.72 million. In 2023, current and other assets increased by \$4.12 million primarily due an increase in assets restricted for debt service. In 2023, net capital assets increased by \$19.28 million primarily due to capital projects related to wastewater plant project improvements, interceptor improvements, and pump station improvements offset by reduced depreciation expense.

Current liabilities increased in 2023 by \$2.23 million primarily due to an increase in Construction Contracts Payable and current portion of long term debt. The increase in long-term liabilities of 2023 of \$9.13 million is primarily due to an increase in long-term debt financing (debt payoff higher than new debt issues) and addition of Subscription Based Information Technology Liability offset by a decrease in Net Pension Liability.

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

	2023	2022	2022 to 2023 Dollar Change Increase (Decrease)
Operating Revenues			
Wastewater User Charges	\$ 29,634	\$ 28,629	\$ 1,005
Solid Waste Fees	10,275	9,007	1,268
District-Wide Allocation	355	355	-
Capacity Availability Fee	616	632	(16)
Other Operating Revenues	1,312	1,340	(28)
Nonoperating Revenues:			
Earnings on Investments	2,304	441	1,863
Intergovernmental Grants	363	435	(72)
Other Nonoperating Revenue	(11)	28	(39)
Property Taxes	1,146	1,153	(7)
Total Revenues	<u>45,994</u>	<u>42,020</u>	<u>3,974</u>
Operating Expenses	31,450	29,233	2,217
Depreciation Expenses	9,486	10,168	(682)
Non-Operating Expenses	208	588	(380)
Total Expenses	<u>41,144</u>	<u>39,989</u>	<u>1,155</u>
Income (Loss) Before Capital Contributions	4,850	2,031	2,819
Capital Contributions	<u>4,523</u>	<u>818</u>	<u>3,705</u>
Changes in Net Position	9,373	2,849	6,524
Beginning Net Position	<u>104,879</u>	<u>102,030</u>	<u>2,849</u>
Ending Net Position	<u>\$ 114,252</u>	<u>\$ 104,879</u>	<u>\$ 9,373</u>

**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, there was an increase in income or loss before capital contributions of \$2.82 million in 2023. Operating revenues increased by \$2.23 million in 2023 primarily due to wastewater user charges due to rates and volumes and solid waste fees primarily due to rates. Non-operating revenues for 2023 increased by \$1.75 million primarily due to increased earnings on investments.

Total operating expenses increased by \$2.22 million in 2023 primarily due to payroll and benefit expense, solid waste disposal expenses due to rates and chemical expense due to unit costs.

CAPITAL ASSETS

At the end of 2023, WLSSD had invested \$407.269 million in capital assets as shown in Table A-3. Net capital assets increased by \$19.164 million primarily due to improvements to the wastewater plant and other wastewater improvements.

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

	2023	2022	2022 to 2023 Dollar Change Increase (Decrease)
Land & Easements	\$ 812	\$ 812	\$ -
Construction in Progress	42,253	-	42,253
Right-to-Use Assets	219	254	(34)
Subscription-Based Information Technology Arrangements	2,462	208	2,254
Improvements	254,603	270,645	(16,042)
Buildings & Structures	74,673	74,673	-
Furniture & Equipment	28,603	33,340	(4,737)
Motor Vehicle	3,644	3,530	114
Total	407,269	383,462	23,808
Less: Accumulated Depreciation/Amortization	282,282	277,639	4,643
Net Capital Assets	\$ 124,987	\$ 105,823	\$ 19,164

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

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

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 2023 was \$61.94 million. This amount is from general obligation notes from the State of Minnesota revolving loan fund. Additional general obligation revenue notes were issued in the amount of \$17.10 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 2019 through 2023. For the five-year period presented the cost of flow increased by 26.63%, the cost of peak flow decreased by 15.09%, the cost of BOD increased by 19.44% and the cost of suspended solids decreased by 6.17%. The typical domestic strength (domestic equivalent) cost per 1000 gallons increased by 7.24% 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**

<u>Fiscal Year</u>	<u>Flow (per 1000 gal)</u>	<u>Peak Flow (per 1000 gal)</u>	<u>BOD (per lb)</u>	<u>Suspended Solids (per lb)</u>	<u>Domestic Equivalent Cost/1000 gallons</u>
2019	0.5558	0.0265	0.1847	0.2951	1.87
2020	0.6232	0.0251	0.1987	0.2884	1.95
2021	0.6968	0.0317	0.2155	0.2903	2.02
2022	0.7296	0.0226	0.1991	0.2673	1.99
2023	0.7038	0.0225	0.2206	0.2769	2.01

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
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

<u>Assets and Deferred Outflows of Resources</u>	<u>2023</u>
Current Assets:	
Cash and Cash Equivalents	\$ 3,051,285
Investments	23,753,471
Accounts Receivable	2,228,386
Accrued Interest Receivable	769,323
Due from Other Governments	1,777,434
Supplies	3,092,866
Prepaid Expense	498,299
Assets Restricted for Memorial Fund	
Investments	2,039
Assets Restricted for Wastewater Infrastructure Fund	
Capital Replacement	
Investments	6,088,423
Assets Restricted for General Obligation Debt Service	
Investments	<u>6,890,992</u>
Total Current Assets	<u>48,152,518</u>
Noncurrent Assets:	
Assets Restricted for General Obligation Debt Service	
Investments	<u>18,624,058</u>
Total Noncurrent Assets, Other than Capital Assets	<u>18,624,058</u>
Capital Assets	407,269,334
Less: Allowance for Depreciation/Amortization	<u>(282,282,446)</u>
Total Capital Assets	
Net of Accumulated Depreciation/Amortization	<u>124,986,888</u>
Total Noncurrent Assets	<u>143,610,946</u>
Total Assets	<u>191,763,464</u>
Deferred Outflows of Resources:	
Pension Related	1,606,417
Other Postemployment Benefits Related	<u>22,328</u>
Total Deferred Outflows of Resources	<u>1,628,745</u>
Total Assets and Deferred Outflows of Resources	<u>193,392,209</u>

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

	2023
<u>Liabilities and Deferred Inflows of Resources</u>	
Current Liabilities:	
Accounts Payable	\$ 1,657,763
Salaries and Wages Payable	425,308
Payroll Deductions Payable	10,393
Due to Other Governments	230,930
Employee Benefits Payable	7,226
Construction Contracts Payable	2,790,357
Other Postemployment Benefits Obligation - Current	20,742
Lease Liability	43,795
Subscription-Based Information Technology Liability	322,773
Current Liabilities Payable from Restricted Assets:	
Debt Service	
Accrued Interest Payable	293,168
Notes from Direct Borrowings	6,597,824
Total Current Liabilities	12,400,279
Noncurrent Liabilities:	
Notes from Direct Borrowings	55,343,151
Lease Liability	78,630
Subscription-Based Information Technology Liability	1,848,875
Compensated Absences	1,044,116
Net Pension Liability	6,000,096
Other Postemployment Benefits Obligation	257,360
Total Noncurrent Liabilities	64,572,228
Total Liabilities	76,972,507
Deferred Inflows of Resources:	
Pension Related	2,110,463
Other Postemployment Benefits Related	56,523
	2,166,986
Total Liabilities and Deferred Inflows of Resources	79,139,493
<u>Net Position</u>	
Net Investment in Capital Assets	57,961,513
Restricted:	
Memorial Fund	2,039
Wastewater Infrastructure Fund Capital Replacement	6,088,423
General Obligation Debt Service	25,221,882
Unrestricted	24,978,859
Total Net Position	\$ 114,252,716

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	2023
Operating Revenue:	
User Charges - Municipalities	\$ 12,706,109
User Charges - Industries	16,927,831
User Charges - Solid Waste	7,369,216
Service Fee - Solid Waste	2,905,805
District-wide Allocation	355,001
Capacity Availability Charges	616,377
Other Income	1,312,280
Total Operating Revenue	42,192,619
Operating Expenses:	
Salaries, Wages, and Compensation	8,788,123
Employee Benefits	4,260,649
Other Postemployment Benefits	(47,499)
Professional Services	210,111
Safety and Training	210,566
Public Information and Other Special Services	231,284
Easements and Rents	47,935
Travel	27,559
Repairs and Maintenance	960,032
Solid Waste Disposal	6,771,480
Insurance	243,700
Outside Services	238,548
Contracted Services	2,028,967
Supplies	558,153
Utilities	4,195,153
Office Expenses	51,285
Chemicals	2,231,246
Dues, Publications, and Permits	94,270
Grants to Other Governmental Units	223,190
Miscellaneous	68,722
Depreciation/Amortization	9,485,589
Other Expense	44,782
Land Use	11,900
Total Operating Expenses	40,935,745
Operating Income (Loss)	1,256,874

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

		2023
Nonoperating Revenue (Expenses):		
Earnings on Investments	\$	2,303,896
Loss on Asset Disposition		(11,283)
Intergovernmental Grants		363,330
Special Assessments		1,145,720
Interest Expense		(808,227)
Litigation Proceeds		600,000
Total Nonoperating Revenue (Expenses)		3,593,436
Income (Loss) Before Contributions		4,850,310
Capital Contributions:		
State		4,199,852
Federal		323,115
Total Capital Contributions		4,522,967
Changes in Net Position		9,373,277
Net Position - Beginning of Year		104,879,439
Net Position - End of Year	\$	114,252,716

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 40,419,314
Cash Paid to Suppliers	(19,036,673)
Cash Paid to Employees	(12,557,392)
Other Operating Revenues	1,312,280
Net Cash Provided by Operating Activities	10,137,529
Cash Flows from Noncapital Financing Activities	
State and Federal Operating Grants	392,403
Special Assessments	1,145,220
Net Cash Provided by Noncapital Financing Activities	1,537,623
Cash Flows from Capital and Related Financing Activities	
Financing Activities	
Proceeds from Sale of Capital Assets	(11,283)
Proceeds from Note Issues	17,099,596
Proceeds from Subscription-Based Information Technology Liability	2,347,065
Proceeds from Capital Contributions	5,122,967
Interest Paid on Notes, Lease Liability, and Subscription IT Liability	(1,929,178)
Principal Paid on Lease Liability	(80,972)
Principal Paid on Subscription-Based Informaiton Technology Liability	(281,857)
Principal Paid on Public Facilities Authority General Obligation Note	(6,543,698)
Acquisition or Construction of Capital Assets	(27,479,462)
Net Cash Used by Capital and Related Financing Activities	(11,756,822)
Cash Flows from Investing Activities	
Sale of Investments	55,052,266
Interest on Investments	1,858,568
Purchase of Investments	(55,358,983)
Net Cash Provided by Investing Activities	1,551,851
Net Increase in Cash and Cash Equivalents	1,470,181
Cash and Cash Equivalents - Beginning of Year	1,581,104
Cash and Cash Equivalents - End of Year	\$ 3,051,285

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

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	2023
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities	
Net Operating Income (Loss)	\$ 1,256,874
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	9,485,589
Pension Adjustment	(2,379,299)
Other Postemployment Benefits Adjustment	(47,499)
Deferred Outflows - Pension	947,877
Deferred Outflows - Other Postemployment Benefits	3,823
Deferred Inflows - Pension	1,686,615
Deferred Inflows - Other Postemployment Benefits	31,307
Change in Assets and Liabilities	
Decrease (Increase) in Receivables	(368,690)
Decrease (Increase) in Supplies	(278,454)
Decrease (Increase) in Prepaids	(62,712)
Increase (Decrease) in Payables	(137,902)
	10,137,529
Net Cash Provided by Operating Activities	\$ 10,137,529

Noncash Investing, Capital, and Financing Activities

In 2023, WLSSD acquired capital assets of \$2,790,357 which had not been paid for at year-end. The unpaid amount is shown as contracts payable.

In 2023, WLSSD acquired subscription-based information technology arrangement assets of \$2,347,065 financed by subscription-based information technology liabilities.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 year ended December 31, 2023. 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 fund is 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, 2023**

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.

Supplies

The supplies consist of chemicals, fuels, and expendable supplies held for consumption. The chemicals and fuels were counted at year-end and were valued at cost using the first-in, first-out method. A perpetual system is maintained for the supplies, 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, 2023**

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 and amortization 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
Right-to-Use Assets	5-15 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Agreements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. Summary of Significant Accounting Policies (Continued)

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

2. Liabilities

Compensated Absences

Employees are granted from ten to thirty 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 for salary personnel who retire is placed into an HSA account upon their termination. Bargaining unit employees and salary personnel that quit receive their earned vacation paid out upon termination. Vacation leave is expensed when earned.

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.

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, 2023**

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 \$1,544,302. 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 \$5,427,733. 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, 2023 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, 2023**

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. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

WLSSD adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023 plus the estimated revenues to be collected through September 30, 2024, 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 August and September, 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, 2023**

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 year ended December 31, 2023:

	2023		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue:			
User Charges - Municipalities	\$ 12,443,855	\$ 12,706,109	\$ 262,254
User Charges - Industries	15,507,989	16,927,831	1,419,842
User Charges - Solid Waste	7,305,995	7,369,216	63,221
Service Fee - Solid Waste	2,695,000	2,905,805	210,805
District-wide Allocation	355,000	355,001	1
Capacity Availability Charges	500,000	616,377	116,377
Other Income	1,152,770	1,312,280	159,510
Total Operating Revenue	<u>39,960,609</u>	<u>42,192,619</u>	<u>2,232,010</u>
Operating Expenses:			
Operating Expenses Before Depreciation/Amortization	32,758,538	31,450,156	1,308,382
Depreciation/Amortization	9,812,499	9,485,589	326,910
Total Operating Expenses	<u>42,571,037</u>	<u>40,935,745</u>	<u>1,635,292</u>
Operating Income (Loss)	<u>(2,610,428)</u>	<u>1,256,874</u>	<u>3,867,302</u>
Nonoperating Revenue (Expenses):			
Earnings on Investments	475,000	2,303,896	1,828,896
Loss on Asset Disposition	-	(11,283)	(11,283)
Intergovernmental Grants	364,000	363,330	(670)
Special Assessments	1,143,613	1,145,720	2,107
Interest Expense	(633,777)	(808,227)	(174,450)
Litigation Proceeds	-	600,000	600,000
Total Nonoperating Revenue (Expenses)	<u>1,348,836</u>	<u>3,593,436</u>	<u>2,244,600</u>
Income (Loss) Before Contributions	<u>(1,261,592)</u>	<u>4,850,310</u>	<u>6,111,902</u>
Capital Contributions	-	4,522,967	4,522,967
Change in Net Position	<u>\$ (1,261,592)</u>	<u>\$ 9,373,277</u>	<u>\$ 10,634,869</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes

A. Assets

1. Deposits and Investments

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

Current Assets:	2023	
Cash and Cash Equivalents	\$ 3,051,285	
Investments	23,753,471	
Restricted Assets:		
Memorial Fund Investments	2,039	
Wastewater Infrastructure Fund Capital Replacement Investments	6,088,423	
Debt Service Investments	25,515,050	
Total Cash and Investments	\$ 58,410,268	

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 market 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, 2023, 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, 2023**

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, 2023**

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, 2023, 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023**

3. Detailed Notes (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Concentration of Credit Risk, Credit, and Interest Rate Risks

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying Value as of 12/31/23
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Negotiable Certificates of Deposit					
Bank of India NY CD	N/R,N/R	N/A	<5%	1/17/2024	\$ 236,000
First State Bank and Trust Co MO CD	N/R,N/R	N/A	<5%	1/18/2024	240,900
Great Midwest Bank WI CD	N/R,N/R	N/A	<5%	1/19/2024	238,900
First Internet Bank of Indiana	N/R,N/R	N/A	<5%	1/19/2024	238,900
Western Alliance Bank CA CD	N/R,N/R	N/A	<5%	1/19/2024	238,350
Capital Community Bank UT CD	N/R,N/R	N/A	<5%	1/19/2024	238,800
West Gate Bank CD	N/R,N/R	N/A	<5%	1/19/2024	238,000
Sofi Bank NA CD	N/R,N/R	N/A	<5%	1/23/2024	238,000
Centier Bank Whiting IN CD	N/R,N/R	N/A	<5%	1/25/2024	237,000
People's Bank of Seneca CD	N/R,N/R	N/A	<5%	1/26/2024	238,000
Nano Banc CD	N/R,N/R	N/A	<5%	1/26/2024	238,000
Valley National Bank Passaic NJ CD	N/R,N/R	N/A	<5%	1/26/2024	237,000
CIBC Bank USA CD	N/R,N/R	N/A	<5%	1/26/2024	237,000
Santander Bank National Assoc CD	N/R,N/R	N/A	<5%	1/29/2024	237,000
Haven Savings Bank CD	N/R,N/R	N/A	<5%	1/30/2024	238,000
Berkshire Bank CD	N/R,N/R	N/A	<5%	1/30/2024	238,000
GE Credit Union CD	N/R,N/R	N/A	<5%	1/30/2024	247,000
Midland States Bank Effingham IL CD	N/R,N/R	N/A	<5%	2/22/2024	237,000
Washington Federal Bank Seattle WA CD	N/R,N/R	N/A	<5%	2/23/2024	237,000
Zions Bankcorporation CD	N/R,N/R	N/A	<5%	2/23/2024	237,000
Timberland Bank Hoquiam WA CD	N/R,N/R	N/A	<5%	2/26/2024	237,000
First Foundation Bank Irvine CA CD	N/R,N/R	N/A	<5%	2/26/2024	237,000
First Community BankTN CD	N/R,N/R	N/A	<5%	2/26/2024	237,000
BMO Harris Bank CD	N/R,N/R	N/A	<5%	2/26/2024	237,000
Parkway Bank & Trust Harwood Heights IL CD	N/R,N/R	N/A	<5%	2/27/2024	238,000
State Bank India Chicago IL CD	N/R,N/R	N/A	<5%	2/27/2024	238,000
Fortis Bank Denver CO CD	N/R,N/R	N/A	<5%	2/29/2024	237,000
Gateway First Bank OK CD	N/R,N/R	N/A	<5%	3/22/2024	237,750
First Mid Bank & Trust National Assoc IL CD	N/R,N/R	N/A	<5%	3/22/2024	237,200
Technicolor Credit Union CA CD	N/R,N/R	N/A	<5%	3/22/2024	237,600
Empower NY CD	N/R,N/R	N/A	<5%	3/22/2024	238,050
Preferred Bank NY CD	N/R,N/R	N/A	<5%	3/22/2024	237,250
Fieldpoint Private Bank & Trust CT CD	N/R,N/R	N/A	<5%	3/22/2024	237,700
Beal Bank Las Vegas NV CD	N/R,N/R	N/A	<5%	3/27/2024	237,000
State Bank of India NY CD	N/R,N/R	N/A	<5%	3/27/2024	237,000
Homestreet Bank WA CD	N/R,N/R	N/A	<5%	3/28/2024	237,000
C3Bank Carlsbad CA CD	N/R,N/R	N/A	<5%	3/28/2024	237,000
Comerica Bank Dallas TX CD	N/R,N/R	N/A	<5%	3/28/2024	236,000
Goldman Sachs Bank USA NY CD	N/R,N/R	N/A	<5%	3/28/2024	237,000
Synchrony Bank Retail CD	N/R,N/R	N/A	<5%	3/28/2024	237,000
Eaglemark Savings Bank CD	N/R,N/R	N/A	<5%	3/28/2024	237,000
City National Bank of FL, Miami FL CD	N/R,N/R	N/A	<5%	4/1/2024	237,000
Essa Bank & Trust Stoudsburg PA CD	N/R,N/R	N/A	<5%	4/1/2024	237,000
UMB Bank National Assoc Kansas City MO CD	N/R,N/R	N/A	<5%	4/25/2024	237,000
TBK Bank SSB Dallas TX CD	N/R,N/R	N/A	<5%	4/26/2024	237,000
First Federal Savings Bank Evansville IN CD	N/R,N/R	N/A	<5%	4/26/2024	237,000
Manufacturers & Traders Trust Co Buffalo NY CD	N/R,N/R	N/A	<5%	4/26/2024	237,000
B1 Bank Baton Rouge LA CD	N/R,N/R	N/A	<5%	4/26/2024	237,000
Synovus Bank Columbus GA CD	N/R,N/R	N/A	<5%	4/26/2024	237,000
Heartland Bank & Tr Co CD	N/R,N/R	N/A	<5%	4/29/2024	237,000

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 12/31/23
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
American Pride Bank Macon GA CD	N/R,N/R	N/A	<5%	5/16/2024	\$ 237,164
Cornerstone Bank NE CD	N/R,N/R	N/A	<5%	5/17/2024	237,250
NorthEast Community Bank NY CD	N/R,N/R	N/A	<5%	5/17/2024	237,600
Sentry Bank CO CD	N/R,N/R	N/A	<5%	5/17/2024	237,550
Baxter Credit Union IL CD	N/R,N/R	N/A	<5%	5/20/2024	237,750
First Horizon Bank CD	N/R,N/R	N/A	<5%	5/22/2024	237,219
Texas Capital Bank Dallas TX CD	N/R,N/R	N/A	<5%	5/22/2024	237,000
Bank of America CD	N/R,N/R	N/A	<5%	5/23/2024	237,219
Hancock Whitney Bank Gulfport MS CD	N/R,N/R	N/A	<5%	5/24/2024	237,000
Plains Commercial Bank Hoven SD CD	N/R,N/R	N/A	<5%	5/28/2024	237,000
First National Bank Omaha NE CD	N/R,N/R	N/A	<5%	5/29/2024	237,000
Merchants & Manufacturers Bank Joliet IL CD	N/R,N/R	N/A	<5%	5/29/2024	237,000
First Carolina Bank CD	N/R,N/R	N/A	<5%	5/30/2024	237,000
Mizrahi Tefahot Bank CD	N/R,N/R	N/A	<5%	5/30/2024	237,000
Hingham Institution Savings MA CD	N/R,N/R	N/A	<5%	6/24/2024	237,000
First Credit Bank Los Angeles CA CD	N/R,N/R	N/A	<5%	6/27/2024	237,000
Ameris Bank Moultrie GA CD	N/R,N/R	N/A	<5%	6/27/2024	237,000
Mizuho Bank USA CD	N/R,N/R	N/A	<5%	6/27/2024	237,000
PCB Bank Los Angeles CA CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Farmers & Merchants Bank Colby KA CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Mercantile Bank Grand Rapids MI CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Oakstar Bank NA Springfield MO CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Rondout Savings Bank Kingston NY CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
State Bank of Reesville WI CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Ally Bank Midvale UT CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Morgan Stanley Bank NA CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Morgan Stanley Private Bank CD	N/R,N/R	N/A	<5%	6/28/2024	237,000
Bank of China New York CD	N/R,N/R	N/A	<5%	6/28/2024	236,000
Corebank OK CD	N/R,N/R	N/A	<5%	7/18/2024	237,350
Truxton Trust Company TN CD	N/R,N/R	N/A	<5%	7/18/2024	237,300
Bank Hapoalim B.M. NY CD	N/R,N/R	N/A	<5%	7/18/2024	237,350
Third Coast Bank SSB TX CD	N/R,N/R	N/A	<5%	7/18/2024	237,000
TowneBank Portsmouth VA CD	N/R,N/R	N/A	<5%	7/19/2024	237,102
Peoples Bank Marietta OH CD	N/R,N/R	N/A	<5%	7/24/2024	237,000
Simmons Bank/Pine Bluff AR CD	N/R,N/R	N/A	<5%	7/25/2024	237,000
Washington Trust Westerly RI CD	N/R,N/R	N/A	<5%	7/26/2024	237,000
The First Bank Hattiesburg MS CD	N/R,N/R	N/A	<5%	7/26/2024	237,000
JP Morgan Chase Bank CD	N/R,N/R	N/A	<5%	7/26/2024	237,000
Bank of the Ozark Little Rock AR CD	N/R,N/R	N/A	<5%	7/26/2024	237,000
Bristol County Savings Bank MA CD	N/R,N/R	N/A	<5%	7/26/2024	237,000
First Savings Bank Jeffersonville CD	N/R,N/R	N/A	<5%	7/30/2024	194,123
North Bay CA CD	N/R,N/R	N/A	<5%	8/15/2024	236,700
Greenstate Credit Union IA CD	N/R,N/R	N/A	<5%	8/15/2024	236,800
Vibrant Credit Union IL CD	N/R,N/R	N/A	<5%	8/15/2024	236,350
5Star Bank CO CD	N/R,N/R	N/A	<5%	8/15/2024	236,850
PNC Bank Nat'l Assoc Wilmington DE CD	N/R,N/R	N/A	<5%	8/22/2024	237,000
1st Colonial Community Bank, Collingswood NJ CD	N/R,N/R	N/A	<5%	8/27/2024	237,000
Alma Bank Astoria NY CD	N/R,N/R	N/A	<5%	8/28/2024	237,000
Trustone Financial CU CD	N/R,N/R	N/A	<5%	8/29/2024	248,000
State Bank of Texas Dallas TX CD	N/R,N/R	N/A	<5%	8/29/2024	237,000
The Valley State Bank KS CD	N/R,N/R	N/A	<5%	9/19/2024	237,050

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 12/31/23
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Farmers and Merchants Union Bank WI CD	N/R,N/R	N/A	<5%	9/19/2024	\$ 236,900
ServisFirst Bank FL CD	N/R,N/R	N/A	<5%	9/19/2024	236,900
Pacific National Bank FL CD	N/R,N/R	N/A	<5%	9/19/2024	236,900
American Plus Bank NA CA CD	N/R,N/R	N/A	<5%	9/19/2024	237,000
DMB Community Bank WI CD	N/R,N/R	N/A	<5%	9/19/2024	237,000
First Central Credit Union TX CD	N/R,N/R	N/A	<5%	9/19/2024	236,600
Blue Ridge Bank Martinsville VA CD	N/R,N/R	N/A	<5%	9/26/2024	236,000
FirstBank Puerto Rico CD	N/R,N/R	N/A	<5%	9/26/2024	237,000
Popular Bank New York CD	N/R,N/R	N/A	<5%	9/26/2024	236,000
Carson Bank Mulvane KS CD	N/R,N/R	N/A	<5%	9/26/2024	237,000
Armor Bank Forrest City CD	N/R,N/R	N/A	<5%	9/27/2024	237,000
BMW Bank North America UT CD	N/R,N/R	N/A	<5%	9/27/2024	237,000
Citibank National Association CD	N/R,N/R	N/A	<5%	9/27/2024	236,000
Cross River Bank Teaneck NJ CD	N/R,N/R	N/A	<5%	9/27/2024	236,000
Falcon National Bank Foley MN CD	N/R,N/R	N/A	<5%	9/27/2024	237,000
S&T Bank Ind PA CD	N/R,N/R	N/A	<5%	9/27/2024	236,000
Star Bank Maple Lake MN CD	N/R,N/R	N/A	<5%	9/27/2024	237,000
Leader Bank Nat'l Assoc CD	N/R,N/R	N/A	<5%	9/30/2024	238,000
NexBank TX CD	N/R,N/R	N/A	<5%	10/18/2024	236,550
Merrick Bank UT CD	N/R,N/R	N/A	<5%	10/18/2024	236,900
First Guaranty Bank LA CD	N/R,N/R	N/A	<5%	10/18/2024	236,850
Latino Community Credit Union NC CD	N/R,N/R	N/A	<5%	10/18/2024	236,300
Farmers Insurance Group Federal Credit Union CA CD	N/R,N/R	N/A	<5%	10/18/2024	236,750
Wells Fargo Bank CD	N/R,N/R	N/A	<5%	10/23/2024	237,000
Barclays Bank Delaware CD	N/R,N/R	N/A	<5%	10/24/2024	236,105
Bank of New England NH CD	N/R,N/R	N/A	<5%	10/25/2024	237,000
Everbank NA Jacksonville FL CD	N/R,N/R	N/A	<5%	10/25/2024	237,000
One Bank TN Cookeville TN CD	N/R,N/R	N/A	<5%	10/28/2024	236,800
ELGA Credit Union MI CD	N/R,N/R	N/A	<5%	11/18/2024	237,200
First Southeast Bank MN CD	N/R,N/R	N/A	<5%	11/18/2024	237,350
Regent Bank OK CD	N/R,N/R	N/A	<5%	11/18/2024	237,150
CIBM Bank WI CD	N/R,N/R	N/A	<5%	11/18/2024	237,000
First Security Bank of Deer Lodge MT CD	N/R,N/R	N/A	<5%	11/18/2024	237,150
EagleBank VA CD	N/R,N/R	N/A	<5%	11/18/2024	236,500
First National Bank ME CD	N/R,N/R	N/A	<5%	11/18/2024	236,650
Crossfirst Bank Leawood KS CD	N/R,N/R	N/A	<5%	11/27/2024	237,000
Southern Michigan Bank & Trust Coldwater CD	N/R,N/R	N/A	<5%	11/27/2024	237,000
All in Federal Credit Union CD	N/R,N/R	N/A	<5%	11/29/2024	248,000
Gbank NV CD	N/R,N/R	N/A	<5%	12/20/2024	236,900
Schertz Bank & Trust TX CD	N/R,N/R	N/A	<5%	12/20/2024	237,450
Financial Federal Bank TN CD	N/R,N/R	N/A	<5%	12/20/2024	236,500
T Bank Nat'l Assoc TX CD	N/R,N/R	N/A	<5%	12/20/2024	237,100
KS State Bank KS CD	N/R,N/R	N/A	<5%	12/23/2024	237,100
California Credit Union CD	N/R,N/R	N/A	<5%	12/27/2024	237,000
Limebank Bolivar MO CD	N/R,N/R	N/A	<5%	12/30/2024	238,000
Total Negotiable Certificates of Deposit					<u>34,606,732</u>
U.S. Treasury Notes					
US Treasury Notes	N/R,N/R	N/A	<5%	2/29/2024	991,573
US Treasury Notes	N/R,N/R	N/A	<5%	9/30/2024	483,925
US Treasury Notes	N/R,N/R	N/A	<5%	10/15/2024	1,432,208
US Treasury Notes	N/R,N/R	N/A	<5%	12/15/2024	723,286
Total U.S. Treasury Notes					<u>3,630,992</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 12/31/23
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. Treasury Bill					
US Treasury Bill	N/R,N/R	N/A	<5%	3/19/2024	\$ 983,076
US Treasury Bill	N/R,N/R	N/A	<5%	3/19/2024	982,993
US Treasury Bill	N/R,N/R	N/A	<5%	4/18/2024	1,460,066
US Treasury Bill	N/R,N/R	N/A	<5%	5/16/2024	974,640
US Treasury Bill	N/R,N/R	N/A	<5%	6/20/2024	974,761
US Treasury Bill	N/R,N/R	N/A	<5%	8/8/2024	950,370
US Treasury Bill	N/R,N/R	N/A	<5%	8/8/2024	950,259
US Treasury Bill	N/R,N/R	N/A	<5%	9/5/2024	712,890
Total U.S. Treasury Bill					7,989,055
Total Investments			100%		46,226,779
Repurchase Agreements					
U.S. Bank - Sweep	N/A	N/A		N/A	3,510,066
Deposits	N/A	N/A		N/A	(459,417)
4M Fund	N/A	N/A		N/A	2,358,249
Govt Money Market Fund	AAA	S&P/Moody's		N/A	2,262,105
First American-Prime Obligation Fund	AAA	S&P/Moody's		N/A	2,236,017
Moreton Money Market	Aaa-AAA	S&P/Moody's		N/A	2,273,794
Petty Cash	N/A	N/A		N/A	2,675
Total Cash and Investments					\$ 58,410,268

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.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Fair Value Measurement (Continued)

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.

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.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023:

Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ -	\$ 3,630,992	\$ -	\$ 3,630,992
U.S. Treasury Bill	-	7,989,055	-	7,989,055
Total	\$ -	\$ 11,620,047	\$ -	\$ 11,620,047
Investments Measured at Amortized Cost				
4M Fund				\$ 2,358,249
Money Market Funds				4,535,899
Prime Obligation Fund				2,236,017
Repurchase Agreements				3,510,066
Negotiable Certificates of Deposit				34,606,732
Total Investments Measured at Amortized Cost				47,246,963
Cash and Cash Equivalents				(456,742)
Total Cash and Investments				\$ 58,410,268

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, 2023**

3. Detailed Notes (Continued)

A. Assets (Continued)

2. Due from Other Governments

Due from other governments consists of the following:

	<u>2023</u>
Current Assets	
Municipality Service Charges	\$ 1,552,741
Other	<u>224,693</u>
Total	<u><u>\$ 1,777,434</u></u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

A. Assets (Continued)

3. Capital Assets

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

	Beginning Balance, as Restated	Increases	Decreases	Transfer/ Adjustment	Ending Balance
Capital Assets, Not Depreciated					
Land	\$ 605,265	\$ -	\$ -	\$ -	\$ 605,265
Easements	207,149	-	-	-	207,149
Construction in Progress	-	25,913,573	-	16,339,120	42,252,693
Total Capital Assets, Not Depreciated	812,414	25,913,573	-	16,339,120	43,065,107
Capital Assets, Depreciated					
Improvements	270,644,591	268,789	-	(16,310,324)	254,603,056
Buildings and Structures	74,672,544	-	-	-	74,672,544
Furniture and Equipment	33,339,843	65,435	4,773,727	(28,795)	28,602,756
Motor Vehicles	3,530,376	113,795	-	-	3,644,171
Total Capital Assets, Depreciated	382,187,354	448,019	4,773,727	(16,339,119)	361,522,527
Less: Accumulated Depreciation for:					
Improvements	167,787,844	9,367,348	-	(815,515)	176,339,677
Buildings and Structures	73,957,188	118,536	-	-	74,075,724
Furniture and Equipment	32,325,449	286,339	4,749,239	(3,599)	27,858,950
Motor Vehicles	3,428,596	89,360	-	-	3,517,956
Total Accumulated Depreciation	277,499,077	9,861,583	4,749,239	(819,114)	281,792,307
Total Capital Assets, Depreciated, Net	104,688,277	(9,413,564)	24,488	(15,520,005)	79,730,220
Right-to-Use Assets					
Equipment	253,661	-	34,195	-	219,466
Less: Accumulated Amortization	50,627	49,315	-	-	99,942
Total Net Right-to-Use Assets	203,034	(49,315)	34,195	-	119,524
Subscription-Based Information					
Technology Arrangements	* 208,069	2,347,065	92,900	-	2,462,234
Less: Accumulated Amortization	* 89,293	393,804	92,900	-	390,197
Total Net Subscription-Based Information					
Technology Arrangements	118,776	1,953,261	-	-	2,072,037
Capital Assets, Net	\$ 105,822,501	\$ 18,403,955	\$ 58,683	\$ 819,115	\$ 124,986,888

*The beginning balance of capital assets have been restated as applicable due to the implementation of GASB Statement No. 96.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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):

	2023
User Adjustments	\$ 230,930

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, 2023
Lease Liability					
Organic Loader	2024	\$2,307	0.70	\$ 62,248	\$ 6,747
Copier and Printer	2025	\$955	0.70	39,118	17,185
Postage Machine	2027	\$191	0.70	11,645	7,068
Loader	2027	\$2,269	0.00	140,650	91,425
Total Lease Liability					\$ 122,425
Subscription IT Liability					
LIMS	2026	\$1,556	1.76	\$ 89,434	\$ 48,676
Hexagon	2026	\$4,212	1.76	147,793	111,573
		\$15,169-			
Infor CloudSuite	2030	\$28,100	1.76	1,930,005	1,805,578
KnowBe4	2025	\$164	2.00	6,193	2,270
Microsoft Office Products	2026	\$6,379	1.76	223,855	156,703
Veeam	2026	\$1,294	1.76	45,411	44,182
Wavecrest Proxy	2025	\$150	1.76	5,264	2,666
Total Subscription IT Liability					\$ 2,171,648

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023
Notes from Direct Borrowings					
2009 G.O. Taxable Revenue Note	2024	\$9,541- \$158,000	2.70	\$ 1,889,541	\$ 158,000
2010 G.O. Taxable Revenue Note	2025	\$200,540- \$240,255	1.59	3,351,540	477,255
2010 G.O. Taxable Revenue Note	2025	\$40,748- \$45,000	1.59	678,748	90,000
2010 G.O. Taxable Revenue Note	2025	\$21,000- \$25,000	1.59	342,262	50,000
2010 G.O. Taxable Revenue Note	2025	\$8,000- \$11,000	1.59	151,866	21,866
2011 G.O. Taxable Revenue Note	2026	\$46,959- \$117,000	1.52	1,610,959	347,000
2011 G.O. Taxable Revenue Note	2026	\$10,131- \$23,000	1.52	316,131	69,000
2011 G.O. Taxable Revenue Note	2026	\$110,330- \$265,000	1.52	3,581,330	783,000
2012 G.O. Taxable Revenue Note	2027	\$180,173- \$399,000	1.69	5,452,173	1,555,000
2013 G.O. Taxable Revenue Note	2028	\$100,518- \$191,000	1.00	2,947,518	935,000
2013 G.O. Taxable Revenue Note	2028	\$90,969- \$150,000	1.00	2,125,969	734,000
2014 G.O. Taxable Revenue Note	2029	\$360,990- \$501,000	1.00	6,941,990	2,933,000
2015 G.O. Taxable Revenue Note	2030	\$180,490- \$523,000	1.00	7,029,490	3,544,000
2015 G.O. Taxable Revenue Note	2030	\$50,276- \$132,000	1.00	2,132,276	894,000
2016 G.O. Taxable Revenue Note	2031	\$63,599- \$131,000	1.00	1,747,561	988,000

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023
2016 G.O. Taxable Revenue Note	2031	\$105,016- \$239,960	1.00	\$ 3,216,871	\$ 1,769,000
2018 G.O. Taxable Revenue Note	2033	\$29,416- \$54,055	1.25	708,870	478,000
2018 G.O. Taxable Revenue Note	2033	\$97,922- \$185,760	1.25	2,448,277	1,658,000
2018 G.O. Taxable Revenue Note	2033	\$86,317- \$178,191	1.25	2,343,195	1,490,000
2018 G.O. Taxable Revenue Note	2033	\$65,173- \$144,763	1.23	1,907,254	1,350,000
2018 G.O. Taxable Revenue Note	2033	\$555,847- \$1,158,549	1.23	15,309,936	10,796,000
2019 G.O. Taxable Revenue Note	2034	\$157,520- \$158,370	1.00	2,054,155	1,355,000
2019 G.O. Taxable Revenue Note	2034	\$360,570- \$361,660	1.00	4,697,891	3,582,000
2019 G.O. Taxable Revenue Note	2034	\$28,690- \$29,580	1.00	379,365	288,000
2020 G.O. Taxable Revenue Note	2035	\$47,268- \$48,208	1.00	621,465	536,800
2020 G.O. Taxable Revenue Note	2035	\$35,684- \$36,424	1.00	469,586	405,400
2021 G.O. Taxable Revenue Note	2036	\$111,800- \$119,595	1.00	1,594,934	1,410,811
2021 G.O. Taxable Revenue Note	2036	\$132,961- \$274,365	1.00	3,707,325	3,346,000
2022 G.O. Taxable Revenue Note	2037	\$552,674- \$553,662	2.54	6,638,455	5,099,494
2022 G.O. Taxable Revenue Note	2037	\$953,437- \$954,280	2.38	11,579,701	6,365,457
2023 G.O. Taxable Revenue Note	2037	\$79,568 - \$212,000	1.92	2,711,568	2,276,657
2023 G.O. Taxable Revenue Note	2037	\$51,288 - \$122,000	1.76	1,581,288	1,296,993
2023 G.O. Taxable Revenue Note	2037	\$401,063 - \$999,000	1.594	13,047,063	4,858,242
Total Notes from Direct Borrowings				<u>\$ 115,316,553</u>	<u>\$ 61,940,975</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2023 were as follows:

Year Ending December 31	Notes from Direct Borrowings		Lease Liability		Subscription-Based Information Technology Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,597,824	\$ 905,985	\$ 43,795	\$ 3,933	\$ 322,773	\$ 35,120
2025	6,524,211	813,356	32,515	2,734	447,606	28,411
2026	6,288,943	723,702	28,036	1,481	361,890	21,009
2027	5,963,395	637,853	18,079	261	321,994	15,209
2028	5,638,460	556,946	-	-	327,707	9,496
2029-2033	22,814,697	1,721,175	-	-	389,678	3,723
2034-2037	8,113,445	371,524	-	-	-	-
Total	\$ 61,940,975	\$ 5,730,541	\$ 122,425	\$ 8,409	\$ 2,171,648	\$ 112,968

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Notes from Direct Borrowings	\$ 51,385,077	\$ 17,099,596	\$ 6,543,698	\$ 61,940,975	\$ 6,597,824
Lease Liability	203,397	-	80,972	122,425	43,795
Subscription-Based Information Technology Liability *	106,440	2,347,065	281,857	2,171,648	322,773
Compensated Absences	945,268	154,928	56,080	1,044,116	-
OPEB Liability	325,601	27,472	74,971	278,102	20,742
Long-Term Liabilities	\$ 52,965,783	\$ 19,629,061	\$ 7,037,578	\$ 65,557,266	\$ 6,985,134

*The beginning balance of subscription-based information technology liability has been restated as applicable due to the implementation of GASB Statement No. 96.

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 were exempt from the limitations on net debt imposed by Minnesota law.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

4. Changes in Long-Term Liabilities (Continued)

WLSSD's outstanding notes from direct borrowings of \$61,940,975 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.

5. 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 terminated their public service.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. 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 prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. 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% and a maximum of 1.5%. 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. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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 year 2023 and WLSSD was required to contribute 7.50% for Coordinated Plan members. WLSSD's contributions to the General Employees Fund for the year ended December 31, 2023 was \$659,513. 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, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. Defined Benefit Pension Plans (Continued)

d. Pension Costs

At December 31, 2023, WLSSD reported a liability of \$6,000,096, for its proportionate share of the General Employees Fund's net pension liability. WLSSD's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. 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 \$165,465 for a total liability of \$6,165,561.

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. WLSSD's proportionate share of the net pension liability was based on WLSSD's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. WLSSD's proportionate share was 0.1073% at the end of the measurement period and 0.1058% for the beginning of the period.

For the year ended December 31, 2023, WLSSD's recognized pension expense of \$915,371 for its proportionate share of the General Employees Plan's pension expense. In addition, WLSSD recognized an additional \$744 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.

At December 31, 2023, 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, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. Defined Benefit Pension Plans (Continued)

d. Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 197,045	\$ 41,334
Changes in Actuarial Assumptions	971,332	1,644,576
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	224,383
Changes in Proportion and Differences Between WLSSD Contributions and Proportionate Share of Contributions	109,015	200,170
WLSSD Contributions Subsequent to the Measurement Date	329,025	-
Total	<u>\$ 1,606,417</u>	<u>\$ 2,110,463</u>

\$329,025 reported as deferred outflows of resources related to pensions resulting from WLSSD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Pension Expense Amount
2024	\$ 111,046
2025	(976,698)
2026	162,742
2027	(130,161)

e. Total Pension Expense

The total pension expense for all plans recognized by WLSSD for the year ended December 31, 2023 was \$911,115, including state contribution.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. Defined Benefit Pension Plans (Continued)

f. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5 %	5.30
Fixed Income	25.0 %	0.75
Private Markets	25.0 %	5.90
Totals	100.0 %	

g. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. Defined Benefit Pension Plans (Continued)

g. Actuarial Methods and Assumptions (Continued)

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions occurred in 2023:

Changes in Actuarial Assumptions:

(1) The investment return assumption and single discount rate were changes from 6.50% to 7.00%.

Changes in Plan Provisions:

(1) An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.

(2) The vesting period for those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.

(3) The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.

(4) A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

5. Defined Benefit Pension Plans (Continued)

h. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00%. 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 positions 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.

i. 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
June 30, 2023			
General Employees Fund Discount Rate	8.00%	7.00%	6.00%
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 2,204,448	\$ 6,000,096	\$ 10,614,651

j. 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.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

6. Postemployment Benefits

Plan Description and Funding Policy

WLSSD participates in a single-employer fully-insured plan. 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 104 active employees, 4 retirees receiving payments, 0 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, 2023, WLSSD contributed \$20,742 to the plan.

Actuarial Methods and Assumptions

WLSSD's OPEB liability was measured as of January 1, 2023, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods including in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service Graded Table
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale, and other adjustments.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

6. Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2022 to December 31, 2022.

The discount rate used to measure the total OPEB liability was 4.00% for 2023. 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:

- (1) The health care trend rates were changed to better anticipate short term and long-term medical increases.
- (2) The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- (3) The inflation rate was changed from 2.00% to 2.50%.
- (4) The discount rate was changed from 2.00% to 4.00%.

Changes in the OPEB Liability

	Total OPEB Liability 2023
Balance January 1,	\$ 325,601
Changes for the Year:	
Service Costs	20,783
Interest Cost	6,689
Assumption Changes	(28,648)
Differences Between Expected and Actual Experience	(22,287)
Benefit Payments	(24,036)
Net Change in Total OPEB Liability	(47,499)
Balance as of December 31,	\$ 278,102

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

6. Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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:

<u>2023</u>	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 295,189	\$ 278,102	\$ 261,997

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 (5.50% decreasing to 4.00% over 6 years) or 1% higher (7.50% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

<u>2023</u>	1% Decrease (5.50% Decreasing to 4.00%)	Current Trend Rates (6.50% (Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
OPEB Liability	\$ 254,520	\$ 278,102	\$ 305,665

For the year ended December 31, 2023, WLSSD recognized OPEB expense of \$8,373. At December 31, 2023, WLSSD reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Authority's Contributions Subsequent to the Measurement Date	\$ 20,742	\$ -
Changes in Actuarial Assumptions	1,586	24,444
Liability Gains	-	32,079
Total	<u>\$ 22,328</u>	<u>\$ 56,523</u>

\$20,742 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 OPEB liability in the year ended December 31, 2024.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. Detailed Notes (Continued)

B. Liabilities (Continued)

6. Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

<u>Year Ending December 31,</u>	<u>Future Recognition</u>
2024	\$ (19,092)
2025	(9,437)
2026	(9,433)
2027	(8,490)
2028	(8,485)

4. Other Note Disclosures

A. Major Customers

Major customers of services provided by WLSSD were as follows:

	<u>User Service Charges</u>	<u>Percentage of Total User Service Charges</u>
	<u>2023</u>	<u>2023</u>
Sappi Cloquet LLC	\$ 13,329,476	31.6%
City of Duluth	10,090,618	23.9%

B. Construction Commitments

As of December 31, 2023, WLSSD had the following commitments with respect to unfinished capital projects.

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
CHP Engine Generators	\$ 7,489,204	7/31/24
Carlton Pump Station Replacement	1,609,142	4/30/24
Thinkener Improvements	7,877,695	8/31/24
	<u>\$ 16,976,041</u>	

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

	2023
Unpaid Claims, Beginning of Year	\$ -
Incurred Claims	105,269
Claim Payments	(105,269)
Unpaid Claims, End of Year	\$ -

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, 2023**

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, 2023**

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
WLSSD's Proportion of the Net Pension Liability	0.1073%	0.1058%	0.1130%	0.1103%	0.1071%	0.1095%	0.1111%	0.1140%	0.1181%
WLSSD's Proportionate Share of the Net Pension Liability	\$ 6,000,096	\$ 8,379,395	\$ 4,825,606	\$ 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>165,465</u>	<u>245,655</u>	<u>147,300</u>	<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	\$ 6,165,561	\$ 8,625,050	\$ 4,972,906	\$ 6,816,908	\$ 6,105,311	\$ 6,273,707	\$ 7,181,726	\$ 9,377,137	\$ 6,120,555
WLSSD's Covered Payroll	\$ 8,532,840	\$ 7,924,676	\$ 7,906,190	\$ 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	70.32%	105.74%	61.04%	83.97%	78.07%	82.59%	99.19%	131.07%	88.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	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, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERA										
Contractually Required Contribution	\$ 659,513	\$ 611,491	\$ 592,964	\$ 589,708	\$ 581,093	\$ 557,535	\$ 544,106	\$ 533,833	\$ 523,052	\$ 507,255
Contributions in Relation to the Contractually Required Contribution	<u>(659,513)</u>	<u>(611,491)</u>	<u>(592,964)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 WLSSD's Covered Payroll	 \$ 8,793,507	 \$ 8,153,213	 \$ 7,906,187	 \$ 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%	7.50%	7.50%	7.50%	7.25%

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, 2023**

	Measurement Date <u>January 1, 2023</u>	Measurement Date <u>January 1, 2022</u>	Measurement Date <u>January 1, 2021</u>	Measurement Date <u>January 1, 2020</u>	Measurement Date <u>January 1, 2019</u>	Measurement Date <u>January 1, 2018</u>
Total OPEB Liability						
Service Cost	\$ 20,783	\$ 30,758	\$ 29,862	\$ 21,387	\$ 20,764	\$ 25,132
Interest Cost	6,689	6,558	11,657	10,532	10,774	10,852
Assumption Changes	(28,648)	-	3,173	-	(3,436)	45,777
Differences Between Expected and Actual Experience	(22,287)	-	(8,851)	-	(54,529)	-
Benefit Payments	(24,036)	(17,629)	(13,529)	(8,124)	(38,671)	(29,346)
Net Change in Total OPEB Liability	(47,499)	19,687	22,312	23,795	(65,098)	52,415
Total OPEB Liability - Beginning	325,601	305,914	283,602	259,807	324,905	272,490
Total OPEB Liability - Ending	<u>\$ 278,102</u>	<u>\$ 325,601</u>	<u>\$ 305,914</u>	<u>\$ 283,602</u>	<u>\$ 259,807</u>	<u>\$ 324,905</u>
Covered-Employee Payroll	\$ 8,048,248	\$ 7,671,328	\$ 7,447,891	\$ 7,072,878	\$ 6,866,872	\$ 6,924,798
District's OPEB Liability as a Percentage of Covered-Employee Payroll	3%	4%	4%	4%	4%	5%

Note 1: WLSSD implemented GASB Statement No. 75 in 2018, and the above table will be expanded 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
DECEMBER 31, 2023**

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:

2023

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changes from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period for those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2023**

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

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, 2023**

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, 2023**

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, 2023**

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:

2023

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2022

- 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, 2023**

2. Other Postemployment Benefits (Continued)

2021

- 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-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale.
- The Inflation Rate was changed from 2.50% to 2.00%.
- The Retirement and withdrawal tables were updated.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 2.00%.

2020

- There have been no changes since the prior valuation.

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, 2023**

	2023		
		Actual	Variance
	Budget	Revenue	Favorable (Unfavorable)
Wastewater Treatment			
User Charges -			
Municipalities			
Duluth	\$ 9,622,827	\$ 10,090,618	\$ 467,791
Cloquet	1,081,998	944,289	(137,709)
Proctor	351,828	343,510	(8,318)
Hermantown	598,050	557,643	(40,407)
Scanlon	141,775	131,882	(9,893)
Thomson Township (Esko)	167,899	163,189	(4,710)
Carlton	120,945	129,465	8,520
Twin Lakes Township	79,156	58,038	(21,118)
Wrenshall	24,994	28,040	3,046
Thomson	10,128	8,778	(1,350)
Jay Cooke	2,485	3,290	805
North Shore	49,176	57,279	8,103
Knife River	20,510	22,140	1,630
Oliver	18,744	16,192	(2,552)
Rice Lake Township	55,553	57,505	1,952
MPCA Landfill	8,624	8,384	(240)
Midway	4,697	6,034	1,337
Pike Lake	84,466	79,833	(4,633)
Total Municipalities	12,443,855	12,706,109	262,254
Industries			
Sappi	13,006,827	13,329,476	322,649
USG	609,250	1,003,369	394,119
Specialty Minerals	149,138	160,487	11,349
St Paper 1, LLC	1,742,774	2,434,499	691,725
Total Industries	15,507,989	16,927,831	1,419,842
Total Wastewater Treatment	27,951,844	29,633,940	1,682,096
User Charges - Solid Waste	7,305,995	7,369,216	63,221
Service Fee - Solid Waste	2,695,000	2,905,805	210,805
Other Revenue			
District-Wide Allocation	355,000	355,001	1
Capacity Availability Fee	500,000	616,377	116,377
Earnings on Investments	475,000	2,303,896	1,828,896
Operating Grants	364,000	363,330	(670)
Special Assessments	1,143,613	1,145,720	2,107
Litigation Proceeds	-	600,000	600,000
Capital Contributions	-	4,522,967	4,522,967
Miscellaneous	1,152,770	1,312,280	159,510
Total Other Revenue	3,990,383	11,219,571	7,229,188
Total Revenue	\$ 41,943,222	\$ 51,128,532	\$ 9,185,310

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
DETAILED SCHEDULE OF EXPENSES COMPARED TO
BUDGET – DEPARTMENTAL LEVEL
YEAR ENDED DECEMBER 31, 2023**

	2023		Variance Favorable (Unfavorable)
	Budget	Actual Expenses	
Clean Water Production			
Salaries & Benefits	\$ 1,961,564	\$ 2,083,387	\$ (121,823)
Chemicals	2,805,971	2,226,657	579,314
Other Operating Expenses	324,212	573,259	(249,047)
Total Clean Water Production	<u>5,091,747</u>	<u>4,883,303</u>	<u>208,444</u>
Conveyance System			
Salaries & Benefits	558,339	619,458	(61,119)
Electricity	1,321,787	1,211,525	110,262
Other Operating Expenses	438,574	595,994	(157,420)
Total Conveyance System	<u>2,318,700</u>	<u>2,426,977</u>	<u>(108,277)</u>
Biosolids			
Salaries & Benefits	820,127	710,464	109,663
Other Operating Expenses	198,006	173,213	24,793
Total Biosolids	<u>1,018,133</u>	<u>883,677</u>	<u>134,456</u>
Environmental Programs Wastewater			
Salaries & Benefits	230,053	223,319	6,734
Operating Expenses	77,523	81,310	(3,787)
Total Environmental Programs Wastewater	<u>307,576</u>	<u>304,629</u>	<u>2,947</u>
Transfer Station			
Salaries & Benefits	82,326	78,184	4,142
Solid Waste Disposal	6,383,189	6,278,890	104,299
Operating Expenses	45,400	49,754	(4,354)
Total Transfer Station	<u>6,510,915</u>	<u>6,406,828</u>	<u>104,087</u>
Material Recovery Center			
Salaries & Benefits	634,355	528,554	105,801
Solid Waste Disposal	485,168	444,949	40,219
Contract Services	274,100	277,013	(2,913)
Operating Expenses	89,462	80,230	9,232
Total Material Recovery Center	<u>1,483,085</u>	<u>1,330,746</u>	<u>152,339</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
DETAILED SCHEDULE OF EXPENSES COMPARED TO
BUDGET – DEPARTMENTAL LEVEL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	2023		Variance Favorable (Unfavorable)
	Budget	Actual Expenses	
Organics			
Salaries & Benefits	\$ 262,726	\$ 260,216	\$ 2,510
Operating Expenses	128,700	132,923	(4,223)
Total Organics	<u>391,426</u>	<u>393,139</u>	<u>(1,713)</u>
Household Hazardous Waste			
Salaries & Benefits	515,176	478,969	36,207
Operating Expenses	506,800	472,801	33,999
Total Household Hazardous Waste	<u>1,021,976</u>	<u>951,770</u>	<u>70,206</u>
Environmental Programs Solid Waste			
Salaries & Benefits	476,065	446,187	29,878
Operating Expenses	450,267	416,799	33,468
Total Environmental Programs Solid Waste	<u>926,332</u>	<u>862,986</u>	<u>63,346</u>
Business Services			
Salaries & Benefits	1,819,254	1,992,147	(172,893)
Other Postemployment Benefits	-	(47,499)	47,499
Insurance	225,000	243,700	(18,700)
Professional Services	188,260	210,110	(21,850)
Operating Expenses	904,213	900,845	3,368
Total Business Services	<u>3,136,727</u>	<u>3,299,303</u>	<u>(162,576)</u>
Mechanical Maintenance			
Salaries & Benefits	1,346,961	1,411,151	(64,190)
Repairs	450,000	431,710	18,290
Contracted Services	410,500	586	409,914
Other Operating Expenses	116,400	112,439	3,961
Total Mechanical Maintenance	<u>2,323,861</u>	<u>1,955,886</u>	<u>367,975</u>
Facilities & Utilities Maintenance			
Salaries & Benefits	427,068	397,030	30,038
Electricity	2,271,053	2,098,077	172,976
Fuels	242,867	186,976	55,891
Other Operating Expenses	213,884	207,646	6,238
Total Facilities & Utilities Maintenance	<u>3,154,872</u>	<u>2,889,729</u>	<u>265,143</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
DETAILED SCHEDULE OF EXPENSES COMPARED TO
BUDGET – DEPARTMENTAL LEVEL (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	2023		Variance Favorable (Unfavorable)
	Budget	Actual Expenses	
Electrical Maintenance			
Salaries & Benefits	\$ 1,233,596	\$ 1,144,976	\$ 88,620
Repairs	181,000	176,438	4,562
Contracted Services	77,500	53,784	23,716
Other Operating Expenses	125,890	68,842	57,048
Total Electrical Maintenance	<u>1,617,986</u>	<u>1,444,040</u>	<u>173,946</u>
Planning & Engineering			
Salaries & Benefits	1,212,274	1,160,527	51,747
Contracted Services	2,000	1,713	287
Operating Expenses	44,180	47,678	(3,498)
Total Planning & Engineering	<u>1,258,454</u>	<u>1,209,918</u>	<u>48,536</u>
Management Information System			
Salaries & Benefits	647,534	612,176	35,358
Contracted Services	301,753	314,178	(12,425)
Operating Expenses	105,166	123,790	(18,624)
Total Management Information System	<u>1,054,453</u>	<u>1,050,144</u>	<u>4,309</u>
Lab Services			
Salaries & Benefits	881,885	901,634	(19,749)
Contracted Services	129,900	74,667	55,233
Operating Expenses	130,510	135,998	(5,488)
Total Lab Services	<u>1,142,295</u>	<u>1,112,299</u>	<u>29,996</u>
Non-Departmental			
Depreciation	9,812,499	9,485,589	326,910
Interest and Bond Amortization Expense	633,777	808,227	(174,450)
Loss on Asset Disposition	-	11,283	11,283
Other Non-Departmental	-	44,782	(44,782)
Total Non-Departmental	<u>10,446,276</u>	<u>10,349,881</u>	<u>118,961</u>
Total Expenses	<u>\$ 43,204,814</u>	<u>\$ 41,755,255</u>	<u>\$ 1,472,125</u>

**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Pass-Through Identifying Numbers	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
Federal Emergency Management Association				
Passed through Minnesota Homeland Security and Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR-4722	97.036	\$ 41,840	\$ -
U.S. Environmental Protection Agency				
Passed Through Minnesota Department of Employment and Economic Development				
Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Fund Cluster)				
CHP and Pre-CHP Engine Generators	MPFA-CWRF-L-018-FY23	66.458	4,934,703	-
Carlton Pump Station	MPFA-CWRF-L-025-FY23	66.458	3,938,228	-
Cloquet Interceptor	MPFA-CWRF-L-036-FY23	66.458	1,486,848	-
Knowlton Creek Forcemain Change Order	MPFA-CWRF-L-039-FY23	66.458	49,439	-
Thickener Improvements	MPFA-CWRF-L-041-FY23	66.458	5,618,726	-
Total U.S. Environmental Protection Agency			<u>16,027,944</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 16,069,784</u>	<u>\$ -</u>

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, 2023**

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, 2023. 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 Assistance Listing 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, 2023**

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	\$ 363,330
Less: State Portion of Intergovernmental Grants	(363,330)
Federal Portion of Intergovernmental Grants	-
Capital Contributions - Federal	323,115
Public Facility Authority Loans	15,746,669
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 16,069,784
Reconciliation of Proceeds from Notes:	
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 16,069,784
Capital Contributions - Federal	(323,115)
Current Year Expenses Not Received	(2,814,884)
Proceeds from Notes from Prior Year Expenses	4,167,811
Total Current Year Proceeds from Notes	\$ 17,099,596

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 annual comprehensive 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 76-80

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 81-86

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

Debt Capacity – Pages 87-90

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 91-92

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 93-95

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 annual comprehensive financial reports for the relevant year.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Primary Government										
Net Investment in Capital Assets	\$ 57,961,513	\$ 52,507,734	\$ 49,956,743	\$ 49,950,104	\$ 49,064,740	\$ 47,992,524	\$ 48,967,570	\$ 44,836,109	\$ 47,270,315	\$ 38,115,671
Restricted	31,312,344	28,129,718	27,319,007	24,850,375	22,685,349	20,429,722	19,491,242	18,940,444	16,442,502	14,820,100
Unrestricted	24,978,859	24,241,987	24,753,728	23,130,905	22,290,407	20,497,392	17,039,391	18,719,326	14,456,522	20,909,540
Total Primary Government Net Position	<u>\$ 114,252,716</u>	<u>\$104,879,439</u>	<u>\$102,029,478</u>	<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>

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues	\$ 42,192,619	\$ 39,963,705	\$ 38,453,940	\$ 37,966,784	\$ 38,253,936	\$ 36,824,029	\$ 36,006,457	\$ 36,190,268	\$ 36,127,907	\$ 34,789,658
Operating Expenses	40,935,745	39,400,780	35,419,528	36,924,712	36,279,101	35,227,114	34,367,185	34,360,782	33,007,154	31,934,715
Operating Income	1,256,874	562,925	3,034,412	1,042,072	1,974,835	1,596,915	1,639,272	1,829,486	3,120,753	2,854,943
Total Nonoperating Revenues/(Expenses)	3,593,436	1,468,926	919,783	1,413,085	1,922,775	1,475,280	1,026,976	839,987	575,120	247,707
Income/(Loss) before Capital Contributions	4,850,310	2,031,851	3,954,195	2,455,157	3,897,610	3,072,195	2,666,248	2,669,473	3,695,873	3,102,650
Capital Contributions	4,522,967	818,110	143,899	1,435,731	1,223,248	349,240	336,076	1,657,067	6,613,299	2,587,871
Change in Net Position	\$ 9,373,277	\$ 2,849,961	\$ 4,098,094	\$ 3,890,888	\$ 5,120,858	\$ 3,421,435	\$ 3,002,324	\$ 4,326,540	\$ 10,309,172	\$ 5,690,521

(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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
User Charges - Municipals	\$ 12,706,109	\$ 12,301,359	\$ 11,777,530	\$ 11,740,835	\$ 11,772,789	\$ 11,220,492	\$ 11,189,619	\$ 11,044,313	\$ 10,821,814	\$ 10,981,475
User Charges - Industries	16,927,831	16,327,783	15,703,424	15,735,905	16,001,484	15,565,523	15,229,129	15,659,865	15,975,134	15,614,050
User Charges - Solid Waste	7,369,216	6,141,508	5,976,171	5,673,387	5,702,297	5,585,909	5,473,131	5,307,961	5,164,712	4,835,687
Service Fee - Solid Waste	2,905,805	2,865,384	2,752,929	2,587,586	2,648,079	2,638,047	2,568,132	2,513,802	2,394,847	2,028,723
District-Wide Allocation	355,001	355,001	355,002	355,001	355,001	354,999	354,998	354,998	355,001	355,000
Capacity availability charges	616,377	632,302	542,352	528,092	714,438	471,143	362,374	424,504	603,542	373,218
Other Revenue	1,312,280	1,340,368	1,346,532	1,345,978	1,059,848	987,916	829,074	884,825	812,857	601,505
TOTAL REVENUES	\$ 42,192,619	\$ 39,963,705	\$ 38,453,940	\$ 37,966,784	\$ 38,253,936	\$ 36,824,029	\$ 36,006,457	\$ 36,190,268	\$ 36,127,907	\$ 34,789,658
WASTEWATER TREATMENT REVENUES										
City of Duluth	\$ 10,090,618	\$ 9,860,240	\$ 9,498,785	\$ 9,457,125	\$ 9,275,062	\$ 8,881,800	\$ 8,854,932	\$ 8,838,483	\$ 8,703,174	\$ 8,754,255
City of Cloquet	944,289	881,815	816,609	866,857	984,427	873,786	895,054	852,182	804,499	907,795
City of Proctor	343,510	314,835	304,908	309,293	322,799	359,284	336,941	288,120	285,693	277,814
City of Hermantown	557,643	534,782	504,199	458,868	493,274	461,668	430,969	433,729	413,498	412,713
City of Scanlon	131,882	120,311	101,917	105,459	123,707	107,780	119,565	103,064	98,257	98,905
Thomson Township (Esko)	163,189	154,856	142,403	144,175	138,209	130,222	132,220	124,094	119,472	121,268
City of Carlton	129,465	118,670	111,976	121,297	116,786	106,784	111,426	95,485	103,128	105,765
Twin Lakes Township	58,038	57,737	51,637	42,950	70,663	74,570	68,963	76,381	72,653	72,947
City of Wrenshall	28,040	25,279	21,881	22,012	23,372	16,856	23,671	19,155	18,123	21,145
City of Thomson	8,778	8,454	7,893	7,989	9,004	7,363	8,516	7,960	8,158	8,435
Jay Cooke State Park	3,290	3,198	3,093	4,626	3,549	4,098	4,177	4,411	4,031	3,916
North Shore	57,279	47,650	47,208	43,245	44,549	41,959	43,768	39,971	37,768	40,795
Knife River	22,140	19,189	17,645	16,021	15,862	15,026	15,713	15,161	16,110	16,024
Oliver	16,192	15,297	14,804	16,677	16,798	16,577	16,422	16,512	15,504	15,730
Pike Lake	79,833	76,009	69,099	61,114	67,458	60,379	60,621	56,509	54,418	57,388
Rice Lake Township	57,505	47,729	47,630	47,609	52,323	47,365	48,247	46,355	43,254	42,672
MPCA Landfill	8,384	9,568	10,016	10,673	10,349	10,381	13,964	20,050	19,027	19,446
Midway	6,034	5,740	5,827	4,845	4,598	4,594	4,450	6,691	5,047	4,462
Sappi	13,329,476	13,969,161	13,850,195	12,305,970	11,873,947	11,254,946	10,211,714	10,797,398	11,320,770	10,997,029
Georgia Pacific	-	-	-	-	-	-	-	450,031	75,303	86,763
Specialty Minerals	160,487	185,412	163,996	189,411	225,320	246,412	432,453	314,281	306,127	277,431
USG	1,003,369	957,431	631,343	574,893	539,897	505,893	482,540	447,148	434,128	454,045
Verso Duluth Mill	-	-	383,627	2,665,631	3,362,320	3,558,272	4,102,422	3,651,007	3,838,806	3,798,782
ST Paper 1	2,434,499	1,215,779	674,263	-	-	-	-	-	-	-
TOTAL	\$ 29,633,940	\$ 28,629,142	\$ 27,480,954	\$ 27,476,740	\$ 27,774,273	\$ 26,786,015	\$ 26,418,748	\$ 26,704,178	\$ 26,796,948	\$ 26,595,525

(Unaudited)

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

	OPERATING EXPENSES BY FUNCTION									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Clean Water Production	\$ 4,883,303	\$ 6,827,939	\$ 5,775,307	\$ 5,585,144	\$ 5,624,787	\$ 5,390,151	\$ 6,034,230	\$ 6,024,619	\$ 6,229,601	\$ 5,824,491
Biosolids	883,677	941,477	871,920	867,837	879,653	846,200	851,294	813,721	810,664	854,261
Conveyance System	2,426,977	2,283,049	1,952,558	1,838,597	1,634,106	1,926,426	2,013,248	1,880,632	1,711,154	1,703,730
Maintenance	6,289,655	3,535,695	3,216,305	3,581,010	3,449,313	3,704,341	3,587,510	3,188,980	3,153,255	3,382,574
Environmental Programs Wastewater	304,629	272,087	191,793	200,737	260,645	270,960	260,184	266,978	258,335	-
Transfer Station	6,406,828	5,791,642	5,083,857	4,864,424	4,881,769	4,805,257	4,708,137	4,642,832	4,466,327	4,172,445
Material Recovery Center	1,330,746	1,242,624	1,192,279	1,079,144	1,105,830	1,066,107	993,432	989,395	802,163	666,854
Recycling	-	-	-	-	-	-	-	-	-	238,503
Organics	393,139	349,464	302,775	311,161	316,111	321,619	322,505	317,062	299,788	268,421
Household Hazardous Waste	951,770	933,446	896,541	915,570	799,000	862,273	845,569	806,455	794,486	699,090
Environmental Programs Solid Waste	862,986	759,497	724,677	746,396	788,127	705,837	709,284	800,364	722,763	-
Environmental Programs Grants	-	-	-	-	-	44,475	-	-	1,550	-
Business Services	3,299,303	3,051,879	2,720,053	2,694,738	2,613,191	2,557,670	2,430,872	2,539,976	2,370,284	2,286,026
Planning & Engineering	1,209,918	1,193,989	1,028,334	999,737	992,478	1,040,360	983,224	956,507	957,315	956,968
Management Information	1,050,144	919,895	860,148	895,145	748,936	729,184	715,643	635,171	548,925	541,466
Environmental Programs	-	-	-	-	-	-	-	-	-	820,101
Lab Services	1,112,299	1,030,333	852,259	1,091,346	939,240	884,172	885,881	1,004,712	827,145	822,281
Non-Departmental	9,530,371	10,267,764	9,750,722	11,253,726	11,245,915	10,072,082	9,578,370	9,483,767	9,258,381	8,292,394
TOTAL OPERATING EXPENSES	\$ 40,935,745	\$ 39,400,780	\$ 35,419,528	\$ 36,924,712	\$ 36,279,101	\$ 35,227,114	\$ 34,919,383	\$ 34,351,171	\$ 33,212,136	\$ 31,529,605

	OPERATING EXPENSES BY OBJECT									
Salaries & Wages	\$ 8,788,123	\$ 8,110,090	\$ 7,803,810	\$ 8,087,366	\$ 7,672,148	\$ 7,350,891	\$ 7,194,814	\$ 7,071,240	\$ 6,903,556	\$ 6,975,215
Fringe Benefits	4,260,649	4,058,208	2,954,147	3,188,270	3,387,251	2,957,164	3,488,123	3,657,383	3,175,454	2,941,901
Other Postemployment Benefits	(47,499)	19,687	22,312	23,795	(65,098)	52,415	8,074	19,534	21,122	18,283
Utilities	4,195,153	4,541,586	3,489,792	3,010,477	3,085,486	3,459,444	3,464,940	3,541,246	3,505,714	3,700,199
Chemicals	2,231,246	1,780,403	1,534,058	1,591,535	1,547,507	1,226,341	1,056,996	1,344,749	1,499,679	1,641,306
Repairs	960,032	728,359	773,203	904,116	752,795	1,064,553	921,948	890,618	866,524	859,868
Supplies	558,153	444,382	413,610	452,790	415,100	454,565	411,641	439,478	478,009	477,780
Contract Services	2,028,967	1,950,584	1,939,845	2,012,430	1,809,851	2,168,394	2,033,056	1,784,494	1,535,534	1,519,373
Solid Waste Disposal	6,771,480	6,013,199	5,376,892	5,114,330	5,076,941	5,007,245	4,912,086	4,830,222	4,638,046	4,340,380
Other	1,703,852	1,586,496	1,364,363	1,286,881	1,726,617	1,461,721	1,297,137	1,298,051	1,125,135	1,168,016
Subtotal Expenses Before Depreciation	31,450,156	29,232,994	25,672,032	25,671,990	25,408,598	25,202,733	24,788,815	24,877,015	23,748,773	23,642,321
Depreciation/Amortization	9,485,589	10,167,786	9,747,496	11,252,722	10,870,503	10,024,381	9,578,370	9,483,767	9,258,381	8,292,394
TOTAL OPERATING EXPENSES	\$ 40,935,745	\$ 39,400,780	\$ 35,419,528	\$ 36,924,712	\$ 36,279,101	\$ 35,227,114	\$ 34,367,185	\$ 34,360,782	\$ 33,007,154	\$ 31,934,715

(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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Earnings on Investments	\$ 2,303,896	\$ 440,546	\$ 22,779	\$ 542,300	\$ 923,647	\$ 600,878	\$ 294,140	\$ 156,954	\$ 83,444	\$ 45,763
Gain/(Loss) on Sale of Capital Assets	(11,283)	28,434	1,125	-	14,352	14,130	5,181	2,550	19,863	21,782
Operating Grants	363,330	435,125	379,230	375,602	374,984	390,401	395,190	420,717	406,338	455,328
Property Taxes	1,145,720	1,152,978	1,138,349	1,212,482	1,134,952	1,130,463	1,105,907	1,100,263	1,108,655	798,705
Interest Expense (1)	(808,227)	(588,157)	(621,700)	(717,299)	(525,160)	(660,592)	(772,579)	(840,497)	(1,042,621)	(1,073,871)
Other Revenues	600,000	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues/(Expenses)	\$ 3,593,436	\$ 1,468,926	\$ 919,783	\$ 1,413,085	\$ 1,922,775	\$ 1,475,280	\$ 1,027,839	\$ 839,987	\$ 575,679	\$ 247,707

(Unaudited)

(1) - Net of capitalized amounts

Source: Finance Department Western Lake Superior Sanitary District

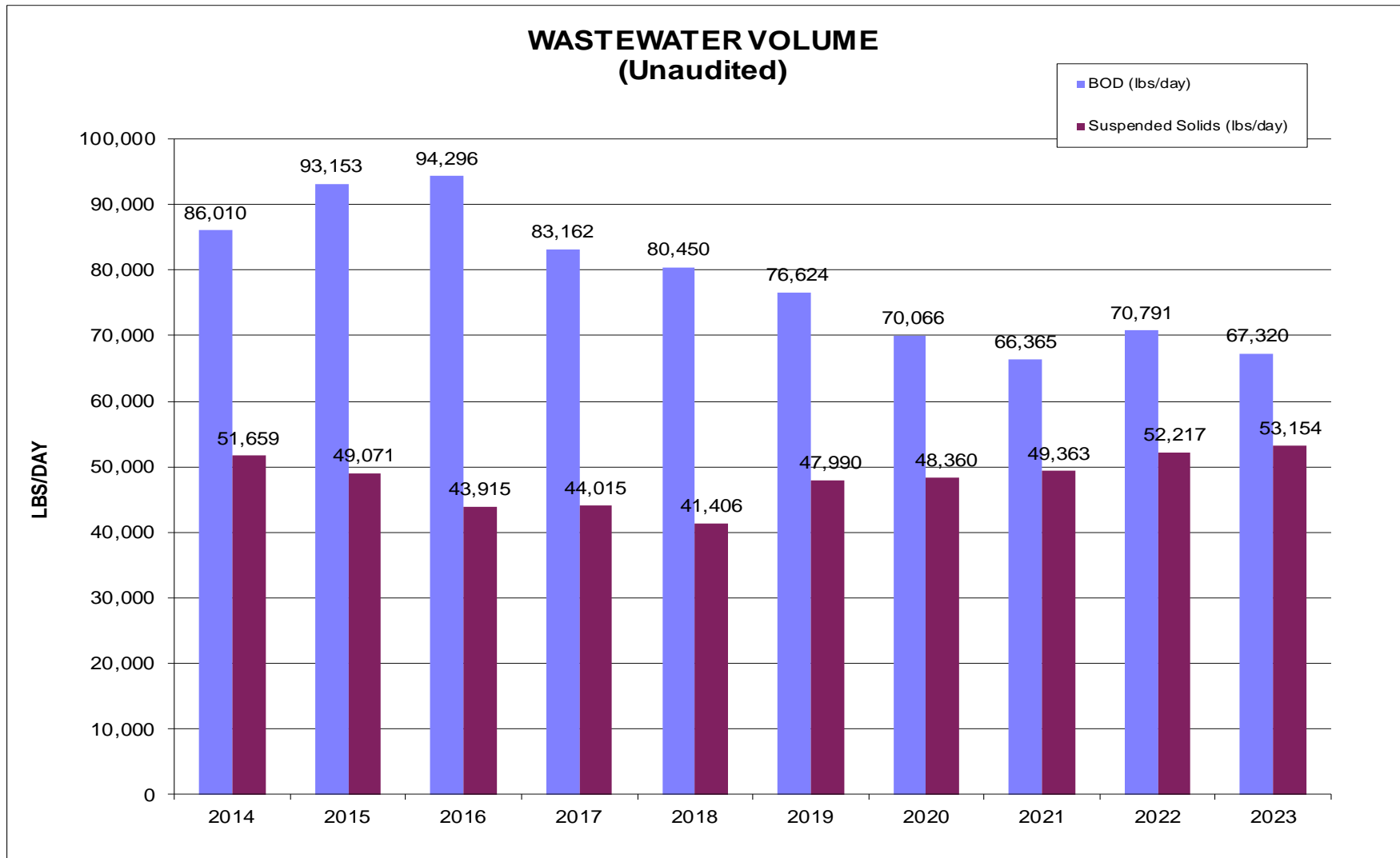
**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
REVENUE CAPACITY WASTEWATER OPERATIONS
TOTAL WASTEWATER TREATED BY BILLING PARAMETERS
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
MUNICIPALITIES										
Flow (million gal/day)	16.43	15.13	12.69	13.83	16.78	14.21	16.83	15.88	15.19	17.12
BOD (lbs/day)	16,508	18,000	18,065	18,264	17,251	18,116	17,646	17,573	18,072	17,533
Suspended Solids (lbs/day)	22,996	23,039	23,765	23,869	22,598	21,289	21,182	22,002	22,330	22,902
INDUSTRIES										
Flow (million gal/day)	19.97	18.59	19.24	19.27	20.91	21.61	21.60	21.08	21.32	20.92
BOD (lbs/day)	50,812	52,791	48,300	51,802	59,373	62,334	65,516	76,723	75,081	68,477
Suspended Solids (lbs/day)	30,158	29,178	25,598	24,491	25,392	20,117	22,833	21,913	26,741	28,757
TOTAL WASTEWATER										
Flow (million gal/day)	36.41	33.73	31.93	33.09	37.69	35.82	38.43	36.96	36.51	38.04
BOD (lbs/day)	67,320	70,791	66,365	70,066	76,624	80,450	83,162	94,296	93,153	86,010
Suspended Solids (lbs/day)	53,154	52,217	49,363	48,360	47,990	41,406	44,015	43,915	49,071	51,659

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Flow (cost/1000gal)	\$ 0.7038	\$ 0.7296	\$ 0.6968	\$ 0.6232	\$ 0.5558	\$ 0.5759	\$ 0.5338	\$ 0.5472	\$ 0.5717	\$ 0.5438
Excess Flow (cost/1000 gal)	\$ 0.0225	\$ 0.0226	\$ 0.0317	\$ 0.0251	\$ 0.0265	\$ 0.0199	\$ 0.0193	\$ 0.0193	\$ 0.0243	\$ 0.0208
BOD (cost/lb)	\$ 0.2206	\$ 0.1991	\$ 0.2155	\$ 0.1987	\$ 0.1847	\$ 0.1625	\$ 0.1557	\$ 0.1432	\$ 0.1509	\$ 0.1632
Suspended Solids (cost/lb)	\$ 0.2769	\$ 0.2673	\$ 0.2903	\$ 0.2884	\$ 0.2951	\$ 0.3120	\$ 0.2930	\$ 0.3026	\$ 0.2777	\$ 0.2701
Domestic Equivalent (Cost/1000gal)	\$ 2.01	\$ 1.99	\$ 2.02	\$ 1.95	\$ 1.87	\$ 1.88	\$ 1.78	\$ 1.78	\$ 1.77	\$ 1.73

(Unaudited)

Source: Finance Department Western Lake Superior Sanitary District

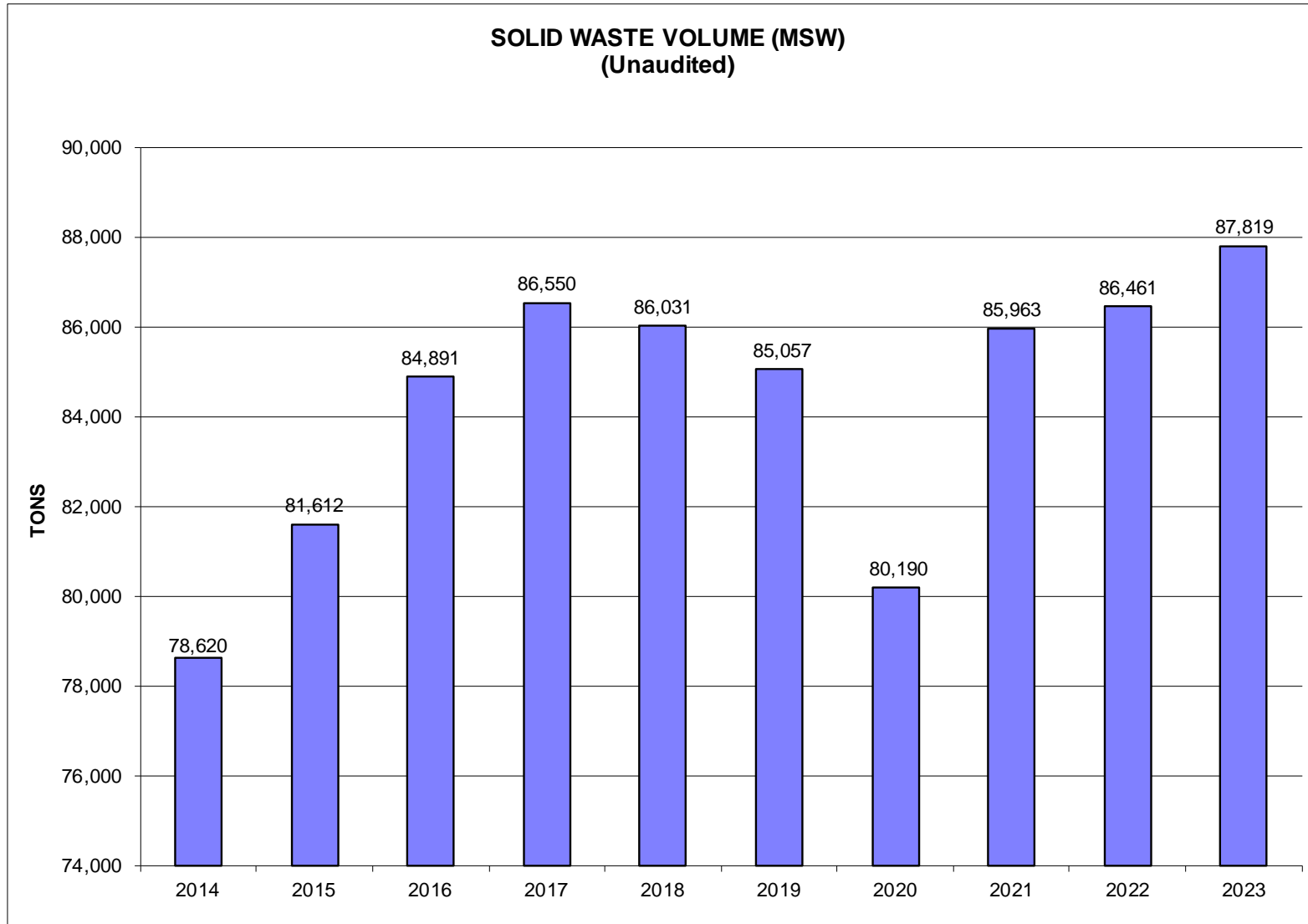
**WESTERN LAKE SUPERIOR SANITARY DISTRICT
DULUTH, MINNESOTA
REVENUE CAPACITY SOLID WASTE OPERATION
SOLID WASTE VOLUME (MSW) AND TIPPING FEE
LAST TEN FISCAL YEARS**

<u>VOLUME (Tons)</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District (St. Louis County)	57,898	56,291	51,139	47,847	48,387	47,761	48,184	53,609	51,600	52,664
Carlton County	14,280	15,569	14,754	13,130	15,024	15,332	15,187	14,617	13,684	13,009
Itasca County	-	-	-	-	-	-	-	499	-	-
Lake County	5,493	5,533	6,638	6,906	7,014	6,935	7,017	6,961	6,334	5,051
Cook County	4,664	3,180	3,196	3,086	3,606	3,466	3,479	3,249	3,096	2,608
City of Superior	5,484	5,888	10,236	9,221	11,026	12,537	12,683	5,956	6,898	5,288
TOTAL VOLUME	87,819	86,461	85,963	80,190	85,057	86,031	86,550	84,891	81,612	78,620
Tipping Fee (Per Ton)										
Transfer Station	\$ 66.72	\$ 63.08	\$ 50.59	\$ 50.17	\$ 49.43	\$ 49.30	\$ 48.55	\$ 48.02	\$ 48.23	\$ 47.75

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 2023		Fiscal Year 2014	
	Amount	%	Amount	%
City of Duluth	\$ 10,090,618	23.92%	\$ 8,754,255	25.16%
Sappi Cloquet LLC	13,329,476	31.59%	10,997,029	31.61%
Verso Duluth Mill			3,798,782	10.92%
St Paper 1	2,415,961	5.73%		
Waste Management	<u>3,681,787</u>	8.73%	<u>1,030,152</u>	2.96%
Subtotal	29,517,842	69.96%	24,580,218	70.65%
Balance from Other Customers	<u>12,674,777</u>	30.04%	<u>10,209,440</u>	29.35%
Grand Total User Charges	<u><u>\$ 42,192,619</u></u>	100.00%	<u><u>\$ 34,789,658</u></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	NOTES FROM DIRECT BORROWINGS	LEASE LIABILITY	SUBSCRIPTION BASED INFORMATION TECHNOLOGY LIABILITY	UNAMORTIZED PREMIUM	UNAMORTIZED DISCOUNT	TOTAL DEBT	PER CAPITA	AS A SHARE OF PERSONAL INCOME
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%
2021	390,000	49,417,016	-	-	-	(327)	49,806,689	358	0.72%
2022	-	51,385,077	203,397	-	-	-	51,588,474	371	0.69%
2023	-	61,940,975	122,425	2,171,648	-	-	64,235,048	455	0.83%

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
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
2021	147,797,856	13,212,693,800	5,439,456	299,388,500	153,237,312	13,512,082,300
2022	171,978,891	15,325,240,172	7,132,543	385,083,200	179,111,434	15,710,323,372
2023	186,938,059	16,631,358,311	7,239,367	391,116,500	194,177,426	17,022,474,811

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
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%	256.12	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%
2021	139,302	153,237,312	49,806,689	20,720,001	29,086,688	18.98%	208.80	0.22%
2022	138,954	179,111,434	51,588,474	23,109,984	28,478,490	15.90%	204.95	0.18%
2023	141,164	194,177,426	64,235,048	25,221,882	39,013,166	20.09%	276.37	0.23%

Source: Finance Department Western Lake Superior Sanitary District

(Unaudited)

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

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES(1)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
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%
2021	39,995,423	25,672,032	14,323,391	6,413,786	643,269	7,057,055	203%
2022	42,020,788	29,232,994	12,787,794	5,664,507	588,102	6,252,609	205%
2023	45,994,282	31,450,156	14,544,126	6,543,699	808,227	7,351,926	198%

(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
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%
2021	139,902	6,965,021,070		49,785	3.30%	2.70%
2022	138,954	7,466,554,236		53,734	3.60%	3.20%
2023	141,164	7,702,613,660		54,565	3.20%	2.60%

(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 2022*			Fiscal Year 2014		
	Employees (1)	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Essentia Health (SMDC Health System)	6,513	1	4.71%	5,341	1	4.16%
St. Luke's Hospital	2,241	2	1.62%	1,602	4	1.25%
Miner's Inc.	1,990	3	1.44%			
St. Louis County	1,881	4	1.36%	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%	1,322	7	1.03%
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%	1,368	6	1.07%
University of Minnesota Duluth	953	10	0.69%	1,700	3	1.32%
City of Duluth				850	9	0.66%
Benedictine Health System				829	10	0.65%
Totals	<u>19,409</u>		<u>14.03%</u>	<u>17,462</u>		<u>13.60%</u>

(Unaudited)

*Most recent data available

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WASTEWATER										
Clean Water	16.21	18.11	17.45	18.10	18.31	18.14	18.57	19.74	19.69	19.12
Conveyance	4.99	5.50	4.40	4.30	4.30	4.30	4.30	4.30	4.42	4.30
Biosolids	6.75	6.45	7.47	7.09	7.05	7.08	7.08	7.08	7.10	7.28
Maintenance	-	-	-	-	-	20.99	21.10	20.33	21.03	24.01
Mechanical Maintenance	13.49	12.50	12.26	12.09	13.30	-	-	-	-	-
Facilities & Utilities Maintenance	2.23	-	-	-	-	-	-	-	-	-
Electrical Maintenance	10.00	9.69	9.17	10.09	9.30	-	-	-	-	-
Environmental Programs	1.72	1.74	1.18	1.70	1.95	1.95	1.95	2.45	2.45	-
Subtotal	55.39	53.99	51.93	53.37	54.21	52.46	53.00	53.90	54.69	54.71
SOLID WASTE										
Transfer Station	0.50	0.50	0.50	0.50	0.44	0.50	0.50	0.50	0.50	0.40
MRC	7.28	7.72	7.86	7.43	7.76	7.07	7.17	7.50	6.44	4.99
Household Hazardous Waste	4.66	4.47	4.47	4.43	3.42	4.46	4.47	4.47	4.05	4.40
Organics	1.77	2.00	2.04	2.00	1.99	2.02	1.50	1.50	1.50	1.40
Environmental Programs	4.05	3.46	3.54	4.03	4.05	3.32	4.01	3.49	3.40	-
Recycling	-	-	-	-	-	-	-	-	-	0.40
Subtotal	18.26	18.15	18.41	18.39	17.66	17.37	17.65	17.46	15.89	11.59
ADMINISTRATION										
Business Services	12.44	12.60	11.10	11.48	12.35	11.71	11.43	11.67	10.33	10.44
Planning & Engineering	9.53	9.54	8.98	8.00	8.00	8.75	9.00	7.34	8.68	9.00
Environmental Programs	-	-	-	-	-	-	-	-	-	5.96
Management Information Systems	4.77	4.29	5.00	5.00	5.00	5.00	5.00	3.68	4.00	4.29
Lab	7.77	6.40	6.00	5.99	6.00	6.00	6.00	7.35	7.00	6.00
Subtotal	34.51	32.83	31.08	30.47	31.35	31.46	31.43	30.04	30.01	35.69
Total Employees	108.16	104.97	101.42	102.23	103.22	101.29	102.08	101.40	100.59	101.99

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

FISCAL YEAR	FLOW MG/D	VOLUME		RATES			
		BOD LBS/DAY	TSS LBS/DAY	FLOW Cost/1000 Gal	PEAK FLOW * Cost/1000 Gal	BOD Cost/Lb	TSS Cost/Lb
2023	36.41	67,320	53,154	\$ 0.7038	\$ 0.0225	\$ 0.2206	\$ 0.2769
2022	33.73	70,791	52,217	0.7296	0.0226	0.1991	0.2673
2021	31.93	66,365	49,363	0.6968	0.0317	0.2155	0.2903
2020	33.09	70,066	48,360	0.6232	0.0251	0.1978	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

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**

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Wastewater										
Sanitary Sewers (miles)	74.560	74.560	74.560	74.560	74.560	74.560	74.390	74.620	74.330	74.260
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