

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 6, 2020

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

CITY OF NEW LONDON, WISCONSIN (Waupaca and Outagamie Counties)

\$3,295,000* SEWERAGE, WATER AND ELECTRIC SYSTEM MORTGAGE REVENUE REFUNDING BONDS, SERIES 2020B

BID OPENING: October 13, 2020, 10:00 A.M., C.T.

CONSIDERATION: October 13, 2020, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,295,000* Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2020B (the "Bonds") of the City of New London, Wisconsin (the "City") are authorized pursuant to Section 66.0621 Wisconsin Statutes, by the City of New London, Wisconsin (the "City"), for the purpose of current refunding certain outstanding special obligations of the City's Sewerage, Water and Electric Systems, collectively, (the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue of the Utility System. The Bonds are being issued on a parity with the City's outstanding Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2013B dated March 7, 2013; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2016B dated May 26, 2016; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2018B dated June 28, 2018; and the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2019A dated June 27, 2019. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: October 29, 2020

MATURITY: December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$290,000	2025	\$335,000	2029	\$350,000
2022	305,000	2026	335,000	2030	350,000
2023	315,000	2027	345,000		
2024	320,000	2028	350,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2021 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on December 1, 2028 and thereafter are subject to call for prior optional redemption on December 1, 2027 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$3,253,812.

MAXIMUM BID: \$3,492,700.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$65,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be named by Issuer.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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



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REPRESENTATIONS

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

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CITY OF NEW LONDON CITY COUNCIL

		<u>Term Expires</u>
Mark Herter	Mayor	April 2022
Mike Barrington	Aldersperson	April 2022
Robert Besaw	Aldersperson	April 2021
Lori Dean	Aldersperson	April 2021
David Dorsey	Aldersperson	April 2022
John Faucher	Aldersperson	April 2021
Dennis Herter	Aldersperson	April 2022
David Morack	Aldersperson	April 2021
Tom O'Connell	Aldersperson	April 2021
Mike Pinch	Aldersperson	April 2021
Fred Zaug	Aldersperson	April 2022

ADMINISTRATION

Judy Radke, City Treasurer/Finance Director
Chad Hoerth, Interim City Administrator/Director of Public Service
Jackie Beyer, City Clerk

PROFESSIONAL SERVICES

Earl Luaders, City Attorney, New London, Wisconsin
Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of New London, Wisconsin (the "City") and the issuance of its \$3,295,000* Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2020B (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution" or "Bond Resolution") to be adopted by the Common Council on October 13, 2020.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 29, 2020. The Bonds will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on December 1 and June 1 of each year, commencing June 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The City may select a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after December 1, 2028 shall be subject to optional redemption prior to maturity on December 1, 2027 or any date thereafter, at a price of par plus accrued interest.

*Preliminary, subject to change

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

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

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Section 66.0621, Wisconsin Statutes, for the purpose of current refunding the City's Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2011B dated August 3, 2011 (the "Series 2011B Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 646720
Series 2011B Bonds	8/3/11	12/1/20	Par	2021	3.300%	\$250,000	GV8
				2022	4.000%	265,000	GW6
				2023	4.000%	285,000	GX4
				2024	4.000%	300,000	GY2
				2025	4.000%	325,000	GZ9
				2026	4.000%	335,000	HA3
				2027	4.100%	350,000	HB1
				2028	4.200%	370,000	HC9
				2029	4.300%	380,000	HD7
				2030	4.375%	390,000	HE5
Total Series 2011B Bonds Being Refunded						<u>\$3,250,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. On the maturity date, the City will pay the principal maturity and interest payment due on December 1, 2020 from the Debt Service Fund for the 2011B Bonds.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$3,295,000	
Transfers from Prior Issue Debt Service Funds	309,751	
Transfers from Prior Issue DSR Funds	<u>1,629,123</u>	
Total Sources		\$5,233,874

Uses

Total Underwriter's Discount	\$41,188	
Costs of Issuance	64,350	
Deposit to Debt Service Reserve Fund	1,563,610	
Deposit to Current Refunding Fund	3,559,751	
Rounding Amount	<u>4,975</u>	
Total Uses		\$5,233,874

*Preliminary, subject to change

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Bond Resolution awarding the sale of the Bonds, which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE City but are payable only out of "Net Revenues" of the Utility System that are pledged to the Special Redemption Fund provided for in the Bond Resolution (the "Special Redemption Fund"). Net Revenues are defined as all revenues of the Utility System derived from any source less current expenses, excluding depreciation, debt service, tax equivalents, replacements and capital expenditures. In the case of the electric system portion of the Utility System, current expenses include costs of purchasing, producing and delivering electric power and energy. In the Bond Resolution, the City covenanted to deposit Net Revenues in an amount sufficient to pay principal of and interest on the the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2013B, dated March 7, 2013; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2016B, dated May 26, 2016; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2018B, dated June 28, 2018; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2019A, dated June 27, 2019, (collectively, the "Outstanding Bonds") and the Bonds in the Special Redemption Fund and to use the funds in the Special Redemption Fund only for the purpose of paying principal of and interest on the Bonds and the Outstanding Bonds.

The claim of the owners of the Bonds with respect to the Special Redemption Fund is on a parity with the claim granted to the owners of the Outstanding Bonds.

Rate Covenant: In the Bond Resolution, the City covenanted to maintain the Utility System in reasonably good condition and operate the Utility System, and to establish, charge and collect such lawfully established rates and charges for the services rendered by the Utility System, so that in each fiscal year Net Revenues shall not be less than 125% of the debt service due on all outstanding bonds payable from the Net Revenues of the Utility System, including the Outstanding Bonds and the Bonds.

Additional Bonds Test: The City reserves the right to issue additional bonds payable from the Net Revenues of the Utility System on a parity with the outstanding bonds payable from the Net Revenues of the Utility System ("Parity Bonds"), including the Outstanding Bonds and the Bonds. No bonds or obligations payable from the Net Revenues of the Utility System may be issued in such a manner as to enjoy priority over the Bonds.

The City must meet the following test with respect to Net Revenues of the Utility System before Parity Bonds may be issued:

The Net Revenues for the fiscal year preceding the issuance of such additional obligations must have been at least equal to one and one-quarter (1.25) times the highest annual interest and principal requirements on all Outstanding Bonds, Bonds and any Parity Bonds then outstanding payable from the revenues of the Utility System, and the obligations so proposed to be issued, for any succeeding fiscal year in which there shall be a principal maturity on such outstanding bonds; provided, however, that if prior to the authorization of such additional obligations the City shall have adopted and put into effect a revised schedule of rates, then the Net Revenues of the Utility System for the last completed fiscal year which would, in the written opinion of an independent consulting engineer or independent certified public accountant or the Wisconsin Public Service Commission employed for that purpose, have resulted from such rates had they been in effect for such period may be used in lieu of the actual Net Revenues for the last completed fiscal year.

Service to the City: The reasonable cost and value of any service rendered to the City by the Utility System by furnishing sewerage, water, and electric services for public purposes, including reasonable health protection charges, shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the City in each year shall be in an amount which, together with revenues of the Utility System, will produce Net Revenues equivalent to not less than 1.25 times the annual debt service due. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in the Bond Resolution. However, such payment is subject to (a) annual appropriations by the Common Council therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, if necessary, and (c) applicable levy limits, if any; and neither this covenant nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: In the Bond Resolution, the City covenanted and agreed that upon the issuance of the Bonds an amount equal to the "Reserve Requirement" will be on deposit in the Reserve Account and will be maintained therein as additional security for the payment of principal of and interest on the Bonds and the Outstanding Bonds. Reserve Requirement is defined as an amount, determined as of the date of issuance of the Bonds, equal to the lesser of (a) the maximum annual debt service on the Outstanding Bonds and the Bonds in any bond year; and (b) 125% of average annual debt service on the Outstanding Bonds and the Bonds.

Mortgage: The Bonds are secured by a mortgage lien upon the Utility System on a parity with the mortgage lien granted to the owners of the Outstanding Bonds.

UTILITY SYSTEM REVENUE DEBT OUTSTANDING

All outstanding Utility System Revenue debt of the City is listed on page 5.

HISTORIC UTILITY SYSTEM DEBT SERVICE COVERAGES

The exhibit on the Page 7 presents the four-year historic debt service coverages of the Utility System.

**City of New London, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric, Sewer, and Water Revenues
(As of 10/29/2020)**

Sewer, Water & Elec Sys Mtg Rev Bonds Series 2013B		Sewer, Water & Elec Sys Mtg Rev Bonds Series 2016B		Sewer, Water & Elec Sys Mtg Rev Bonds Series 2018B		Sewer, Water & Elec Sys Mtg Rev Bonds Series 2019A	
Dated Amount	03/07/2013 \$3,475,000	05/26/2016 \$3,030,000	06/28/2018 \$3,400,000	06/27/2019 \$7,545,000			
Maturity	12/01	12/01	12/01	12/01			
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2020	385,000	16,023	120,000	37,813	120,000	58,504	113,175
2021	395,000	24,345	120,000	74,185	120,000	112,208	217,350
2022	385,000	16,445	120,000	72,625	125,000	107,408	208,050
2023	380,000	8,360	120,000	70,885	135,000	102,408	198,450
2024			150,000	69,025	145,000	97,008	188,700
2025			150,000	66,475	150,000	91,208	178,500
2026			160,000	63,700	150,000	85,208	168,000
2027			165,000	60,500	160,000	79,208	157,200
2028			165,000	56,375	165,000	72,808	146,100
2029			170,000	52,250	170,000	67,858	134,550
2030			175,000	47,150	175,000	62,758	122,850
2031			180,000	41,900	180,000	57,333	110,700
2032			185,000	36,500	190,000	51,663	98,250
2033			190,000	30,950	195,000	45,488	85,350
2034			200,000	24,300	205,000	38,955	72,150
2035			205,000	16,800	210,000	31,985	58,500
2036			215,000	8,600	220,000	24,740	44,550
2037					230,000	17,040	30,150
2038					240,000	8,760	15,300
	1,545,000	65,173	2,790,000	830,033	3,285,000	1,212,541	2,347,875
					7,545,000		

--Continued on next page

City of New London, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Electric, Sewer, and Water Revenues
(As of 10/29/2020)

Sewer, Water & Elec Sys Mtg Rev Ref
Bond
Series 2020B

Dated Amount	10/29/2020 \$3,295,000*											for Debt
Maturity	12/01											Service**
												\$ 3,658,083
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	Coverage			
2020	0	0	925,000	225,514	1,150,514	17,535,000	5.01%	2020	3.18			
2021	290,000	38,495	1,235,000	466,582	1,701,582	16,300,000	11.70%	2021	2.15			
2022	305,000	33,033	1,255,000	437,560	1,692,560	15,045,000	18.50%	2022	2.16			
2023	315,000	30,593	1,275,000	410,695	1,685,695	13,770,000	25.41%	2023	2.17			
2024	320,000	28,073	955,000	382,805	1,337,805	12,815,000	30.58%	2024	2.73			
2025	335,000	25,193	985,000	361,375	1,346,375	11,830,000	35.92%	2025	2.72			
2026	335,000	22,010	1,005,000	338,918	1,343,918	10,825,000	41.36%	2026	2.72			
2027	345,000	18,493	1,040,000	315,400	1,355,400	9,785,000	46.99%	2027	2.70			
2028	350,000	14,525	1,065,000	289,808	1,354,808	8,720,000	52.76%	2028	2.70			
2029	350,000	10,150	1,080,000	264,808	1,344,808	7,640,000	58.61%	2029	2.72			
2030	350,000	5,250	1,105,000	238,008	1,343,008	6,535,000	64.60%	2030	2.72			
2031			775,000	209,933	984,933	5,760,000	68.80%	2031	3.71			
2032			805,000	186,413	991,413	4,955,000	73.16%	2032	3.69			
2033			825,000	161,788	986,788	4,130,000	77.63%	2033	3.71			
2034			860,000	135,405	995,405	3,270,000	82.29%	2034	3.67			
2035			880,000	107,285	987,285	2,390,000	87.05%	2035	3.71			
2036			915,000	77,890	992,890	1,475,000	92.01%	2036	3.68			
2037			725,000	47,190	772,190	750,000	95.94%	2037	4.74			
2038			750,000	24,060	774,060	0	100.00%	2038	4.73			
	3,295,000	225,812	18,460,000	4,681,434	23,141,434							

2019
Net Revenue
Available
for Debt
Service**

\$ 3,658,083

*Preliminary, subject to change

**The debt service coverage ratios included on this page are calculated using 2019 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2019 and future Net Revenues may be materially different.

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table sets forth the historic comparison of Net Revenues and debt service secured by revenues of the electric, sewer and water systems for the four year period ending December 31, 2019.

	Audited	Audited	Audited	Audited
	2016	2017	2018	2019
Operating Revenues				
Charges for Services	\$ 18,615,543	\$ 19,079,905	\$ 19,406,041	\$ 18,925,364
Other Operating Revenues	186,514	196,303	208,142	222,051
Total Operating Revenues	18,802,057	19,276,208	19,614,183	19,147,415
Operating Expenses				
Operation and Maintenance	16,169,133	15,954,350	15,703,596	15,810,203
Depreciation and Amortization	1,500,768	1,570,220	1,716,992	1,836,555
Total Operating Expenses	17,669,901	17,524,570	17,420,588	17,646,758
Operating Income	1,132,156	1,751,638	2,193,595	1,500,657
Plus:				
Depreciation and Amortization	1,500,768	1,570,220	1,716,992	1,836,555
Interest Income	96,761	132,038	25,694	320,871
Net Revenues Available for Debt Service	\$ 2,729,685	\$ 3,453,896	\$ 3,936,281	\$ 3,658,083
Debt Service				
2005 issue	533,370	552,790	-	-
2011 issue	259,303	256,303	378,303	381,553
2013 issue	421,645	419,445	422,145	419,645
2016 issue	40,065	77,965	197,965	196,885
2018 issue	-	-	51,683	236,608
2019 issue	-	-	-	96,828
Total Debt Service	\$ 1,254,383	\$ 1,306,503	\$ 1,050,096	\$ 1,331,519
Debt Service Coverage	2.18	2.64	3.75	2.75

DESCRIPTION OF WATER SYSTEM

The City of New London Water Utility (the “Water Utility”) operates under service rules established by the Wisconsin Public Service Commission, which regulates the rates charged. The City of New London owns, operates and maintains the municipal Water System and related appurtenances, serving customers located within the City of New London and the Townships of Mukwa, Hortonia, and Liberty. The Water Utility, established in 1904, is governed by the Utility Commission, which consists of five members appointed by the Mayor, subject to approval of the Common Council. The Commission is the policy-making body of the Utility, overseeing all projects and programs, reviewing and approving the budget, and determining Utility projects. Utility operations are directed by the General Manager.

The Water System consists of seven turbine wells with electric pumping equipment and a water distribution system. The wells have an actual capacity of 3,770 gallons per minute. The wells pumped an average of 1,678,171 gallons per day in 2019. The maximum gallons pumped in any one day during 2019 was 2,679,000 gallons and the minimum gallons pumped in any one day was 832,000 gallons. In addition, the Water System owns three steel elevated storage tanks with a total storage capacity of 1,200,000 gallons.

The Water System includes other related appurtenances including 320,118 feet of various types of 3”-16” water mains; 2,935 feet of various types of 3/4”-12” water pipe, 3,108 utility-owned meters; and 490 hydrants.

History of Water Customers

Year	Residential	Commercial	Other Customers ¹	Industrial	Total
2015	2,386	294	31	28	2,739
2016	2,428	298	32	28	2,786
2017	2,422	302	28	29	2,781
2018	2,464	316	27	30	2,837
2019	2,494	316	28	30	2,868

History of Water Billings by Customer Type

Year	Residential	Commercial	Industrial	Other Services ²	Total Billings
2015	\$559,894	\$195,225	\$553,714	\$664,744	\$1,973,577
2016	593,108	196,787	605,264	671,250	2,066,409
2017	597,722	201,580	674,217	689,832	2,163,351
2018	601,582	209,260	797,314	705,776	2,313,932
2019	606,075	203,654	773,891	707,726	2,291,346

¹Includes other sales to public authorities, sales to irrigation customers, sales for resale, interdepartmental sale, and fire protection services, etc.

²Includes all charges, including private fire protection services.

History of Water Sales

Year	No. of Customers	Gallons Sold (in 000's)	Total Billings
2015	2,739	455,713	\$1,973,577
2016	2,786	472,356	2,066,409
2017	2,781	501,612	2,163,351
2018	2,837	576,739	2,313,932
2019	2,868	560,462	2,291,346

2019 Larger Water Customers

Total 2019 Gallons Sold:	560,462,000
Total 2019 Billings:	\$2,291,346

Customer	Gallons Sold	Billings ¹	% of Total Billings
Hillshire	253,986,505	\$451,624	19.71%
Bemis Company	147,110,691	313,223	13.67%
Wohlt Creamery	8,850,284	20,366	0.89%
Northgate Estates	3,470,000	18,069	0.79%
TheDACare Medical Center	2,976,494	13,055	0.57%
Bemis Healthcare Packaging	2,537,679	12,046	0.53%
Granite Valley	2,231,637	8,617	0.38%
Steel King	2,462,197	8,526	0.37%
Wohlt Cheese	1,719,462	8,454	0.37%
New London Housing Authority	1,627,000	7,801	0.34%

¹Includes charges for private fire protection services.

Water Rates and Charges

Rates and charges for the Water System are subject to approval by the Wisconsin Public Service Commission. The following monthly water rates have been in effect since November 1, 2016.

General Service - Metered

<u>Quarterly Volume Charge</u>			<u>Minimum Quarterly Charge</u>	
		<u>Charge per 1,000 gallons</u>	<u>Meter Size</u>	<u>Charge</u>
First	67,000 Gallons	\$3.08	5/8"	\$10.93
Next	1,600,000 Gallons	\$2.00	3/4"	10.93
Over	1,667,000 Gallons	\$1.73	1"	16.34
			1-1/4"	22.28
			1-1/2"	27.58
			2"	40.31
			3"	100.79
			4"	153.83
			6"	169.94
			8"	224.91
			10"	318.27
			12"	411.63

Average Bill for Residential Service in 2019

Average Monthly Usage	2,972
Average Monthly Bill	\$20.25

Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1% per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code.

DESCRIPTION OF ELECTRIC SYSTEM

The City of New London Electric System (the “Electric System”) operates under service rules established by the Wisconsin Public Service Commission which regulates the rates charged. The City owns and operates the Electric System consisting of one substation and a distribution plant for its service area which includes the City and the Townships of Mukwa, Hortonia, and Liberty. The Electric System, established in 1904, is governed by the Utility Commission, which consists of five members appointed by the Mayor, subject to approval of the Common Council. The Commission is the policy making body of the Utility, overseeing all projects and programs, reviewing and approving the budget, and determining Utility projects. Utility operations are directed by the General Manager.

The City purchases all of its power and energy requirements from WPPI under a contract that expires in 2037.

History of Electric Sales (excluding sales for resale)

Year	Total kWh (000's omitted)	Total Billings
2015	171,010	\$15,725,349
2016	169,838	15,551,940
2017	170,677	15,667,469
2018	181,293	15,388,540
2019	176,492	14,822,077

History of Electric Meter Connections by Customer Type

	2015	2016	2017	2018	2019
Residential	3,281	3,320	3,329	3,396	3,412
Public Authority	59	57	54	52	52
Commercial and Industrial	489	510	510	520	471
Industrial - Small	16	17	21	26	26
Industrial - Large Commercial	13	8	7	8	12
Industrial - Large Power	2	7	4	4	2
Interdepartmental	1	2	1	1	2
Public Street & Highway Lighting	<u>16</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
Total	3,877	3,936	3,941	4,022	3,992

History of Electric Billings by Customer Type

	2015	2016	2017	2018	2019
Residential	\$2,997,662	\$3,117,600	\$3,021,446	\$3,138,594	\$2,963,774
Commercial and Industrial	1,532,013	1,596,281	1,475,147	1,273,864	1,193,096
Public Authority	137,053	95,023	88,800	86,922	85,732
Industrial - Small	618,484	711,243	801,148	875,141	908,826
Industrial - Large	10,250,519	9,852,160	10,100,313	9,820,775	9,491,255
Interdepartmental	87,662	75,700	76,654	94,545	84,451
Public Street & Highway Lighting	<u>101,956</u>	<u>103,933</u>	<u>103,961</u>	<u>98,699</u>	<u>95,131</u>
Total	\$15,725,349	\$15,551,940	\$15,667,469	\$15,388,540	\$14,822,265

History of Electricity Produced, Purchased and Cost

Year	kWh Purchased (000's omitted)	Cost of kWh Purchased
2015	175,505	\$13,228,094
2016	176,158	12,837,156
2017	176,143	12,980,771
2018	185,464	12,597,324
2019	185,030	12,300,990

History of Peak Demand

Year	Peak Demand (kWh - 000's omitted)
2015	30,765
2016	31,368
2017	30,397
2018	49,991
2019	32,302

2019 Larger Electric Customers

Total 2019 kWh Sold: 176,492,000

Total 2019 Billings: \$14,822,265

Customer	kWh Sold	Billings	% of Total Billings
Bemis Company	47,593,876	\$3,258,471	21.98%
Hillshire	43,871,065	3,304,742	22.30%
Bemis Healthcare Packaging	12,646,201	908,965	6.13%
Granite Valley	6,251,509	528,031	3.56%
Steel King	3,929,684	502,432	3.39%
ThedaCare Medical Center	3,805,717	309,071	2.09%
Butch's Family Foods	2,051,697	159,381	1.08%
New London High School	1,398,148	154,807	1.04%
Wohlt Creamery	1,751,758	146,212	0.99%
Bemis Graphics	1,123,355	93,797	0.63%

Electric Rates and Charges

Electric rates are subject to approval by the Wisconsin Public Service Commission. The following Electric rates and charges were approved September 25, 2015 and became effective October 1, 2015. Billings for all customers are rendered monthly. A charge of no more than 1% will be added to bills not paid within 20 days from date of issuance. The late payment charge shall be applied to the total unpaid balance for utility service, including unpaid payment charges. The charge is applicable to all customers.

			CP1	CP2	CP3	CP4
	Residential	General	Small	Large	Industrial	Lg. Industrial
Monthly Charge	<u>(a)</u>	<u>Service (b)</u>	<u>Power (c)</u>	<u>Power (d)</u>	<u>Power (e)</u>	<u>Power (f)</u>
Customer Charge			\$40.00	\$100.00	\$350.00	\$350.00
Single Phase	\$14.00	\$14.00				
Three Phase	\$25.00	\$25.00				
Customer Demand Charge						
per kW of Max. Demand					\$2.00	\$2.15
Demand Charge						
per kW of billed demand			\$1.72	\$7.50	\$8.00	\$9.50
Energy Charge per kWh	\$0.10340	\$0.10790	\$0.07770			
On-Peak:				\$0.09010	\$0.08540	\$0.08300
Off-Peak				\$0.05660	\$0.05450	\$0.05000

(a) Residential single-phase customers for ordinary household purposes

(b) Commercial, institutional, government, farm and other single and three-phase customers

(c) Maximum Measured Demand in excess of 100 kW

(d) Monthly Maximum Measured Demand is in excess of 200 kW

(e) Monthly Maximum Measured Demand in excess of 1,000 kW

(f) Monthly Maximum Measured Demand in excess of 2,500 kW

Average Bill for Residential Service in 2019:

Avg. Monthly Usage	640 kWh
Avg. Monthly Bill	\$73.75

PCAC (Purchase Power Cost Adjustment Clause): All metered rates are subject to a positive or negative power cost adjustment charge equivalent to the amount by which the current cost of power (per kilowatt-hour of sales) is greater or lesser than the base cost of power purchased and produced (per kilowatt-hour of sales).

The current cost per kilowatt-hour of energy billed is equal to the adjusted cost of power purchased for the most recent month divided by the kilowatt-hours of energy sold. The monthly adjustment is equal to the current cost less the base cost.

DESCRIPTION OF SEWER SYSTEM

The City's Sewerage System, established in 1920, is owned and operated by the City and consists of a wastewater treatment facility and approximately 45 miles of various sized sewer lines. The treatment facility has an average daily flow capacity of 6.0 million gallons per day (1,468 gallons per minute) and a current usage of 1.0 million gallons per day. The treatment facility has a current projected design life to handle current and future development to at least the year 2025. The System provides sewer service to the customer located within the City.

The Utility is operated by the Board of Public Works, which consists of five members appointed by the Mayor, subject to approval of the Common Council. The Board of Public Works is the policy-making body of the Utility, overseeing all projects and programs, reviewing and approving the budget, and determining Utility projects. Utility operations are directed by the Utility Manager.

History of Sewer Customers

Year	Residential	Commercial	Other Customers ¹	Industrial	Total
2015	2,364	251	21	60	2,696
2016	2,401	255	21	60	2,737
2017	2,421	260	22	58	2,761
2018	2,442	272	21	58	2,793
2019	2,469	296	61	25	2,851

History of Sewer Billings by Customer Type

Year	Residential	Commercial	Industrial	Other Services ²	Total Billings
2015	\$561,164	\$225,804	\$40,573	\$82,840	\$910,381
2016	585,418	227,008	52,184	83,842	948,452
2017	720,317	272,576	83,364	98,281	1,174,538
2018	918,972	369,625	107,740	129,982	1,526,319
2019	935,102	356,319	116,383	118,744	1,526,548

¹Includes other sales to public authorities, sales to irrigation customers, sales for resale, interdepartmental sale, and fire protection services, etc.

²Includes all charges, including private fire protection services.

History of Sewer Sales

Year	No. of Customers	Gallons Sold (in 000's)	Total Billings
2015	2,696	151,385	\$910,381
2016	2,737	150,180	948,454
2017	2,761	148,035	1,174,539
2018	2,793	152,463	1,526,319
2019	2,851	148,977	1,526,548

2019 Larger Sewer Customers

Total 2019 Gallons Sold: 148,977,000

Total 2019 Billings: \$1,526,548

Customer	Gallons Sold (In 000's)	Billings ¹	% of Total Billings
Bemis Company, Inc.	4,353,000	\$40,707	2.67%
Steel King Industries Inc.	3,870,000	36,245	2.37%
Northgate Development GR LLC	3,470,000	32,457	2.13%
TheDACare Medical Center	2,976,000	27,847	1.82%
St. Joseph Residence Inc.	1,719,000	16,107	1.06%
New London Housing Authority	1,627,000	15,243	1.00%
Rainbow Motel	1,360,000	12,757	0.84%
Bemis Healthcare Packaging	1,341,000	12,578	0.82%
Washington Center	1,145,000	10,746	0.70%
Kwik Trip	1,140,000	10,700	0.70%

¹Does include charges for private fire protection services.

Sewer Rates and Charges

The following monthly Sewer rates have been in effect since January 1, 2019:

Base monthly fixed charge: \$4.00

Volume Charge:

Metered user: \$9.34 per thousand gallons

**Unmetered user: \$21.24 per thousand
gallons, based on estimated annual flows.**

Average Bill for Residential Service in 2019

Average Monthly Bill	\$31.56
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CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the City will be issuing General Obligation Corporate Purpose Bonds, Series 2020A (the "Concurrent Obligations" or the "Series 2020A") on October 29, 2020.

RATING

Outstanding revenue debt of the City is currently rated "A3" by Moody's Investors Service, Inc. ("Moody's"). General obligation debt of the City is currently rated "A1" by Moody's.

The City has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of

the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable

for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

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

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

BOND PREMIUM

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

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

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

Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019 have been audited by Johnson Block & Company, Inc., Mineral Point, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Utility System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

Larger Users: Should larger users increase or decrease usage of the water/sewer/electric service currently provided, the revenues of the Utility System will be affected proportionately.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

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

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the state in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. The guidelines start with a set of criteria that should be met before starting phases one to three. The criteria include a downward trajectory of people with flu-like and COVID-19-like symptoms for 14 days; a downward trajectory of documented cases for 14 days or a downward trajectory of positive tests as a percentage of total tests over a 14-day period; and hospitals with the ability to treat all patients without crisis care and a robust testing program for at-risk healthcare workers.

On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines, including similar criteria to be met before phase one can begin. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and October 31, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$121,054. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. On September 22, 2020, Emergency Order #1 was extended through November 21, 2020.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

	Waupaca	Outagamie	Total
2020 Equalized Value	\$282,738,200	\$ 134,012,000	\$ 416,750,200
2020 Equalized Value Reduced by Tax Increment Valuation	\$282,738,200	\$ 133,261,300	\$ 415,999,500
2019 Assessed Value	\$266,824,400	\$ 125,545,300	\$ 392,369,700

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$ 272,376,800	65.357%
Commercial	92,696,000	22.243%
Manufacturing	41,401,700	9.934%
Agricultural	72,900	0.017%
Undeveloped	175,500	0.042%
Forest	667,600	0.160%
Other	141,300	0.034%
Personal Property	9,219,100	2.212%
Total	<u>\$ 416,750,900</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2015	\$374,020,000	\$359,115,700	0.70%
2016	375,717,100	358,611,900	-0.14%
2017	386,457,600	386,447,800	7.76%
2018	389,545,500	388,138,900	0.44%
2019	392,369,700	407,260,900	4.93%
2020	N/A	416,750,900	2.33%

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

¹Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value ¹	Percent of City's Total Equalized Value
AMCOR	Manufacturing	\$ 7,218,869	1.77%
Steel King	Manufacturing	7,210,215	1.77%
AMCOR	Manufacturing	7,151,447	1.76%
Welter Forest Products	Lumber Manufacturing	4,831,816	1.19%
New London Family Medical Center	Medical Facility	4,545,453	1.12%
Jousef LLC	Apartments	3,153,146	0.77%
Individual	Apartments	2,723,804	0.67%
Wohlt Cheese	Cheese Manufacturing	2,596,806	0.64%
Coppersmith LLC/Willow Creek	Grocery Store	2,486,825	0.61%
Partridge Estates	Apartments	2,444,908	0.60%
Total		\$ 44,363,289	10.89%

City's Total 2019 Equalized Value²

\$407,260,900

Source: The City.

¹Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the City.

²Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total General Obligation Debt (includes the Concurrent Obligations, as defined herein)*	<u><u>\$ 10,495,000</u></u>
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Revenue Debt (see schedule on page 5)

Total revenue debt secured by electric, sewer and water revenues (includes the Bonds)*	<u><u>\$ 18,460,000</u></u>
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*Preliminary, subject to change.

¹Outstanding debt is as of the dated date of the Bonds.

City of New London, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 10/29/2020)

Dated Amount	Maturity	Promissory Notes Series 2013A		Corporate Purpose Bonds Series 2016A		Corporate Purpose Bonds Series 2018A		Corporate Purpose Bonds Series 2020A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
		03/07/2013 \$900,000	03/01	05/26/2016 \$5,615,000	05/01	06/28/2018 \$3,080,000	05/01	10/29/2020 \$2,355,000*	03/01						
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2020		0	0	0	66,450	0	53,450	0	0	0	119,900	119,900	10,495,000	.00%	2020
2021		120,000	3,210	150,000	130,650	75,000	105,775	75,000	34,032	420,000	273,667	693,667	10,075,000	4.00%	2021
2022		125,000	1,125	175,000	125,775	75,000	103,525	75,000	39,890	450,000	270,315	720,315	9,625,000	8.29%	2022
2023				275,000	119,025	160,000	100,000			510,000	258,165	768,165	9,115,000	13.15%	2023
2024				280,000	110,700	165,000	95,125	80,000	38,265	525,000	244,090	769,090	8,590,000	18.15%	2024
2025				295,000	103,550	165,000	90,175	80,000	37,265	540,000	230,990	770,990	8,050,000	23.30%	2025
2026				315,000	97,450	165,000	85,225	80,000	36,265	560,000	218,940	778,940	7,490,000	28.63%	2026
2027				325,000	90,238	170,000	80,200	90,000	35,090	585,000	205,528	790,528	6,905,000	34.21%	2027
2028				345,000	81,863	175,000	75,025	95,000	33,703	615,000	190,590	805,590	6,290,000	40.07%	2028
2029				355,000	73,113	175,000	69,600	105,000	32,203	635,000	174,915	809,915	5,655,000	46.12%	2029
2030				365,000	64,113	175,000	64,000	110,000	30,453	650,000	158,565	808,565	5,005,000	52.31%	2030
2031				365,000	54,075	185,000	57,500	115,000	28,484	665,000	140,059	805,059	4,340,000	58.65%	2031
2032				375,000	42,975	190,000	50,000	120,000	26,428	685,000	119,403	804,403	3,655,000	65.17%	2032
2033				385,000	31,575	190,000	42,400	130,000	24,240	705,000	98,215	803,215	2,950,000	71.89%	2033
2034				400,000	19,800	190,000	34,800	135,000	21,753	725,000	76,353	801,353	2,225,000	78.80%	2034
2035				460,000	6,900	190,000	27,200	135,000	19,053	785,000	53,153	838,153	1,440,000	86.28%	2035
2036						190,000	19,600	170,000	16,003	360,000	35,603	395,603	1,080,000	89.71%	2036
2037						195,000	11,900	170,000	12,603	365,000	24,503	389,503	715,000	93.19%	2037
2038						200,000	4,000	170,000	9,118	370,000	13,118	383,118	345,000	96.71%	2038
2039								170,000	5,548	170,000	5,548	175,548	175,000	98.33%	2039
2040								175,000	1,881	175,000	1,881	176,881	0	100.00%	2040
		245,000	4,335	4,865,000	1,218,250	3,030,000	1,169,500	2,355,000	521,412	10,495,000	2,913,497	13,408,497			

* Preliminary, subject to change.

DEBT LIMIT

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

Equalized Value	\$ 416,750,200
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 20,837,510
Less: General Obligation Debt (includes the Concurrent Obligations)*	<u>(10,495,000)</u>
Unused Debt Limit*	<u><u>\$ 10,342,510</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Waupaca County	\$ 4,453,425,800	9.3580%	\$ 28,710,000	\$ 2,686,682
Outagamie County	17,772,577,200	2.3449%	69,945,000	1,640,140
New London School District	1,207,061,715	32.5062%	1,360,000	442,084
Fox Valley Technical College District	43,989,362,423	0.8920%	72,660,000	<u>648,127</u>
City's Share of Total Overlapping Debt				<u><u>\$ 5,417,034</u></u>

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

²Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$416,750,200	Debt/ Per Capita 7,436¹
Total General Obligation Debt (includes the Concurrent Obligations)*	\$ 10,495,000	2.52%	\$ 1,411.38
City's Share of Total Overlapping Debt	<u>5,417,034</u>	<u>1.30%</u>	<u>728.49</u>
Total*	\$ 15,912,034	3.82%	\$ 2,139.86

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Aside from the Concurrent Obligations, the City has no current plans for additional financing in the next 12 months.

¹Estimated 2020 population.

TAX LEVIES AND COLLECTIONS

Waupaca County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2015/16	\$1,932,817	100%	\$8.65
2016/17	2,258,954	100%	9.22
2017/18	2,291,558	100%	8.69
2018/19	2,361,351	100%	8.97
2019/20	2,490,975	100%	9.00

Outagamie County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2015/16	\$880,629	100%	\$8.65
2016/17	1,045,660	100%	9.22
2017/18	1,064,989	100%	8.69
2018/19	1,113,759	100%	8.97
2019/20	1,166,914	100%	9.00

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

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying

taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2020 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the City have not yet adopted such resolutions. The City cannot predict whether and how much payment of property taxes will be impacted by COVID-19. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

PROPERTY TAX RATES

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

Waupaca County

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2015/16	\$11.43	\$6.50	\$8.65	\$0.19	\$26.77
2016/17	10.95	6.46	9.22	0.17	26.80
2017/18	10.25	6.53	9.69	0.00	26.47
2018/19	8.79	6.60	8.97	0.00	24.36
2019/20	8.97	6.44	9.00	0.00	24.41

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

²Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

Outagamie County

Year Levied/ Year Collected	Schools ¹	County	Local	Other ²	Total
2015/16	\$11.43	\$4.81	\$8.65	\$0.19	\$25.08
2016/17	10.95	4.79	9.22	0.17	25.13
2017/18	10.25	4.73	8.69	0.00	23.67
2018/19	8.79	4.67	8.97	0.00	22.43
2019/20	8.97	3.79	9.00	0.00	21.76

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

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1851 and is governed by a Mayor and a ten-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Clerk and Finance Director/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 73 full-time, 112 part-time, and 23 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$360,241, \$368,624 and \$369,692 respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2016.

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

As of December 31, 2018, the total pension liability of the WRS was calculated as \$100.3 billion and the fiduciary net position of the WRS was calculated as \$96.7 billion, resulting in a net pension asset of \$3.6 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$1,241,579 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative

to the contributions of all participating employers. The City's proportion was 0.03489852% of the aggregate WRS net pension asset as of December 31, 2018.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Labor Association of Wisconsin	December 31, 2021

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

The City does not pay directly for retirees' post-employment benefits. The City has some obligations for post-employment benefits as mandated by State Statutes. Specifically, the City is required to allow retirees to be covered by the City's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

The City provides OPEB through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2019, the City's portion of contributions to the LRLIF totaled \$1,513. For Fiscal Year 2019, the City reported a liability of \$202,750 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2018 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was .07857500% of the aggregate LRLIF net OPEB liability as of December 31, 2018.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 7 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality

for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

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

FUNDS ON HAND (as of December 31, 2019)

Fund	Total Cash and Investments
General	\$ 8,823,810
Special Revenue	986,653
Debt Service	209,215
Capital Projects	904,447
Enterprise Funds (Utility & WWTP)	6,656,853
Redemption Funds	829,307
Reserve CDs	1,175,722
2019 Bond Proceeds	770,606
 Total Funds on Hand	 <u><u>\$ 20,356,613</u></u>

ENTERPRISE FUNDS

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

	2017	2018	2019
Electric & Water			
Total Operating Revenues	\$ 17,937,841	\$ 17,846,552	\$ 17,337,464
Less: Operating Expenses	<u>(16,373,207)</u>	<u>(16,221,167)</u>	<u>(16,267,782)</u>
Operating Income	\$ 1,564,634	\$ 1,625,385	\$ 1,069,682
Plus: Depreciation	1,042,315	1,164,618	1,210,528
Interest Income	<u>34,469</u>	<u>43,735</u>	<u>104,455</u>
Revenues Available for Debt Service	<u>\$ 2,641,418</u>	<u>\$ 2,833,738</u>	<u>\$ 2,384,665</u>
Sewer			
Total Operating Revenues	\$ 1,338,367	\$ 1,767,631	\$ 1,809,951
Less: Operating Expenses	<u>(1,151,363)</u>	<u>(1,199,421)</u>	<u>(1,378,976)</u>
Operating Income	\$ 187,004	\$ 568,210	\$ 430,975
Plus: Depreciation	527,905	552,374	626,027
Interest Income	<u>97,569</u>	<u>(18,041)</u>	<u>216,416</u>
Revenues Available for Debt Service	<u>\$ 812,478</u>	<u>\$ 1,102,543</u>	<u>\$ 1,273,418</u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Adopted Budget ¹
Revenues					
Taxes and special assessments	\$ 2,644,306	\$ 2,859,566	\$ 2,797,624	\$ 2,868,431	\$ 2,912,408
Intergovernmental	2,556,094	2,453,808	2,545,161	2,628,309	2,670,240
Licenses and permits	142,992	150,626	138,971	131,861	154,707
Penalties and forfeitures	118,283	76,627	95,731	88,152	90,000
Public charges for services	351,858	370,214	333,180	334,522	440,736
Intergovernmental charges for services	62,209	64,265	71,001	74,299	231,495
Interdepartmental charges for services	8,700	8,700	8,700	8,700	8,700
Interest	193,731	165,265	28,225	265,421	61,500
Miscellaneous general revenues	100,404	247,193	79,733	103,312	553,707
Total Revenues	\$ 6,178,577	\$ 6,396,264	\$ 6,098,326	\$ 6,503,007	\$ 7,123,493
Expenditures					
Current:					
General government	\$ 1,103,842	\$ 1,082,997	\$ 1,145,142	\$ 1,231,641	\$ 1,262,979
Public safety	2,220,791	2,281,029	2,432,530	2,427,930	2,634,695
Public works	1,001,678	951,062	873,386	963,024	959,191
Health and human services	165,267	177,788	178,181	170,987	219,363
Culture and recreation	1,745,277	1,852,004	1,905,705	1,906,798	2,022,776
Conservation and development	99,801	84,086	103,646	71,326	39,989
Total Expenditures	\$ 6,336,656	\$ 6,428,966	\$ 6,638,590	\$ 6,771,706	\$ 7,138,993
Excess of revenues over (under) expenditures	\$ (158,079)	\$ (32,702)	\$ (540,264)	\$ (268,699)	\$ (15,500)
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	1,701,835	728,997	715,998	765,156	15,500
Transfers out	0	(476,649)	(1,349,298)	(370,134)	0
Total Other Financing Sources (Uses)	\$ 1,701,835	\$ 252,348	\$ (633,300)	\$ 395,022	\$ 15,500
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 1,543,756	\$ 219,646	\$ (1,173,564)	\$ 126,323	\$ 0
General Fund Balance January 1	5,184,741	7,028,654*	7,248,300	6,074,736	6,201,059
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 6,728,497	\$ 7,248,300	\$ 6,074,736	\$ 6,201,059	\$ 6,201,059
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	272,923	319,945	315,119	248,484	
Assigned	1,840,336	2,164,940	2,181,920	2,385,156	
Unassigned	4,615,238	4,763,415	3,577,697	3,567,419	
Total	\$ 6,728,497	\$ 7,248,300	\$ 6,074,736	\$ 6,201,059	

*restated fund balance

¹The 2020 budget was adopted on October 16, 2019.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 7,295 and a current estimated population of 7,436 comprises an area of 5.66 square miles and is located approximately 40 miles west of Green Bay.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Tyson	Meat producer	1,000
Bemis Company	Food packaging	750
New London School District	Elementary and secondary education	325
The City	Municipal government and services	208
St. Joseph Residence	Elder care services	200
ThedaCare Medical Center - New London	Health care	148
Steel King Industries	Metal fabrication	100
Granite Valley Forest Products	Dry-Kiln wood products	75
Northland Electrical Services	Electrical contracting, consulting & design	76
Wohlt Cheese	Cheese Processing	58

Source: City of New London Website, *ReferenceUSA*, written and telephone survey (September 2020), *Wisconsin Manufacturers Register*, and the *Wisconsin Department of Workforce Development*.

¹This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2016	2017	2018	2019	2020 ¹
<u>New Single Family Homes</u>					
No. of building permits	4	2	16	12	3
Valuation	\$449,000	\$240,000	\$2,248,000	\$1,924,577	\$575,000
<u>New Multiple Family Buildings</u>					
No. of building permits	5	3	0	1	0
Valuation	\$3,910,197	\$1,410,000	\$0	\$237,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	2	5	37	22
Valuation	\$3,513,362	\$1,325,000	\$494,000	\$2,062,122	\$3,836,603
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	215	224	207	181	104
Valuation	\$16,721,002	\$11,548,511	\$15,986,731	\$4,720,647	\$4,803,097

Source: The City.

¹As of August 31, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	7,085
2010 U.S. Census	7,295
2020 Estimated Population	7,436
Percent of Change 2000 - 2010	+ 2.96%

Income and Age Statistics

	The City	Waupaca	State of Wisconsin	United States
2018 per capita income	\$27,270	\$30,627	\$32,018	\$32,621
2018 median household income	\$48,326	\$57,680	\$59,209	\$60,293
2018 median family income	\$62,857	\$71,077	\$75,313	\$73,965
2018 median gross rent	\$672	\$697	\$837	\$1,023
2018 median value owner occupied units	\$130,200	\$145,600	\$173,600	\$204,900
2018 median age	35.9 yrs.	45.4 yrs.	39.3 yrs.	37.9 yrs.

	State of Wisconsin	United States
City % of 2018 per capita income	85.17%	83.60%
City % of 2018 median family income	83.46%	84.98%

Housing Statistics

	<u>The City</u>		
	2010	2018	Percent of Change
All Housing Units	3,480	3,272	-5.98%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Waupaca County	Waupaca County	State of Wisconsin
2016	25,950	3.9%	4.0%
2017	25,759	3.2%	3.3%
2018	25,480	2.9%	3.0%
2019	25,093	3.3%	3.3%
2020, July ¹	24,213	5.6%	7.0%

Source: Wisconsin Department of Workforce Development.

¹Preliminary.

FINANCIAL STATEMENTS

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

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

JBC

JOHNSON BLOCK
CPAs



City Of
New London

CITY OF NEW LONDON, WISCONSIN
FINANCIAL STATEMENTS

Including Independent Auditor's Report
As of and for the year ended December 31, 2019

Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206

CITY OF NEW LONDON, WISCONSIN
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Common Council
City of New London, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund except for the Water and Electric Utility Enterprise Fund, and the aggregate remaining fund information of the City of New London, Wisconsin ("City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Water and Electric Utility Enterprise Fund, which is both a major fund and 69 percent, 66 percent, and 91 percent of the assets and deferred outflows of resources, net position, and revenues of the City's business-type activities.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water and Electric Utility Enterprise Fund, which represents 69 percent, 66 percent, and 91 percent of the assets and deferred outflows of resources, net position, and revenues of the City's enterprise funds and business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water and Electric Utility Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2019, the City of New London adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20, and the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, the Wisconsin Retirement System schedules, and the length of service awards program pension plan schedules on pages 82 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Prior Year Summarized Information

We have previously audited the City's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund except for the Water and Electric Utility Enterprise Fund, and the aggregate remaining fund information in our report dated May 31, 2019. We did not audit the financial statements of the Water and Electric Utility Enterprise Fund, which represented 77 percent, 66 percent, and 91 percent of the assets and deferred outflows of resources, net position, and revenues of the City's enterprise funds and business-type activities. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it related to the amounts included for the Water and Electric Utility Enterprise Fund, was based solely on the report of the other auditors. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
July 13, 2020

CITY OF NEW LONDON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Our discussion and analysis of New London's financial performance provides an overview of the City's financial activities for the fiscal year end December 31, 2019. Please read it in conjunction with our Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total actual general fund revenue exceeded general fund budgeted revenue by \$293,181. This is due mostly to an increase in the value of investments. Total actual general fund budgeted expenditures exceeded general fund expenditures by \$202,201. This variance was due to overall savings in fringes, wages and insurance.
- The year-end general fund balance was \$6,201,059. City policy is to maintain a minimum fund balance of 25% of operational expenditures, which is approximately \$1,695,000.
- The City is participating in a county-wide digital marketing effort sponsored by the Waupaca County Economic Development Corporation. The City is also independently contracting with the County's marketing contractor to conduct additional digital marketing of the City.
- The City continues a substantial river front planning effort utilizing a private development firm along with an engineering firm. The plan calls for the construction of new mixed-use library and a residential design concept for the balance of the river front property. The mixed-use structure would be part of a larger residential development on the balance of the nearly 5 acre parcel of land.
- A new subdivision was added on the west side of the City.
- A local citizen left a generous gift to New London and surrounding communities. The funds will be distributed yearly through the Community Foundation for the Fox Valley region.
- The City replaced its large, loader mounted snow blower.
- Kwik Trip expanded their facility on the north side of New London.
- Food pantry operations were taken over by a non-profit corporation.
- The billboards on the edge of the City received new billboard faces.
- A new Community Guide was developed by the Chamber of Commerce.
- The Highway 15 project has been approved by the State to move forward, allowing quicker and easier access to the City of New London.

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- The City will be closing the CDBG funds to the State, helping to fund an LMI qualified project.
- The City is undergoing a municipal code review process with a codification service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Report consists of a series of financial statements, notes and supplementary information which is either required or which we believe will be of value to the reader of this report. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a government-wide view of the City's finances. Following these are statements expressing the year's activities based on the source of the money to be used and types of services performed. These reports are termed fund financial statements and report the City's operations in more detail than the government-wide statements. Each of the various funds tell how services like public safety, public works and parks and recreation were financed. The basic government funds are described on page 37 and 38. Proprietary Fund Statements offer financial information about services managed as a business. In New London, these are our Water & Electric Utility, our Sewerage System, and Liability Insurance internal service fund. Fiduciary Fund Statements provide information about financial relationships in which the City acts as a trustee or agent for the benefit of others, to whom the resources belong. The major fiduciary relationship is to the tax collection fund which records the tax roll and tax collections for other jurisdictions overlapping the City of New London.

The financial statements include notes that provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combined statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic fund financial statements.

Figure A summarizes the major features of the City's financial statements including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A
MAJOR FEATURES OF NEW LONDON, WISCONSIN GOVERNMENT-WIDE
AND FUND FINANCIAL STATEMENTS

	GOVERNMENT-WIDE STATEMENTS	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	FIDUCIARY FUNDS
Scope	Entire City government (except fiduciary funds) and the City's component units.	The activities of the City that are not proprietary or fiduciary, such as police, fire, & parks.	Activities the City operates similar to private businesses: the water & sewer system, and the electric system.	Instances in which the City is the trustee or agent for someone else's resources.
Required financial statements	* Statement of net position. * Statement of activities.	* Balance sheet * Statement of revenues, expenditures, and changes in fund balance.	* Statement of net position. * Statement of revenues, expenses and changes in net position. * Statement of cash flows.	* Statement of fiduciary net position * Statement of changes in fiduciary net position.
Accounting basis & measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term & long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions or deductions during year, regardless of when cash is received or paid.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health.

- * Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- * To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories:

- * **Government activities** – Most of the City's basic services are included here, such as police, fire, public works, recreation, parks, and general administration. State shared revenue, property taxes and tax equivalents, interest or investments, and fees for licenses, permits and recreation programs finance most of these activities.
- * **Business-type activities** – The City charges for the consumption of water, electricity and the use of its sewerage system. Fees charged for these services are intended to cover their costs.
- * **Component Units** – Component Units are separate entities for which the City is legally or financially accountable. Such units are required to be included in our financial statements. At this time, we have no component units to report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- * Some funds are required by Federal or State law and by bond covenants.

- * Other funds are established by the Common Council to control and manage money from particular sources (perhaps a restricted gift) or for a particular purpose (like cemetery perpetual care).

The City has three kinds of funds:

- * **Governmental Funds** – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. As this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- * **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities such as the City's Liability Self-Insurance.
- * **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of New London's own programs. The most significant fiduciary fund maintained by the City is the tax collection fund which records the tax roll and tax collections for other taxing jurisdictions overlapping the City of New London. These are the New London School District, Fox Valley Technical College, and Outagamie and Waupaca Counties. The accounting used for fiduciary funds is much like that used for governmental funds.

CITY OF NEW LONDON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position: The City's combined net position in 2019 were \$49,867,928, compared to \$49,936,357 in 2018. This reflects an increase of total Net position of 0.14%, caused by a reduction of assets due to use of funds for capital projects and increase of long-term liabilities for use in capital projects. (See Table 1)

Table 1 City of New London						
	Governmental Activities		Business-Type Activities		Total	Total % Change 2018-2019
	2018	2019	2018	2019		
Current and other assets	14,565,665	14,028,351	9,957,169	13,103,874	27,132,225	10.64%
Capital assets, net of depreciation	21,377,518	20,919,023	33,067,061	37,500,794	58,444,579	7.30%
Total Assets	35,943,383	34,947,374	43,024,230	50,604,668	85,552,042	8.34%
Deferred outflows of resources	1,422,682	2,612,109	591,971	974,692	3,586,801	78.04%
Long-Term liabilities outstanding	8,940,000	8,580,000	11,960,000	18,655,000	27,235,000	30.31%
Other liabilities	2,456,308	3,307,424	2,166,148	3,216,930	4,622,456	6,524,354
Total Liabilities	11,396,308	11,887,424	14,126,148	21,871,930	33,759,354	32.27%
Deferred inflows of resources	4,972,803	5,015,922	550,650	485,639	5,523,453	5,501,561
Net Position	20,996,954	20,656,137	28,339,403	29,211,791	49,867,928	-0.14%
Net investment in capital	12,418,735	12,327,070	22,721,502	20,122,566	35,140,237	32,449,636
Restricted	2,868,542	2,692,648	2,174,777	2,265,533	5,044,319	4,958,181
Unrestricted	5,709,677	5,636,419	4,043,124	6,823,692	9,751,801	12,460,111
Total Net Position	20,996,954	20,656,137	28,339,403	29,211,791	49,867,928	-0.14%

Change in Net position:

The City total net position decreased by 0.14% as depicted above.
Table 2 below details the changes in net position. The total revenues increased by 0.07% during 2019. Interest revenue is up, due to an increase in market value at year end. The City saw an increase in operational and a decrease in capital grants. On the Expense side, there was an overall increase of 3.78% in Governmental Activities due to storm losses. Health and Human Services was the closure of the Community Cupboard fund. Water and Electric saw a decrease in revenue and Sewer saw a slight increase. Expense side was wage and fringe adjustments. Debt issuance costs were incurred by Water and Sewer.

CITY OF NEW LONDON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2
Changes in New London's Net Assets

	Governmental Activities		Business Type Activities		Total		Total % Change 2018-2019
	2018	2019	2018	2019	2018	2019	
Revenues							
Program Revenue							
Charges for Services	713,543	714,933	19,614,183	19,147,415	20,327,726	19,862,348	-2.29%
Operating Grants and Contributions	690,714	752,874	-	-	690,714	752,874	9.00%
Capital Grants and Contributions	543,128	415,567	219,964	87,178	763,092	502,745	-34.12%
Property & Other Taxes	3,599,845	3,717,412	-	-	3,599,845	3,717,412	3.27%
Intergovernmental revenues not restricted to specific programs	2,170,289	2,172,924	-	-	2,170,289	2,172,924	0.12%
Investment Income	79,094	306,044	25,694	320,871	104,788	626,915	498.27%
Other	19,723	47,950	16,421	27,937	36,144	75,887	109.96%
Total Revenues	7,816,336	8,127,704	19,876,262	19,583,401	27,692,598	27,711,105	0.07%
Expenses							
General Government	1,279,713	1,560,905	-	-	1,279,713	1,560,905	21.97%
Public Safety	2,725,527	2,907,063	-	-	2,725,527	2,907,063	6.66%
Public Works	1,874,800	1,678,137	-	-	1,874,800	1,678,137	-10.49%
Health & Human Services	255,217	420,410	-	-	255,217	420,410	64.73%
Culture & Recreation	2,272,801	2,458,160	-	-	2,272,801	2,458,160	8.16%
Conservation & Development	135,309	99,920	-	-	135,309	99,920	-26.15%
Interest, Amort & Fiscal Charges	310,553	250,078	-	-	310,553	250,078	-19.47%
Water/Electric	-	-	16,713,243	16,789,323	16,713,243	16,789,323	0.46%
Sewer	-	-	1,200,650	1,615,538	1,200,650	1,615,538	34.56%
Total Expenses	8,853,920	9,374,673	17,913,893	18,404,861	26,767,813	27,779,534	3.78%
Increase in Net Assets before transfers	(1,037,584)	(1,246,969)	1,962,369	1,178,540	924,785	(68,429)	-107.40%
Transfers	854,229	906,152	(854,229)	(906,152)	-	-	0.00%
Increase (decrease) in net assets	(183,355)	(340,817)	1,108,140	272,388	924,785	(68,429)	-107.40%
Net Assets end of year	20,996,954	20,656,137	28,939,403	29,211,791	49,867,928	49,867,928	-0.14%

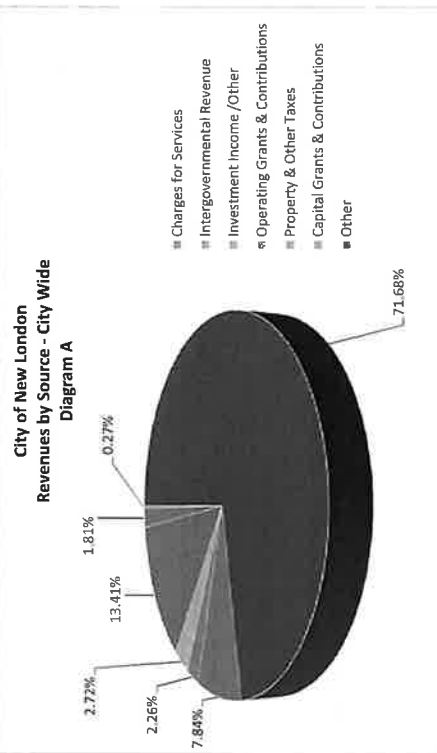
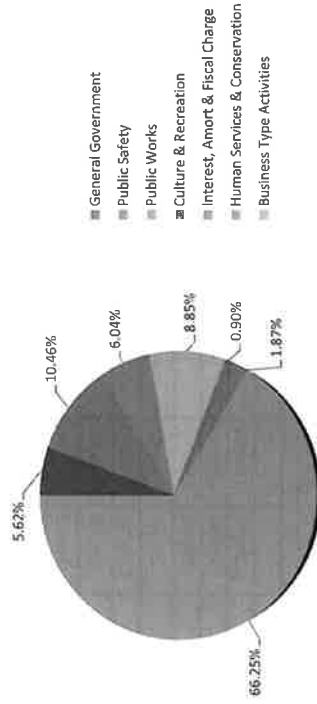


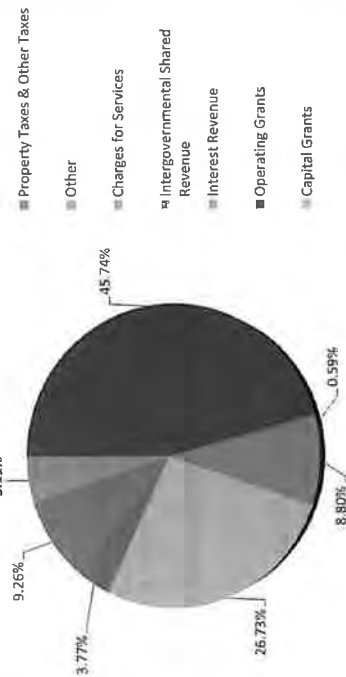
Diagram A displays the revenue sources for 2019 for the City, as a whole. Diagram B displays the percentage of expense each area of service consumed in 2019.

**City of New London
Expenditure by Source - City Wide
Diagram B**

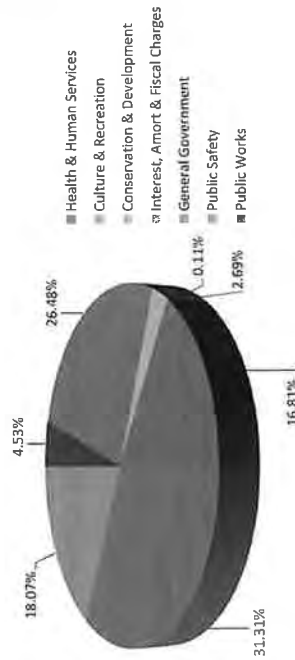


The sources of revenue and expense for governmental activities, separate from business type activities are showing in Diagram C & D.

City of New London
Revenues by Source - Governmental Activities
Diagram C



City of New London
Expenditure by Source - Governmental Activities
Diagram D



GOVERNMENTAL ACTIVITIES

Diagram C and Table 2 displays for governmental activities the source of revenue. You will note that the majority comes from property tax, and State Shared Revenue, with the balance coming from a variety of sources: Block grants, other State and Capital Improvement aids, County Library operating grants, fees for services, interest income, industrial park land sales, etc. Diagram D displays how these revenues were used. Public Safety (31%), Public Works (18%), Culture and Recreation (26%) and General Government (17%) consume the lion's share.

Table 3 presents the cost of the City's four largest programs. General Administration, Public Safety, Public Works, and Culture and Recreation. Also presented, are the net costs of these programs (less fees and direct aid). The change between total cost and net cost is small in most cases as there is little in the way of user fees or direct aid received from most programs, except for public works to which we allocate a portion of state highway aid for operations and the library which receives a significant grant from the counties. Parks and recreation revenue comes from program user fees. General administration revenue comes mostly from fees for permits and licenses. Increases in expenditure over last year reflect a modest increase in labor and health insurance costs.

Table 3
Changes in New London's Net Assets

	Total Cost of Services		Net Cost of Services		Percentage Change
	2018	2019	2018	2019	
General Administration	1,279,713	1,560,905	1,052,960	1,119,400	6.31%
Public Safety	2,725,527	2,907,063	2,455,308	2,622,114	6.62%
Public Works	1,874,800	1,678,137	1,108,785	1,203,789	8.57%
Culture & Recreation	2,272,801	2,458,160	1,641,007	1,805,050	10.00%
Total	8,152,841	8,604,265	6,262,060	6,750,353	7.80%

Business-Type Activities

Table 2 also displays changes in revenue and expenses from the water, electric, and sewerage utilities. Revenue increases reflect the higher wholesale cost of electricity; also an increase in sewer user fees. Increased expenditures were due to a modest increase in wages and fringes.

Of note:

- The sewer facility has undergone a series of self-funded upgrades. The employees continue to do annual maintenance to help insure the efficient operation of the plant. This work included complete upgrade of lift station; repairing the control panel, pump installed process, sludge transfers, SCADA, UVI sensor, replace garage door opener and yard hydrants. An upgrade/replacement of the anaerobic digestion complex and grit removal facilities was bonded for and construction began in 2019.
- The water utility added \$586,926 of equipment to its distribution system.
- The electric utility has added \$1,711,185 of equipment to its distribution system.
- The sewer underwent a rate study in 2017, in anticipation of 2019 bonding. Electric implemented a rate increase in 2015, whereas sewer increased its rate in 2018.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds. As the City of New London completed the year, governmental funds reported a combined fund balance of \$7,905,116. Of this, \$1,069,665 is set aside due to legal commitments (restricted). The remainder is available to be spent as determined by the common council. At the end of the fiscal year, \$2,974,896 has been assigned for specific projects or purposes. \$3,324,622 is unassigned as of the end of the year and functions as working capital. The working capital allows the City of New London to continue operations without the need to do interim borrowing, as significant revenues are not received until November in each budget year. The City of New London has a policy of maintaining at least 25% of its annual budget expenditures as unassigned fund balance for this purpose.

Proprietary Funds. The City of New London sewerage utility and electric and water utility have adequate rates of return, and strong programs in the replacement of older plant and infrastructure. Both have significant unrestricted net position of \$2,813,640 and \$4,010,052, respectively.

GENERAL FUND BUDGETING HIGHLIGHTS

The City of New London rarely amends its adopted budget choosing instead to do a reconciling resolution after the audit. Thus budget variances reflect actual changes from the initial budget. Budget variances are to be found as part of required supplementary information in Exhibit B-1. As you will notice, revenues exceeded forecasts in total. Likewise, expenditures were all under budget.

CAPITAL ASSETS & DEBT ADMINISTRATION

At the end of 2019 the City had invested \$116.3 million in a broad range of capital assets including road maintenance equipment, fire equipment, park facilities, roads and water, sewer and electric systems. (See Table 4)

Major asset additions in 2019 were: Electric, water and sewer system improvements. General Fund capital acquisitions include:

- Front end loader
- Body cameras
- Two Police vehicles
- Municipal codification services
- Roof assessment
- Fire Department self-contained breathing apparatus
- Update radio controls and weather stripping on Fire Department garage doors
- Park pickup truck
- Injector pit at Library / Museum
- Computer replacement and maintenance
- Janitors motorized floor cleaner
- Facilities conditions assessment
- St. John's Park shelter
- Asphalt rehab
- Sidewalk rehab

- Road projects
 - Northridge Drive reconstruction
 - Cedar Street reconstruction
 - Assessment of Industrial Loop Road and High Street railroad crossing
 - Fire Department apron replacement
- Downtown façade program

Table 4
Changes in New London's Capital Assets

	Governmental Activities		Business-Type Activities		Total		Total % Change 2018-2019
	2018	2019	2018	2019	2018	2019	
Land	1,539,922	1,539,922	216,888	1,756,810	1,756,810	1,756,810	0.00%
Buildings and Improvements	11,693,328	11,775,164	15,512,905	19,123,228	27,206,233	30,898,392	13.57%
Equipment	11,503,028	11,980,957	704,626	704,625	12,207,654	12,685,582	3.91%
Infrastructure	19,554,719	19,854,418	48,965,726	50,630,533	68,520,445	70,494,951	2.88%
Construction in Progress	-	-	162,849	531,690	162,849	531,690	226.49%
Total	44,290,997	45,160,461	65,562,994	71,206,964	109,853,991	116,367,425	5.93%

LONG TERM DEBT

At year-end, the City had \$8.58 million in General Obligation debt, which is significantly below the statutory General Obligation debt limit of \$20.3 million (see Note 5). Table 5 below summarizes all of the City's outstanding debt.

Table 5
Changes in New London's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total		Total % Change 2018-2019
	2018	2019	2018	2019	2018	2019	
General obligation debt:							
Bonds	8,470,000	8,220,000	-	-	8,470,000	8,220,000	-2.95%
Notes	470,000	360,000	-	-	470,000	360,000	-23.40%
Total General Obligation Debt	8,940,000	8,580,000	-	-	8,940,000	8,580,000	-4.03%
Revenue Bonds	-	-	11,960,000	18,655,000	11,960,000	18,655,000	55.98%
Total	8,940,000	8,580,000	11,960,000	18,655,000	20,900,000	27,235,000	30.31%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATE

The 2019 operational levy limit increase for 2020 services was \$24,867, with the amount of increase being from net new construction. In addition the City is allowed to levy what ever is needed to meet next year's debt service expense. There are sufficient sinking funds established to meet any short-term timing differences between when funds are required and when they will be available.

Operational revenue and expenditures for 2020 are projected to increase in step with inflation, except for health insurance. The City is aggressively seeking to limit future health insurance increases by instituting a high deductible health plan where the employee will contribute a greater amount towards the deductible in years to come.

The overall economy in and around New London remains strong. The residential growth was closer to average in 2019. The commercial and manufacturing industry stabilized after larger than normal growth in 2018.

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Economic Growth in the City of New London in 2019 (as measured by the construction values of issued building permits) increased from 2018 largely due to reconstruction of existing businesses, sixteen-single family dwellings and the addition of two retail stores. Economic growth in 2019 is average of the last five years. In 2019, \$4,720,647 of new construction took place in the City as compared to \$15,986,731 in 2018. This is due to a lower number and lesser value of permits. Residential amounts are in the norm.

Building Permit data: Construction values:

Type	2018	2019
Residential	3,350,337	2,619,283
Commercial	10,049,022	2,062,122
Manufacturing	2,587,372	39,242
Total	15,986,731	4,720,647

The equalized value of the City increased by 4% in 2019. \$407,260,900 in 2019 compared to \$388,138,900 in 2018. Due to the small size of the City, employment data is not available.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Financial Report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Director, City of New London, 215 N. Shawano Street, New London, WI 54951.

Exhibit A-1
City of New London, Wisconsin
Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Governmental Activities	Business-Type Activities	Totals	
			2019	2018
ASSETS				
Current assets:				
Cash and investments	\$ 8,823,810	\$ 6,656,853	\$ 15,480,663	\$ 11,883,349
Restricted assets:				
Redemption account		116,509	116,509	102,963
Receivables:				
Taxes	2,141,708		2,141,708	2,230,817
Customer		1,304,309	1,304,309	1,461,403
Due from other governmental units	38,027		38,027	228,774
Other	323,943	93,685	417,628	182,572
Internal balances	725,607	(725,607)		
Materials and supplies		421,553	421,553	390,633
Prepayments	299	101,428	101,727	171,338
Unbilled revenue		323,946	323,946	323,983
Miscellaneous deposits		1,476	1,476	1,476
Total current assets	12,053,394	8,294,152	20,347,546	16,977,308
Noncurrent assets:				
Restricted assets:				
Cash and investments		3,714,288	3,714,288	3,394,577
Net pension asset (Wisconsin Retirement System)				1,011,039
Interest receivable		5,877	5,877	20,060
Deposits held by CVMIC	284,938		284,938	284,938
Other assets:				
Mortgages receivable	901,459		901,459	914,340
Loans receivable	192,742		192,742	224,327
Other long-term receivable from other government	18,044		18,044	27,067
Preliminary survey and investigation		611,107	611,107	602,446
Special assessments receivable	321,808	367,498	689,306	684,957
Prepayments	255,966		255,966	271,023
Advance to telecommunications		1,691	1,691	1,691
Property held for future use		109,261	109,261	109,261
Capital assets:				
Cost or estimated cost	45,160,461	71,206,964	116,367,425	109,853,991
Less: accumulated depreciation	24,241,438	33,706,170	57,947,608	55,409,412
Net book value of capital assets	20,919,023	37,500,794	58,419,817	54,444,579
Total noncurrent assets	22,893,980	42,310,516	65,204,496	61,990,305
Total assets	34,947,374	50,604,668	85,552,042	78,967,613
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows - (Wisconsin Retirement System)	2,448,173	915,495	3,363,668	1,860,499
Pension outflows - (Length of Service Awards Program)	138,016		138,016	40,979
OPEB outflows	25,920	7,832	33,752	36,730
Unamortized loss on advance refunding		51,365	51,365	76,445
Total deferred outflows of resources	2,612,109	974,692	3,586,801	2,014,653
Total assets and deferred outflows of resources	\$ 37,559,483	\$ 51,579,360	\$ 89,138,843	\$ 80,982,266

Exhibit A-1 (Continued)
City of New London, Wisconsin
Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Governmental Activities	Business-Type Activities	Totals	
			2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 343,237	\$ 1,829,050	\$ 2,172,287	\$ 1,666,629
Customer deposits		24,278	24,278	23,817
Accrued wages	47,041		47,041	98,281
Accrued interest	43,519	8,262	51,781	98,797
Short-term notes payable	50,000		50,000	
Other current liabilities		44,137	44,137	30,821
Public benefits		892	892	16,535
Current portion of long-term obligations:				
General obligation debt	440,000		440,000	360,000
Compensated absences	29,000	140,276	169,276	180,697
Installment contract	6,830		6,830	6,830
Other commitments	25,000		25,000	25,000
Total current liabilities	984,627	2,046,895	3,031,522	2,507,407
Current liabilities payable from restricted assets:				
Current portion of mortgage revenue bonds		1,165,000	1,165,000	850,000
Accrued interest		49,211	49,211	32,058
Total current liabilities payable from restricted assets		1,214,211	1,214,211	882,058
Noncurrent liabilities:				
General obligation debt	8,580,000		8,580,000	8,940,000
Installment contract	11,953		11,953	18,783
Mortgage revenue bonds		18,655,000	18,655,000	11,960,000
Unamortized debt premium	338,879	405,784	744,663	516,005
Compensated absences	679,796	461,950	1,141,746	1,227,740
Other commitments	50,000		50,000	75,000
Net pension liability (Wisconsin Retirement System)	903,625	337,954	1,241,579	
Total pension liability (Length of Service Awards Program)	702,036		702,036	580,201
Net OPEB liability	137,338	65,412	202,750	237,789
Less: current portion	(500,830)	(1,305,276)	(1,806,106)	(1,422,527)
Total noncurrent liabilities	10,902,797	18,620,824	29,523,621	22,132,991
Total liabilities	11,887,424	21,881,930	33,769,354	25,522,456
DEFERRED INFLOWS OF RESOURCES				
Tax apportionment	3,703,614		3,703,614	3,496,183
Pension inflows - (Wisconsin Retirement System)	1,245,738	468,203	1,713,941	1,990,450
Pension inflows - (Length of Service Awards Program)	28,689		28,689	33,470
OPEB inflows	37,881	17,436	55,317	3,350
Total deferred inflows of resources	5,015,922	485,639	5,501,561	5,523,453
NET POSITION				
Net investment in capital assets	12,327,070	20,122,566	32,449,636	35,140,237
Restricted for:				
Investment in CVMIC	284,938		284,938	284,938
Library and museum	353,736		353,736	301,399
Economic development	409,763		409,763	403,888
Housing rehabilitation	918,405		918,405	918,134
Perpetual care	329,324		329,324	329,233
Tourism	69,368		69,368	61,493
Debt service	115,696	1,506,848	1,622,544	1,238,386
Capital projects	203,356		203,356	294,209
Donor restricted community cupboard	8,062		8,062	207,224
Net Pension asset				275,555
Equipment replacement		758,685	758,685	729,860
Unrestricted	5,636,419	6,823,692	12,460,111	9,751,801
Total net position	20,656,137	29,211,791	49,867,928	49,936,357
Total liabilities, deferred inflows of resources, and net position	\$ 37,559,483	\$ 51,579,360	\$ 89,138,843	\$ 80,982,266

Exhibit A-2
City of New London, Wisconsin
Statement of Activities

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities
			Capital Grants and Contributions	Totals		
Governmental activities:						
General government	\$ 1,560,905	\$ 217,761	\$ 3,653	\$ 220,091	\$ (1,119,400)	\$ (1,052,960)
Public safety	2,907,063	241,012	43,937		(2,622,114)	(2,459,308)
Public works	1,678,137		455,884	18,464	(1,203,789)	(1,108,785)
Health and human services	420,410	22,582	2,039		(395,789)	(199,958)
Culture and recreation	2,458,160	228,737	247,361	177,012	(1,805,050)	(1,641,007)
Conservation and development	99,920	4,841			(95,079)	(133,964)
Interest, fiscal charges, and issuance costs	250,078				(250,078)	(310,553)
Total governmental activities	9,374,673	714,933	752,874	415,567	(7,491,299)	(6,906,535)
Business-type activities:						
Water and electric	16,789,323	17,337,464	75,293		623,434	1,170,836
Sewer	1,615,538	1,809,951	11,885		206,298	749,418
Total business-type activities	18,404,861	19,147,415	87,178		829,732	1,920,254
Total	\$ 27,779,534	\$ 19,862,348	\$ 752,874	\$ 502,745	(7,491,299)	(4,986,281)
General revenues:						
Property taxes:						
General purposes					2,811,529	2,727,321
Debt service					663,580	629,226
Tax increments					16,107	405
Other taxes					226,196	242,893
Federal and State aid not restricted for specific purposes:						
General					2,172,924	2,170,289
Interest and investment earnings					306,044	104,788
Gain on sale/disposal of assets					47,852	18,582
Miscellaneous revenue					98	1,141
Amortization of premium					27,937	16,421
Transfers					906,152	(906,152)
Total general revenues and transfers					7,150,482	6,593,138
Changes in net position					(340,817)	(68,429)
Net position - beginning of year					20,996,954	49,936,357
Net position - end of year					\$ 20,656,137	\$ 49,867,928
					\$ 29,211,791	\$ 49,936,357

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

Exhibit A-3
City of New London, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	General	Other Governmental Funds	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 6,723,495	\$ 2,100,315	\$ 8,823,810	\$ 8,546,933
Receivables:				
Taxes	1,379,158	762,550	2,141,708	2,230,817
Accounts	114,092	7,804	121,896	97,178
Other governments	4,280	33,747	38,027	228,774
Special assessments	321,808		321,808	304,836
Mortgages		901,459	901,459	914,340
Loans		192,742	192,742	224,327
Due from other funds	938,433		938,433	716,529
Advance to other funds	242,797		242,797	258,754
Prepaid items	299		299	49,986
Total assets	\$ 9,724,362	\$ 3,998,617	\$13,722,979	\$13,572,474
LIABILITIES				
Vouchers and accounts payable	\$ 178,363	\$ 127,054	\$ 305,417	\$ 333,957
Accrued wages	47,041		47,041	49,134
Short-term notes payable		50,000	50,000	
Due to other funds	35,027		35,027	31,022
Advance from other funds		242,797	242,797	258,754
Total liabilities	260,431	419,851	680,282	672,867
DEFERRED INFLOWS OF RESOURCES	3,262,872	1,874,709	5,137,581	4,966,666
FUND BALANCE				
Nonspendable	248,484	287,449	535,933	600,368
Restricted		1,069,665	1,069,665	1,251,764
Assigned	2,385,156	589,740	2,974,896	2,761,866
Unassigned (deficit)	3,567,419	(242,797)	3,324,622	3,318,943
Total fund balances	6,201,059	1,704,057	7,905,116	7,932,941
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,724,362	\$ 3,998,617	\$13,722,979	\$13,572,474

Exhibit A-4
City of New London, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	2019	2018
Total fund balances-governmental funds:	\$ 7,905,116	\$ 7,932,941
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental capital assets	45,160,461	44,290,997
Governmental accumulated depreciation	<u>(24,241,438)</u>	<u>(22,913,479)</u>
	20,919,023	21,377,518
The net pension asset (Wisconsin Retirement System) is not a current financial resource and is, therefore, not reported in the fund statements		
		735,484
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the statement of net position and are being amortized with pension and OPEB expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	2,612,109	1,422,682
Deferred inflows of resources	(1,312,308)	(1,476,620)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Long-term notes and loans	1,094,115	1,138,580
Special assessments	321,808	304,836
Prepaid rent	255,966	271,023
Long-term accounts receivable	18,044	27,067
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of position.		
	289,410	276,660
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
General obligation debt	(8,580,000)	(8,940,000)
Installment contract	(11,953)	(18,783)
Unamortized debt premium	(338,879)	(358,420)
Accrued interest on long-term debt	(43,519)	(90,990)
Compensated absences	(679,796)	(778,298)
OPEB - group life insurance plan	(137,338)	(171,525)
Net pension liability (Wisconsin Retirement System)	(903,625)	
Total pension liability (Length of Service Awards Program)	(702,036)	(580,201)
Other long-term commitments	<u>(50,000)</u>	<u>(75,000)</u>
Net position of governmental activities	<u>\$ 20,656,137</u>	<u>\$ 20,996,954</u>

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

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Exhibit A-5
City of New London, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	General	Other Governmental Funds	Totals	
			2019	2018
REVENUES				
Taxes	\$ 2,865,438	\$ 726,808	\$ 3,592,246	\$ 3,454,226
Wheel tax		125,166	125,166	145,618
Special assessments	2,993		2,993	16,726
Intergovernmental	2,628,309	257,341	2,885,650	2,799,873
Licenses and permits	131,861		131,861	138,971
Fines and forfeitures	88,152		88,152	95,731
Public charges for services	334,522		334,522	333,180
Intergovernmental charges for services	74,299		74,299	71,001
Interdepartmental charges for services	8,700		8,700	8,700
Interest income	265,421	7,877	273,298	37,832
Miscellaneous	103,312	248,512	351,824	755,189
Total revenues	6,503,007	1,365,704	7,868,711	7,857,047
EXPENDITURES				
Current:				
General government	1,231,641	150	1,231,791	1,145,292
Public safety	2,427,930		2,427,930	2,432,530
Public works	963,024		963,024	873,386
Health and human services	170,987	201,477	372,464	211,551
Culture and recreation	1,906,798	127,046	2,033,844	1,930,337
Conservation and development	71,326	45,488	116,814	354,928
Capital outlay		992,441	992,441	4,563,120
Debt service:				
Principal retirement		366,830	366,830	389,205
Interest, fiscal charges, and issuance costs		297,549	297,549	248,146
Total expenditures	6,771,706	2,030,981	8,802,687	12,148,495
Excess (deficiency) of revenues over expenditures	(268,699)	(665,277)	(933,976)	(4,291,448)

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

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Exhibit A-5 (Continued)
City of New London, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	General	Other Governmental Funds	Totals	
			2019	2018
OTHER FINANCING SOURCES (USES)				
Transfer in	765,156	511,129	1,276,285	2,203,527
Transfer out	(370,134)		(370,134)	(1,349,298)
Premium on long-term debt				123,083
Long-term debt proceeds				3,080,000
Total other financing sources (uses)	395,022	511,129	906,151	4,057,312
Net change in fund balances	126,323	(154,148)	(27,825)	(234,136)
Fund balance-beginning of year	6,074,736	1,858,205	7,932,941	8,167,077
Fund balance-end of year	\$ 6,201,059	\$ 1,704,057	\$ 7,905,116	\$ 7,932,941

Exhibit A-6
City of New London, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Net change in fund balances-total governmental funds	\$ (27,825)	\$ (234,136)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	991,689	4,221,542
Depreciation expenses reported in the statement of activities	<u>(1,437,859)</u>	<u>(1,363,992)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	(446,170)	2,857,550
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net assets:	(12,324)	
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.		
Change in compensated absences	98,502	48,631
Change in OPEB - group life insurance plan liability and related deferred outflows	(1,786)	(18,071)
Proceeds of long-term debt are reported in the governmental funds as revenue, but are reported as an addition to long-term debt in the statement of net position and do not affect the statement of activities.		
The amount of additional long-term debt in the current year is:		(3,080,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year is:	366,830	389,205
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue in the statement of activities.		
Amount of debt premium received during the current year		(123,083)
Amount of debt premium amortized in the current year	<u>19,541</u>	<u>16,611</u>
	19,541	(106,472)
Internal service fund income (loss)	12,750	22,059
In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.		
Amount assessed is greater (less) than the amount collected.	16,972	(9,035)

Exhibit A-6 (Continued)
City of New London, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities (Continued)
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Repayment of housing rehabilitation loans are reflected as revenue in governmental funds, but are reported as a reduction of loans receivable in the statement of net position and does not affect the statement of activities.	(12,880)	(54,004)
Repayments of economic development loans receivable are reflected as revenue in governmental funds, but are reported as a reduction of notes receivable in the statement of net position and does not affect the statement of activities.	(31,585)	(14,940)
Additional housing rehabilitation and economic development loans are reflected as expenditures in governmental funds, but are reported as additions to loans receivable in the statement of net position and does not affect the statement of activities.		200,580
Repayment of the long-term portion of accounts receivable is reflected as revenue in governmental funds, but are reported as a reduction of loans receivable in the statement of net position and does not affect the statement of activities.	(9,023)	(19,567)
In governmental funds, leasehold improvements are reflected as an expenditure when paid. In the statement of net position, the payment is reflected as prepaid rent and is being amortized over the life of the lease. Amortization is:	(15,057)	(15,057)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	296,749	160,920
The amount of interest accrued during the current period	<u>(249,278)</u>	<u>(223,328)</u>
Interest paid is greater (less) than interest expensed by	47,471	(62,408)
Other commitments payable are reported in the governmental funds when amounts are paid. The statement of activities reports the amount incurred during the year. The difference between the amount paid and incurred was:	25,000	25,000
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plans. Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the pension liabilities from the prior year to the current year, with some adjustments. Difference between the required contributions into the defined benefit plans and the actuarially determined change in pension liabilities between years, with adjustments.	<u>(371,233)</u>	<u>(112,690)</u>
Change in net position-governmental activities	<u>\$ (340,817)</u>	<u>\$ (183,355)</u>

Exhibit A-7
City of New London, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Business Type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric and Water Utility	Sewer Utility	Totals 2019	Totals 2018	
ASSETS					
Current assets:					
Cash	\$ 3,415,712	\$ 3,241,141	\$ 6,656,853	\$ 3,336,416	\$
Restricted assets:					
Redemption account	116,509		116,509	102,963	
Receivables:					
Customer	1,286,958	17,351	1,304,309	1,461,403	
Other	93,685		93,685	112,461	220,091
Materials and supplies	421,553		421,553	390,633	
Prepayments	101,353	75	101,428	121,352	
Unbilled revenue	323,946		323,946	323,983	
Due from other funds	33,973	148,394	182,367	165,731	
Miscellaneous deposits	1,476		1,476	1,476	
Total current assets	5,795,165	3,406,961	9,202,126	6,016,418	220,091
Noncurrent assets:					
Restricted assets:					
Reserve account	1,175,721	352,554	1,528,275	1,172,999	
Construction account	1,427,328		1,427,328	1,491,718	
Net pension asset				275,555	
DNR equipment replacement		758,685	758,685	729,860	
Interest receivable	5,877		5,877	20,060	
Other assets:					
Preliminary survey and investigation	611,107		611,107	602,446	
Special assessments receivable	152,484	215,014	367,498	380,121	
Advance to telecommunications	1,691		1,691	1,691	
Property held for future use	109,261		109,261	109,261	
Deposits held by CVMIC					284,938
Capital assets:					
Property, plant and equipment	47,274,065	23,932,899	71,206,964	65,562,994	
Less: accumulated depreciation	21,160,765	12,545,405	33,706,170	32,495,933	
Net capital assets	26,113,300	11,387,494	37,500,794	33,067,061	
Total noncurrent assets	29,596,769	12,713,747	42,310,516	37,850,772	284,938
Total assets	35,391,934	16,120,708	51,512,642	43,867,190	505,029
DEFERRED OUTFLOWS OF RESOURCES					
Pension outflows	805,541	109,954	915,495	505,224	
OPEB outflows	7,832		7,832	10,302	
Unamortized loss on advance refunding	51,365		51,365	76,445	
Total deferred outflows of resources	864,738	109,954	974,692	591,971	
Total assets and deferred outflows of resources	\$ 36,256,672	\$ 16,230,662	\$ 52,487,334	\$ 44,459,161	\$ 505,029

Exhibit A-7 (Continued)
City of New London, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Business Type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric and Water Utility	Sewer Utility	Totals 2019	Totals 2018	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,020,915	\$ 808,135	\$ 1,829,050	\$ 1,332,672	\$ 37,820
Due to other funds	894,354	13,620	907,974	842,960	177,799
Customer deposits	24,278		24,278	23,817	
Accrued wages				49,147	
Accrued interest	8,262		8,262	7,807	
Other current liabilities	44,137		44,137	30,821	
Commitment to community	892		892	16,535	
Current portion of:					
Compensated absences	140,276		140,276	147,697	
Total current liabilities	2,133,114	821,755	2,954,869	2,451,456	215,619
Current liabilities payable from restricted assets:					
Current portion of revenue bonds	960,000	205,000	1,165,000	850,000	
Accrued interest	36,436	12,775	49,211	32,058	
Total current liabilities payable from restricted assets	996,436	217,775	1,214,211	882,058	
Noncurrent liabilities					
Revenue bonds	13,545,000	5,110,000	18,655,000	11,960,000	
Unamortized debt premium	225,956	179,828	405,784	157,585	
Compensated absences	461,950		461,950	449,442	
Net pension liability	297,370	40,584	337,954		
Net OPEB liability	65,412		65,412	66,264	
Less: current portion	(1,100,276)	(205,000)	(1,305,276)	(997,697)	
Total noncurrent liabilities	13,495,412	5,125,412	18,620,824	11,635,594	
Total liabilities	16,624,962	6,164,942	22,789,904	14,969,108	215,619
DEFERRED INFLOWS OF RESOURCES					
Pension inflows	412,253	55,950	468,203	549,716	
OPEB inflows	17,436		17,436	934	
Total deferred inflows of resources	429,689	55,950	485,639	550,650	
NET POSITION					
Net investment in capital assets	14,024,900	6,097,666	20,122,566	22,721,502	
Restricted					
Debt service - revenue bond funds	1,167,069	339,779	1,506,848	1,169,362	
Net Pension asset				275,555	
Equipment replacement		758,685	758,685	729,860	
Investment in CVMIC					284,938
Unrestricted	4,010,052	2,813,640	6,823,692	4,043,124	4,472
Total net position	19,202,021	10,009,770	29,211,791	28,939,403	289,410
Total liabilities, deferred inflows of resources and net position	\$ 36,256,672	\$ 16,230,662	\$ 52,487,334	\$ 44,459,161	\$ 505,029

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

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Exhibit A-8
City of New London, Wisconsin
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Business Type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric and Water Utility	Sewer Utility	Totals 2019	Totals 2018	
OPERATING REVENUES					
Sales of water	\$ 2,291,346	\$	\$ 2,291,346	\$ 2,313,932	\$
Sales of electricity	14,824,167		14,824,167	15,324,478	
Other	221,951	100	222,051	208,142	
Charges for services		1,809,851	1,809,851	1,767,631	
Total operating revenues	17,337,464	1,809,951	19,147,415	19,614,183	
OPERATING EXPENSES					
Operation and maintenance	15,057,254	752,949	15,810,203	15,703,596	
Insurance payments and claims					220,544
Depreciation	1,210,528	626,027	1,836,555	1,716,992	
Total operating expenses	16,267,782	1,378,976	17,646,758	17,420,588	220,544
Operating income (loss)	1,069,682	430,975	1,500,657	2,193,595	(220,544)
NON-OPERATING REVENUES (EXPENSES)					
Investment income (loss)	104,455	216,416	320,871	25,694	13,203
Interest expense	(420,919)	(78,354)	(499,273)	(340,530)	
Amortization of premium	20,863	7,074	27,937	16,421	
Amortization of loss on advance refunding	(25,080)		(25,080)	(152,611)	
Miscellaneous expense	(166)		(166)	(164)	
Debt issuance costs	(75,376)	(158,208)	(233,584)		
Total non-operating revenues (expenses)	(396,223)	(13,072)	(409,295)	(451,190)	13,203
Income before contributions and transfers	673,459	417,903	1,091,362	1,742,405	(207,341)
Capital contributions and grants	75,293	11,885	87,178	219,964	220,091
Transfers from other funds	142,177		142,177		
Transfers to other funds	(4,522)	(283,173)	(287,695)	(145,978)	
Transfers-tax equivalent	(760,634)		(760,634)	(708,251)	
Change in net position	125,773	146,615	272,388	1,108,140	12,750
Net position - beginning	19,076,248	9,863,155	28,939,403	27,831,263	276,660
Net position - ending	\$ 19,202,021	\$ 10,009,770	\$ 29,211,791	\$ 28,939,403	\$ 289,410

Exhibit A-9
City of New London, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Business Type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric and Water Utility	Sewer Utility	Totals 2019	Totals 2018	
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES					
Received from customers	\$ 17,411,084	\$ 1,804,635	\$ 19,215,719	\$ 19,610,148	\$
Received from municipality for services	95,078		95,078	98,211	
Paid to suppliers for goods and services	(14,191,656)	(523,205)	(14,714,861)	(14,791,140)	(182,724)
Received from other funds to cover temporary cash operating deficits					169,521
Paid to employees for operating payroll	(813,534)	(190,785)	(1,004,319)	(909,919)	
Net cash flows from (used by) operating activities	2,500,972	1,090,645	3,591,617	4,007,300	(13,203)
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES					
Operating transfers from (to) other funds	(708,251)	(140,996)	(849,247)	(869,206)	
Interest paid on customer deposits	(4,522)		(4,522)		
Net cash flows (used by) noncapital financing activities	(712,773)	(140,996)	(853,769)	(869,206)	
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,546,960)	(3,257,429)	(5,804,389)	(3,865,648)	
Capital contributions received	104,785		104,785	104,951	
Capital transfers from (to) other funds	142,177	(142,177)			
Special assessments received		24,508	24,508	85,262	
Debt retired	(850,000)		(850,000)	(797,625)	
Interest paid	(416,086)	(65,579)	(481,665)	(331,658)	
Proceeds from debt issue	2,435,000	5,110,000	7,545,000	3,400,000	
Premium from debt issue	89,235	186,902	276,137		
Debt issuance costs	(75,376)	(158,208)	(233,584)	(75,699)	
Net cash flows from (used by) capital and related financing activities	(1,117,225)	1,698,017	580,792	(1,480,417)	
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES					
Investments purchased	(1,174,539)	(486,577)	(1,661,116)	(3,851,103)	
Investments sold and matured	639,235	325,861	965,096	2,138,075	
Investment income (loss)	118,638	216,416	335,054	11,601	13,203
Net cash flows from (used by) investing activities	(416,666)	55,700	(360,966)	(1,701,427)	13,203
Net change in cash and cash equivalents	254,308	2,703,366	2,957,674	(43,750)	
Cash and cash equivalents - beginning of year	1,848,360		1,848,360	1,892,110	
Cash and cash equivalents - end of year	\$ 2,102,668	\$ 2,703,366	\$ 4,806,034	\$ 1,848,360	\$
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS					
Cash and investments	\$ 3,415,712	\$ 3,241,141	\$ 6,656,853	\$ 3,336,416	\$
Redemption account	116,509		116,509	102,963	
Reserve account	1,175,721	352,554	1,528,275	1,172,999	
Construction account	1,427,328		1,427,328	1,491,718	
DNR equipment replacement		758,685	758,685	729,860	
Total cash and investments	6,135,270	4,352,380	10,487,650	6,833,956	
Less: noncash equivalents	(4,032,602)	(1,649,014)	(5,681,616)	(4,985,596)	
Cash and cash equivalents	\$ 2,102,668	\$ 2,703,366	\$ 4,806,034	\$ 1,848,360	\$
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Amortization of loss on advance refunding	\$ (25,080)			\$ (29,832)	
Amortization of premium	\$ 20,863	\$ 7,074	\$ 27,937	\$ 16,421	

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

Exhibit A-9 (Continued)
City of New London, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Business Type Activities- Enterprise Funds				Governmental Activities- Internal Service Fund
	Electric and Water Utility	Sewer Utility	Totals	Totals	
			2019	2018	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,069,682	\$ 430,975	\$ 1,500,657	\$ 2,193,595	\$ (220,544)
Nonoperating revenue (expense)	(166)		(166)	(164)	
Noncash items in operating income:					
Depreciation expense	1,210,528	626,027	1,836,555	1,716,992	
Depreciation charged to clearing and other utilities	33,309		33,309	27,068	
Changes in assets, deferred outflows, and liabilities:					
Customer accounts receivable	154,686	2,445	157,131	119,420	
Other accounts receivable	(10,717)		(10,717)	(35,307)	
Due from other funds	(8,875)	(7,761)	(16,636)	(22,355)	
Material and supplies	(30,920)		(30,920)	(30,716)	
Prepayments	19,999	(75)	19,924	(16,293)	
Pension related deferrals, assets, and liabilities	134,279	15,786	150,065	(21,464)	
Accounts payable	(29,869)	18,378	(11,491)	9,602	37,820
Due to other funds	7,761	4,870	12,631	22,124	169,521
Customer deposits	461		461	5,537	
Accrued wages	(49,147)		(49,147)	4,953	
Compensated absences	12,508		12,508	39,886	
Other current liabilities	13,316		13,316	(10,844)	
Commitment to community	(15,643)		(15,643)	(51,630)	
Post employment benefits	(10,220)		(10,220)	56,896	
Net cash provided (used) by operating activities	\$ 2,500,972	\$ 1,090,645	\$ 3,591,617	\$ 4,007,300	\$ (13,203)

Exhibit A-10
City of New London, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Custodial Fund Tax Collection Fund	Totals	
		2019	2018
ASSETS			
Cash and investments	\$ 2,607,846	\$ 2,607,846	\$ 2,108,193
Taxes receivable	3,312,716	3,312,716	3,612,906
Total assets	<u>\$ 5,920,562</u>	<u>\$ 5,920,562</u>	<u>\$ 5,721,099</u>
LIABILITIES			
Due to other taxing units	<u>\$ 5,920,562</u>	<u>\$ 5,920,562</u>	<u>\$ 5,721,099</u>
NET POSITION			
Restricted			
Total liabilities and net position	<u>\$ 5,920,562</u>	<u>\$ 5,920,562</u>	<u>\$ 5,721,099</u>

Exhibit A-11
City of New London, Wisconsin
Statement of Changes in Net Position
Fiduciary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	<u>Custodial Fund</u>	<u>Totals</u>	
	<u>Tax Collection</u>	<u>2019</u>	<u>2018</u>
	<u>Fund</u>		
ADDITIONS			
Property tax collections for other governments	\$ 4,372,593	\$ 4,372,593	\$ 4,125,584
DEDUCTIONS			
Property tax collections paid or owed to other governments	4,372,593	4,372,593	\$ 4,125,584
Net increase (decrease) in fiduciary net position			
Net position - beginning of year			
Net position - end of year	\$	\$	\$

City of New London, Wisconsin
December 31, 2019

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City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of New London, Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected ten-member council. This report includes all of the funds of the City of New London. The reporting entity for the City consists of the (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The City has identified the following component unit that is required to be included in the financial statements in accordance with governmental accounting standards.

Related Organization

The Common Council is responsible for appointing a majority of the board members of the Housing Authority of the City of New London, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, the organization is not included in the City's reporting entity.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

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

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

Major Governmental Funds

The City reports the following major governmental funds:

General – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Major Enterprise Funds

Water and Electric Utility – accounts for operations of the water and electric system

Sewer Utility – accounts for operations of the sewer system

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Non-Major Governmental Funds

The City reports the following non-major governmental funds:

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Cemetery Perpetual Care
Housing Rehabilitation
Tourism
Library and Museum
Community Development
Community Cupboard
Grant Reimbursement

Debt Service Fund – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Environmental TID Fund – Accounts for the activity of environmental remediation district No. 1.

In addition, the City reports the following fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Custodial Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Tax Collection Fund accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

- Tax collection

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Certain expenditure driven intergovernmental revenues have a delay in receiving reimbursements from the grantor. Because of this, an extended availability period is used for expenditure driven intergovernmental revenues. Expenditures are recorded when the related fund liability is incurred, except for unamortized interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflows of resources are removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The preparation of financial statements in conformity with U.S. 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents/Investments

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the City are made in council designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

E. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying custodial fund statement of net position.

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Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

Property tax calendar - 2019 tax roll:

Liens date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale- 2019 delinquent real estate taxes	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the City and the utilities because they have the right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds," Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position, any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the governmental fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

The following receivables are reflected in the water and electric utility and sewer utility:

1.) Special Assessments Receivable

This account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually. Payments will begin when the related property is annexed by the municipality.

2.) Other

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories and Prepaid Items

Inventories of governmental fund types are charged as expenditures when purchased. Inventories of proprietary fund types are recorded at cost which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is charged to construction or expense at the time individual inventory items are used.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are reported at acquisition value.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. Capital assets are defined by the utilities as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Land Improvements	10-100 Years
Machinery and Equipment	3-40 Years
Utility System	5-77 Years
Infrastructure	30 Years

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

I. Other Assets

Other assets of the water and electric utility are as follows:

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized on commencement of the project.

Property Held for Future Use

This account represents the purchase of land in 2006 and 2018 for two future well sites.

J. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$430,000, made up of one issue.

L. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

M. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Non-Spendable** – Includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted** – Includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed** – Includes amounts constrained to specific purposes by the Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- **Assigned** – Includes amounts a government intends to use for a specific purpose; intent can be expressed by the Council or by an official or body to which the Council delegates the authority. Assignments may take place after the end of the reporting period.
- **Unassigned** – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

The City's financial policy is to maintain a general fund balance of no less than 25% of general fund expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunding debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as deferred outflows of resources.

O. Transfers

Transfers include the payment in lieu of taxes from the electric and water utility to the general fund.

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Budgets and Budgetary Accounting

The City follows these procedures in establishing budgetary data:

- a. During November, City management submits to the Common Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Common Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and debt service funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund and debt service funds. Management control for the community development and housing rehabilitation special revenue funds is achieved through requirements of grant agreements. Management control for the tax incremental financing districts reported in the capital projects funds are achieved through approved project plans of the districts.
- d. Expenditures may not exceed budget appropriations by functional level (general government, public safety, public works, health and human services, culture and recreation, conservation and development and debt service) of the City. Amendments within the same function can be approved by management while amendments between functions require the initial approval of management and are subsequently authorized by a two-thirds vote of the Common Council.
- e. Incumbence accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

Q. Commitment to Community

The electric utility charges fees to all customers as required by the 1990 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance ("Commitment to Community") programs. The utility is acting as an agent administering the program so net collections and expenditures/remittances associated with the program are recorded as a current liability on the statements of net position.

R. Summarized Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position, operations, and cash flows. However, comparative (i.e., presentations of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pensions

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

T. Other Postemployment Benefits

Group life Insurance plan

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

U. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has items that qualify for reporting in this category. The deferred outflows of resources are for the pensions, OPEB, and the unamortized loss on advance refunding.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has items that qualify for reporting in this category. Deferred inflows of resources related to the pensions are discussed in Note 6 and Note 8. OPEB inflows are discussed in Note 7, and remaining deferred inflows of resources are discussed in Note 16.

V. Change in Accounting Principle

Effective January 1, 2019, the City adopted provisions of Governmental Accounting Standards Board (GASB) statement No. 84, Fiduciary Activities. GASB No. 84 establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. GASB No. 84 replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of, or to, other governments.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3

CASH AND INVESTMENTS

At December 31, 2019, the cash and investments included the following:

Deposits with financial institutions	\$ 15,657,614
Wisconsin Local Government Investment Pool	2,600,347
Mutual funds	1,656,278
Federal agency notes	369,205
U.S. Treasury securities	739,199
Corporate bonds	220,680
Foreign issues	319,930
Annuity contracts	354,243
Petty cash	1,810
Total cash and investments	\$ 21,919,306

Cash and investments as of December 31, 2019 in the accompanying financial statements are as follows:

Exhibit A-1:	
Cash and investments	\$ 15,480,663
Restricted redemption account	116,509
Restricted cash and investments	3,714,288
Exhibit A-10:	
Cash and investments	2,607,846
Total cash and investments	\$ 21,919,306

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 3 CASI AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Foreign Currency Risk

The City did not invest in any foreign currency during their fiscal year.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy states that, generally, the City will not invest in securities with maturities of more than three years.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity			
	Fair Value	1 year or less	1-3 years	4 or more years
Certificates of Deposit	\$ 1,434,713	\$ 1,434,713	\$	\$
Mutual Funds	1,656,278	1,656,278		
U.S. Government agency securities	369,205	9,420	219,241	140,544
U.S. Treasury securities	739,199	74,997	664,202	
Corporate bonds	220,680	130,128	90,552	
Foreign bank bonds	319,930	80,058	162,731	77,141
Totals	\$ 4,740,005	\$ 3,385,594	\$ 1,136,726	\$ 217,685

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 3 CASI AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to those authorized by State Statute. As of December 31, 2019, the City's investments were rated as follows:

	Amount	Morningstar Rating
Wisconsin Local Government Investment Pool	\$ 2,600,347	Not rated
Mutual funds	186,693	(2) Stars
Mutual funds	81,837	(3) Stars
Mutual funds	454,248	(4) Stars
Mutual funds	333,832	(5) Stars
Mutual funds	599,668	

Corporate bonds held as part of the City's monies placed under external management were rated Aaa, Aaa1, Aa2, or Aa3 by Moody's Investors Service or in similar categories by Standard & Poor's. Investments in U.S. Treasury securities and U.S. Government agency securities are all issued and guaranteed by government-supported enterprises, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac), and the Government National Mortgage Association (Ginnie Mae). Moody's Investors Service ratings vary for the government issued and guaranteed securities. As of December 31, 2019, the City's investments in the Wisconsin Local Government Investment Pool and money market mutual fund were not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term "time and savings deposits" includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts. The term "demand deposits" means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The City's investment policy requires all financial institutions acting as a depository for the City to pledge collateral for any balances exceeding FDIC and State Deposit Guarantee Fund limits. Amounts exceeding these limits must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. All collateral shall be specifically pledged to the City and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.

As of December 31, 2019, \$14,211,271 of the City's deposits with financial institutions were in excess of federal depository insurance limits. All of this amount was collateralized by securities pledged by financial institutions.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doh.wis.gov/Home/StateInvestmentFund>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

SWTB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2019 was: 88.05% in U.S. Government Securities and 2.70% in Bankers' Acceptances, and 9.25% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Government securities and investments in mutual funds are excluded from this risk. At December 31, 2019, the investment portfolio had no concentrations of applicable investments greater than 5% of the total portfolio.

Fair value measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The City uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Measurement based on the City's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date

The City uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority

	Assets at Fair Value as of December 31, 2019		
	Fair Value	Level 1	Level 2
Mutual funds	\$ 1,656,278	\$ 1,656,278	\$
U.S. Treasury Notes	739,199	739,199	
Federal agency obligations	369,205		369,205
Corporate bonds	220,680		220,680
Foreign bank bonds	319,930		319,930
	<u>\$ 3,305,292</u>	<u>\$ 2,395,477</u>	<u>\$ 909,815</u>

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 4	CAPITAL ASSETS			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,539,922	\$	\$	\$ 1,539,922
Total capital assets not being depreciated	1,539,922			1,539,922
Other capital assets:				
Land improvements	233,918	17,705		251,623
Buildings	11,459,410	64,131		11,523,541
Machinery and equipment	11,503,028	587,829	(109,900)	11,980,957
Infrastructure	19,554,719	122,023	(12,324)	19,864,418
Total other capital assets at historical costs	42,751,075	991,688	(122,224)	43,620,539
Less accumulated depreciation for:				
Land improvements	151,803	11,440		163,243
Buildings	4,319,291	298,136		4,617,427
Machinery and equipment	6,826,067	573,779	(109,900)	7,289,946
Infrastructure	11,616,318	554,504		12,170,822
Total accumulated depreciation	22,913,479	1,437,859	(109,900)	24,241,438
Net other capital assets	19,837,596	(446,171)	(12,324)	19,379,101
Total net capital assets	\$ 21,377,518	\$ (446,171)	\$ (12,324)	\$ 20,919,023
Depreciation expense was charged to functions as follows:				
General government			\$ 133,820	
Public safety			215,387	
Public works, which includes the depreciation of infrastructure			732,200	
Health and human services			26,369	
Culture and recreation			330,083	
Total governmental activities depreciation expense			\$ 1,437,859	

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 4	CAPITAL ASSETS (CONTINUED)			
	Beginning Balance	Additions	Removals	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 162,849	\$ 3,245,022	\$ (2,876,181)	\$ 531,690
Land and land rights	216,888			216,888
Total capital assets not being depreciated	379,737	3,245,022	(2,876,181)	748,578
Capital assets being depreciated:				
Source of supply	274,654			274,654
Pumping	1,704,095	5,201		1,709,296
Water treatment	429,971			429,971
Transmission and distribution	39,948,316	2,199,212	(373,444)	41,774,084
Sewer collecting system	6,865,605	281,548		7,147,153
Treatment plant	12,245,726	3,351,498	(243,495)	15,353,729
General	3,714,890	114,214	(59,605)	3,769,499
Total capital assets being depreciated	65,183,257	5,951,673	(676,544)	70,458,386
Less: accumulated depreciation for:				
Source of supply	251,462	7,965		259,427
Pumping	1,298,233	62,636		1,360,869
Water treatment	36,135	25,798		61,933
Transmission and distribution	16,572,605	1,047,673	(356,527)	17,263,751
Sewer collecting system	1,795,795	78,669		1,874,464
Treatment plant	9,912,768	483,590	(243,495)	10,152,863
General	2,628,935	163,533	(59,605)	2,732,863
Total accumulated depreciation	32,495,933	1,869,864	(659,627)	33,706,170
Net capital assets being depreciated	32,687,324	4,081,809	(16,917)	36,752,216
Total net capital assets	\$ 33,067,061	\$ 7,326,831	\$ (2,893,098)	\$ 37,500,794
Depreciation expense was charged to functions as follows:				
Business-Type Activities:				
Water and electric			\$ 1,243,837	
Sewer			626,027	
Subtotal			1,869,864	
Less: depreciation charged to clearing and other utilities			(313,099)	
Total business-type activities depreciation expense			\$ 1,836,555	

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 5 LONG-TERM AND SHORT-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
Governmental Activities					
General obligation debt	\$ 8,940,000	\$ —	\$ (360,000)	\$ 8,580,000	\$ 440,000
Other liabilities:					
Installment note	18,783		(6,830)	11,953	6,830
Compensated absences	778,298		(98,502)	679,796	29,000
Other commitments	75,000		(25,000)	50,000	25,000
Unamortized debt premium	358,420		(19,541)	338,879	
Total other liabilities	1,230,501		(149,873)	1,080,628	60,830
Total governmental activities long-term liabilities	\$ 10,170,501	\$ —	\$ (509,873)	\$ 9,660,628	\$ 500,830
Business-Type Activities					
Revenue bonds	\$ 11,960,000	\$ 7,545,000	\$ (850,000)	\$ 18,655,000	\$ 1,165,000
Other liabilities:					
Compensated absences	449,442	160,205	(147,697)	461,950	140,276
Unamortized debt premium	157,585	276,136	(27,937)	405,784	
Total other liabilities	607,027	436,341	(175,634)	867,734	140,276
Total business-type activities long-term liabilities	\$ 12,567,027	\$ 7,981,341	\$ (1,025,634)	\$ 19,522,734	\$ 1,305,276

The other liabilities attributed to governmental activities are typically being liquidated in the general fund

Short-term obligation activity for the year ended December 31, 2019 was limited to one borrowing. In December 2019, a \$50,000 note was issued. To limit interest accruals, the note was promptly repaid in January 2020. The borrowing was issued in connection with establishing the 2019 municipal levy within the levy limit framework imposed by the State of Wisconsin.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be repaid by future property tax levies or tax increments. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019 was \$20,363,045. Total general obligation debt outstanding at year-end was \$8,630,000.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 5 LONG-TERM AND SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
Notes	2013	9/1/22	1.4-1.80%	\$ 900,000	\$ 360,000
Bonds	2016	5/1/35	2.0-3.0%	5,615,000	5,140,000
Bonds	2018	5/1/38	3.0-4.0%	3,080,000	3,080,000
Total governmental activities - general obligation debt					\$ 8,580,000

Debt service requirements to maturity are as follows:

Years	Principal	Interest	Total
2020	\$ 440,000	\$ 249,650	\$ 689,650
2021	345,000	239,635	584,635
2022	375,000	230,425	605,425
2023	435,000	219,025	654,025
2024	445,000	205,825	650,825
2025-2029	2,485,000	846,438	3,331,438
2030-2034	2,820,000	461,238	3,281,238
2035-2038	1,235,000	69,600	1,304,600
Totals	\$ 8,580,000	\$ 2,521,836	\$ 11,101,836

Installment Note

The City entered into an installment note with WPPI Energy for a lighting upgrade project. The note is non-interest bearing and due in monthly payments of \$569, with final payment due September 28, 2021. Debt service requirements are as follows:

Year	Principal
2020	\$ 6,830
2021	5,123
Total	\$ 11,953

Other Long-Term Obligations

The City entered into an agreement on April 8, 2016 to provide \$25,000 a year for five years to a developer, providing the developer met construction criteria. The criteria was met in 2017. The balance of this obligation at December 31, 2019 was \$50,000. Future payments are as follows:

Year	Principal
2020	\$ 25,000
2021	25,000
Total	\$ 50,000

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 5 LONG-TERM AND SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utilities.

Revenue debt payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
Revenue bonds	8/1/11	12/1/30	2.00-4.375%	\$4,450,000	\$ 3,490,000
Revenue bonds	3/7/13	12/1/23	2.00-2.20%	3,475,000	1,545,000
Revenue bonds	5/26/16	12/1/36	0.90-4.00%	3,030,000	2,790,000
Revenue bonds	6/28/18	12/1/38	3.00-4.00%	3,400,000	3,285,000
Revenue bonds	6/27/19	12/1/38	3.00%	7,545,000	7,545,000
Total business-type activities - revenue debt					\$ 18,655,000

Debt service requirements to maturity are as follows:

Business-Type Activities

Years	Principal	Revenue Debt Interest	Total
2020	\$ 1,165,000	\$ 590,530	\$ 1,755,530
2021	1,195,000	560,030	1,755,030
2022	1,215,000	528,220	1,743,220
2023	1,245,000	493,195	1,738,195
2024	935,000	456,425	1,391,425
2025-2029	5,220,000	1,791,960	7,011,960
2030-2034	4,410,000	943,358	5,353,358
2035-2038	3,270,000	256,425	3,526,425
Totals	\$ 18,655,000	\$ 5,620,143	\$ 24,275,143

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2019 and 2018 were \$1,331,665 and \$1,050,183, respectively. Total customer net revenues as defined for the same periods were \$3,658,083 and \$2,833,738. Annual principal and interest payments are expected to require 39% of net revenues on average.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 2011, 2013, 2016, 2018, and 2019 revenue bonds:

Insurance

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 5 LONG-TERM AND SHORT-TERM DEBT OBLIGATIONS (CONTINUED)

The utilities are covered under the following insurance policies at December 31, 2019:

Type	Coverage
Local government property	\$ 91,906,113 Maximum
Contractors equipment	2,169,779 Maximum
Monies and securities	210,000 Maximum
Causes of loss	558,337 Maximum
Auto, comp. & collision	\$ 20,000,000 Each occurrence
Auto, comp. & collision	1,500,000 Per vehicle
Crime coverage	5,000,000 Maximum
General liability	\$ 5,000,000 Each occurrence
Boiler and machinery	500,000,000 Program limit
Employment practices liability	1,000,000 Each occurrence
Workers compensation	100,000 Each accident

Number of Customers – Electric

The electric and water utility has the following number of customers and billed volumes for 2019 and 2018:

	Customers		Sales (000 kWh)	
	2019	2018	2019	2018
Residential	3,412	3,396	36,177	27,284
Small commercial and industrial	471	468	11,479	12,069
Industrial	37	36	136,679	139,661
Street and highway lighting	15	15	482	533
Public authority	52	52	785	777
Totals	3,987	3,967	175,602	180,324

Number of Customers – Water

The electric and water utility has the following number of customers and billed volumes for 2019 and 2018:

	Customers		Sales (000 gals)	
	2019	2018	2019	2018
Residential	2,494	2,464	88,952	89,711
Commercial	316	316	44,847	47,192
Industrial	30	30	419,789	431,411
Public authority	26	25	6,874	8,425
Totals	2,866	2,835	560,462	576,739

Notes to the Basic Financial Statements

NOTE 6

DEFINED BENEFIT PENSION PLAN

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

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Notes to the Basic Financial Statements

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1%)	(42%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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

During the reporting period, the WRS recognized \$365,641 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

	2019	
	Employee	Employer
General (including teachers)	6.55%	6.55%
Protective with social security	6.55%	10.55%
Protective without social security	6.55%	14.95%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability (asset) of \$1,241,579 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.03489852%, which was an increase of 0.00084669% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$840,390.

Pension amounts have been allocated to the enterprise funds and business-type activities. Allocations were based on a proportionate share of contributions to the pension plan made by the enterprise funds and business-type activities relative to the total contributions made by the City.

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City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 967,002	\$ 1,709,313
Changes of assumptions	209,285	
Net differences between projected and actual earnings on pension plan investments	1,813,242	
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,447	4,628
Employer contributions subsequent to the measurement date	369,692	
Total	\$ 3,363,668	\$ 1,713,941

\$369,692 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Year ended December 31:
2020	\$ 464,766
2021	117,062
2022	202,458
2023	495,749
Total	\$ 1,280,035

Actuarial assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

Asset Allocation Targets and Expected Returns As of December 31, 2018			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of New London's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$4,934,168	\$1,214,579	(\$1,504,146)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://efw.lwi.gov/publications/cnfr.htm>

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN

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

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://efw.lwi.gov/publications/cnfr.htm>

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

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

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

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

Contribution rates as of December 31, 2019 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
* Disabled members under age 70 receive a waiver-of-premium benefit		

During the reporting period, the LRLIF recognized \$1,513 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2019, the LRLIF Employer reported a liability (asset) of \$202,750 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 07857500%, which was a decrease of .000462% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$21,419.

OPEB amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS - MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 10,286
Changes of assumptions	19,345	43,948
Net differences between projected and actual earnings on OPEB plan investments	4,846	
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,036	1,083
Employer contributions subsequent to the measurement date	1,525	
Totals	\$ 33,752	\$ 55,317

\$1,525 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2020	(2,713)
2021	(2,713)
2022	(2,713)
2023	(3,394)
2024	(4,095)
2025	(6,181)
2026	(1,281)
Total	(23,090)

Actuarial assumptions. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	3.00%
Inflation:	0.1% - 5.6%
Seniority/Merit:	Wisconsin 2018 Mortality Table

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS - MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securitan, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018

Asset Class	Index	Target Allocation	Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
			5.00%

Single Discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS—MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

Sensitivity of the City's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability (asset)	\$288,425	\$202,750	\$136,671

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://aefl.wa.gov/publications/aefl.html>

NOTE 8 LENGTH OF SERVICE AWARDS PROGRAM—LOSAP

The City established a single employer defined benefit Service Awards Program (referred to as a "LOSAP"—length of service awards program) effective January 1, 1998 for the active volunteer firefighter members of the City. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The City is the sponsor of the program. Benefits and eligibility are established and amended by the City Council.

Program Description

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62 with one year of Plan participation. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program. A participant may also receive credit for years of firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the City.

There are 29 active participants in the plan as of January 1, 2019 and 22 inactive participants. 4 of the inactive participants are retired and are currently receiving benefit payments. 18 of the inactive participants are not currently eligible to receive benefit payments. No active participants are receiving benefits.

Benefits

A participant's benefit under the program is the equivalent of a monthly payment for life equal to \$5 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit is unlimited. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits

NOTE 8 LENGTH OF SERVICE AWARDS PROGRAM—LOSAP (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$702,036. The pension liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

For the year ended December 31, 2019, the City recognized pension expense of \$60,759.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 30,175	\$ 1
Changes of assumptions	107,841	28,688
Total	\$ 138,016	\$ 28,689

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

	Net Outflows (Inflows) of Resources
Year ended December 31:	
2020	\$ 22,045
2021	22,045
2022	22,044
2023	14,400
2024	14,400
Thereafter	14,393
Total	\$ 109,327

Below is a schedule of changes in the total pension liability for the current reporting period:

Beginning balance	\$ 580,201
Changes for the year:	
Service cost	23,191
Interest	15,523
Changes of benefit terms	-
Differences between expected and actual experience	24,806
Changes of assumptions or other inputs	99,057
Benefit payments and expenses	(40,742)
Net changes	121,835
Ending balance	\$ 702,036

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 8 LENGTH OF SERVICE AWARDS PROGRAM – LOSAP (CONTINUED)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019	December 31, 2019
Measurement Date of Total Pension Liability		
Inflation	0.0%	
Discount Rate / Investment Rate of Return	2.75% percent, net of pension plan investment expense, including inflation. Based on municipal bond rates	
Projected salary increases	Not Applicable	
Mortality	No pre-retirement mortality; post retirement RP2000MF projected to 2030	
Retirement	First eligible	
Turnover	T5	
Disability	None	

Single Discount rate

A single discount rate of 2.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

Sensitivity of the City's total pension liability to changes in the discount rate

The following presents the City's total pension liability calculated using the discount rate of 2.75 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point (1.75 percent) or 1-percentage point higher (3.75 percent) than the current rate:

1% Decrease to Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase to Discount Rate (3.75%)
\$753,194	\$702,036	\$649,736

Funding Policy, Plan Assets, and Control

Service credit is determined by the governing board of the sponsor. The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator's functions include installation assistance in the following areas: specimen adoption agreement, specimen master plan, insurance applications, participant enrollment forms, explanation of benefits and benefit certificates provided at enrollment and every three years thereafter. In addition, VFIS provides the following administrative assistance: reminder letter to the City with census for current anniversary date, participant's benefit calculation at the time of termination or retirement for verification by the City, schedule of benefits and costs, valuation and recommended deposit, summary of required contribution and actuarial review and recommended benefit enhancement.

Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 8 LENGTH OF SERVICE AWARDS PROGRAM – LOSAP (CONTINUED)

The following is an explanation of process for approving disbursements:

Payment of Benefits:

1. **Entitlement Benefits** - VFIS prepares and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon termination from the Plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to VFIS authorizing VFIS to disburse entitlement benefits.
2. **Death Benefits** - Upon notification from the Plan Administrator (Sponsor) of a participant death, VFIS prepares a Verification of Benefits statement and a Lump Sum Death Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to VFIS authorizing VFIS to disburse a death benefit.
3. **Disability Benefits** - Upon notification from the Plan Administrator (Sponsor) of a participant total and permanent disability, VFIS prepares a Verification of Benefits Statement, a Physician Statement form, and a Lump Sum Disability Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing VFIS to disburse a disability benefit.

Payment of Administrative Expenses:

Per the executed Service Fee Agreement, the Plan Administrator (Sponsor) agrees to payment as contracted.

Funding Policy, Plan Assets, and Control (Continued)

Plan assets are not legally protected from creditors. The obligation of the Sponsor to pay any benefits under this Plan shall be unfunded and unsecured. Any payments under this Plan shall be made from the general assets of the Sponsor, which general assets are subject to the claims of creditors of the Sponsor. The Sponsor, however, in its discretion, may set aside assets or purchase an annuity or life insurance contract to discharge all or part of its obligation under this Plan. In coordination with VFIS, the City has set aside assets in annuity contracts in the name of the City. It is not intended that any trust for the benefit of Participants is to be created by setting aside the assets or purchasing the annuity contracts. Plan assets are recorded as assets of the City within its governmental activities and general fund.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the investment policy statement adopted by the City.

Plan assets activity for 2019 is provided below:

Plan Assets, beginning of year	\$ 353,981
Changes during the year:	
Plan contributions	22,514
Investment income earned	10,710
Administrative and Other Fees/Charges	(1,500)
Benefit payments	(31,463)
Plan Assets, end of year	<u>\$ 354,242</u>

Annuity contracts are reported using a cost based measure and are not subject to the fair value hierarchy.

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 8 LENGTH OF SERVICE AWARDS PROGRAM - LOSAP (CONTINUED)

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. Funding status information as of December 31, 2019 is provided below:

Actuarially Accrued Liability at December 31, 2019	\$ 702,036
Less: Assets Available for Benefits	
Annuity Contracts	(354,242)
Total Underfunded Benefits	<u>\$ 347,794</u>

NOTE 9 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City has chosen to retain a portion of the risks through a self-insurance program and has also purchased insurance to transfer other risks to outside parties. The City is partial self-insured for liability insurance and participates in a public entity risk pool called the Cities and Villages Mutual Insurance Company (CVMIC) to provide coverage for its excess liability insurance coverage. Settled claims have not exceeded the CVMIC coverage in any of the last three years. All other risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage from coverage in prior years. Settled claims have not exceeded commercial insurance in any of the last three years.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Commission (WMMIC)
Cities and Villages Mutual Insurance Company (CVMIC)

The WMMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMMIC and CVMIC are available from: Cities and Villages Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The initial investment in WMMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$284,938 in the insurance internal service fund.

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 9 RISK MANAGEMENT (CONTINUED)

The City pays an annual premium to CVMIC for its general liability, police liability, professional liability, public officials liability and vehicle liability coverages. The City's retained liability is limited to \$17,500 per occurrence and an annual aggregate limit of \$70,000. An actuarially determined estimate has not been recorded for this liability, as well as for claims incurred but not reported at December 31, 2019. Changes in the fund's claims loss liability follow:

	Liability January 1	Incurred Claims	Claim Payments	Liability December 31
2019	\$	\$	\$	\$
2018				
2017	11,675		11,675	11,675
2016	10,000	1,675		10,000
2015	16,122		6,122	10,000

Premiums paid to CVMIC for insurance coverage are recorded in a self-insurance internal service fund (governmental activities column of government-wide statement of activities). The self-insurance fund charges various City departments and operations for their portion of insurance coverage for the year.

NOTE 10 WISCONSIN PUBLIC POWER INCORPORATED (WPPI)

The electric utility is one of 51 WPPI member municipalities located throughout the States of Wisconsin, Iowa, and Michigan. On December 1, 1989, each initial WPPI member commenced purchasing electric service from WPPI under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI members to pay for power and energy requirements supplied or made available by WPPI at rates sufficient to cover WPPI's revenue requirement including power supply costs, administrative expenses and debt service. WPPI's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI obligations. The long-term contract provides that all payments to WPPI constitute operating expenses of the electric utility payable from any operating and maintenance fund established for that system.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$324 million as of December 31, 2019.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 11 ENVIRONMENTAL REMEDIATION TAX INCREMENT DISTRICT

The City of New London, Wisconsin Environmental Remediation Tax Incremental District No. 1 was created under the provisions of Wisconsin Statute Section 66.1106. The purpose of that section is to allow a municipality to recover costs incurred in brownfield remediation projects from the property taxes generated in the increased value of the property after the creation of the District. The tax on the increased value is called a tax increment.

Project costs may be incurred up to 15 years after the base is certified. The statutes allow the municipality to collect tax increments until the net project costs have been fully recovered, or a maximum of 23 years after the base was certified.

Environmental Remediation District No. 1	Date Base Certified	Last Day to Incur Project Costs	Final Dissolution Date
	1/1/01	12/31/15	12/31/23

At December 31, 2019, the amounts recoverable by the City from future excess tax increments was \$242,797. This amount does not include any interest on advances from the general fund to finance the remediation costs.

NOTE 12 CONTINGENT LIABILITIES

The City has identified the following items as potential liabilities not recorded on the financial statements:

1. The City participates in a number of federal and state assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
2. From time to time, the City is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

NOTE 13 SIGNIFICANT CUSTOMERS

The water and electric utility have two significant customers who were responsible for 31% of water operating revenues and 45% of electric operating revenues in 2019.

NOTE 14 NET POSITION/FUND BALANCES

GOVERNMENTAL FUND BALANCES

Governmental fund balances on the fund financial statements at December 31, 2019 includes the following:

Nonspendable:	
Unpaid special charges	\$ 4,280
Delinquent personal property taxes	1,108
Prepaid items	299
Advance to other funds	242,797
Subtotal general fund	248,484
Cemetery perpetual care	287,449
Total nonspendable	\$ 535,933

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 14 NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES (CONTINUED)

Restricted:	
Wheel tax	\$ 51,277
Hutton Stadium	130,983
Donor restricted amounts	21,096
Subtotal capital projects fund	203,356
Cemetery perpetual care	41,875
Community development	217,021
Housing rehabilitation	17,032
Tourism	69,368
Debt service	159,215
Donor restricted:	
Library and museum	353,736
Community cupboard	8,062
Total restricted	\$ 1,069,665
Assigned:	
General Fund:	
New library	\$ 468
Revaluation reserve	46,290
Cable TV reserve	274,925
Boat launch	118,322
Phone upgrade	45,000
Trails/ATC	45,220
Downtown Façade/Economic Development	81,129
Downtown Revitalization/City Beautification	2,006
Retirement reserve	560,000
Technology	44,357
Weather sirens	21,000
Wellness	27,923
Books	1,640
Length of service awards program	354,242
Subsequent year budget-tax equivalent	760,634
Subtotal general fund	2,385,156
Capital projects reserve	589,740
Total assigned	\$ 2,974,896
Unassigned	
General Fund	\$ 3,567,419
Environmental TID (deficit)	(242,797)
Total unassigned	\$ 3,324,622

City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 14 NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Net investment in capital assets	
Land and construction in progress	\$ 1,539,922
Other capital assets, net of accumulated depreciation	19,379,101
Less: long-term debt outstanding	(8,591,953)
(excluding noncapital related debt proceeds)	
Total net investment in capital assets	<u>12,327,070</u>
Restricted for:	
Investment in CVMIC	284,938
Library and museum	353,736
Economic development	409,763
Housing rehabilitation	918,405
Perpetual care	329,324
Tourism	69,368
Debt service	115,696
Capital projects	203,356
Donor restricted community cupboard	8,062
Total restricted	<u>2,692,648</u>
Unrestricted	5,636,419
Total governmental activities net position	<u>\$ 20,656,137</u>

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City of New London, Wisconsin
December 31, 2019

Notes to the Basic Financial Statements

NOTE 14 NET POSITION/FUND BALANCES (CONTINUED)

BUSINESS-TYPE ACTIVITIES AND ENTERPRISE FUND NET POSITION

Business-type activities and enterprise fund net position at December 31, 2019 includes the following:

Net investment in capital assets:	
Plant in service	\$ 71,206,964
Accumulated depreciation	(33,706,170)
Property held for future use	109,261
Subtotal	<u>37,610,055</u>
Less: capital related debt	
Current portion of capital related long-term debt	(1,165,000)
Long-term portion of capital related long-term debt	(17,490,000)
Unamortized debt premium	(405,784)
Unamortized loss of advance refunding	51,365
Subtotal	<u>(19,009,419)</u>
Add: unspent debt proceeds	1,427,328
Construction funds	94,602
Reserve from borrowing	
Subtotal	<u>1,521,930</u>
Total net investment in capital assets	<u>20,122,566</u>
Restricted:	
Water and electric utility	
Restricted assets	116,509
Redemption account	1,175,721
Reserve account	1,427,328
Construction account	
Interest receivable	5,877
Total restricted assets	<u>2,725,435</u>
Less: restricted assets not funded by revenues	(94,602)
Reserve from borrowing	(1,427,328)
Construction account	
Total restricted assets not funded by revenues	<u>(1,521,930)</u>
Current liabilities payable from restricted assets	(36,436)
Total restricted assets - water and electric utility	<u>1,167,069</u>
Sewer utility	
Restricted assets	352,554
Reserve account	758,685
DNR equipment replacement	1,111,239
Total restricted assets - sewer utility	<u>(12,775)</u>
Current liabilities payable from restricted assets	1,098,464
Total restricted assets - sewer utility	<u>2,265,533</u>
Total restricted net position	<u>6,823,692</u>
Unrestricted	\$ 29,211,791
Total business-type activities and enterprise fund net position	

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 15

RESTRICTED ASSETS

A) Bond Accounts

Certain proceeds of the utility's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The following revenue bond accounts are reported as restricted assets:

Redemption –	Used to segregate resources accumulated for debt service payments over the next twelve months.
Reserve –	Used to report resources set aside to make up potential future deficiencies in the redemption account.
Construction –	Used to report bond proceeds restricted for use in construction.

B) DNR Replacement Account

As a condition of receiving state funds for wastewater treatment facility construction, the sewer utility has established an account for replacement of mechanical equipment during the life of the facility. The balance at December 31, 2019 was \$758,685.

NOTE 16

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2019 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 3,687,545
Tax increment receivable	16,069
Special assessments not yet due	321,808
Subsequent period repayments	18,044
Loans receivable	1,094,115
Total deferred inflows of resources for governmental funds	<u>\$ 5,137,581</u>

Postponed special assessments are generally collectible on annual installments from one to five years while others have been deferred until the property is sold or placed in service.

The loans receivable of \$1,094,115 represents various loans to local business and homeowners that were originally financed from economic development grants received by the City from the State of Wisconsin. Repayment of principal and interest loans is recorded as revenue in the community development and housing rehabilitation special revenue funds and is used to finance additional development loans.

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 17

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Principal Purpose
<u>Government Funds:</u>			
General	Internal service	\$ 177,799	Cash flow
General	Water and electric	760,634	Tax equivalent
	Total	<u>\$ 938,433</u>	
<u>Proprietary Funds:</u>			
Sewer	Water and electric	\$ 133,720	Sewer billings
Water and electric	Sewer	13,620	Joint metering
Sewer	General	14,674	Tax roll items
Water and electric	General	20,353	Tax roll items
	Total	<u>\$ 182,367</u>	

Interfund advances were as follows at December 31, 2019:

Receivable Fund	Payable Fund	Amount
<u>Governmental Funds (Exhibit A-3):</u>		
General	TIF	<u>\$ 242,797</u>

The general fund advanced funds to the environmental remediation tax increment district to pay for environmental costs. To date no specific repayment schedules have been established.

For the statement of net position, interfund balances which are owned within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To:	Fund Transferred From:	Amount	Principal Purpose
General	Water & electric utility	\$ 765,156	Tax equivalent and appropriations
Capital projects	General	367,892	Capital costs and reserves
Capital projects	Sewer utility	140,996	Future capital improvements
Grant reimbursement	General	2,241	Cash deficit
	Total	<u>\$ 1,276,285</u>	

Additionally, a transfer of \$142,177 is recorded from the Sewer Utility to the Electric and Water Utility. During 2019, capital costs were incurred to extend the water and sewer systems. The Sewer utility paid for the full cost of the extension. Payments made for water utility asset additions are recorded as a transfer to the Electric and Water Utility.

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose assigned purpose has been removed.

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City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 18 LEASE DISCLOSURES

A) Lessee – Capital Leases

The City has no material outstanding capital leases

B) Lessee – Operating Leases

The City entered into a lease agreement for facilities. The lease is for a period of 33 years beginning February 15, 2004. Improvements to the facilities of \$496,878 that were paid for by the City in 2003 are considered prepaid rent and are being amortized to expense over the life of the lease for the government-wide statements. The City does not make any payments monthly, annually, or otherwise, for rental of the facilities.

NOTE 19 LANDFILL

The City has retained a consultant to perform monitoring and testing of a landfill. Estimated annual costs are \$25,000 and it is anticipated the monitoring will continue for 10-15 years.

NOTE 20 TAX LEVY LIMIT

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, and street sweeping.

NOTE 21 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases* and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. When these become effective, application of these standards may restate portions of these financial statements.

City of New London, Wisconsin
December 31, 2019
Notes to the Basic Financial Statements

NOTE 22 COMMITMENTS/SUBSEQUENT EVENTS

The following items were approved and will be purchased or completed after December 31, 2019:

- Purchase of two squad cars for \$85,000
- Upgrades to the police department HVAC system at a cost of approximately \$210,000
- Contract for design and grant services for the Newton Blackmore trail extension for \$37,900.
- Purchase of a skid steer in the amount of \$50,000

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The City is closely monitoring our investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The financial statements do not include adjustments to fair value that have resulted from these declines.

NOTE 23 COMMUNITY CUPBOARD FOOD PANTRY OPERATIONS

The City of New London discontinued the municipal Community Cupboard food pantry during 2019. Operations were shifted to a local nonprofit organization. The City's Community Cupboard fund balance is being transferred to the nonprofit organization. 2019 expenses in the Community Cupboard fund include a \$195,762 transfer made to the nonprofit organization. The remaining fund balance of approximately \$8,000 will be transferred to the nonprofit organization in 2020.

Exhibit B-1
City of New London, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 2,859,649	\$ 2,859,649	\$ 2,865,438	\$ 5,789	\$ 5,789
Special assessments	1,000	1,000	2,993	1,993	1,993
Intergovernmental	2,600,436	2,600,436	2,628,309	27,873	27,873
Licenses and permits	116,670	116,670	131,861	15,191	15,191
Fines and forfeitures	100,000	100,000	88,152	(11,848)	(11,848)
Public charges for services	341,250	341,250	334,522	(6,728)	(6,728)
Intergovernmental charges for services	72,000	72,000	74,299	2,299	2,299
Interdepartmental charges for services	8,700	8,700	8,700		
Interest income	56,500	56,500	265,421	208,921	208,921
Miscellaneous	53,621	53,621	103,312	49,691	49,691
Total revenues	6,209,826	6,209,836	6,503,007	293,181	293,181
EXPENDITURES					
Current:					
General government	1,281,852	1,311,852	1,302,967	(21,115)	8,885
Public safety	2,534,432	2,504,432	2,427,930	106,502	76,502
Public works	966,335	966,335	963,024	3,311	3,311
Health and human services	192,083	192,083	170,987	21,096	21,096
Culture and recreation	2,000,624	1,999,205	1,906,798	93,826	92,407
Total expenditures	6,975,326	6,973,907	6,771,706	203,620	202,201
Excess (deficiency) of revenues over expenditures	(765,500)	(764,081)	(268,699)	496,801	495,382
OTHER FINANCING SOURCES					
Transfer from other funds	750,000	750,000	765,156	15,156	15,156
Transfer to other funds		(1,419)	(370,134)	(370,134)	(368,715)
Net change in fund balances	(15,500)	(15,500)	126,323	141,823	141,823
Fund balance-beginning of year	6,074,736	6,074,736	6,074,736		
Fund balance-end of year	\$ 6,059,236	\$ 6,059,236	\$ 6,201,059	\$ 141,823	\$ 141,823

Required Supplementary Information

See accompanying Notes to Required Supplementary Information.

Exhibit B-2
City of New London, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last 10 Calendar Years**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.03489852%	\$ 1,241,579	\$ 4,683,409	26.51%	96.45%
2017	(0.03405183%)	(1,011,039)	4,554,547	(22.20%)	102.93%
2016	0.03345700%	275,765	4,355,589	6.33%	99.12%
2015	0.03354071%	545,030	4,223,351	12.91%	98.20%
2014	(0.03388466%)	(832,071)	4,187,310	(19.87%)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 369,692	\$ (369,692)	\$	\$ 4,793,267	7.71%
2018	365,641	(365,641)		4,683,409	7.81%
2017	357,716	(357,716)		4,554,547	7.85%
2016	322,557	(322,557)		4,355,589	7.41%
2015	320,019	(320,019)		4,223,351	7.58%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

See accompanying Notes to the Required Supplementary Information.

Exhibit B-3
City of New London, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last 10 Calendar Years**

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.07857500%	\$ 202,750	\$ 3,006,000	6.74%	48.69%
2017	0.07903700%	237,789	3,323,732	7.15%	44.81%

*The proportionate share of the net OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS

Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 1,525	\$ 1,513	(1,525)	\$ 4,793,267	0.03%
2018	1,513	(1,513)		3,006,000	0.05%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

See accompanying Notes to the Required Supplementary Information.

City of New London, Wisconsin
Notes to the Required Supplementary Information
December 31, 2019

NOTE 1 BUDGET SCHEDULE

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The City budget is adopted in accordance with state law. The original budget amounts in the required supplemental information include appropriations authorized in the original budget resolution. Revisions to the original budget are required by a statutory provision, which states that no expenditures can be made from an expired appropriation. The statutes also require publication of the budget revisions. Revisions require a majority vote of the Common Council. Appropriations for the general fund lapse at year end unless specifically carried forward by council action. No budget is required for the Housing Rehabilitation fund.

The City does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2 EXCESS EXPENDITURES OVER APPROPRIATIONS

No expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2019.

NOTE 3 WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 5 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

NOTE 4 LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

Exhibit B-4
Required Supplementary Information

City of New London, Wisconsin
Length of Service Awards Program Pension Plan Schedules
December 31, 2019

SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS

	Year Ended December 31		
	2017	2018	2019
Changes for the Year			
Service Cost	\$ 15,938	\$ 20,607	\$ 23,191
Interest	16,972	21,450	15,523
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experiences	(1)	11,885	24,806
Change of Assumptions or Other Inputs	45,870	(38,250)	99,057
Benefit Payments	(12,759)	(17,077)	(40,742)
Net Change in Total Pension Liability	66,020	(1,385)	121,835
Total Pension Liability - Beginning	515,566	581,586	580,201
Total Pension Liability - Ending	\$ 581,586	\$ 580,201	\$ 702,036
Covered Payroll	\$ -	\$ -	\$ -
Total Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

The length of service awards program is for volunteer firefighters. Accordingly, there is no covered payroll.

City of New London, Wisconsin
Notes to the Required Supplementary Information
December 31, 2019

NOTE 5 LENGTH OF SERVICE AWARDS PROGRAM PENSION PLAN SCHEDULES

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes of benefit terms. There were no changes of benefit terms during the year.

Changes of assumptions. There were no changes in the assumptions other than the discount rate.

Assets. There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

Exhibit C-1
City of New London, Wisconsin
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2019

	Cemetery Perpetual Care	Housing Rehabilitation	Tourism	Library and Museum	Community Development	Community Cupboard	Debt Service	Capital Projects	Environmental TID	Total
ASSETS										
Cash and investments	\$ 329,324	\$ 16,946	\$ 61,564	\$ 353,736	\$ 217,021	\$ 8,062	\$ 209,215	\$ 904,447	\$	\$ 2,100,315
Receivables:										
Taxes										
Mortgages		901,459					746,481		16,069	762,550
Accounts			7,804							901,459
Other governments								33,747		7,804
Loans					192,742					33,747
										192,742
Total assets	\$ 329,324	\$ 918,405	\$ 69,368	\$ 353,736	\$ 409,763	\$ 8,062	\$ 955,696	\$ 938,194	\$ 16,069	\$ 3,998,617
LIABILITIES										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$ 127,054	\$	\$ 127,054
Short-term notes payable							50,000			50,000
Advance from other funds								242,797		242,797
Total liabilities		901,373			192,742		746,481	18,044	16,069	1,874,709
DEFERRED INFLOWS OF RESOURCES										
FUND BALANCES										
Nonspendable	287,449									287,449
Restricted	41,875	17,032	69,368	353,736	217,021	8,062	159,215	203,356		1,069,665
Assigned								589,740		589,740
Unassigned (deficit)								(242,797)		(242,797)
Total fund balances	329,324	17,032	69,368	353,736	217,021	8,062	159,215	793,096	(242,797)	1,704,057
Total liabilities, deferred inflows of resources, and fund balances	\$ 329,324	\$ 918,405	\$ 69,368	\$ 353,736	\$ 409,763	\$ 8,062	\$ 955,696	\$ 938,194	\$ 16,069	\$ 3,998,617

Exhibit C-2
City of New London, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2019

	Cemetery Perpetual Care	Housing Rehabilitation	Tourism	Library and Museum	Community Development	Community Cupboard	Grant Reimbursement	Debt Service	Capital Projects	Environmental TID	Total
REVENUES											
Taxes		\$	47,121	\$	\$	\$	\$	\$ 663,580	125,166	\$ 16,107	\$ 726,808
Wheel tax									257,341		125,166
Intergovernmental									5,539		257,341
Interest income	91	195	98	417	1,110	427			14,448		7,877
Miscellaneous:											14,448
Loan repayments					36,350						36,350
Other		12,957		178,966		1,888	3,903				197,714
Total revenues	91	13,152	47,219	179,383	37,460	2,315	3,903	663,580	402,494	16,107	1,365,704
EXPENDITURES											
Current:											
General government										150	150
Health and human services											201,477
Culture and recreation											127,046
Conservation and development				127,046			6,144				45,488
Capital outlay			39,344						992,441		992,441
Debt service:											
Principal retirement								366,830			366,830
Interest and fiscal charges								297,549			297,549
Total expenditures			39,344	127,046		201,477	6,144	664,379	992,441	150	2,030,981
Excess (deficiency) of revenues over over expenditures	91	13,152	7,875	52,337	37,460	(199,162)	(2,241)	(799)	(589,947)	15,957	(665,277)
OTHER FINANCING SOURCES (USES)											
Transfer in							2,241		508,888		511,129
Total other financing sources (uses)							2,241		508,888		511,129
Net change in fund balances	91	13,152	7,875	52,337	37,460	(199,162)		(799)	(81,059)	15,957	(154,148)
Fund balance (deficit)-beginning of year	329,233	3,880	61,493	301,399	179,561	207,224		160,014	874,155	(258,754)	1,858,205
Fund balance (deficit)-end of year	\$ 329,324	\$ 17,032	\$ 69,368	\$ 353,736	\$ 217,021	\$ 8,062	\$	\$ 159,215	\$ 793,096	\$ (242,797)	\$ 1,704,057

FORM OF LEGAL OPINION

(See following pages)

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

October 29, 2020

Re: City of New London, Wisconsin ("Issuer")
\$3,295,000 Sewerage, Water and Electric System Mortgage Revenue Refunding
Bonds, Series 2020B, dated October 29, 2020 ("Bonds")

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

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

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and resolutions adopted by the Common Council of the Issuer on July 10, 1986, July 22, 1986 and October 13, 2020 (collectively, the "Bond Resolution"). Pursuant to the Bond Resolution, the Bonds are issued on a parity with the Issuer's outstanding, the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2013B, dated March 7, 2013, the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2016B, dated May 26, 2016, the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2018B, dated June 28, 2018 and the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2019A, dated June 27, 2019 (collectively, the "Prior Bonds"). The Issuer covenanted in the Bond Resolution that revenues of the sewerage system and the combined water and electric system (collectively, the "System") of the Issuer which are deposited in the Special Redemption Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$290,000	___%
2022	305,000	___
2023	315,000	___
2024	320,000	___
2025	335,000	___
2026	335,000	___
2027	345,000	___
2028	350,000	___
2029	350,000	___
2030	350,000	___

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2021.

The Bonds maturing on December 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2027 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. In the Bond Resolution, the Issuer granted a mortgage lien on all property constituting any part of the System of the Issuer on a parity with that granted to the owners of the Prior Bonds to the owners of the Bonds.
5. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds or the mortgage lien created by the Bond Resolution or on the sufficiency of the Revenues.

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of New London, Outagamie and Waupaca Counties, Wisconsin (the "Issuer") in connection with the issuance of \$3,295,000 Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2020B, dated October 29, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on October 13, 2020 (the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

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

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

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

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

"Final Official Statement" means the Final Official Statement dated October 14, 2020 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

"Issuer" means the City of New London, Outagamie and Waupaca Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Treasurer/Finance Director of the Issuer who can be contacted at 215 N. Shawano Street, New London, Wisconsin 54961, phone (920) 982-8500, fax (920) 982-8665.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2020, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. THE BONDS - Description of Water System
5. THE BONDS - Description of Electric System
6. THE BONDS - Description of Sewer System

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 29th day of October, 2020.

(SEAL)

Mark Herter
Mayor

Jackie Beyer
City Clerk

NOTICE OF SALE

\$3,295,000* SEWERAGE, WATER AND ELECTRIC SYSTEM MORTGAGE REVENUE REFUNDING BONDS, SERIES 2020B CITY OF NEW LONDON, WISCONSIN

Bids for the purchase of \$3,295,000* Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2020B (the "Bonds") of the City of New London, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on October 13, 2020, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are authorized pursuant to Section 66.0621, Wisconsin Statutes, by the City of New London, Wisconsin (the "City"), for the purpose current refunding certain outstanding special obligations of the City's Sewerage, Water and Electric System (the "Utility System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Utility System. The Bonds are being issued on a parity with the City's outstanding Sewerage, Water & Electric System Mortgage Revenue Refunding Bonds, Series 2013B dated March 7, 2013; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2016B dated May 26, 2016; the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2018B dated June 28, 2018 and the Sewerage, Water and Electric System Mortgage Revenue Bonds, Series 2019A dated June 27, 2019.

DATES AND MATURITIES

The Bonds will be dated October 29, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$290,000	2025	\$335,000	2029	\$350,000
2022	305,000	2026	335,000	2030	350,000
2023	315,000	2027	345,000		
2024	320,000	2028	350,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after December 1, 2028 shall be subject to optional redemption prior to maturity on December 1, 2027 or any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about October 29, 2020, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

SUBMISSION OF BIDS

Bids must not be for less than \$3,253,812, nor more than \$3,492,700, plus accrued interest on the principal sum of \$3,295,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of \$65,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

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

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

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

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

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-

offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Common Council

Jackie Beyer, City Clerk
City of New London, Wisconsin

BID FORM

The Common Council
City of New London, Wisconsin

October 13, 2020

RE: \$3,295,000* Sewerage, Water and Electric System Mortgage Revenue Refunding Bonds, Series 2020B (the "Bonds")
DATED: October 29, 2020

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$3,253,812, nor more than \$3,492,700) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2021	_____ % due 2025	_____ % due 2029
_____ % due 2022	_____ % due 2026	_____ % due 2030
_____ % due 2023	_____ % due 2027	
_____ % due 2024	_____ % due 2028	

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

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$65,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about October 29, 2020.

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

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

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

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

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from October 29, 2020 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of New London, Wisconsin, on October 13, 2020.

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