

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 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: S&P Global Ratings

CITY OF VIROQUA, WISCONSIN (Vernon County)

\$3,030,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A

BID OPENING: September 29, 2020, 10:00 A.M., C.T. **CONSIDERATION:** September 29, 2020, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") are authorized pursuant to Section 67.04, Wisconsin Statutes, by the City of Viroqua, Wisconsin (the "City"), for the public purposes of financing parks and public grounds projects, construction of a police facility and current refunding certain outstanding general obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: October 15, 2020

MATURITY:

As follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
12/01/2021	\$85,000	12/01/2028	\$155,000	12/01/2035	\$175,000
12/01/2022	25,000	12/01/2029	220,000	12/01/2036	175,000
12/01/2023	60,000	12/01/2030	230,000	12/01/2037	180,000
12/01/2024	75,000	12/01/2031	235,000	12/01/2038	140,000
12/01/2025	95,000	12/01/2032	240,000	12/01/2039	140,000
12/01/2026	40,000	12/01/2033	240,000	06/01/2040	120,000
12/01/2027	160,000	12/01/2034	240,000		

***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, 2029 and thereafter are subject to call for prior optional redemption on December 1, 2028 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID:

\$2,984,550.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$60,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

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

* Preliminary, subject to change.

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



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

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

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

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

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

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

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

		<u>Term Expires</u>
Karen Mischel	Mayor	April 2022
Tanja Birke	Aldersperson	April 2022
Cyndy Hubbard	Aldersperson	April 2022
Mike Koppa	Aldersperson	April 2021
Terry Noble	Aldersperson	April 2021
Gregory Splinter	Aldersperson	April 2022
John Thompson	Aldersperson	April 2021
David Tryggstad	Aldersperson	April 2021
Kristal Welter	Aldersperson	April 2022
Vacant	Aldersperson	April 2021

ADMINISTRATION

Nathan Torres, City Administrator
Lori Polhamus, City Clerk/Treasurer

PROFESSIONAL SERVICES

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Viroqua, Wisconsin (the "City") and the issuance of its \$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on September 29, 2020.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 15, 2020. The Bonds will mature on the dates and in the amounts set forth on the cover of this Preliminary Official Statement. 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 ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 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.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, by the City for public purposes of financing: (i) parks and public grounds projects; (ii) construction of a police facility; (iii) current refunding the City's General Obligation Promissory Note of 2016, dated March 3, 2016 (the "Series 2016 Note"); (iv) current refunding the City's General Obligation Promissory Note, dated October 19, 2018 (the "Series 2018 Note"); and (v) current refunding the City's General Obligation Promissory Note, Series 2019B, dated December 19, 2019 (the "Series 2019B Note") as follows.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded
Series 2016 Note	3/3/16	11/1/20	Par	2020	1.79%	<u>\$673,297</u>
Total Series 2016 Note Being Refunded						<u>\$673,297</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturity described above. The City will pay the principal and interest payment due on November 1, 2020 from the Debt Service Fund for the Series 2016 Note.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
Series 2018 Note	10/19/18	11/1/20	Par	2021	2.90%	\$68,484
				2022	2.90%	70,498
				2023	2.90%	72,570
				2024	2.90%	74,672
				2025	2.90%	76,900
				2026	2.90%	79,161
				2027	2.90%	81,488
				2028	2.90%	<u>83,879</u>
Total Series 2018 Note Being Refunded						<u>\$607,652</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above. The City will pay the principal and interest payment due on November 1, 2020 from the Debt Service Fund for the Series 2018 Note.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded
Series 2019B Note	12/19/19	11/1/20	Par	2021	1.40%	\$330,000
Total Series 2019B Note Being Refunded						<u>\$330,000</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturity described above.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$3,030,000
Transfers from Existing Debt Service Funds	3,812
Other contributions	<u>85,000</u>
Total Sources	\$3,118,812

Uses

Discount Allowance	\$45,450
Costs of Issuance	55,000
Deposit to Project Construction Fund	2,074,000
Deposit to Current Refunding Fund	941,464
Rounding Amount	<u>2,898</u>
Total Uses	\$3,118,812

*Preliminary, subject to change.

SECURITY

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

RATING

General obligation debt of the City is currently rated "A+" by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, 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 S&P. 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under The Rule.

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

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

LEGAL MATTERS

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

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. 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 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 Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2018 have been audited by Johnson Block & Company, Inc., Viroqua, 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 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. Potential investors should read this Official Statement, including the appendices, in its entirety.

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

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

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

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 Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: 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 \$71,566. 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. Executive Order #1 went into effect on August 1, 2020, and expires on September 28, 2020.

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

2020 Equalized Value	\$313,190,600
2020 Equalized Value Reduced by Tax Increment Valuation	\$285,771,600
2019 Assessed Value ¹	\$298,369,450

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value²	Percent of Total Equalized Value
Residential	\$ 201,645,900	64.384%
Commercial	100,470,700	32.080%
Manufacturing	2,583,000	0.825%
Agricultural	126,400	0.040%
Undeveloped	16,700	0.005%
Ag Forest	38,900	0.012%
Forest	12,000	0.004%
Other	1,326,300	0.423%
Personal Property	6,970,700	2.226%
Total	<u><u>\$ 313,190,600</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ²	Percent Increase/Decrease in Equalized Value
2016	\$238,822,250	\$260,037,400	5.84%
2017	245,450,550	267,944,600	3.04%
2018	248,285,950	282,492,200	5.43%
2019	298,369,450	296,923,700	5.11%
2020	N/A ¹	313,190,600	5.48%

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

¹ 2020 Assessed Values are not yet available.

² Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value¹	Percent of City's Total Equalized Value
Vernon Memorial Healthcare, Inc.	Hospital/Clinic	\$16,455,873	5.54%
Felton Properties	Auto Dealer	8,028,109	2.70%
Walmart	Retail Store	5,141,963	1.73%
Premier Rock Avenue Viroqua LLC	Apartments	3,356,158	1.13%
Viroqua CBRF, LLC	Assisted Living Facility	3,264,803	1.10%
VFC Holdings	Retail Store - Organic Grocery	3,105,081	1.05%
CFS Properties LLC	Grain Mill	2,855,994	0.96%
Vernon Economic Development Assn.	Business Incubator Organization	2,407,079	0.81%
Schultz & Sorenson Properties	Retail Store	2,324,083	0.78%
Citizens First Bank	Bank	2,077,385	0.70%
Total		\$49,016,528	16.51%
City's Total 2019 Equalized Value ²		\$296,923,700	

Source: The City.

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

² Includes tax increment valuation. 2019 taxpayer information is the latest available.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$9,151,892</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$9,962,646</u>
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Total revenue debt secured by water revenues	<u>\$2,476,871</u>
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*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds and excludes the obligations to be refunded.

City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 10/15/2020)

Fiscal Year Ending	Refunding Bonds Series 2012A		Promissory Note		Promissory Note		Corporate Purpose Bonds Series 2014A		Promissory Note			
	Dated Amount	Maturity	09/07/2012 \$2,730,000	12/27/2013 \$118,969	09/09/2014 \$2,300,000	12/22/2014 \$2,030,000	09/09/2014 \$2,300,000	12/22/2014 \$2,030,000	09/09/2014 \$2,300,000	12/22/2014 \$2,030,000		
2020	200,000	12/01	0	12,287	100,000	20,472	100,000	28,621	20,472	2,270		
2021	110,000	12/01	3,818	12,627	105,000	20,912	105,000	55,543	20,912	1,830		
2022	110,000	12/01	4,235	12,972	105,000	21,356	105,000	53,443	21,356	1,387		
2023			2,200	13,328	110,000	51,185	110,000	48,655	21,808	934		
2024					110,000	48,655	110,000	45,960	22,269	473		
2025					115,000	42,970	115,000	39,750				
2026					120,000	36,150	120,000	31,775				
2027					125,000	27,225	130,000	22,500				
2028					135,000	17,250	140,000	11,813				
2029					145,000	3,094	145,000					
2030					150,000		150,000					
2031					165,000		165,000					
2032												
2033												
2034												
2035												
2036												
2037												
2038												
2039												
2040												
			420,000	10,253	52,581	2,139	51,213	3,556	1,870,000	515,933	106,818	6,893

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City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 10/15/2020)

Fiscal Year Ending	Promissory Note		Refunding Bonds Series 2016A		State Trust Fund Loan		Promissory Note		State Trust Fund Loan	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2020	12/31/2015 \$508,694	01/02	07/28/2016 \$1,380,000	12/01	11/08/2016 \$595,000	03/15	12/22/2016 \$451,600	12/22	12/22/2016 \$1,105,000	03/15
2021	0	0	135,000	10,616	0	0	43,409	8,124	0	0
2022	50,194	7,094	140,000	17,858	41,430	17,009	44,505	7,028	7,282	2,990
2023	51,328	5,960	140,000	14,358	42,880	15,559	45,606	5,927	7,537	2,735
2024	52,468	4,820	150,000	10,858	44,381	14,058	46,734	4,799	7,800	2,471
2025	53,633	3,655	155,000	7,108	45,900	12,539	47,880	3,653	8,067	2,204
2026	54,817	2,471	155,000	4,705	47,541	10,898	49,075	2,458	8,356	1,916
2027	56,166	1,247	115,000	2,070	49,205	9,234	50,289	1,244	8,648	1,623
2028					50,927	7,512			8,951	1,320
2029					52,694	5,746			9,261	1,010
2030					54,554	3,886			9,588	683
2031					56,463	1,976			9,924	347
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
			990,000	67,571	485,974	98,418	327,697	33,233	85,415	17,298
			318,604	25,247						

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City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 10/15/2020)

Fiscal Year Ending	Promissory Note		Promissory Note Series 2019B		State Trust Fund Loan		Corporate Purpose Bonds Series 2020A		Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest				
2020	12/20/2017	5202,687	18,942	4,372	0	0	0	0	609,212	8,621,782	5.79%	2020
2021	12/20/2017	5202,687	19,441	3,874	80,000	32,657	85,000	61,935	1,345,391	7,496,508	18.08%	2021
2022	12/20/2017	5202,687	19,952	3,363	90,000	25,513	25,000	54,238	884,390	6,798,637	25.71%	2022
2023	12/20/2017	5202,687	20,477	2,838	100,000	22,588	60,000	54,025	795,935	6,171,642	32.56%	2023
2024	12/20/2017	5202,687	21,015	2,300	105,000	19,390	75,000	53,485	797,226	5,527,877	39.60%	2024
2025	12/20/2017	5202,687	21,568	1,747	110,000	15,925	95,000	52,735	795,171	4,871,521	46.77%	2025
2026	12/20/2017	5202,687	22,135	1,180	120,000	12,350	40,000	51,690	700,051	4,295,079	53.07%	2026
2027	12/20/2017	5202,687	22,717	597	125,000	8,450	160,000	51,210	596,435	3,807,484	58.40%	2027
2028					135,000	4,400	155,000	49,050	573,310	3,330,529	63.61%	2028
2029							220,000	46,803	497,288	2,916,387	68.13%	2029
2030							230,000	43,393	504,328	2,485,000	72.85%	2030
2031							235,000	39,598	437,098	2,110,000	76.94%	2031
2032							240,000	35,485	437,735	1,725,000	81.15%	2032
2033							240,000	30,805	432,618	1,335,000	85.41%	2033
2034							240,000	25,885	433,979	930,000	89.84%	2034
2035							175,000	20,965	195,965	755,000	91.75%	2035
2036							175,000	17,203	192,203	580,000	93.66%	2036
2037							180,000	13,440	193,440	400,000	95.63%	2037
2038							140,000	9,390	149,390	260,000	97.16%	2038
2039							140,000	6,240	146,240	120,000	98.69%	2039
2040							120,000	1,440	121,440	0	100.00%	2040
			166,246	20,271	865,000	141,272	3,030,000	719,012	1,686,951	10,838,843		

* Preliminary, subject to change.

City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 10/15/2020)

Dated Amount Maturity	Sewerage System Revenue Bonds Series 2002		Sewerage System Revenue Refunding Bonds Series 2016B		Sewerage System Mortgage Revenue Bonds		Sewerage System Mortgage Revenue Bonds		Sewerage System Mortgage Revenue Bonds Series 2017B	
	12/23/2002 \$1,709,957	05/01	07/28/2016 \$1,095,000	05/01	09/01/2016 \$1,145,630	05/01	09/18/2017 \$4,996,000	05/01	11/22/2017 \$1,954,568	05/01
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	0	3,092	0	9,050	0	12,056	0	59,619	0	3,996
2021	110,897	4,658	85,000	17,250	19,500	23,892	79,300	118,246	99,624	7,766
2022	113,947	1,567	90,000	15,500	20,000	23,448	81,300	116,239	100,077	7,312
2023			140,000	13,200	20,400	22,993	83,400	114,180	100,532	6,856
2024			140,000	10,400	20,900	22,529	85,500	112,069	100,990	6,397
2025			145,000	7,550	21,400	22,053	87,700	109,904	101,449	5,937
2026			150,000	4,600	21,900	21,566	89,900	107,684	101,911	5,474
2027			155,000	1,550	22,400	21,067	92,200	105,408	102,374	5,009
2028					22,900	20,558	94,500	103,074	102,840	4,542
2029					23,400	20,037	96,900	100,681	103,308	4,073
2030					23,900	19,505	99,400	98,228	103,778	3,602
2031					24,500	18,960	101,900	95,711	104,250	3,129
2032					25,000	18,403	104,400	93,133	104,725	2,653
2033					25,600	17,834	107,100	90,489	105,201	2,176
2034					26,200	17,251	109,800	87,778	105,680	1,696
2035					26,800	16,655	112,600	84,998	106,161	1,214
2036					27,400	16,045	115,400	82,148	106,644	730
2037					28,000	15,422	118,400	79,225	107,129	244
2038					28,600	14,785	121,400	76,228		
2039					29,300	14,134	124,400	73,155		
2040					30,000	13,467	127,600	70,005		
2041					30,600	12,785	130,800	66,775		
2042					31,300	12,089	134,100	63,464		
2043					32,100	11,376	137,500	60,069		
2044					32,800	10,645	141,000	56,588		
2045					33,500	9,900	144,600	53,018		
2046					34,300	9,137	148,200	49,358		
2047					35,100	8,356	152,000	45,605		
2048					35,900	7,557	155,800	41,758		
2049					36,700	6,741	159,800	37,813		
2050					37,500	5,906	163,800	33,768		
2051					38,400	5,052	168,000	29,620		
2052					39,300	4,178	172,200	25,368		
2053					40,100	3,285	176,600	21,008		
2054					41,100	2,371	181,000	16,538		
2055					42,000	1,436	185,600	11,955		
2056					42,830	482	190,300	7,256		
2057							195,100	2,439		
	224,844	9,317	905,000	79,100	1,071,650	503,957	4,769,500	2,600,593	1,756,672	72,806

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City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness continued
 Revenue Debt Secured by Sewer Revenues
 (As of 10/15/2020)

Sewerage System Revenue
 Refunding Bonds
 Series 2019A

Fiscal Year	04/25/2019		05/01		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Principal	Interest	Interest						
2020		0	17,200		0	105,013	105,013	9,962,646	0.00%	2020
2021		45,000	33,883		439,321	205,696	645,016	9,523,326	4.41%	2021
2022		45,000	32,848		450,324	196,913	647,237	9,073,002	8.93%	2022
2023		105,000	31,070		449,332	188,299	637,631	8,623,670	13.44%	2023
2024		110,000	28,408		457,390	179,802	637,192	8,166,280	18.03%	2024
2025		120,000	25,415		475,549	170,858	646,407	7,690,731	22.80%	2025
2026		115,000	22,244		478,711	161,567	640,278	7,212,020	27.61%	2026
2027		120,000	18,953		491,974	151,987	643,961	6,720,046	32.55%	2027
2028		295,000	12,891		515,240	141,065	656,305	6,204,806	37.72%	2028
2029		280,000	4,270		503,608	129,061	632,670	5,701,198	42.77%	2029
2030					227,078	121,334	348,413	5,474,120	45.05%	2030
2031					230,650	117,800	348,451	5,243,469	47.37%	2031
2032					234,125	114,189	348,314	5,009,344	49.72%	2032
2033					237,901	110,499	348,400	4,771,443	52.11%	2033
2034					241,680	106,725	348,405	4,529,763	54.53%	2034
2035					245,561	102,867	348,428	4,284,203	57.00%	2035
2036					249,444	98,923	348,367	4,034,759	59.50%	2036
2037					253,529	94,891	348,420	3,781,230	62.05%	2037
2038					150,000	91,013	241,013	3,631,230	63.55%	2038
2039					153,700	87,289	240,989	3,477,530	65.09%	2039
2040					157,600	83,472	241,072	3,319,930	66.68%	2040
2041					161,400	79,560	240,960	3,158,530	68.30%	2041
2042					165,400	75,553	240,953	2,993,130	69.96%	2042
2043					169,600	71,444	241,044	2,823,530	71.66%	2043
2044					173,800	67,233	241,033	2,649,730	73.40%	2044
2045					178,100	62,917	241,017	2,471,630	75.19%	2045
2046					182,500	58,494	240,994	2,289,130	77.02%	2046
2047					187,100	53,961	241,061	2,102,030	78.90%	2047
2048					191,700	49,315	241,015	1,910,330	80.83%	2048
2049					196,500	44,553	241,053	1,713,830	82.80%	2049
2050					201,300	39,673	240,973	1,512,530	84.82%	2050
2051					206,400	34,672	241,072	1,306,130	86.89%	2051
2052					211,500	29,545	241,045	1,094,630	89.01%	2052
2053					216,700	24,292	240,992	877,930	91.19%	2053
2054					222,100	18,909	241,009	655,630	93.42%	2054
2055					227,600	13,391	240,991	428,230	95.70%	2055
2056					233,100	7,738	240,868	195,100	98.04%	2056
2057					195,100	2,439	197,539	0	100.00%	2057
		1,235,000	227,180		9,962,646	3,492,953	13,455,599			

City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Water Revenues
 (As of 10/15/2020)

Fiscal Year Ending	Water System Revenue Bonds Series 2004A		Water System Revenue Bonds Series 2013		Water System Mortgage Revenue Bonds Series 2016		Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity				
2020							21,898	2,476,871	.00%	2020
2021	04/28/2004 \$1,017,329	05/01	10/23/2013 \$1,395,714	05/01	09/01/2016 \$1,472,000	05/01	42,591	2,314,353	6.56%	2021
2022							40,181	2,151,094	13.15%	2022
2023							37,714	1,982,173	19.97%	2023
2024							35,636	1,875,261	24.29%	2024
2025							33,956	1,763,733	28.79%	2025
2026							32,238	1,652,591	33.28%	2026
2027							30,663	1,553,004	37.30%	2027
2028							29,211	1,451,973	41.38%	2028
2029							27,736	1,349,488	45.52%	2029
2030							26,236	1,245,439	49.72%	2030
2031							24,711	1,139,916	53.98%	2031
2032							23,162	1,032,810	58.30%	2032
2033							21,588	924,210	62.69%	2033
2034							20,446	893,210	63.94%	2034
2035							19,741	861,510	65.22%	2035
2036							19,018	829,010	66.53%	2036
2037							18,279	795,810	67.87%	2037
2038							17,523	761,810	69.24%	2038
2039							16,750	727,110	70.64%	2039
2040							15,961	691,610	72.08%	2040
2041							15,153	655,310	73.54%	2041
2042							14,327	618,210	75.04%	2042
2043							13,482	580,210	76.57%	2043
2044							12,617	541,310	78.15%	2044
2045							11,733	501,610	79.75%	2045
2046							10,829	461,010	81.39%	2046
2047							9,905	419,410	83.07%	2047
2048							8,959	376,910	84.78%	2048
2049							7,991	333,410	86.54%	2049
2050							7,001	288,910	88.34%	2050
2051							5,989	243,410	90.17%	2051
2052							4,954	196,910	92.05%	2052
2053							3,895	149,310	93.97%	2053
2054							2,812	100,610	95.94%	2054
2055							1,703	50,810	97.95%	2055
2056							572	0	100.00%	2056
							687,161	3,164,032		
							2,476,871			

DEBT LIMIT

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

Equalized Value	\$313,190,600
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 15,659,530
Less: General Obligation Debt (includes the Bonds)*	<u>(9,151,892)</u>
Unused Debt Limit*	<u><u>\$ 6,507,638</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
Vernon County	\$ 2,216,533,700	14.1297%	\$ 7,884,867	\$1,114,108
Viroqua Area School District ⁴	640,086,200	46.3881%	2,875,000	1,333,658
Western Technical College District ^{4,5}	22,107,123,210	1.3431%	104,590,000	1,404,748
City's Share of Total Overlapping Debt				<u><u>\$3,852,514</u></u>

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

² Includes tax increment valuation.

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

⁴ 2019 Equalized Values. 2020 Equalized Values are expected in October 2020.

⁵ Includes \$1,500,000 General Obligation Promissory Notes, Series 2020D expected to close October 13, 2020.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$313,190,600	Debt/ Per Capita 4,491¹
Total General Obligation Debt (includes the Bonds)*	\$9,151,892	2.92%	\$2,037.83
City's Share of Total Overlapping Debt	<u>3,852,514</u>	<u>1.23%</u>	<u>857.83</u>
Total*	\$13,004,406	4.15%	\$2,895.66

*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

The City plans to issue additional general obligation debt to finance police station improvements and other capital improvements in the amount of approximately \$1,200,000 in the next 12 months. The City also expects to issue approximately \$1,900,000 of interim financing for its City Hall project before the end of the year, which it would expect to refinance with long-term general obligation debt in 2022. The City also expects to issue interim revenue debt financing of approximately \$1,676,000 for sewer projects and approximately \$1,347,000 for water projects over the next 12 months. Other than the preceding, the City does not currently plan to issue any additional debt in the next 12 months.

¹ Preliminary estimated 2020 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2015/16	\$1,924,383	100%	\$8.43
2016/17	1,934,211	100%	8.03
2017/18	1,979,011	100%	8.06
2018/19	2,155,325	100%	8.46
2019/20	2,321,664	100%	8.70

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 did not adopt such resolutions. The City cannot predict whether and how much payment of property taxes will be impacted by COVID-19 this year or in future years. 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:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2015/16	\$11.01	\$5.53	\$8.43	\$0.18	\$25.16
2016/17	10.67	5.42	8.03	0.18	24.31
2017/18	10.69	5.36	8.06	0.00	24.12
2018/19	10.39	5.26	8.46	0.00	24.10
2019/20	10.18	5.30	8.70	0.00	24.17

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

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

² Includes 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.

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

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1885 and is governed by a Mayor and a nine-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 Administrator and City Clerk/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 36 full-time, 47 part-time, and 32 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 generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$128,927, \$140,781 and \$149,725 respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

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, 2017, the total pension liability of the WRS was calculated as \$101.43 billion and the fiduciary net position of the WRS was calculated as \$104.40 billion, resulting in a net pension asset of \$2.97 billion. As of December 31, 2018, the net pension liability of the WRS was calculated as \$3.56 billion. Accordingly, the City will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the fiscal year ended December 31, 2019. 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 2018, the City reported an asset of \$402,948 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 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 0.01357136% of the aggregate WRS net pension asset as of December 31, 2017.

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 Note 3.K. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

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

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

The following bargaining unit represents employees of the City:

Bargaining Unit	Expiration Date of Current Contract
WPPA - Viroqua Professional Police Association	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits based on contractual agreements. To be eligible for the early retirement benefits described in this section, employees must meet all of the following criteria: (1) have at least twenty (20) years of consecutive service with the City of Viroqua; be age fifty-five (55) or older at the time of retirement; and (3) retire from the City. The City will fund in the three years immediately following retirement, according to the following schedule for health-related expense of eligible retirees: \$5,000 - Year 1; \$4,000 - Year 2; \$4,000 - Year 3. The City includes in its annual budget any such expenses coming due in the following year.

Upon retirement the contribution amount will be paid into a third-party post-employment medical expense reimbursement plan on behalf of the employee that the employee may access to be reimbursed for health related expenses. Any retiree who is subsequently rehired by the City and who has not exhausted the early retirement benefits outlined above will have his/her access to the funds outlined above suspended while employed by the City, and the rehired retiree will only be able to access the funds following a separation from service with the City.

The City provides other post-employment benefits ("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 2018, the City's portion of contributions to the LRLIF totaled \$581. For Fiscal Year 2018, the City reported a liability of \$92,120 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2017 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.030619% of the aggregate LRLIF net OPEB liability as of December 31, 2017.

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 3.J. 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 June 30, 2020)

Fund	Total Cash and Investments
General	\$1,321,331
Library Fund	52,209
Cemetery Fund	560,240
Golf Course Fund	49,674
Total Funds on Hand	<u><u>\$1,983,454</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:

	2016	2017	2018
Water			
Total Operating Revenues	\$ 1,105,951	\$ 1,116,731	\$ 1,156,292
Less: Operating Expenses	<u>(775,930)</u>	<u>(759,825)</u>	<u>(753,584)</u>
Operating Income	\$ 330,021	\$ 356,906	\$ 402,708
Plus: Depreciation	270,143	277,064	279,589
Interest Income	<u>3,289</u>	<u>1,304</u>	<u>2,189</u>
Revenues Available for Debt Service	<u><u>\$ 603,453</u></u>	<u><u>\$ 635,274</u></u>	<u><u>\$ 684,486</u></u>
Sewer			
Total Operating Revenues	\$ 1,462,452	\$ 1,505,178	\$ 1,559,001
Less: Operating Expenses	<u>(850,243)</u>	<u>(908,984)</u>	<u>(1,059,139)</u>
Operating Income	\$ 612,209	\$ 596,194	\$ 499,862
Plus: Depreciation	279,831	299,865	498,683
Interest Income	<u>6,852</u>	<u>11,277</u>	<u>24,416</u>
Revenues Available for Debt Service	<u><u>\$ 898,892</u></u>	<u><u>\$ 907,336</u></u>	<u><u>\$ 1,022,961</u></u>
Municipal Golf Course			
Total Operating Revenues	\$ 341,952	\$ 345,617	\$ 330,954
Less: Operating Expenses	<u>(345,104)</u>	<u>(421,878)</u>	<u>(311,848)</u>
Operating Income	\$ (3,152)	\$ (76,261)	\$ 19,106
Plus: Depreciation	0	0	0
Interest Income	<u>27</u>	<u>26</u>	<u>43</u>
Revenues Available for Debt Service	<u><u>\$ (3,125)</u></u>	<u><u>\$ (76,235)</u></u>	<u><u>\$ 19,149</u></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 statements are available upon request. Appendix A includes the City's 2018 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT

	2016 Audited	2017 Audited	2018 Audited	2019 Unaudited 1)	2020 Adopted Budget 2)
Revenues					
Property taxes	\$1,236,838	\$1,250,164	\$1,302,503	\$1,358,111	\$1,455,080
Other taxes and special assessments	345,660	388,154	359,686	384,307	370,565
Intergovernmental	1,732,634	1,784,157	1,808,984	1,744,848	1,861,355
Licenses and permits	83,470	89,505	92,761	116,015	111,300
Penalties and forfeitures	63,673	52,077	22,980	24,546	24,500
Public charges for services	357,733	346,840	423,897	370,211	388,083
Interest	19,048	11,127	23,690	39,338	8,000
Miscellaneous general revenues	82,331	226,628	267,646	67,293	131,100
Total Revenues	\$3,921,387	\$4,148,652	\$4,302,147	\$4,104,669	\$4,349,983
Expenditures					
Current:					
General government	\$640,852	\$595,902	\$810,547	\$769,758	\$729,340
Public safety	1,084,774	1,131,477	1,266,893	1,295,077	1,332,716
Public works	1,176,930	1,061,194	1,180,221	1,178,999	1,108,927
Health and social services	175,125	238,925	212,157	190,747	189,517
Culture, recreation and development	860,240	934,516	808,978	813,340	773,383
Capital outlay	251,503	251,001	797,016	43,243	216,100
Debt service	4,352	4,552	4,738	26,351	0
Total Expenditures	\$4,193,776	\$4,217,567	\$5,080,550	\$4,317,515	\$4,349,983
Excess of revenues over (under) expenditures	(\$272,389)	(\$68,915)	(\$778,403)	(\$212,846)	\$0
Other Financing Sources (Uses)					
Proceeds of long-term debt	\$321,068	\$202,687	\$737,487	\$0	
Operating transfers out	(27,263)	(85,564)	(163,788)	0	
Unfunded retirement liability - special payment	(26,000)	(31,122)	(40,000)	0	
Total Other Financing Sources (Uses)	\$267,805	\$86,001	\$533,699	\$0	
Net changes in Fund Balances	(\$4,584)	\$17,086	(\$244,704)	(\$212,846)	
General Fund Balance January 1	\$2,686,590	\$2,709,237	\$2,726,323	\$2,481,619	
Prior Period Adjustment	27,231	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$2,709,237	\$2,726,323	\$2,481,619	\$2,268,773	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$260,341	\$218,803	\$223,599	\$90,010	
Restricted	16,366	13,656	14,074	13,844	
Assigned	609,047	597,252	603,626	602,093	
Unassigned	1,823,483	1,896,612	1,640,320	1,562,826	
Total	\$2,709,237	\$2,726,323	\$2,481,619	\$2,268,773	

1) Unaudited data is as of August 20, 2020.

2) The 2020 budget was adopted on November 26, 2019.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 4,362 and a current estimated population of 4,491 comprises an area of 3.84 square miles and is located approximately 180 miles southeast of the Minneapolis-St. Paul metropolitan area. The City is the county seat of Vernon County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Vernon Memorial Healthcare	Healthcare	581
Vernon County	County government and services	557
Bethel Home and Services, Inc.	Nursing home	250
Nelson Global Products	Automobile parts & suppliers manufacturing	200
Viroqua Area School District	Elementary and secondary education	182
Walmart	Discount retailer	175
Vernon Manor	Nursing home	120
Viroqua Center for Orthopaedic	Clinics	100
Vernon Area Rehabilitation Center (VARC, Inc.)	Day service program for adults with disabilities	90
Westby Co-Op Credit Union	Credit union	85

Source: *ReferenceUSA, written and telephone survey (August 2020), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. 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	2	2	3	3	0
Valuation	\$460,000	\$430,000	\$459,000	\$875,000	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	2	0	7	6	1
Valuation	\$3,150,000	\$0	\$2,001,000	\$1,837,000	\$325,000
<u>New Commercial/Industrial</u>					
No. of building permits	1	1	1	1	0
Valuation	\$2,963,759	\$450,000	\$760,000	\$1,280,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	163	165	179	139	60
Valuation	\$9,756,434	\$11,069,567	\$8,572,853	\$6,635,753	\$1,486,228

Source: The City.

¹ As of July 28, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	4,335
2010 U.S. Census	4,362
2020 Estimated Population	4,491
Percent of Change 2000 - 2010	0.62%

Income and Age Statistics

	The City	Vernon County	State of Wisconsin	United States
2018 per capita income	\$34,455	\$26,726	\$32,018	\$32,621
2018 median household income	\$37,917	\$50,905	\$59,209	\$60,293
2018 median family income	\$52,303	\$63,529	\$75,313	\$73,965
2018 median gross rent	\$659	\$683	\$837	\$1,023
2018 median value owner occupied units	\$124,400	\$152,300	\$173,600	\$204,900
2018 median age	46.7 yrs.	41.9 yrs.	39.3 yrs.	37.9 yrs.

	State of Wisconsin	United States
City % of 2018 per capita income	107.61%	105.62%
City % of 2018 median family income	69.45%	70.71%

Housing Statistics

	<u>The City</u>		
	2010	2018	Percent of Change
All Housing Units	2,208	2,181	-1.22%

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>	
	Vernon County	Vernon County	State of Wisconsin	
2016	15,209	3.6%	4.0%	
2017	15,251	3.1%	3.3%	
2018	15,015	2.9%	3.0%	
2019	14,772	3.3%	3.3%	
2020, July ¹	14,305	5.1%	7.0%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

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

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

JBC

JOHNSON BLOCK

CPAs

CITY OF VIROQUA, WISCONSIN
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

Year Ended December 31, 2018

Johnson Block & Company, Inc.
Certified Public Accountants
1315 Bad Axe Court; P.O. Box 271
Viroqua, Wisconsin 54665
(608) 637-2082
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Quality service through our commitment to clients and staff

www.johnsonblock.com

CITY OF VIROQUA, WISCONSIN

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CITY OF VIROQUA, WISCONSIN

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Common Council
City of Viroqua
Viroqua, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Viroqua, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Viroqua, Wisconsin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City of Viroqua, Wisconsin, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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, 2018, the City of Viroqua, Wisconsin, adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. 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 budgetary comparison information, the Local Retiree Life Insurance Fund schedules, and Wisconsin Retirement System schedules on pages 64 - 67 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 supplemental 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.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The prior year summarized information has been derived from the City's 2017 financial statements, and, in our report dated August 21, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.



Other Matters (Continued)

Other Information (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Viroqua, Wisconsin's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

October 17, 2019

BASIC FINANCIAL STATEMENTS

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 2,344,907	\$ 2,940,496	\$ 5,285,403
Receivables:			
Customer	-	230,138	230,138
Taxes	2,849,284	-	2,849,284
Special assessments	11,772	1,682	13,454
Other, net of allowance	487,344	4,231	491,575
Internal balances	170,886	(170,886)	-
Due from other governments	57,446	-	57,446
Inventories and prepaid items	177,352	34,431	211,783
Restricted assets:			
Cash and investments	59,596	836,419	896,015
Net pension asset	252,234	150,714	402,948
Capital assets:			
Land	754,668	1,011,438	1,766,106
Construction work in progress	19,001	28,673	47,674
Other capital assets, net of depreciation	10,731,885	24,805,816	35,537,701
Total assets	17,916,375	29,873,152	47,789,527
Deferred outflows of resources			
Deferred pension outflows	466,650	278,831	745,481
Deferred OPEB outflows	15,968	-	15,968
Unamortized maintenance costs	-	43,844	43,844
Total deferred outflows of resources	482,618	322,675	805,293
Total assets and deferred outflows of resources	\$ 18,398,993	\$ 30,195,827	\$ 48,594,820

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 77,625	\$ 62,238	\$ 139,863
Accrued liabilities:			
Interest	51,012	57,840	108,852
Other	87,835	-	87,835
Due to other governments	20,305	-	20,305
Customer deposits	-	100	100
Long-term liabilities:			
Due within one year	1,250,145	703,607	1,953,752
Due in more than one year	8,971,620	13,685,493	22,657,113
OPEB - group life insurance	92,120	-	92,120
Total liabilities	10,550,662	14,509,278	25,059,940
Deferred inflows of resources			
Deferred pension inflows	496,971	296,949	793,920
Deferred OPEB inflows	1,298	-	1,298
Property taxes and special assessments	2,884,536	-	2,884,536
Total deferred inflows of resources	3,382,805	296,949	3,679,754
Net position			
Net investment in capital assets	4,858,388	11,561,519	16,419,907
Restricted for special purposes	676,094	836,419	1,512,513
Unrestricted (deficit)	(1,068,956)	2,991,662	1,922,706
Total net position	4,465,526	15,389,600	19,855,126
Total liabilities, deferred inflows of resources, and net position	\$ 18,398,993	\$ 30,195,827	\$ 48,594,820

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Government Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities:							
General government	\$ 840,477	\$ 92,761	\$ 11,426	\$ -	\$ (736,290)	\$ -	\$ (736,290)
Public safety	1,477,480	61,747	150,165	-	(1,265,568)	-	(1,265,568)
Public works	1,480,764	300,339	498,356	-	(682,069)	-	(682,069)
Culture, recreation and development	1,412,266	53,895	132,983	119,278	(1,106,110)	-	(1,106,110)
Health and social services	330,109	48,775	-	-	(281,334)	-	(281,334)
Interest and fiscal charges	262,610	-	-	-	(262,610)	-	(262,610)
Total governmental activities	5,803,706	557,517	792,930	119,278	(4,333,981)	-	(4,333,981)
Business-type activities:							
Water	809,912	1,156,292	-	1,235	-	347,615	347,615
Sewer	1,315,337	1,559,001	-	1,639,581	-	1,883,245	1,883,245
Golf course	334,130	330,954	-	6,585	-	3,409	3,409
Total business-type activities	2,459,379	3,046,247	-	1,647,401	-	2,234,269	2,234,269
Total government	\$8,263,085	\$3,603,764	\$ 792,930	\$ 1,766,679	(4,333,981)	2,234,269	(2,099,712)
General revenues:							
Property taxes:							
General purpose					1,302,503	-	1,302,503
Debt service					676,508	-	676,508
Tax incremental financing districts					543,376	-	543,376
Other taxes					171,476	-	171,476
State and federal aids not restricted to specific functions:							
State shared taxes					1,068,745	-	1,068,745
Interest and investment earnings					24,719	26,648	51,367
Donations					8,995	-	8,995
Miscellaneous					197,153	-	197,153
Transfers:							
Tax equivalent					214,864	(214,864)	-
Total general revenues and transfers					4,208,339	(188,216)	4,020,123
Change in net position					(125,642)	2,046,053	1,920,411
Net position - beginning of year					4,659,172	13,343,547	18,002,719
Prior period adjustment					(68,004)	-	(68,004)
Net position - beginning of year, restated					4,591,168	13,343,547	17,934,715
Net position - end of year					\$4,465,526	\$15,389,600	\$ 19,855,126

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018
With Comparative Totals for December 31, 2017

	Major Funds					2018	2017
	General Fund	TIF Districts Fund	Debt Service	Grants Fund	Library Fund	Total Gov't. Funds	Totals (Memorandum Only)
ASSETS							
Cash and investments	\$ 2,034,451	\$ 107,869	\$ -	\$ 202,587	\$ -	\$ 2,344,907	\$ 2,602,430
Receivables:							
Taxes	2,399,929	670,008	-	-	-	3,069,937	2,738,032
Special assessments	11,772	-	-	-	-	11,772	19,916
Other, net of allowance	138,803	-	-	348,541	-	487,344	426,102
Prepaid expenses	121,318	-	-	-	-	121,318	121,201
Due from other funds	294,433	-	-	-	-	294,433	264,701
Due from other governments	57,446	-	-	-	-	57,446	43,506
Advances to other funds	46,247	-	-	-	-	46,247	46,247
Inventory	56,034	-	-	-	-	56,034	51,355
Restricted assets:							
Cash and investments	12,575	-	-	-	47,021	59,596	100,690
Total assets	\$ 5,173,008	\$ 777,877	\$ -	\$ 551,128	\$ 47,021	\$ 6,549,034	\$ 6,414,180
LIABILITIES							
Accounts payable	\$ 77,025	\$ 600	\$ -	\$ -	\$ -	\$ 77,625	\$ 101,833
Accrued liabilities and expenses	87,835	-	-	-	-	87,835	88,152
Due to other funds	71,043	241,029	-	-	7,200	319,272	209,411
Due to other governments	20,305	-	-	-	-	20,305	19,772
Advance payable to other funds	-	71,175	-	-	-	71,175	71,175
Total liabilities	256,208	312,804	-	-	7,200	576,212	490,343
DEFERRED INFLOWS OF RESOURCES	2,435,181	670,008	-	-	-	3,105,189	2,736,296
FUND BALANCE							
Nonspendable	223,599	-	-	-	-	223,599	218,803
Restricted	14,074	71,071	-	551,128	39,821	676,094	754,771
Assigned	603,626	-	-	-	-	603,626	597,252
Unassigned (deficit)	1,640,320	(276,006)	-	-	-	1,364,314	1,616,715
Total fund balance (deficit)	2,481,619	(204,935)	-	551,128	39,821	2,867,633	3,187,541
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,173,008	\$ 777,877	\$ -	\$ 551,128	\$ 47,021	\$ 6,549,034	\$ 6,414,180

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of December 31, 2018**

		<u>2018 Total Gov't. Funds</u>
Total fund balance from previous page	\$ 2,867,633	
Total net position reported for governmental activities in the Statement of Net Position is different from the amount reported as total governmental funds' fund balance because:		
Taxes from municipal utilities are recognized as revenues as they are received in the fund statements.		
Deferred tax equivalents receivable		220,653
The net pension asset is not a current financial resource and, therefore, is not reported in the fund statements.		252,234
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:		
Governmental capital assets	\$ 16,099,601	
Governmental accumulated depreciation	<u>(4,594,047)</u>	11,505,554
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense 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		482,618
Deferred inflows of resources		(498,269)
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:		
General obligation debt	(6,924,208)	
Unamortized debt discounts (premiums)	(44,318)	
Accrued interest on general obligation debt	(51,012)	
Compensated absences	(550,723)	
TIPR bonds	(1,501,185)	
OPEB - group life insurance	(92,120)	
Unfunded retirement liability	<u>(1,201,331)</u>	<u>(10,364,897)</u>
Total net position - governmental activities		<u>\$ 4,465,526</u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2018
With Comparative Totals for Year Ended December 31, 2017

	Major Funds					2018 Totals	2017 Totals (Memorandum Only)
	General Fund	TIF Districts Fund	Debt Service Fund	Grants Fund	Library Fund		
Revenues:							
Property taxes	\$ 1,302,503	\$ 543,376	\$ 676,508	\$ -	\$ -	\$ 2,522,387	\$ 2,398,329
Other taxes and special assessments	359,686	-	-	-	-	359,686	388,154
Intergovernmental	1,808,984	6,888	-	-	-	1,815,872	1,790,945
Licenses and permits	92,761	-	-	-	-	92,761	89,505
Penalties and forfeitures	22,980	-	-	-	-	22,980	52,077
Public charges for services	423,897	-	-	-	2,094	425,991	347,310
Interest	23,690	-	-	685	344	24,719	12,074
Miscellaneous general revenues	267,646	-	-	-	119,369	387,015	328,383
Total revenues	4,302,147	550,264	676,508	685	121,807	5,651,411	5,406,777
Expenditures:							
Current:							
General government	810,547	-	-	929	-	811,476	595,902
Public safety	1,266,893	-	-	-	-	1,266,893	1,131,477
Public works	1,180,221	-	-	-	-	1,180,221	1,061,194
Health and social services	212,157	-	-	-	-	212,157	238,925
Culture, recreation and development	808,978	347,078	-	30	16,933	1,173,019	1,190,520
Capital outlay	797,016	-	-	-	-	797,016	251,001
Debt service:							
Principal retirement	-	107,767	546,627	-	301,395	955,789	885,573
Interest and fiscal charges	4,738	121,638	130,274	-	15,585	272,235	266,700
Total expenditures	5,080,550	576,483	676,901	959	333,913	6,668,806	5,621,292
Excess (deficiency) of revenues over expenditures	(778,403)	(26,219)	(393)	(274)	(212,106)	(1,017,395)	(214,515)
Other financing sources (uses):							
Proceeds of long-term debt	737,487	-	-	-	-	737,487	202,687
Transfer in	-	-	393	-	163,395	163,788	85,564
Transfer out	(163,788)	-	-	-	-	(163,788)	(85,564)
Unfunded retirement liability - special payment	(40,000)	-	-	-	-	(40,000)	(31,122)
Total other financing sources (uses)	533,699	-	393	-	163,395	697,487	171,565
Excess (deficiency) of revenues over expenditures and other sources (uses)	(244,704)	(26,219)	-	(274)	(48,711)	(319,908)	(42,950)
Fund balance (deficit), January 1	2,726,323	(178,716)	-	551,402	88,532	3,187,541	3,230,491
Fund balance (deficit), December 31	\$ 2,481,619	\$ (204,935)	\$ -	\$ 551,128	\$ 39,821	\$ 2,867,633	\$ 3,187,541

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Net change in fund balance - total governmental funds		\$ (319,908)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Property taxes on assets of the municipality owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities those revenues are recorded as they are earned		
Property taxes from municipally owned utilities received during the year	\$ (188,210)	
Property taxes from municipally owned utilities earned during the year	<u>214,864</u>	
Amount by which property taxes earned is greater (less) than that which was received:		26,654
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 statement	797,016	
Capital outlay not included in capital asset additions	(74,762)	
Depreciation expense reported in the Statement of Activities:	<u>(463,912)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period:		258,342
The municipality disposed of capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and has no effect on the Governmental Funds Balance Sheet		
The value of capital assets disposed of during the year was:	(129,888)	
The amount of depreciation recapture for the year was	<u>92,233</u>	
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		(37,655)
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Change in special termination benefits	(12,003)	
Change in other post-employment benefits - group life insurance, with some adjustment	<u>(9,446)</u>	
Amounts paid are greater (less) than amounts earned by:		(21,449)
Repayment of principal on long-term debt and advances payable to developers is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt and advances payable to developers in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt and advances payable to developers' principal payments in the current year is:		1,297,585
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		
		(737,487)
Tax Increment Project Revenue Bonds (TIPR) incurred by the TIF Districts are reported as an expense and liability in the government wide statements, but are not reflected in the fund financial statements in the year incurred.		
The amount of new TIPR bonds incurred in the current year is:		(500,000)
In governmental funds interest payments on outstanding long-term 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	272,235	
The amount of interest accrued during the current period	<u>(267,077)</u>	
Interest paid is greater (less) than interest accrued by:		5,158
In governmental funds debt discounts or premiums on outstanding long-term debt are reported as an expenditure or revenue when paid/received. In the Statement of Activities debt discounts/premiums are amortized over the life of the issue		
The amount of debt premium recognized during the current period	5,933	
The amount of debt discounts recognized during the current period	<u>(1,466)</u>	
Debt discounts/premiums paid are greater (less) than discounts/premiums accrued by:		4,467
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset (liability) from the prior year to the current year, with some adjustments		
Amount of current year required contributions into the defined benefit pension plan	93,442	
Actuarially determined change in net pension asset (liability) between years, with adjustments	<u>(194,791)</u>	<u>(101,349)</u>
Change in net position - governmental activities		\$ (125,642)

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
As of December 31, 2018
With Comparative Totals for December 31, 2017

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2018 Totals	2017 Totals (Memorandum Only)
<u>ASSETS AND DEFERRED OUTFLOWS</u>					
Current assets:					
Cash and cash equivalents	\$ 770,225	\$ 2,140,365	\$ 29,906	\$ 2,940,496	\$ 2,285,843
Receivables:					
Special assessments	222	1,460	-	1,682	3,252
Customer accounts	98,636	131,502	-	230,138	227,542
Other	730	3,501	-	4,231	21,219
Due from other funds	61,902	37,089	-	98,991	27,948
Materials and supplies	30,404	4,027	-	34,431	38,478
Total current assets	962,119	2,317,944	29,906	3,309,969	2,604,282
Restricted assets:					
Cash and cash equivalents	56,469	779,950	-	836,419	1,097,802
Total restricted assets	56,469	779,950	-	836,419	1,097,802
Property, plant and equipment:					
Utility plant	12,176,655	19,318,534	-	31,495,189	23,189,803
Land	3,855	116,927	890,656	1,011,438	955,578
Construction work in progress	15,738	12,935	-	28,673	6,700,316
Accumulated depreciation	(3,299,527)	(3,389,846)	-	(6,689,373)	(7,066,790)
Net property, plant and equipment	8,896,721	16,058,550	890,656	25,845,927	23,778,907
Other assets:					
Net pension asset	65,245	85,469	-	150,714	-
Advances to other funds	15,734	9,194	-	24,928	24,928
Total other assets	80,979	94,663	-	175,642	24,928
Total assets	9,996,288	19,251,107	920,562	30,167,957	27,505,919
Deferred outflows of resources:					
Unamortized maintenance costs	43,844	-	-	43,844	65,766
Deferred pension outflows	120,708	158,123	-	278,831	156,694
Total deferred outflows of resources	164,552	158,123	-	322,675	222,460
Total assets and deferred outflows of resources	\$ 10,160,840	\$ 19,409,230	\$ 920,562	\$ 30,490,632	\$ 27,728,379

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
As of December 31, 2018
With Comparative Totals for December 31, 2017

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2018 Totals	2017 Totals (Memorandum Only)
<u>LIABILITIES, DEFERRED INFLOWS,</u>					
<u>AND NET POSITION</u>					
Current liabilities:					
Accounts payable	\$ 33,491	\$ 28,747	\$ -	\$ 62,238	\$ 881,836
Accrued liabilities and expenses:					
Taxes payable	220,653	-	-	220,653	193,999
Accrued interest	9,471	44,712	3,657	57,840	57,982
Due to other funds	23,136	51,016	-	74,152	83,238
Customer deposits	100	-	-	100	100
Current portion of long-term debt	264,526	427,666	11,415	703,607	582,372
Total current liabilities	551,377	552,141	15,072	1,118,590	1,799,527
Long-term liabilities:					
Long-term debt, net of current portion	2,800,369	10,448,520	446,219	13,695,108	12,513,668
Less: Unamortized debt discount/premium	(3,320)	(6,295)	-	(9,615)	(12,530)
Net pension liability	-	-	-	-	20,258
Total long-term liabilities	2,797,049	10,442,225	446,219	13,685,493	12,521,396
Total liabilities	3,348,426	10,994,366	461,291	14,804,083	14,320,923
Deferred inflows of resources:					
Deferred pension inflows	128,551	168,398	-	296,949	63,909
Total deferred inflows of resources	128,551	168,398	-	296,949	63,909
Net position:					
Net investment in capital assets	5,879,150	5,249,346	433,023	11,561,519	10,777,929
Restricted for special purposes	56,469	779,950	-	836,419	1,097,802
Unrestricted	748,244	2,217,170	26,248	2,991,662	1,467,816
Total net position	6,683,863	8,246,466	459,271	15,389,600	13,343,547
Total liabilities, deferred inflows of resources, and net position	\$ 10,160,840	\$ 19,409,230	\$ 920,562	\$ 30,490,632	\$ 27,728,379

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended December 31, 2018
With Comparative Totals for Year Ended December 31, 2017

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2018 Totals	2017 Totals (Memorandum Only)
Operating revenues:					
Sales of water	\$ 1,128,249	\$ -	\$ -	\$ 1,128,249	\$ 1,091,953
Sewerage service fees	-	1,552,724	-	1,552,724	1,493,272
Other operating revenues	28,043	6,277	330,954	365,274	382,301
Total operating revenues	<u>1,156,292</u>	<u>1,559,001</u>	<u>330,954</u>	<u>3,046,247</u>	<u>2,967,526</u>
Operating expenses:					
Operation and maintenance	464,464	539,126	295,434	1,299,024	1,484,756
Depreciation	279,589	498,683	-	778,272	576,929
Taxes	9,531	21,330	16,414	47,275	50,924
Total operating expenses	<u>753,584</u>	<u>1,059,139</u>	<u>311,848</u>	<u>2,124,571</u>	<u>2,112,609</u>
Operating income (loss)	<u>402,708</u>	<u>499,862</u>	<u>19,106</u>	<u>921,676</u>	<u>854,917</u>
Nonoperating revenues (expenses):					
Interest and dividend income	2,189	24,416	43	26,648	12,607
Interest on long-term debt	(54,765)	(254,846)	(22,282)	(331,893)	(248,522)
Amortization	(1,563)	(1,352)	-	(2,915)	(2,916)
Total nonoperating revenues (expenses)	<u>(54,139)</u>	<u>(231,782)</u>	<u>(22,239)</u>	<u>(308,160)</u>	<u>(238,831)</u>
Net income (loss) before capital contributions and transfers	348,569	268,080	(3,133)	613,516	616,086
Capital contributions	1,235	1,639,581	6,585	1,647,401	1,112,089
Transfers:					
Tax equivalent	(214,864)	-	-	(214,864)	(210,003)
Change in net position	<u>134,940</u>	<u>1,907,661</u>	<u>3,452</u>	<u>2,046,053</u>	<u>1,518,172</u>
Net position, January 1	<u>6,548,923</u>	<u>6,338,805</u>	<u>455,819</u>	<u>13,343,547</u>	<u>11,825,375</u>
Net position, December 31	<u>\$ 6,683,863</u>	<u>\$ 8,246,466</u>	<u>\$ 459,271</u>	<u>\$ 15,389,600</u>	<u>\$ 13,343,547</u>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

Year Ended December 31, 2018

With Comparative Totals for Year Ended December 31, 2017

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2018 Totals	2017 Totals (Memorandum Only)
Cash flows from operating activities:					
Cash received from customers	\$1,159,956	\$ 1,554,336	\$ 347,917	\$ 3,062,209	\$ 2,962,740
Cash paid to other funds for services	(19,684)	(60,445)	-	(80,129)	(2,719)
Cash paid to suppliers for goods and services	(253,657)	(312,181)	(311,848)	(877,686)	(1,318,945)
Cash payments to employees for services	(197,184)	(256,407)	-	(453,591)	(394,091)
Net cash provided (used) by operating activities	689,431	925,303	36,069	1,650,803	1,246,985
Cash flows from non capital and related financing activities:					
Transfers - tax equivalent paid	(188,210)	-	-	(188,210)	(211,546)
Net cash provided (used) by non capital and related financing activities	(188,210)	-	-	(188,210)	(211,546)
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(258,047)	(313,439)	(10,850)	(582,336)	(4,518,711)
Proceeds from long-term debt	-	1,865,768	-	1,865,768	7,822,796
Interest paid	(55,779)	(253,887)	(22,369)	(332,035)	(251,045)
Contributed capital	-	1,639,581	6,585	1,646,166	1,107,381
Plant additions	(82,273)	(3,613,156)	-	(3,695,429)	(5,031,872)
Cost of removal	-	-	-	-	(38,491)
Salvage	895	1,000	-	1,895	598
Net cash provided (used) by capital and related financing activities	(395,204)	(674,133)	(26,634)	(1,095,971)	(909,344)
Cash flows from investing activities:					
Interest and dividend income on cash and cash equivalents	2,189	24,416	43	26,648	12,607
Net cash provided (used) by investing activities	2,189	24,416	43	26,648	12,607
Net increase (decrease) in cash and cash equivalents	108,206	275,586	9,478	393,270	138,702
Cash and cash equivalents, January 1	718,488	2,644,729	20,428	3,383,645	3,244,943
Cash and cash equivalents, December 31	\$ 826,694	\$ 2,920,315	\$ 29,906	\$ 3,776,915	\$ 3,383,645

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2018
With Comparative Totals for Year Ended December 31, 2017

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2018 Totals	2017 Totals (Memorandum Only)
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 402,708	\$ 499,862	\$ 19,106	\$ 921,676	\$ 854,917
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Amortization of water tower painting	21,922	-	-	21,922	21,922
Depreciation	279,589	498,683	-	778,272	576,929
Meter reading allocation	14,345	(14,345)	-	-	-
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Customer accounts receivable	47	(2,643)	-	(2,596)	(3,501)
Special assessments	110	1,460	-	1,570	111
Other receivables	3,507	(3,482)	16,963	16,988	(1,396)
Due from other funds	(33,954)	(37,089)	-	(71,043)	24,463
Materials and supplies	3,832	215	-	4,047	(2,909)
Accounts payable	13,310	16,569	-	29,879	(205,343)
Accrued sick leave	9,403	9,840	-	19,243	(211)
Pension and related deferred	(25,313)	(34,756)	-	(60,069)	28,235
Unfunded retirement liability	-	-	-	-	(19,050)
Due to other funds	(75)	(9,011)	-	(9,086)	(27,182)
Net cash provided (used) by operating activities	\$ 689,431	\$ 925,303	\$ 36,069	\$ 1,650,803	\$ 1,246,985
Supplementary schedules:					
Noncash capital and related financing transactions:					
Plant additions	\$ (1,235)	\$ -	\$ -	\$ (1,235)	\$ (854,185)
Accounts payable	-	-	-	-	849,477
Contributed capital	1,235	-	-	1,235	4,708
	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents	\$ 770,225	\$ 2,140,365	\$ 29,906	\$ 2,940,496	\$ 2,285,843
Restricted cash and cash equivalents	56,469	779,950	-	836,419	1,097,802
	\$ 826,694	\$ 2,920,315	\$ 29,906	\$ 3,776,915	\$ 3,383,645

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

As of December 31, 2018

With Comparative Totals for December 31, 2017

	Tax Agency Fund	Expendable Trust Fund Park Fund	2018 Totals	2017 Totals (Memorandum Only)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,866,376	\$ 5,000	\$ 1,871,376	\$ 1,761,332
Taxes receivable	2,117,488	-	2,117,488	2,184,309
Total assets	\$ 3,983,864	\$ 5,000	\$ 3,988,864	\$ 3,945,641
<u>LIABILITIES</u>				
Due to other governments	\$ 3,983,864	-	\$ 3,983,864	\$ 3,940,641
Total liabilities	3,983,864	-	3,983,864	3,940,641
<u>NET POSITION</u>				
Restricted	-	5,000	5,000	5,000
Total net position	-	5,000	5,000	5,000
Total liabilities and net position	\$ 3,983,864	\$ 5,000	\$ 3,988,864	\$ 3,945,641

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FIDUCIARY FUND
Year Ended December 31, 2018
With Comparative Totals for Year Ended December 31, 2017

	<u>2018</u> <u>Park Fund</u>	<u>2017</u> <u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>
Expenses	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>-</u>	<u>-</u>
Net position, January 1	<u>5,000</u>	<u>5,000</u>
Net position, December 31	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,000</u></u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
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CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Viroqua conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the City of Viroqua. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. 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 Housing Authority of the City of Viroqua

The Housing Authority of the City of Viroqua (the "Housing Authority") is excluded as a component unit. The Housing Authority is a legally separate organization and appointments to the Housing Authority are approved by the City Council; however, since the City cannot impose its will on the Housing Authority and there is no material benefit to, or burden on, the City, the Housing Authority does not meet the criteria for inclusion in the reporting entity. Financial statements for the Housing Authority may be obtained from:

The Housing Authority of the City of Viroqua
 200 Park View Court; Viroqua, WI 54665

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (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 VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements—Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures. Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. 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, liabilities and deferred inflows, revenues, or expenditures of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type, and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following governmental funds:

General Fund—The General Fund is the City's primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund. Cemetery revenues and expenses are included in the General Fund.

Debt Service Fund—The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Projects Fund—Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds). The activity of the Tax Incremental Financing Districts is reported as a Capital Projects Fund.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Special Revenue Funds—Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund's resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

The City reports the following major governmental funds:

- General Fund
- Tax Incremental Financing Districts Fund
- Debt Service Fund
- Grants Fund - Accounts for restricted grant funds used for loans to low-income residents for housing and rehabilitation or to businesses for economic development.
- Library Fund

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

The City reports the following major proprietary funds:

- Water Utility
- Sewer Utility
- Municipal Golf Course Utility

Fiduciary Funds (Not included in Government-Wide Statements)

Agency Funds—Agency 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 City's Agency Fund accounts for the transactions pertaining to the City's tax appropriation.

Expendable Trust Funds—The City's Expendable Trust Fund accounts for the City's park development.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The government-wide financial statements and fund financial statements for the proprietary funds are presented 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 recognized at the time 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. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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 Utility, Sewer Utility and Municipal Golf Course Utility are charges to customers for providing service to the City's residents and businesses. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

The City's property taxes are levied on or before December 31 on the assessed valuation as of the prior January 1 for all general property located in the City. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services.

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 on the accompanying agency fund statement of fiduciary net position.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The aggregate amount of property taxes to be levied for City purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the City are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full or first installment due	January 31, 2019
Second installment due	July 31, 2019
Tax sale – 2018 delinquent real estate	October 2021

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 water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows 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, deferred inflows are removed from the balance sheet and revenue is recognized.

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.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS

On the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

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.

F. INVENTORIES AND PREPAID ITEMS

Governmental fund inventory items are charged to expenditure accounts when purchased. Governmental fund inventory consists of fuel for the airport. Enterprise funds inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

As allowed by accounting standards, the City has chosen not to retroactively capitalize its infrastructure assets. Therefore, infrastructure assets have been capitalized starting January 1, 2004.

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. For tax-exempt debt, the amount of interest used capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current 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 and improvements	10 - 50 years
Land improvements	10 - 30 years
Machinery and equipment	5 - 20 years
Infrastructure	30 - 50 years
Utility plant	4 - 77 years

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 are not capitalized and related depreciation is not reported in the governmental fund financial statements. Fixed assets used in enterprise fund operations are accounted for the same as in the government-wide statements.

H. INTERFUND RECEIVABLES AND PAYABLES

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". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

N. OTHER POSTEMPLOYMENT BENEFITS

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 postemployment 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.

O. PENSIONS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

An allowance for uncollectible accounts of \$36,791 has been recorded for CDBG loans receivable determined to be questionable as to their collectability. No other allowance for uncollectible accounts has been recorded in the governmental or proprietary funds as all other amounts are considered collectible.

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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, enterprise, and fiduciary 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, 2018 are determined on the basis of current salary rates and include salary related payments.

K. LONG-TERM OBLIGATIONS/CONDUIT DEBT

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, TIPR bonds, unfunded retirement liability and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liabilities or deferred inflow/outflow section, respectively, of the balance sheet.

The City has issued tax-exempt industrial revenue bonds and lease revenue bonds for various non-profit organizations located within the City totaling \$10,759,345 with an outstanding balance of \$7,183,138 at December 31, 2018. The City is not obligated in any manner for these obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system of \$745,481, the OPEB plan of \$15,968, and unamortized maintenance costs of \$43,844.

In addition to liabilities, the statement of net position will sometimes report 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 three items that qualify for reporting in the category. The deferred inflows of resources are for the WRS pension system of \$793,920, the OPEB plan of \$1,298, deferred tax revenue of \$2,872,764, and special assessments of \$1,172.

Q. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

- a. 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.
- b. Restricted net position – Consists of net positions with constraints placed on the 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.
- c. Unrestricted net position – All other net positions that do 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 VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. EQUITY CLASSIFICATIONS (Continued)

Fund Statements

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the City Council. A formal resolution by the City Council is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has designated the City Administrator as the official authorized to assign amounts to a specific purpose.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes. Other governmental funds may report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of the fund.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City’s policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

R. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) on August 1, 2018 and placed into effect by the Water Utility in August 2018. The rates are designed to provide a 4.50% return on rate base.

Sewer Utility

Current sewer rates were approved by the Common Council and were placed into effect on March 1, 2016.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. SUMMARIZED COMPARATIVE INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

T. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the City adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required net position in governmental activities to be decreased by \$68,004.

U. RECLASSIFICATIONS

Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds with a tax levy. A budget has been adopted for the General Fund, Tax Incremental Financing Districts and the Debt Service Fund.

The budgeted amounts presented include any amendments made during the year. The Common Council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by two-thirds of the Common Council. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

B. DEFICIT BALANCES

As of December 31, 2018, the following individual Tax Incremental Financing Districts Funds held a deficit balance:

Fund	Amount	Reason
Tax Incremental Financing District No. 2	\$ 10,049	Unrecovered costs
Tax Incremental Financing District No. 4	123,460	Unrecovered costs
Tax Incremental Financing District No. 5	65,780	Unrecovered costs
Tax Incremental Financing District No. 6	76,717	Unrecovered costs

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. BOND COVENANT DISCLOSURE

As part of the Water and Sewer Revenue Bond resolutions, certain information is required to be disclosed.

Compliance with Funding Requirements

The utilities are in compliance with combined bond reserve funding requirements.

Number of Customers

The utilities served the following number of customers at December 31, 2018:

	Water	Sewer
Residential	1,746	1,695
Commercial	263	244
Industrial	13	11
Public authority	41	29
Multi-residential	27	26
Totals	2,090	2,005

Insurance Coverage

The utilities were covered under insurance at December 31, 2018.

Debt Coverage

2018 required and actual coverage factors are as follows:

	Water	Sewer
Change in net position	\$ 134,940	\$ 1,907,661
Plus:		
Interest expense	54,765	254,846
Depreciation	279,589	498,683
Amortization	1,563	1,352
Tax equivalent	214,864	-
Less:		
Capital contributions	(1,235)	(1,639,581)
Income available for debt service	\$ 684,486	\$ 1,022,961
Annual debt service	\$ 203,148	\$ 617,643
2018 calculated coverage ratio	3.37	1.66
Required coverage ratio	1.25	1.25

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits and investments of the City are subject to various risks. Following is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the City.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposits. Deposits with financial institutions and the Local Government Investment Pool (LGIP) 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 not be significant to individual organizations. This coverage has not been considered in computing the amounts below.

As of December 31, 2018, \$5,457,424 of the City's deposits with financial institutions totaling \$6,383,847 was in excess of federal depository insurance limits and uncollateralized. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2018, the LGIP had an average maturity of 19 days and a fair value of \$2,012,934.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of City funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the City's cash and investments totaled \$8,052,794 on December 31, 2018 and is summarized below:

Cash on hand	\$ 125
Deposits with financial institutions	6,039,735
Investments:	
Local Government Investment Pool	2,012,934
	\$ 8,052,794
Reconciliation to the basic financial statements:	
Government-Wide Statement of Net Position:	
Cash and investments	\$ 5,285,403
Restricted cash and investments	896,015
Fiduciary funds:	
Cash and cash equivalents	1,871,376
	\$ 8,052,794

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

The 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 investment in the LGIP was not rated as of December 31, 2018. 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 state 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 and losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.dws.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, 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.

SWIB 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 LGIP as of December 31, 2018 was: 87.25% in U.S. Government Securities, 2.19% in Certificates of Deposit and Bankers' Acceptances and 10.56% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk – The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. The City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and fiduciary funds in the aggregate, are as follows:

	General	TIF Districts	Grants	Total	
				Governmental	Fiduciary
Total receivables	\$ 2,550,504	\$ 670,008	\$ 348,541	\$ 3,569,053	\$ 2,117,488
Amounts not expected to be collected within one year	\$ 19,334	\$ -	\$ 348,541	\$ 367,875	\$ -

Special assessments and delinquent special assessments receivables are not expected to be collected within one year. All CDBG loans receivable are 0% interest and payments are deferred until the sale of the property. For this reason, all loans are considered to be not collectible within one year.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables/payables:

Receivable fund:	Payable fund:	Purpose:	Amount
General Fund	TIF Districts	Expense reimbursement	\$ 241,029
General Fund	Water Utility	Expense reimbursement	23,136
General Fund	Sewer Utility	Expense reimbursement	23,068
General Fund	Library Fund	Expense reimbursement	7,200
Water Utility	Sewer Utility	Joint metering allocation	27,948
Water Utility	General Fund	Expense reimbursement	33,954
Sewer Utility	General Fund	Expense reimbursement	37,089
			<u>\$ 393,424</u>

Balances represent expenses paid on behalf of another fund. Balances are expected to be repaid within a year.

The following is a schedule of interfund advances:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 46,247	\$ -
TIF District No. 2	-	46,247
TIF District No. 4	-	24,928
Proprietary Funds:		
Water Utility	15,734	-
Sewer Utility	9,194	-
Totals	<u>\$ 71,175</u>	<u>\$ 71,175</u>

Balances represent expenses paid on behalf of the City's TIF districts. Balances are not expected to be repaid within a year.

The following schedule details the transfer reported in the Government-Wide Statement of Activities:

Transfer from:	Transfer to:	Purpose:	Amount
Business-type Activities	Governmental Activities	Tax equivalent	\$ 214,864

The following schedule details the transfer reported in the fund statements:

Transfer from:	Transfer to:	Purpose:	Amount
General Fund	Library Fund	Transfer sale of library proceeds	\$ 163,395
General Fund	Debt Service	Debt payment	393

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. RESTRICTED ASSETS

The City's Governmental Funds reported the following restricted cash at December 31, 2018:

General Fund:	
Landfill closure	\$ 8,956
Police	3,619
Library Fund	47,021
	<u>\$ 59,596</u>

In the Water and Sewer Enterprise Funds, restricted assets represent cash and investments reserved in accordance with utility revenue bond ordinances and can only be used in the following ways:

Bond Reserve Accounts – Payments from the accounts may be made only to prevent default in the event the monies in the bond principal and interest accounts are insufficient to make payments when due.
 Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the City's combined waterworks and sewerage system if other funds are not available. The Sewer Utility is required to deposit funds annually in the plant replacement fund to satisfy terms of the user charge ordinance. At December 31, 2018, the replacement fund balance was \$514,118.

The City's enterprise funds reported the following restricted cash and investments:

	Water	Sewer	Total
Bond reserve and redemption accounts	\$ 31,469	\$ 265,832	\$ 297,301
DNR plant replacement fund	-	514,118	514,118
Depreciation	25,000	-	25,000
Total restricted cash and investments	<u>\$ 56,469</u>	<u>\$ 779,950</u>	<u>\$ 836,419</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 759,668	\$ -	\$ 5,000	\$ 754,668
Construction work in progress	-	19,001	-	19,001
Total capital assets not being depreciated	<u>759,668</u>	<u>19,001</u>	<u>5,000</u>	<u>773,669</u>
Capital assets being depreciated:				
Land improvements	510,323	-	-	510,323
Buildings and improvements	5,771,463	-	85,856	5,685,607
Machinery and equipment	4,658,904	703,253	39,032	5,323,125
Infrastructure	3,806,877	-	-	3,806,877
Total capital assets being depreciated	<u>14,747,567</u>	<u>703,253</u>	<u>124,888</u>	<u>15,325,932</u>
Total capital assets	<u>15,507,235</u>	<u>722,254</u>	<u>129,888</u>	<u>16,099,601</u>
Less: Accumulated depreciation:				
Land improvements	(237,302)	(16,424)	-	(253,726)
Buildings and improvements	(1,191,522)	(100,168)	(69,366)	(1,222,324)
Machinery and equipment	(2,184,478)	(239,602)	(22,867)	(2,401,213)
Infrastructure	(609,066)	(107,718)	-	(716,784)
Total accumulated depreciation	<u>(4,222,368)</u>	<u>(463,912)</u>	<u>(92,233)</u>	<u>(4,594,047)</u>
Net capital assets	<u>\$ 11,284,867</u>	<u>\$ 258,342</u>	<u>\$ 37,655</u>	<u>\$ 11,505,554</u>

Depreciation expense was charged to functions as follows:

Governmental activities	\$
General government	5,054
Public safety	107,195
Public works	202,570
Culture, recreation and development	149,093
Total governmental activities depreciation expense	<u>\$ 463,912</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Capital asset activity for the utilities for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 3,855	\$ -	\$ -	\$ 3,855
Construction work in progress	3,552	12,186	-	15,738
Total capital assets not being depreciated	7,407	12,186	-	19,593
Capital assets being depreciated:				
Source of supply	1,462,043	-	-	1,462,043
Pumping	1,004,145	-	-	1,004,145
Water treatment	7,708	-	-	7,708
Transmission and distribution	9,171,348	66,007	43,000	9,194,355
General	503,089	5,315	-	508,404
Total capital assets being depreciated	12,148,333	71,322	43,000	12,176,655
Total water capital assets	\$ 12,155,740	\$ 83,508	\$ 43,000	\$ 12,196,248

Sewer

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Capital assets not being depreciated:				
Land and land rights	\$ 61,067	\$ 55,860	\$ -	\$ 116,927
Construction work in progress	6,696,764	2,688,671	9,372,500	12,935
Total capital assets not being depreciated	6,757,831	2,744,531	9,372,500	129,862
Capital assets being depreciated:				
Pumping	1,214,308	34,331	-	1,248,639
Non-utility	12,000	-	-	12,000
Collecting system	5,451,226	-	-	5,451,226
Treatment and disposal	3,981,925	8,390,520	1,101,486	11,270,959
General	382,011	966,797	13,098	1,335,710
Total capital assets being depreciated	11,041,470	9,391,648	1,114,584	19,318,534
Total sewer capital assets	\$ 17,799,301	\$ 12,136,179	\$ 10,487,084	\$ 19,448,396

During 2018, the Sewer Utility capitalized \$0 of interest costs.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Golf course				
Capital assets not being depreciated:				
Land and land rights	\$ 890,656	\$ -	\$ -	\$ 890,656
Total capital assets	\$ 890,656	\$ -	\$ -	\$ 890,656

A summary of depreciation rates and accumulated depreciation for water and sewer follows:

Fund	Deprecia- tion Rate	Balance 1/1/2018	2018 Depreciation Expense	2018 Meter Reading Allocation	2018 Retirements and Removals (net of salvage)	Balance 12/31/2018
Water	1.3% - 26.67%	\$ 3,047,698	\$ 279,589	\$ 14,345	\$ (42,105)	\$ 3,299,527
Sewer	1.0% - 15%	4,019,092	498,683	(14,345)	(1,113,584)	3,389,846
		\$ 7,066,790	\$ 778,272	\$ -	\$ (1,155,689)	\$ 6,689,373

F. DEFERRED INFLOWS OF RESOURCES

Deferred inflows at December 31, 2018, for governmental funds consist of the following:

	General Fund	Tax Incremental Financing Districts	Total
Property taxes receivable	\$ 2,202,756	\$ 670,008	\$ 2,872,764
Special assessments not yet due	11,772	-	11,772
Unearned tax equivalent	220,653	-	220,653
Total deferred inflows for governmental funds	\$ 2,435,181	\$ 670,008	\$ 3,105,189

Deferred inflows at December 31, 2018, as reported on the statement of net position, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Property taxes receivable	\$ 2,872,764	\$ -	\$ -
Special assessments not yet due	11,772	-	11,772
Deferred pension inflows	496,971	-	496,971
Deferred OPEB inflows	1,298	-	1,298
Total deferred inflows for governmental activities	\$ 3,382,805	\$ -	\$ 296,949

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Balance		Increases	Decreases	Amounts	
	1/1/2018	12/31/2018			Due Within	One Year
Governmental Activities						
Bonds and notes payable:						
General obligation debt	\$ 7,142,509	\$ 6,924,208	\$ 955,788	\$ -	\$ 766,849	
Bond premium	57,063	51,130	5,933	-	-	
Less discount on debt	(8,278)	(6,812)	(1,466)	-	-	
Total bonds and notes payable	7,191,294	6,968,526	960,255	-	766,849	
Other liabilities:						
TIPIR bonds	1,342,982	1,501,185	341,797	-	345,052	
Compensated absences	484,421	550,723	-	-	43,259	
Unfunded retirement liability	1,255,630	1,201,331	134,985	-	94,985	
Total other liabilities	3,083,033	3,253,239	476,782	-	483,296	
Total governmental activities	\$ 10,274,327	\$ 10,221,765	\$ 1,437,037	\$ -	\$ 1,250,145	
Business-type Activities						
Bonds and notes payable:						
Revenue bonds/notes	\$ 12,630,244	\$ 14,031,214	\$ 464,798	\$ -	\$ 580,179	
General obligation loan	370,732	253,195	117,537	-	123,428	
Bond premium	13,825	12,289	1,536	-	-	
Less discount on debt	(26,355)	(21,904)	(4,451)	-	-	
Total bonds and notes payable	12,988,446	14,274,794	579,420	-	703,607	
Other liabilities:						
Compensated absences	95,064	114,306	9,093	-	-	
Total other liabilities	95,064	114,306	9,093	-	-	
Total business-type activities	\$ 13,083,510	\$ 14,389,100	\$ 588,513	\$ -	\$ 703,607	

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 retired by future tax levies or tax increment accumulated. Enterprise funds general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies. The compensated absences and unfunded retirement liability attributable to governmental activities will be liquidated primarily by the General Fund, and the balance attributable to business-type activities will be liquidated by Water and Sewer Utility.

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, 2018 was \$14,124,610. Total general obligation debt outstanding at year end was \$7,177,403.

TIPIR (Tax Increment Project Revenue) Bonds
The City has executed multiple developer agreements with local businesses relative to their expansion in the City's Industrial Park. The agreements specify certain infrastructure to be constructed by the developer and provides for the use of tax increment financing. Over the life of the tax increment districts, developer agreements in the form of Tax Increment Project Revenue (TIPIR) Bonds have been issued totaling \$2,076,461 for TID No. 3, \$638,664 for TID No. 4, and \$500,000 for TID No. 6. The TIPIR bonds will be retired solely from Tax Incremental Financing District revenues over the life of each TID. Repayment schedules for the TIPIR bonds are determined annually based on the increment generated by each property. The amounts are payable only if the TIF Districts have enough revenue after paying existing debt obligations. The TIPIR bonds outstanding at December 31, 2018 were as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018	Current Portion
TID No. 3						
Developer	4/1/2011	9/30/2023	5.00%	\$ 1,700,000	\$ 751,683	\$ 260,793
Developer	7/1/2010	9/1/2023	4.00%	76,462	63,673	3,520
Developer	6/1/2016	9/1/2023	3.00%	150,000	126,326	24,384
TID No. 4						
Developer	8/1/2004	9/1/2022	5.00%	30,000	6,990	6,990
Developer	7/1/2006	9/1/2020	4.50%	400,000	52,513	45,961
TID No. 6						
Developer	9/1/2018	9/1/2043	3.50%	500,000	500,000	3,404
Total TIPIR bonds					<u>\$ 1,501,185</u>	<u>\$ 345,052</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Long-term obligations for business-type activities for the year ended December 31, 2018 consisted of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018
Business-type Activities					
Clean water fund loan	12/23/2002	5/1/2022	2.75%	\$ 1,710,237	\$ 437,814
Safe drinking well loan program	10/23/2013	10/23/2033	1.16%	1,491,348	1,085,121
Safe drinking well loan program	4/28/2004	5/1/2023	1.4190%	962,469	300,549
Water general obligation loan	12/22/2010	3/15/2020	3.75%	618,000 *	38,202
Water general obligation refunding bond	6/6/2012	12/1/2022	0.4% - 2.0%	2,730,000 **	185,000
Water system revenue bonds	9/1/2016	5/1/2056	2.25%	1,472,000	1,408,700
Sewerage system revenue refunding bonds	4/29/2010	5/1/2029	2.0% - 5.15%	1,675,000	1,345,000
Sewerage system revenue refunding bonds	7/28/2016	5/1/2027	2.00%	1,095,000	1,010,000
Sewer general obligation loan	12/22/2010	3/15/2020	3.75%	618,000 *	29,992
Sewer system revenue bonds	9/1/2016	5/1/2056	2.25%	1,145,630	1,109,430
Clean water fund loan	11/22/2017	5/1/2037	0.455%	2,373,393 ^	1,954,568
Sewer system revenue bonds	9/18/2017	5/1/2057	2.00%	4,996,000	4,922,400
Golf course utility mortgage note payable	11/10/2016	4/10/2023	4.75%	483,065 ^	457,633
Total business-type activities					\$ 14,284,409

* Original indebtedness includes General Fund and Water Utility and Sewer Utility portion of debt. The balance is only the Water Utility and Sewer Fund portions remaining at December 31, 2018.

** Original indebtedness includes General Fund and Water Utility portion of debt.

The balance is only the Water Utility portion remaining at December 31, 2018.

^ This is a draw note. Balance at 12/31/2018 represents the amount of draws on the loans.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Long-term obligations outstanding for the year ended December 31, 2018 were as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018
Governmental Activities - General Obligation Debt					
General obligation promissory note	8/18/2009	3/15/2019	4.50%	\$ 820,000	\$ 97,356
General obligation promissory note	6/6/2012	12/1/2022	0.4% - 2.0%	2,730,000 **	430,000
General obligation promissory note	9/7/2012	9/7/2022	2.70%	237,000	102,749
General obligation promissory note	12/27/2013	12/27/2023	2.70%	118,369	63,118
General obligation refunding bonds	7/28/2016	12/1/2026	1.55% - 2.5%	1,380,000	1,125,000
State trust fund loan	12/22/2010	3/15/2020	3.75%	618,000 *	84,806
General obligation bonds	9/9/2014	6/1/2034	.6% - 3.75%	2,300,000	1,970,000
General obligation promissory note	12/22/2014	12/22/2024	2.09%	203,000	126,726
General obligation promissory note	3/3/2016	3/3/2020	1.79%	1,355,192	683,795
General obligation promissory note	12/31/2015	1/2/2026	2.19%	508,694	367,342
General obligation promissory note	12/22/2016	12/22/2026	2.44%	451,600	287,386
State trust fund loan	12/22/2016	3/15/2030	3.50%	105,000	99,239
State trust fund loan	11/8/2016	3/15/2030	3.50%	595,000	564,632
General obligation promissory note	12/20/2017	12/20/2027	2.63%	202,687	184,572
General obligation promissory note	10/19/2018	10/19/2028	2.90%	737,487	737,487
Total governmental activities - general obligation debt					\$ 6,924,208

* Original indebtedness includes General Fund and Water Utility and Sewer Utility portion of debt.

The balance is only the General Fund portion remaining at December 31, 2018.

** Original indebtedness includes General Fund and Water Utility portion of debt.

The balance is only the General Fund portion remaining at December 31, 2018.

Debt service requirements to maturity are as follows:

Years	Governmental Activities - General Obligation Debt	
	Principal	Interest
2019	\$ 766,849	\$ 183,526
2020	1,343,724	153,434
2021	649,501	134,125
2022	657,783	118,208
2023	543,124	102,380
2024-2028	1,967,698	328,832
2029-2033	830,529	117,455
2034	165,000	3,094
Totals	\$ 6,924,208	\$ 1,141,054

Total

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Nonspendable		
Major Fund:		\$
Inventories		56,034
Prepays		121,318
Advances		46,247
Total nonspendable		<u>223,599</u>
Restricted		
Major Funds:		
General Fund:		3,619
Police expenditures		8,956
Landfill		1,499
Energy efficiency and conservation		39,821
Library Fund		71,071
Tax Incremental Financing District No. 3		
Grants Fund:		
Loans receivable		551,128
Total restricted		<u>676,094</u>
Assigned		
Major Fund:		
Airport		25,692
Airport project land sale		1,011
Cemetery		558,713
Recycling truck		8,390
Skate park		1,618
Park ice		1,633
Tourism development		1,913
Park bowl development		425
Bathhouse		523
Historic preservation		3,708
Total assigned		<u>603,626</u>
Unassigned		
Major Funds:		
General Fund		1,640,320
Tax Incremental Financing Districts (deficit)		(276,006)
Total unassigned		<u>1,364,314</u>
Total governmental fund balance		<u>\$ 2,867,633</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are as follows:

Years	Business-Type Activities		Total
	Principal	Interest	
2019	\$ 703,607	\$ 330,165	\$ 1,033,772
2020	722,035	316,086	1,038,121
2021	604,389	301,678	906,067
2022	616,742	287,154	903,896
2023	1,021,793	275,279	1,297,072
2024-2028	2,944,065	1,100,788	4,044,853
2029-2033	1,976,125	750,602	2,726,727
2034-2038	1,302,613	607,192	1,909,805
2039-2043	989,300	496,601	1,485,901
2044-2048	1,116,500	372,616	1,489,116
2049-2053	1,260,000	232,651	1,492,651
2054-2057	1,027,240	75,750	1,102,990
Total	\$ 14,284,409	\$ 5,146,562	\$ 19,430,971

H. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government-wide Statement of Net Position at December 31, 2018 includes the following:

Net investment in capital assets		
Land		\$ 754,668
Other capital assets, net of accumulated depreciation		10,750,886
Less: related long-term debt outstanding		(6,647,166)
Total net investment in capital assets		<u>4,858,388</u>
Restricted:		
Restricted for police expenditures		3,619
Restricted for landfill postclosure costs		8,956
Restricted for library operations		39,821
Restricted for TID No. 3		71,071
Restricted for loans receivable		551,128
Restricted for EECBG		1,499
Total restricted		<u>676,094</u>
Unrestricted (deficit)		<u>(1,068,956)</u>
Total governmental activities net position		<u>\$ 4,465,526</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN

General Information about the Other Post-Employment Benefits
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://etf.wi.gov/publications/cafr.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.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution
50% Post Retirement Coverage	40% of employee contribution

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those ages 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, 2017 are as listed below:

Attained Age	Basic
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$581 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, 2018, the LRLIF Employer reported a liability (asset) of \$92,120 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the City's proportion was 0.03061900%, which was an increase of 0.001279% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$10,159.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

1. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,298
Changes of assumptions	8,902	-
Net differences between projected and actual earnings on OPEB plan investments	1,061	-
Changes in proportion and differences between City contributions and proportion share of contributions	2,693	-
City contributions subsequent to the measurement date	3,312	-
Totals	<u>\$ 15,968</u>	<u>\$ 1,298</u>

\$3,312 reported as deferred outflows related to OPEB resulting from the City's 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, 2019. 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 June 30:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 1,842
2020	1,842
2021	1,842
2022	1,842
2023	1,577
Thereafter	2,413
Total	<u>\$ 11,358</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

1. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' 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.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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.wis.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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current 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.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount Rate. A single discount rate of 3.63% was used to measure the total OPEB liability. 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.

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 3.63 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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
City's proportionate share of the net OPEB liability (asset)	\$ 130,200	\$ 92,120	\$ 62,897

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://etf.wis.gov/publications/cafr.htm>.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
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)
2017	2.0	4

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. Required contributions for protective employees are the same rate as general employees. Employees 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 \$140,781 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

At December 31, 2018, the City reported a liability (asset) of (\$402,948) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 a projection of the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.01357%, which was an increase of 0.00016% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$176,069. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 511,956	\$ (239,477)
Changes of assumptions	79,615	-
Net difference between projected and actual earnings on pension plan investments	-	(553,817)
Changes in proportion and difference between City contributions and proportionate share of contributions	4,635	(626)
City contributions subsequent to the measurement date	149,275	-
Total	\$ 745,481	\$ (793,920)

CITY OF VIROQUA, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

\$149,275 reported as deferred outflows of resources related to pension resulting from the City'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, 2019. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 44,878
2020	(1,980)
2021	(137,094)
2022	(104,482)
2023	964
Total	\$ (197,714)

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012-2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF VIROQUA, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

Retirement Funds – Asset Allocation Targets and Expected Returns
 As of December 31, 2017

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8.0%	6.5%	3.6%
Private Equity/Debt	8.0%	9.4%	6.5%
Multi-Asset	4.0%	6.5%	3.6%
Total Core Fund	110.0%	7.3%	4.4%
Variable Fund Asset Class			
US Equities	70.0%	7.5%	4.6%
International Equities	30.0%	7.8%	4.9%
Total Variable Fund	100.0%	7.9%	5.0%

Note: New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 1,042,568	\$ (402,948)	\$ (1,501,588)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at <http://ef.f.wi.gov/publications/caftr.htm>.

Allocation of Pension Plan

Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

Payables to the Pension Plan

At December 31, 2018, the City had \$80,359 due to the pension plan for December contributions.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

L. DEFERRED COMPENSATION PLAN

The City has a 457 Deferred Compensation Plan administered through Nationwide Retirement Solutions. Eligible employees may defer a portion of their compensation under the City's plan. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them.

The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. The Deferred Compensation Plan had plan assets of \$240,328 at December 31, 2018. Because the assets held under these plans are not the City's property and are not subject to Council control, they have been excluded from these financial statements.

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

Summary Description

The City has created Tax Incremental Financing Districts (TIF District or TID) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

Generally, the statutes provide that no project costs may be expended later than seven years after the creation date of the district. The statutes further allow the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district has been recovered, whichever occurs first. The 1995-97 state budget act changed these timeframes for districts created prior to October 1, 1995. The budget act extended the project expenditure period for these districts from seven years to ten years. Also, the budget act established a maximum life of twenty-seven years on these districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The State enacted several changes relating to tax incremental financing districts in 2004. One of these changes extends the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that have reached the end of its expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

The City has created Tax Incremental Financing Districts No. 2, 3, 4, 5, and 6. A summary of their status is as follows:

	Cumulative To Date
TIF District No. 2	
Revenues	\$ 419,085
Taxes and intergovernmental revenues	
Expenditures	\$ 286,502
Project costs	142,632
Financing costs	\$ 429,134
Total expenditures	
TIF District No. 3	
Revenues	\$ 3,937,523
Taxes and intergovernmental revenues	
Proceeds from long-term debt	264,532
Total revenues	\$ 4,202,055
Expenditures	
Project costs	\$ 3,521,503
Financing costs	609,481
Total expenditures	\$ 4,130,984
TIF District No. 4	
Revenues	\$ 1,157,554
Taxes and intergovernmental revenues	
Proceeds from long-term debt	334,677
Miscellaneous revenues	30,000
Total revenues	\$ 1,522,231
Expenditures	
Project costs	\$ 1,536,885
Financing costs	108,806
Total expenditures	\$ 1,645,691

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

	Cumulative To Date
TIF District No. 5	
Revenues	
Taxes and intergovernmental revenues	\$ 612,355
Miscellaneous revenues	85,019
Total revenues	\$ 697,374
Expenditures	
Project costs	\$ 763,154
TIF District No. 6	
Revenues	
Taxes and intergovernmental revenues	\$ 65,965
Proceeds from long-term debt	802,621
Total revenues	\$ 868,586
Expenditures	
Project costs	\$ 843,612
Financing costs	101,691
Total expenditures	\$ 945,303

Current valuations of the Districts are as follows:

	TIF No. 2	TIF No. 3	TIF No. 4	TIF No. 5	TIF No. 6
Current value	\$ 2,082,300	\$ 18,242,300	\$ 3,816,600	\$ 2,108,800	\$ 19,309,300
Base value	355,500	3,810,600	293,000	279,600	13,024,300
Increment	\$ 1,726,800	\$ 14,431,700	\$ 3,523,600	\$ 1,829,200	\$ 6,285,000

The intent of the City is to recover the above amounts from future TIF surplus funds, if any, prior to termination of the respective TIFs. Unless terminated by the City prior thereto, each TIF has a statutory termination date as follows:

	Creation Date	Termination Date
TIF No. 2	12/14/1993	12/14/2020
TIF No. 3	9/12/1995	9/12/2022
TIF No. 4	4/27/1999	4/27/2026
TIF No. 5	4/25/2006	4/25/2026
TIF No. 6	8/11/2015	8/11/2042

In 2019, the City approved to extend the lives of TIF No. 4 & TIF No. 5.

Inter-fund payables and advances of \$46,247 for TIF No. 2, \$123,460 for TIF No. 4, \$65,780 for TIF No. 5, and \$76,717 for TIF No. 6 have been recorded in the General Fund, Water Utility and Sewer Utility to reflect costs advanced on behalf of the Districts.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Developer Agreements
Developer agreements in the form of Tax Increment Project Revenue (TIPR) Bonds have been issued. These are reflected as long-term liabilities as illustrated in Note 3.G. on page 42.

A developer agreement was issued in TID No. 6 whereby the developer guarantees a minimum annual tax increment payment of the development site of \$69,925. In the event that the actual tax increment payment is less than \$69,925, the developer will pay to the City an amount equal to the difference between \$69,925 and the actual tax starting with the tax payment due in 2019.

NOTE 4. OTHER INFORMATION

A. MUNICIPAL GOLF COURSE UTILITY AGREEMENT

The Municipal Course is governed by a three member commission appointed by the Mayor. The Commission and the Viroqua Country Club Inc. ("Viroqua CC") entered into an agreement where the Municipal Course will lease an existing 9-hole course owned by Viroqua CC. Viroqua CC also deeded adjoining land to the Municipal Course to enable the construction of an additional 9 holes.

Viroqua CC has entered into an agreement with the Municipal Course to pledge green fees and certain other golf course revenues to the Municipal Course to service its debt obligations. Minimum rentals under the agreement are equal to annual debt service payments.

The Municipal Course has contracted with Viroqua CC to provide management, maintenance and support services to operate the course.

B. COMMITMENTS AND CONTINGENCIES

The City has pledged a guarantee of \$300,000 as additional security for a Mortgage Note issued to construct improvements for the Municipal Golf Course Utility. As of December 31, 2018, the balance on the mortgage note was \$457,633.

The City has entered into development agreements with owners of the Crossing Meadows Subdivision for cost sharing and zoning.

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits and review by grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City officials believe such disallowances, if any, will be immaterial.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4. OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City Attorneys 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.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the City.

In 2017, the City was awarded a \$200,000 Department of Natural Resources grant to help with the replacement of lead services. This project is expected to be completed by 2020.

C. 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

D. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Viroqua through its TID No. 3, TID No. 4, and TID No. 6 has entered into a tax abatement agreement with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plans. The agreements require the City to make annual repayments of property taxes collected with the TID to the developers based upon the terms of the agreements.

For the year ended December 31, 2018, the City abated property taxes totaling \$334,260 related to TID No. 3 and \$83,135 related to TID No.4 developer agreements. The first payment for TID No. 6 will be in 2019.

CITY OF VIROQUA, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 4. OTHER INFORMATION (Continued)

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT YEAR FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has adopted GASB Statement No. 83, Certain Asset Retirement Obligations, GASB Statement No. 84, Fiduciary Activities, GASB Statement No. 87, Leases, and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. When these become effective, application of these standards may restate portions of these financial statements.

F. SUBSEQUENT EVENTS

The City entered into an agreement during 2019 with Vernon County ("County") for the development of a TID No. 7 called Gateway Park. The County agreed to sell 50 acres to the City. The sale price was \$879,000 and will be paid to the County in equal annual payments over 10 years starting in August of 2020 or upon the sale of the first lot. In addition, the City and the County received a \$2,640,000 EDA grant to assist in the development of the land in TID No.7. The City will administer the grant.

During 2017, the City was awarded a \$500,000 Community Development Block Grant to help the funding of a street project to be completed in 2019. The City signed a contract in 2019 with Gerke Excavating totaling \$1,290,384 for this street project.

Subsequent to year end, the City approved a resolution for the issuance of Sewerage System Revenue Refunding Bonds in the amount of \$1,280,000 to redeem the 2010 Sewerage System Revenue Refunding Bonds.

G. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded effective January 1, 2018, as follows:

	Governmental Activities
	\$ 4,659,172
Total net position as previously reported	(68,004)
To record OPEB group life insurance beginning balance	\$ 4,591,168
Net position as restated	

Implementation of GASB Statement No. 75 required net position in the governmental activities to be decreased. The decrease in net position was to reflect the OPEB liability balances related to the City's group life insurance plan as of January 1, 2018 and beginning deferred outflows of resources for City contributions to the OPEB plan after the actuarial measurement date.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended December 31, 2018
With Comparative Actual Totals for Year Ended December 31, 2017

	2018		Variance - Favorable (Unfavorable)	2017 Actual Totals (Memorandum Only)
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 1,302,503	\$ 1,302,503	\$ -	\$ 1,250,164
Other taxes and special assessments	345,461	359,686	14,225	388,154
Intergovernmental	1,811,525	1,808,984	(2,541)	1,784,157
Licenses and permits	94,000	92,761	(1,239)	89,505
Penalties and forfeitures	24,750	22,980	(1,770)	52,077
Public charges for services	339,500	423,897	84,397	346,840
Interest	4,000	4,000	0	11,127
Miscellaneous general revenues	53,600	267,646	214,046	226,628
Total revenues	3,975,339	3,975,339	326,808	4,148,652
Expenditures:				
Current:				
General government	685,084	810,547	(125,463)	595,902
Public safety	1,274,899	1,266,893	8,006	1,131,477
Public works	1,064,236	1,180,221	(115,985)	1,061,194
Health and social services	189,517	212,157	(22,640)	238,925
Culture, recreation and development	731,603	808,978	(77,375)	934,516
Capital outlay	419,015	737,487	(95,529)	251,001
Debt service:				
Interest and fiscal charges	4,000	4,738	(738)	4,552
Total expenditures	4,368,354	4,686,826	(393,724)	4,217,567
Excess (deficiency) of revenues over expenditures	(393,015)	(711,487)	(66,916)	(68,915)
Other financing sources (uses):				
Proceeds of long-term debt	419,015	737,487	-	202,687
Transfer in (out)	-	(163,788)	(163,788)	(85,564)
Unfunded retirement liability - special payment	(26,000)	(26,000)	(14,000)	(31,122)
Total other financing sources (uses)	393,015	711,487	(177,788)	86,001
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	(244,704)	(244,704)	17,086
Fund balance, January 1	2,726,323	2,726,323	-	2,709,237
Fund balance, December 31	\$ 2,726,323	\$ 2,481,619	\$ (244,704)	\$ 2,726,323

See notes to required supplementary information.

CITY OF VIROQUA, WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
Year Ended December 31, 2018

Schedule of City's Proportionate Share of the Net OPEB Liability (Asset)
Last 10 Calendar Years

Year ended December 31,	City's proportionate share of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	City's 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)
2017	0.03061900%	\$ 92,120	\$ 1,287,617	7.15%	44.81%

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
2018	\$ 3,312	\$ (3,312)	\$ -	\$ 1,383,372	0.24%

See notes to required supplementary information.

CITY OF VIROQUA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2018

CITY OF VIROQUA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
Year Ended December 31, 2018

WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.
Changes of Assumptions. There were no changes in assumptions.

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 6 preceding years.

EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls expenditures at the department level. Some individual funds experienced expenditures which exceeded appropriations as follows:

Fund	Final Budgeted Expenditures		Actual Expenditures		Expenditures Over Appropriations
	Expenditures	Expenditures	Expenditures	Expenditures	
General Fund:					
Current:					
General government	\$ 685,084	\$ 810,547	\$ 685,084	\$ 810,547	\$ (125,463)
Public works	1,064,236	1,180,221	1,064,236	1,180,221	(115,985)
Health and social services	189,517	212,157	189,517	212,157	(22,640)
Culture, recreation and development	731,603	808,978	731,603	808,978	(77,375)
Capital outlay	737,487	797,016	737,487	797,016	(59,529)
Debt service:					
Interest and fiscal charges	4,000	4,738	4,000	4,738	(738)

Excess expenditures over appropriations were financed with excess revenues over budgeted amounts, proceeds from long-term debt and fund balance.

The City does not adopt a budget for the Library and Grants Fund as it is not legally required to do so.

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in LRLIF.
Changes of Assumptions. There were no changes in assumptions.

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 9 preceding years.

Schedule of City's Proportionate Share of the Net Pension Liability (Asset)

Last 10 Calendar Years

Year ended December 31,	City's proportionate share of the net pension liability (asset)	Proportionate pension share of the net liability (asset)	City's 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)
2017	0.01357136%	\$ (402,948)	\$ 1,784,511	(22.58%)	102.93%
2016	0.01341301%	110,554	1,727,852	6.40%	99.12%
2015	0.01354429%	220,091	1,685,335	13.06%	98.20%
2014	0.01371848%	(336,871)	1,678,136	(20.07%)	102.74%

Schedule of Contributions

Last 10 Calendar Years

Year ended December 31,	Contributions in relation to the		Contributions as a percentage of covered-employee payroll	
	Contractually required contributions	Contractually required contributions in excess (deficiency)	Covered-employee payroll	percentage of covered-employee payroll
2018	\$ 149,275	\$ (149,275)	\$ 1,894,580	7.88%
2017	140,781	(140,781)	1,784,511	7.89%
2016	128,927	(128,927)	1,727,852	7.46%
2015	127,931	(127,931)	1,685,335	7.59%

See notes to required supplementary information.

**CITY OF VIROQUA, WISCONSIN
COMBINING BALANCE SHEET
GENERAL FUND**

As of December 31, 2018

With Comparative Totals for December 31, 2017

	2018			2017	
	General Fund	Cemetery Fund	Elimination	Total Combined General Fund	Totals (Memorandum Only)
ASSETS					
Cash and investments	\$1,475,738	\$558,713	\$ -	\$2,034,451	\$ 2,306,715
Receivables:					
Taxes	2,399,929	-	-	2,399,929	2,194,662
Special assessments	11,772	-	-	11,772	19,916
Other	138,803	-	-	138,803	68,005
Prepaid expenses	121,318	-	-	121,318	121,201
Due from other funds	294,433	-	-	294,433	264,701
Due from other governments	57,446	-	-	57,446	43,506
Advances to other funds	46,247	-	-	46,247	46,247
Inventory	56,034	-	-	56,034	51,355
Restricted assets:					
Cash and investments	12,575	-	-	12,575	12,158
Total assets	\$4,614,295	\$558,713	\$ -	\$5,173,008	\$ 5,128,466
LIABILITIES					
Accounts payable	\$ 77,025	\$ -	\$ -	\$ 77,025	\$ 101,293
Accrued liabilities and expenses:					
Other current liabilities	87,835	-	-	87,835	88,152
Due to other funds	71,043	-	-	71,043	-
Due to other governments	20,305	-	-	20,305	19,772
Total liabilities	256,208	-	-	256,208	209,217
DEFERRED INFLOWS OF RESOURCES	2,435,181	-	-	2,435,181	2,192,926
FUND BALANCE					
Nonspendable	223,599	-	-	223,599	218,803
Restricted	14,074	-	-	14,074	13,656
Assigned	44,913	558,713	-	603,626	597,252
Unassigned	1,640,320	-	-	1,640,320	1,896,612
Total fund balance	1,922,906	558,713	-	2,481,619	2,726,323
Total liabilities, deferred inflows of resources, and fund balance	\$4,614,295	\$558,713	\$ -	\$5,173,008	\$ 5,128,466

OTHER SUPPLEMENTARY INFORMATION

CITY OF VIROQUA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND

Year Ended December 31, 2018

With Comparative Totals for Year Ended December 31, 2017

	2018			2017 Totals (Memorandum Only)
	General Fund	Cemetery Fund	Elimination	
Revenues:				
Property taxes	\$ 1,302,503	\$ -	\$ -	\$ 1,250,164
Other taxes and special assessments	359,686	-	-	388,154
Intergovernmental	1,808,984	-	-	1,784,157
Licenses and permits	92,761	-	-	89,505
Penalties and forfeitures	22,980	-	-	52,077
Public charges for services	375,122	48,775	-	346,840
Interest	17,807	5,883	-	11,127
Miscellaneous general revenues	265,840	3,806	-	226,628
Total revenues	4,243,683	58,464	-	4,148,652
Expenditures:				
Current:				
General government	810,547	-	-	595,902
Public safety	1,266,893	-	-	1,131,477
Public works	1,180,221	-	-	1,061,194
Health and social services	212,157	-	-	238,925
Culture, recreation and development	691,025	117,953	-	934,516
Capital outlay	797,016	-	-	251,001
Debt service:				
Interest and fiscal charges	4,738	-	-	4,552
Total expenditures	4,962,597	117,953	-	4,217,567
Excess (deficiency) of revenues over expenditures	(718,914)	(59,489)	-	(68,915)
Other financing sources (uses):				
Proceeds of long-term debt	737,487	-	-	202,687
Transfer in	-	60,155	(60,155)	-
Transfer out	(223,943)	-	60,155	(85,564)
Unfunded retirement liability - special payment	(40,000)	-	-	(31,122)
Total other financing sources (uses)	473,544	60,155	-	86,001
Excess (deficiency) of revenues over expenditures and other sources (uses)	(245,370)	666	-	17,086
Fund balance, January 1	2,168,276	558,047	-	2,709,237
Fund balance, December 31	\$ 1,922,906	\$ 558,713	\$ -	\$ 2,726,323

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

Year Ended December 31, 2018

With Comparative Actual Totals for Year Ended December 31, 2017

	2018			2017 Actual Totals (Memorandum Only)
	Original Budget	Final Budget	Actual	
Taxes and special assessments:				
Taxes:				
General property taxes	\$ 1,302,503	\$ 1,302,503	\$ -	\$ 1,250,164
Mobile home parking permit fees/taxes	50,000	50,000	48,203	49,137
Tax equivalent	190,000	190,000	188,210	211,546
Payment in lieu of taxes	82,000	82,000	80,986	81,223
Other taxes	20,000	20,000	24,837	23,390
Total taxes	1,644,503	1,644,503	1,644,739	1,615,460
Special assessments:				
Sidewalks, curbs and gutters	1,761	1,761	13,422	11,661
Sewer mains	1,700	1,700	3,278	1,578
Weed cutting	-	-	750	750
Total special assessments	3,461	3,461	17,450	13,989
Total taxes and special assessments	1,647,964	1,647,964	1,662,189	1,638,318
Intergovernmental:				
State aid:				
Shared taxes	1,068,896	1,068,896	1,068,745	1,075,451
Highway	288,935	288,935	288,762	272,573
Library	1,525	1,525	2,393	3,050
Transit assistance	166,000	166,000	176,681	190,451
Public safety	-	-	1,440	1,440
Miscellaneous	14,500	14,500	44,340	18,517
Total state aid	1,539,856	1,539,856	1,582,361	1,561,482
County aid:				
Library	123,705	123,705	123,702	129,136
Total county aid	123,705	123,705	123,702	129,136
Other aids:				
Town fire protection	127,552	127,552	82,716	81,755
Fire insurance refunds	11,783	11,783	11,576	11,784
Municipal court costs	8,629	8,629	8,629	8,305
Total other aids	147,964	147,964	102,921	101,844
Total intergovernmental	1,811,525	1,811,525	1,808,984	1,792,462
Licenses and permits:				
Liquor and malt beverage license	12,000	12,000	12,949	12,495
Other permits and licenses	1,000	1,000	1,002	1,147
Cable television franchise fee	44,000	44,000	48,738	47,093
Building	36,000	36,000	29,867	28,615
Street and curb	1,000	1,000	205	155
Total licenses and permits	94,000	94,000	92,761	89,505

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)

Year Ended December 31, 2018
 With Comparative Actual Totals for Year Ended December 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Penalties and forfeitures:					
Court penalties and costs	\$ 750	\$ 750	\$ 295	\$ (455)	\$ 675
Library fines and penalties	20,000	20,000	18,889	(1,111)	18,283
Parking violations	4,000	4,000	3,796	(204)	3,810
Total penalties and forfeitures	24,750	24,750	22,980	(1,770)	22,768
Public charges for services:					
Law enforcement fees	20,000	20,000	17,267	(2,733)	15,164
Airport income	28,700	28,700	70,920	42,220	28,000
Snow removal	3,000	3,000	674	(2,326)	3,773
Mowing	800	800	150	(650)	4,700
Recycling surcharge	205,000	205,000	228,596	23,596	206,952
Municipal court	50,000	50,000	23,815	(26,185)	39,287
Recreational income	30,000	30,000	30,877	877	31,742
Park income	2,000	2,000	2,035	35	1,900
Animal control and shelter	-	-	788	788	816
Total public charges for services	339,500	339,500	375,122	35,622	332,334
Interest - investments:					
Interest - Tax Increment District	-	-	2,775	2,775	4,755
Interest - General Fund	4,000	4,000	14,929	10,929	2,795
Interest - special assessments	-	-	103	103	9
Total interest - investments	4,000	4,000	17,807	13,807	7,559
Miscellaneous general revenues:					
Rents	18,500	18,500	31,055	12,555	34,345
Property sales	-	-	164,013	164,013	90,323
Donations - Library	-	-	1,675	1,675	4,603
Donations - Police	-	-	4,770	4,770	4,192
Donations - miscellaneous	300	300	150	(150)	20
Insurance refunds	15,000	15,000	61,591	46,591	72,954
Miscellaneous revenues	19,800	19,800	586	(19,214)	12,928
Total miscellaneous general revenues	53,600	53,600	263,840	210,240	219,365
Total revenues	\$3,975,339	\$3,975,339	\$4,243,683	\$ 268,344	\$ 4,102,311

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

Year Ended December 31, 2018
 With Comparative Actual Totals for Year Ended December 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
General government:					
Council	\$ 29,066	\$ 29,066	\$ 32,673	\$ (3,607)	\$ 32,778
Mayor	7,105	7,105	7,855	(750)	7,828
Clerk	157,042	157,042	159,274	(2,232)	154,186
Assessor	26,805	26,805	28,832	(2,027)	31,584
Zoning	16,312	16,312	14,299	2,013	2,531
Building inspection	9,500	9,500	9,905	(405)	6,528
Municipal judge	31,959	31,959	30,541	1,418	29,703
City administrator/consultant	58,606	58,606	59,466	(860)	60,347
Administration	1,425	1,425	250	1,175	4,028
Elections	12,000	12,000	17,367	(5,367)	11,553
Office supplies	19,505	19,505	27,710	(8,205)	18,078
Publishing and printing	3,325	3,325	8,126	(4,801)	6,528
Accounting and auditing	15,000	15,000	17,823	(2,823)	16,332
Municipal building and equipment	16,000	16,000	11,956	4,044	17,313
City hall	70,154	70,154	57,909	12,245	67,220
Property and liability insurance	75,000	75,000	64,228	10,772	58,239
Airport	37,230	37,230	96,609	(59,379)	67,534
Celebrations	12,350	12,350	14,670	(2,320)	19,070
Donations	20,000	20,000	21,700	(1,700)	6,700
Historic preservation	1,615	1,615	740	875	242
Conservation and development	25,015	25,015	24,950	65	24,350
Insurance claim expense	-	-	58,367	(58,367)	8,772
Bank charges	95	95	20	75	142
Miscellaneous	475	475	650	(175)	27,838
Legal	25,500	25,500	25,350	150	26,271
Tourism appropriation - room tax pass-through	14,000	14,000	19,277	(5,277)	14,631
Total general government	685,084	685,084	810,547	(125,463)	720,326
Public safety:					
Police:					
Equipment repair and maintenance	27,000	27,000	25,259	1,741	25,080
Administration	955,644	955,644	990,425	(34,781)	903,847
Communications	4,750	4,750	3,578	1,172	3,751
Total police	987,394	987,394	1,019,262	(31,868)	932,678

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
Year Ended December 31, 2018

With Comparative Actual Totals for Year Ended December 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Public safety (continued):					
Fire:					
Equipment repair and maintenance	\$ 89,338	\$ 89,338	\$ 56,492	\$ 32,846	\$ 56,217
Department station expense	18,900	18,900	19,562	(662)	20,578
Administration	84,589	84,589	90,000	(5,411)	43,269
Training	4,000	4,000	2,349	1,651	2,501
Communications	10,200	10,200	3,170	7,030	-
Fire fighting	64,978	64,978	57,571	7,407	53,980
Total fire	272,005	272,005	229,144	42,861	176,545
Other:					
Animal, pest and rodent control	15,500	15,500	18,487	(2,987)	15,726
Total other	15,500	15,500	18,487	(2,987)	15,726
Total public safety	1,274,899	1,274,899	1,266,893	8,006	1,124,949
Public works:					
Director of public works	107,587	107,587	103,794	3,793	117,233
Waste collection	205,000	205,000	235,485	(30,485)	211,369
Brush removal	36,681	36,681	48,489	(11,808)	56,570
Forestry	37,093	37,093	45,403	(8,310)	50,766
Street machinery	130,173	130,173	127,975	2,198	124,626
Street construction and maintenance	238,790	238,790	285,483	(46,693)	232,419
Street engineering	52,657	52,657	91,793	(39,136)	3,372
Street lighting	57,000	57,000	53,678	3,322	55,061
Storm sewers	9,500	9,500	11,634	(2,134)	372
Snow and ice removal	108,487	108,487	117,664	(9,177)	103,606
Sidewalks	4,750	4,750	-	4,750	25,923
Curb and gutter	4,750	4,750	196	4,554	4,983
Street cleaning	-	-	130	(130)	160
Weed control	21,118	21,118	12,355	8,763	18,202
Garage	15,650	15,650	10,520	5,130	11,808
Gasoline	35,000	35,000	35,622	(622)	27,956
Total public works	1,064,236	1,064,236	1,180,221	(115,985)	1,044,426

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
Year Ended December 31, 2018

With Comparative Actual Totals for Year Ended December 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Health and social services:					
Board of health	\$ 517	\$ 517	\$ 517	\$ -	\$ 517
Taxicab expense	189,000	189,000	211,640	(22,640)	238,408
Total health and social services	189,517	189,517	212,157	(22,640)	238,925
Culture, recreation and development:					
Library	405,381	405,381	410,471	(5,090)	387,933
Recreation department	152,610	152,610	159,787	(7,177)	149,960
Summer recreation - building utilities, repair and maintenance	11,400	11,400	14,435	(3,035)	13,662
Parks	100,632	100,632	105,921	(5,289)	170,676
Veterans memorial	1,425	1,425	411	1,014	835
Cemetery - City appropriation	60,155	60,155	-	60,155	-
Total culture, recreation and development	731,603	731,603	691,025	40,578	723,066
Capital outlay:					
Public safety:					
Police equipment	36,000	66,079	83,416	(17,337)	94,683
Fire equipment	113,000	103,000	101,988	1,012	-
Public works	223,046	510,843	527,846	(17,003)	147,031
Culture, recreation and development:					
Library	7,200	7,200	-	7,200	-
Other	39,769	50,365	83,766	(33,401)	9,287
Total capital outlay	419,015	737,487	797,016	(59,529)	251,001
Debt service:					
Interest and fiscal charges	4,000	4,000	4,738	(738)	4,552
Total debt service	4,000	4,000	4,738	(738)	4,552
Total expenditures	\$ 4,368,354	\$ 4,686,826	\$ 4,962,597	\$ (275,771)	\$ 4,107,245

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
Year Ended December 31, 2018
With Comparative Actual Totals for Year Ended December 31, 2017

	2018		2017		
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Revenues:					
Taxes	\$ 676,508	\$ 676,508	\$ 676,508	\$ -	\$ 684,047
Total revenues	676,508	676,508	676,508	-	684,047
Expenditures:					
Debt service:					
Principal retirement	546,864	546,864	546,627	237	621,440
Interest and fiscal charges	129,644	129,644	130,274	(630)	148,171
Total expenditures	676,508	676,508	676,901	(393)	769,611
Excess (deficiency) of revenues over expenditures	-	-	(393)	(393)	(85,564)
Other financing sources (uses):					
Transfer in (out)	-	-	393	393	85,564
Total other financing sources (uses)	-	-	393	393	85,564
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	-	-	-	-
Fund balance, January 1	-	-	-	-	-
Fund balance, December 31	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF VIROQUA, WISCONSIN
COMBINING BALANCE SHEET
TAX INCREMENTAL FINANCING DISTRICTS
As of December 31, 2018
With Comparative Totals for December 31, 2017

	2018		2017		2017 Totals (Memorandum Only)
	TIF District No. 2	TIF District No. 3	TIF District No. 4	TIF District No. 5	
ASSETS					
Cash and investments	\$ 36,198	\$ 71,671	\$ -	\$ -	\$ 107,869
Receivables:					
Taxes	41,620	347,865	84,936	44,093	151,494
Total assets	\$ 77,818	\$ 419,536	\$ 84,936	\$ 44,093	\$ 777,877
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ 600	\$ -	\$ -	\$ 600
Due to other funds	-	-	98,532	65,780	76,717
Advances payable - other funds	46,247	-	24,928	-	71,175
Total liabilities	46,247	600	123,460	65,780	312,804
Deferred inflows of resources:					
Property taxes	41,620	347,865	84,936	44,093	151,494
Total deferred inflows of resources	41,620	347,865	84,936	44,093	670,008
Fund balance:					
Restricted	-	71,071	-	-	71,071
Unassigned (deficit)	(10,049)	-	(123,460)	(65,780)	(76,717)
Total fund balance (deficit)	(10,049)	71,071	(123,460)	(65,780)	(204,935)
Total liabilities, deferred inflows of resources, and fund balance	\$ 77,818	\$ 419,536	\$ 84,936	\$ 44,093	\$ 777,877

**CITY OF VIROQUA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
TAX INCREMENTAL FINANCING DISTRICTS**

Year Ended December 31, 2018

With Comparative Totals for Year Ended December 31, 2017

	TIF			TIF			TIF			2017 Totals (Memorandum Only)
	District No. 2	District No. 3	District No. 4	District No. 5	District No. 6	District No. 6	2018 Totals	2017 Totals		
Revenues:										
Property taxes	\$ 38,102	\$ 336,882	\$ 83,131	\$ 45,182	\$ 40,079	\$ 40,079	\$ 543,376	\$ 464,118		
Intergovernmental	46	1,880	304	2	4,656	4,656	6,888	6,788		
Total revenues	38,148	338,762	83,435	45,184	44,735	44,735	550,264	470,906		
Expenditures:										
Current:										
Culture, recreation and development	404	276,539	68,021	1,029	1,085	1,085	347,078	250,499		
Debt service:										
Principal retirement	-	30,110	31,807	-	45,850	45,850	107,767	69,133		
Interest and fiscal charges	2,775	62,223	22,199	-	34,441	34,441	121,638	94,741		
Total expenditures	3,179	368,872	122,027	1,029	81,376	81,376	576,483	414,373		
Excess (deficiency) of revenues over expenditures	34,969	(30,110)	(38,592)	44,155	(36,641)	(36,641)	(26,219)	56,533		
Fund balance (deficit), January 1	(45,018)	101,181	(84,868)	(109,935)	(40,076)	(40,076)	(178,716)	(235,249)		
Fund balance (deficit), December 31	\$ (10,049)	\$ 71,071	\$ (123,460)	\$ (65,780)	\$ (76,717)	\$ (76,717)	\$ (204,935)	\$ (178,716)		

**CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TAX INCREMENTAL FINANCING DISTRICTS**

Year Ended December 31, 2018

With Comparative Actual Totals for Year Ended December 31, 2017

	2018		2017	
	Original Budget	Final Budget	Actual	Actual Totals (Memorandum Only)
Revenues:				
Property taxes	\$ 460,000	\$ 460,000	\$ 543,376	\$ 464,118
Intergovernmental	-	-	6,888	6,788
Total revenues	460,000	460,000	550,264	470,906
Expenditures:				
Current:				
Culture, recreation and development	425,000	425,000	347,078	250,499
Debt service:				
Principal retirement	-	-	107,767	69,133
Interest and fiscal charges	-	-	121,638	94,741
Total expenditures	425,000	425,000	576,483	414,373
Excess (deficiency) of revenues over expenditures	35,000	35,000	(26,219)	56,533
Fund balance (deficit), January 1	(178,716)	(178,716)	(178,716)	(235,249)
Fund balance (deficit), December 31	\$ (143,716)	\$ (143,716)	\$ (204,935)	\$ (178,716)

CITY OF VIROQUA, WISCONSIN
**DETAILED STATEMENT OF SELECTED OPERATING REVENUES
 AND EXPENSES - ENTERPRISE FUND - WATER UTILITY**
 Year Ended December 31, 2018
 With Comparative Totals for Year Ended December 31, 2017

	2018 Totals	2017 Totals (Memorandum Only)
Charges for services:		
Residential sales	\$ 455,442	\$ 449,636
Commercial sales	205,857	187,130
Industrial sales	21,001	15,266
Fire protection - public and private customers	388,829	377,069
Sales to public authority	57,120	62,852
Total charges for services	\$ 1,128,249	\$ 1,091,953
Operation and maintenance:		
Power purchased	\$ 69,997	\$ 77,740
Maintenance of pumping plant	6	7,410
Chlorine	4,355	2,674
Operating supplies and expense	27,475	28,651
Transmission and distribution labor	120,150	115,761
Maintenance of distribution reservoirs	23,546	-
Maintenance of mains	22,608	9,692
Maintenance of services	1,797	10,273
Maintenance of meters	2,999	2,910
Maintenance of hydrants	1,548	3,658
Accounting and collecting labor	44,917	53,038
Customer account expense	5,351	6,795
Uncollectible accounts	2	-
Administrative salaries	16,206	15,922
Office supplies and expense	17,063	17,067
Outside services	10,473	10,270
Property insurance	22,513	23,201
Employee pensions and benefits	59,348	77,358
Regulatory commission expense	301	-
Transportation	13,809	9,397
Total operation and maintenance	\$ 464,464	\$ 471,817

CITY OF VIROQUA, WISCONSIN
**DETAILED STATEMENT OF SELECTED OPERATING REVENUES
 AND EXPENSES - ENTERPRISE FUND - SEWER UTILITY**
 Year Ended December 31, 2018
 With Comparative Totals for Year Ended December 31, 2017

	2018 Totals	2017 Totals (Memorandum Only)
Charges for services:		
Residential sales	\$ 733,107	\$ 728,504
Multi-family residential sales	96,015	99,443
Industrial sales	58,293	47,482
Commercial and public sales	538,751	498,525
Sales to public authorities	126,558	119,318
Total charges for services	\$ 1,552,724	\$ 1,493,272
Operation and maintenance:		
Supervision and labor	\$ 170,859	\$ 168,509
Power purchased	48,951	54,616
Chemicals	8,815	14,247
Operation supplies and expense	86,352	102,662
Transportation	22,796	9,686
Maintenance of sewage collection system	2,892	4,396
Maintenance of pumping equipment	7,374	5,111
Property insurance	22,513	23,201
Maintenance of treatment plant equipment	18,030	3,069
Maintenance of equipment	-	2,258
Accounting and collecting	49,442	59,069
Uncollectible accounts	3	-
Administrative salaries	16,206	15,848
Office supplies	11,727	13,454
Outside services	10,763	12,353
Employee pensions and benefits	53,713	91,939
Miscellaneous	8,690	7,956
Total operation and maintenance	\$ 539,126	\$ 588,374

FORM OF LEGAL OPINION

(See following pages)

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

October 15, 2020

Re: City of Viroqua, Wisconsin ("Issuer")
\$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A,
dated October 15, 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 numbered from R-1 and upward; bear interest at the rates set forth below; and mature on the dates, and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 2021	\$85,000	___%
December 1, 2022	25,000	___
December 1, 2023	60,000	___
December 1, 2024	75,000	___
December 1, 2025	95,000	___
December 1, 2026	40,000	___
December 1, 2027	160,000	___
December 1, 2028	155,000	___
December 1, 2029	220,000	___
December 1, 2030	230,000	___
December 1, 2031	235,000	___
December 1, 2032	240,000	___
December 1, 2033	240,000	___
December 1, 2034	240,000	___
December 1, 2035	175,000	___
December 1, 2036	175,000	___
December 1, 2037	180,000	___
December 1, 2038	140,000	___
December 1, 2039	140,000	___
June 1, 2040	120,000	___

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, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2028 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.

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

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

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

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

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

QB\64813012.1

APPENDIX C

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.

APPENDIX D

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 Viroqua, Vernon County, Wisconsin (the "Issuer") in connection with the issuance of \$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A, dated October 15, 2020 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on August 25, 2020 and September 29, 2020 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data 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 September 30, 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 Viroqua, Vernon County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 202 North Main Street, Viroqua, Wisconsin 54665, phone (608) 637-7154, fax (608) 637-3108.

"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 ended December 31, 2019, 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. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

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 15th day of October, 2020.

(SEAL)

Karen Mischel
Mayor

Lori Polhamus
City Clerk/Treasurer

APPENDIX E

NOTICE OF SALE

\$3,030,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2020A CITY OF VIROQUA, WISCONSIN

Bids for the purchase of \$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds") of the City of Viroqua, 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 September 29, 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 67.04, Wisconsin Statutes, by the City, for the public purposes of financing parks and public grounds projects, construction of a police facility and current refunding certain outstanding general obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated October 15, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature as follows:

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
12/01/2021	\$85,000	12/01/2028	\$155,000	12/01/2035	\$175,000
12/01/2022	25,000	12/01/2029	220,000	12/01/2036	175,000
12/01/2023	60,000	12/01/2030	230,000	12/01/2037	180,000
12/01/2024	75,000	12/01/2031	235,000	12/01/2038	140,000
12/01/2025	95,000	12/01/2032	240,000	12/01/2039	140,000
12/01/2026	40,000	12/01/2033	240,000	06/01/2040	120,000
12/01/2027	160,000	12/01/2034	240,000		

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 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. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 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 15, 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 MATTERS

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

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

SUBMISSION OF BIDS

Bids must not be for less than \$2,984,550 plus accrued interest on the principal sum of \$3,030,000 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 \$60,600 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

City of Viroqua, Wisconsin

BID FORM

**The Common Council
City of Viroqua, Wisconsin**

September 29, 2020

RE: \$3,030,000* General Obligation Corporate Purpose Bonds, Series 2020A (the "Bonds")
DATED: October 15, 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 \$2,984,550) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated dates as follows:

_____ % due	12/01/2021	_____ % due	12/01/2028	_____ % due	12/01/2035
_____ % due	12/01/2022	_____ % due	12/01/2029	_____ % due	12/01/2036
_____ % due	12/01/2023	_____ % due	12/01/2030	_____ % due	12/01/2037
_____ % due	12/01/2024	_____ % due	12/01/2031	_____ % due	12/01/2038
_____ % due	12/01/2025	_____ % due	12/01/2032	_____ % due	12/01/2039
_____ % due	12/01/2026	_____ % due	12/01/2033	_____ % due	06/01/2040
_____ % due	12/01/2027	_____ % due	12/01/2034		

* 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.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%). All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$60,600 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 15, 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 15, 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 Viroqua, Wisconsin, on September 29, 2020.

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