

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 5, 2021

In the opinion of von Briesen & Roper, s.c., 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

Non-Rated

CITY OF SCHOFIELD, WISCONSIN (Marathon County)

\$1,870,000* GENERAL OBLIGATION FIRE STATION BONDS, SERIES 2021A

BID OPENING: January 12, 2021, 10:30 A.M., C.T.

CONSIDERATION: January 12, 2021, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,870,000* General Obligation Fire Station Bonds, Series 2021A (the "Bonds") of the City of Schofield, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of constructing a fire station. 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 von Briesen & Roper, s.c., Milwaukee, Wisconsin.

DATE OF BONDS: January 28, 2021

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$85,000	2027	\$120,000	2033	\$120,000
2022	20,000	2028	115,000	2034	125,000
2023	80,000	2029	110,000	2035	135,000
2024	80,000	2030	110,000	2036	135,000
2025	130,000	2031	120,000	2037	130,000
2026	130,000	2032	125,000		

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: April 1, 2021 and semiannually thereafter.

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

MINIMUM BID: \$1,846,625.

MAXIMUM BID: \$2,057,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$37,400 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: von Briesen & Roper, s.c.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CITY OF SCHOFIELD CITY COUNCIL

		<u>Term Expires</u>
Kregg Hoehn	Mayor	April 2021
Andrew Brown	Alderman	April 2023
Kari Carroll	Alderman	April 2021
Kristin Conway	Alderman	April 2023
Scott Dunst	Alderman	April 2021
Joan Joss	Alderman	April 2023
Jeffrey Pansch	Alderman	April 2021
Dennis Richmond	Alderman	April 2023
Michael Steele	Alderman	April 2021

ADMINISTRATION

Lisa Quinn, City Clerk/Treasurer

PROFESSIONAL SERVICES

Dietrich Vanderwaal, S.C., City Attorney, Wausau, Wisconsin

von Briesen & Roper, s.c., Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Schofield, Wisconsin (the "City") and the issuance of its \$1,870,000* General Obligation Fire Station Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Common Council on January 12, 2021.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of January 28, 2021. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The City 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 April 1, 2028 shall be subject to optional redemption prior to maturity on April 1, 2027 or any date thereafter, at a price of par plus accrued interest.

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

*Preliminary, subject to change

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 redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of constructing a fire station.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$1,870,000	
Estimated Interest Earnings	<u>455</u>	
Total Sources		\$1,870,455
Uses		
Total Underwriter's Discount	\$23,375	
Costs of Issuance	23,150	
Deposit to Project Construction Fund	1,820,000	
Rounding Amount	<u>3,930</u>	
Total Uses		\$1,870,455

*Preliminary, subject to change

SECURITY

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

RATING

None of the outstanding indebtedness of the City is currently rated, and the City has not requested a rating on the Bonds. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain

information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

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

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

The annual report for fiscal year 2015 for the \$2,230,000 Community Development Authority of the City of Schofield, Redevelopment Lease Revenue Refunding Bonds, Series 2004 was due to be filed on September 27, 2016, but was not filed until October 5, 2020. A financial obligation incurred in June of 2020 was not filed timely. Except to the extent the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by von Briesen & Roper, s.c., 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).

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

von Briesen & Roper, s.c., Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the

condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019, have been audited by Baker Tilly Virchow Krause, LLP, Madison, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$19,135. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. On September 22, 2020, Emergency Order #1 was extended through November 21, 2020. On November 20, 2020, the public health emergency was continued and Emergency Order #1 was extended through January 19, 2021.

On October 6, 2020, Emergency Order #3 was issued, which limited public gatherings to no more than 25% of the total occupancy limits for the room or building (or no more than 10 people for indoor spaces without occupancy limits), with certain exceptions. Emergency Order #3 expired November 6, 2020.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

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

CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$263,679,900
2020 Equalized Value Reduced by Tax Increment Valuation	\$233,029,900
2020 Assessed Value	\$245,743,100

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 102,662,400	38.934%
Commercial	80,805,000	30.645%
Manufacturing	64,254,200	24.368%
Personal Property	15,958,300	6.052%
Total	<u>\$ 263,679,900</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2016	\$211,927,000	\$209,107,100	10.29%
2017	210,905,700	219,772,800	5.10%
2018	215,653,000	234,209,200	6.57%
2019	216,575,600	248,834,500	6.24%
2020	245,743,100	263,679,900	5.97%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2020 Equalized Value¹	Percent of City's Total Equalized Value
Greenheck Fan Corp.	Manufacturing	\$ 32,658,837	12.39%
Wausau Holdings I & II LLC	Apartment Complex	7,070,665	2.68%
AJG Properties LLC	Manufacturing	5,649,493	2.14%
Hinner LLC	Manufacturing	5,269,012	2.00%
Lake Pointe Partners LP	Apartment Complex	4,566,956	1.73%
American Eagle Properties	Car Dealer	3,407,915	1.29%
Cedar Grove Warehousing	Manufacturing	3,306,947	1.25%
Suthers Family LP	Manufacturing	3,194,605	1.21%
WCC Investors LLC	Country Club	3,187,738	1.21%
Milan LLC	Warehouse	3,043,958	1.15%
Total		\$ 71,356,126	27.06%
City's Total 2020 Equalized Value ²		\$263,679,900	

Source: The City.

¹ Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$ 10,620,840</u>
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* Preliminary, subject to change.

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

City of Schofield, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 01/28/2021)

Dated Amount	Promissory Bank Notes Series 2012		Promissory Bank Notes Series 2014		Promissory Bank Notes Series 2015		Refunding Bonds Series 2019A		Fire Station Bonds Series 2021A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
12/12/2012	560,125	1,621	01/02/2014	560,000	08/13/2015	\$2,200,000	10/24/2019	\$8,045,000	01/28/2021	\$1,870,000*	460,125	221,365	681,490	10,160,715	4.33%	2021
12/12	215	6	07/01	60,000	0	220,000	255,000	04/01	04/01	04/01	620,215	229,557	849,772	9,540,500	10.17%	2022
				60,000	3,318	220,000	320,000				675,000	211,758	886,758	8,865,500	16.53%	2023
				60,000	5,019	220,000	315,000				680,000	193,590	873,590	8,185,500	22.93%	2024
				60,000	3,346	65,500	320,000				585,500	176,002	761,502	7,600,000	28.44%	2025
					1,678		390,000				545,000	161,304	706,304	7,055,000	33.57%	2026
							415,000				555,000	146,806	701,806	6,500,000	38.80%	2027
							435,000				565,000	134,020	699,020	5,935,000	44.12%	2028
							450,000				585,000	122,971	707,971	5,350,000	49.63%	2029
							475,000				595,000	111,501	706,501	4,755,000	55.23%	2030
							485,000				615,000	99,349	714,349	4,140,000	61.02%	2031
							495,000				630,000	86,488	716,488	3,510,000	66.95%	2032
							505,000				625,000	73,115	698,115	2,885,000	72.84%	2033
							505,000				630,000	59,333	689,333	2,255,000	78.77%	2034
							510,000				645,000	45,280	690,280	1,610,000	84.84%	2035
							520,000				655,000	30,533	685,533	955,000	91.01%	2036
							515,000				645,000	15,328	660,328	310,000	97.08%	2037
							310,000				310,000	3,875	313,875	0	100.00%	2038
							7,725,000				10,620,840	2,122,176	12,743,016			
	60,340	1,627	240,000	13,360	725,500	43,152	1,746,335		1,870,000	317,702						

* Preliminary, subject to change.

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	\$ 263,679,900
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 13,183,995
Less: General Obligation Debt (includes the Bonds)*	<u>(10,620,840)</u>
Unused Debt Limit*	<u><u>\$ 2,563,155</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
Marathon County	\$ 12,377,596,900	2.1303%	\$ 42,345,000	\$ 902,076
DC Everest Area School District	3,200,238,032	8.2394%	94,250,000	7,765,634
North Central Technical College District	19,305,734,605	1.3658%	44,230,000	<u>604,093</u>
City's Share of Total Overlapping Debt				<u><u>\$ 9,271,803</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.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$263,679,900	Debt/ Per Capita 2,201¹
Total General Obligation Debt (includes the Bonds*)	\$ 10,620,840	4.03%	\$ 4,825.46
City's Share of Total Overlapping Debt	<u>9,271,803</u>	<u>3.52%</u>	<u>4,212.54</u>
Total*	\$ 19,892,643	7.54%	\$ 9,038.00

*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 has no current plans for additional financing in the next 12 months.

¹ 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
2016/17	\$1,366,845	100%	\$7.11
2017/18	1,376,086	100%	6.95
2018/19	1,723,546	100%	8.22
2019/20	1,655,971	100%	7.60
2020/21	1,603,987	[- - - - - In Process - - - - -]	6.88

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

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

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2020 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County

and the City have not yet adopted such resolutions. The City cannot predict whether and how much payment of property taxes will be impacted by COVID-19 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
2016/17	\$11.68	\$5.06	\$7.11	\$0.18	\$24.03
2017/18	11.68	4.98	6.95	0.00	23.61
2018/19	11.29	4.82	8.22	0.00	24.33
2019/20	11.33	4.73	7.60	0.00	23.66
2020/21	10.96	4.55	6.88	0.00	22.39

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

LEVY LIMITS

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing

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.

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 1904 and is governed by a Mayor and a eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to four-year terms. The appointed City Clerk/Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of eight full-time and two 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, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$24,813, \$31,428 and \$26,018, respectively.

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

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

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

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension liability of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$116,225 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.00326688% of the aggregate WRS net pension liability as of December 31, 2018.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
General Teamsters Union Local 662	December 31, 2021

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of December 31, 2020)

Fund	Total Cash and Investments
General	\$1,920,887
Capital Projects	302,165
Enterprise Funds	969,978
Debt Service	6,208
Total Funds on Hand	<u><u>\$ 3,199,238</u></u>

ENTERPRISE FUNDS

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

	2017	2018	2019
Water and Sewer			
Total Operating Revenues	\$ 1,223,088	\$ 1,244,355	\$ 1,267,532
Less: Operating Expenses	<u>(1,100,201)</u>	<u>(1,096,768)</u>	<u>(1,189,721)</u>
Operating Income	\$ 122,887	\$ 147,587	\$ 77,811
Plus: Depreciation	205,332	217,045	235,023
Interest Income	<u>0</u>	<u>745</u>	<u>2,934</u>
Revenues Available for Debt Service	<u><u>\$ 328,219</u></u>	<u><u>\$ 365,377</u></u>	<u><u>\$ 315,768</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 audited financial statements are available upon request. See Appendix A for the City's 2019 audited financial statements.

		FISCAL YEAR ENDING DECEMBER 31				
COMBINED STATEMENT		2017	2018	2019	2020	2021
		Audited	Audited	Audited 1)	Projected 2)	Budgeted 3)
Revenues						
Taxes		\$1,172,719	\$1,201,473	\$1,182,610	\$1,767,684	\$1,727,818
Intergovernmental		434,275	481,085	470,641	594,560	570,021
License and Permits		1,800	14,069	7,529	22,383	24,025
Fines, Forfeits and Penalties		37,270	42,884	42,051	40,000	43,000
Public Charges for Services		23,697	19,217	22,092	7,500	7,900
Investment Income		3,684	3,382	3,883	2,150	2,500
Other revenues		22,468	25,224	30,497	633,296	2,687,739
Total Revenues		\$1,695,913	\$1,787,334	\$1,759,303	\$3,067,573	\$5,063,003
Expenditures						
Current:						
General government		\$388,856	\$373,914	\$355,838	\$332,878	\$349,436
Public safety		986,622	875,275	893,838	786,200	1,030,497
Public works		563,973	575,374	625,653	631,640	655,713
Culture, Recreation and Education		80,341	65,065	60,444	19,048	61,900
Conservation and Development		18,405	2,052	14,573	37,686	11,500
Capital Outlay		55,515	1,463,739	26,817	74,702	2,033,500
Debt Service						
Principal		0	0	0	880,125	693,032
Interest and fiscal charges		0	0	0	222,079	227,425
Total Expenditures		\$2,093,712	\$3,355,419	\$1,977,163	\$2,984,358	\$5,063,003
Excess of revenues over (under) expenditures		(\$397,799)	(\$1,568,085)	(\$217,860)	\$83,215	\$0
Other Financing Sources (Uses)						
General obligation debt issued		0	\$2,740,000	\$0	\$0	\$0
Transfers In		100,302	107,413	114,614	0	0
Transfers Out		0	0	(\$1,216,000)	0	0
Sale of capital assets		405	12,970	3,000	0	0
Total Other Financing Sources (Uses)		\$100,707	\$2,860,383	(\$1,098,386)	\$0	\$0
Net Changes in Fund Balances		(\$297,092)	\$1,292,298	(\$1,316,246)	\$83,215	\$0
General Fund Balance January 1		\$482,809	\$185,717	\$1,478,015	\$161,769	\$244,984
Prior Period Adjustment		0		0	0	0
General Fund Balance December 31		\$185,717	\$1,478,015	\$161,769	\$244,984	\$244,984
DETAILS OF DECEMBER 31 FUND BALANCE						
Nonspendable		\$268,302	\$426,549	\$187,074		
Restricted		0	1,216,000	0		
Committed		0	0	0		
Assigned		0	38,279	3,000		
Unassigned		(\$82,585)	(\$202,813)	(\$28,305)		
Total		\$185,717	\$1,478,015	\$161,769		

1) The general fund's fund balance from 2018 to 2019 decreased from \$1,478,015 to \$161,769, due to the creation of a capital project fund in 2019 as a result of the general fund transferring amounts to establish this new fund of the city.

2) Unaudited as of January 5, 2021. Subject to further review and revision.

3) The 2021 Budget was adopted on November 17, 2020.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 2,169 and a current estimated population of 2,201 comprises an area of 2.83 square miles and is located in the Wausau, Wisconsin metropolitan statistical area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Greenheck Fan Corporation	Manufacturer of industrial ventilation systems	2,500
Crystal Finishing Systems	Transportation coating company	850
Oldcastle Building Envelope	Building material manufacturer & supplier	610
Merrill Steel	Steel fabrication	350
L & S Electric Inc.	Electric motor repair	320
Pick'n Save	Grocery store	240
Jarp Industries	Custom hydraulic cylinder manufacturer	198
Gordon Aluminum Industries Inc.	Aluminum supplier	180
J & D Tube Benders Inc	Tube bending fabrication	175
Target	Retail	150
Norlan Inc.	Machine manufacturer	125

Source: *ReferenceUSA, written and telephone survey (October 2020), 2021 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	0	1	1	1	1
Valuation	\$0	\$450,000	\$110,000	\$215,000	\$650,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$450,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	1	2	0	0
Valuation	\$581,600	\$28,000	\$5,238,940	\$0	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	24	30	29	90	98
Valuation	\$5,825,470	\$2,831,413	\$6,759,065	\$1,704,896	\$3,578,869

Source: The City.

¹ As of December 31, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	2,117
2010 U.S. Census	2,169
2020 Estimated Population	2,201
Percent of Change 2000 - 2010	+ 2.46%

Income and Age Statistics

	The City	Marathon County	State of Wisconsin	United States
2019 per capita income	\$31,958	\$33,189	\$33,375	\$34,103
2019 median household income	\$48,654	\$62,633	\$61,747	\$62,843
2019 median family income	\$61,750	\$76,663	\$78,679	\$77,263
2019 median gross rent	\$805	\$758	\$856	\$1,062
2019 median value owner occupied units	\$105,700	\$156,300	\$180,600	\$217,500
2019 median age	39.1 yrs.	40.7 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	95.75%	93.71%
City % of 2019 median family income	78.48%	79.92%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	1,084	1,145	5.63%

Source: 2000 and 2010 Census of Population and Housing, and 2019 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>	
	Marathon County	Marathon County	State of Wisconsin
2016	71,117	3.6%	4.0%
2017	71,730	2.9%	3.3%
2018	71,966	2.6%	3.0%
2019	71,419	2.9%	3.3%
2020, October ¹	70,912	3.7%	4.9%

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 Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

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

CITY OF SCHOFIELD

Schofield, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF SCHOFIELD

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Schofield
Schofield, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schofield, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Schofield's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Schofield'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 City of Schofield'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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schofield, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City of Schofield adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Schofield's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 23, 2020

CITY OF SCHOFIELD

UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2019

The management of the City of Schofield, Wisconsin (the "city") offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ending December 31, 2019. We encourage readers to consider the information presented here in conjunction with the city's financial statements. Comparative information is included to provide additional analysis of current year financial changes.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,378,941 (*net position*). As of December 31, 2019, the city is reporting an unrestricted net position of \$901,564.
- > As of the close of the current fiscal year, the city's governmental funds reported combined ending fund balances of \$772,872 a decrease of \$819,037 in comparison with the prior year. A portion of the city's fund balance is considered nonspendable (\$187,074) for advances, delinquent taxes, and prepaid items.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private – sector business.

The *Statement of Net position* presents information on all of the city's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's infrastructure.

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

CITY OF SCHOFIELD

UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government; public safety; public works; culture, education and recreation; and conservation and economic development. The business-type activities of the city include the water and sewer utility.

The government-wide financial statements can be found on pages 1 to 3 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The city maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service, TIF No. 2, TIF No. 4, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4 to 9 of this report.

CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Proprietary Funds – The city maintains one (1) proprietary fund, the Water and Sewer Utility. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 10 to 14 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs.

The basic fiduciary fund financial statements can be found on page 15 and 16 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 49 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. This schedule can be found on page 50 of this report. The schedule of revenue and expenditure along with the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information and can be found on pages 53 to 57 of this report.

An analysis of the city's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the city's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the city, assets and deferred outflows exceeded liabilities and deferred inflows by \$7,378,941 as of December 31, 2019.

The largest portion of the city's net position (approximately 80%) reflects the amount of net investment capital assets that may be used in the course of operating the city.

CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

A summary of the city's Statement of Net Position is presented below.

CITY OF SCHOFIELD'S NET POSITION

	Governmental Activities 2019	Business- Type Activities 2019	2019 Total	2018 Total
Current and Other Assets	\$ 4,061,244	\$ 925,480	\$ 4,986,724	\$ 5,555,305
Capital Assets	8,763,095	6,171,492	14,934,587	12,674,433
Total Assets	12,824,339	7,096,972	19,921,311	18,229,738
Deferred Outflows of Resources	163,567	143,710	307,277	153,086
Long-term Liabilities	8,889,513	731,798	8,816,583	8,146,111
Other Liabilities	580,093	98,155	1,482,976	1,120,566
Total Liabilities	9,469,606	829,953	10,299,559	9,266,677
Deferred Inflows of Resources	2,474,827	75,261	2,550,088	2,489,388
Net Position:				
Net Investment in Capital Assets	2,028,859	5,531,492	5,907,766 *	5,767,261 *
Restricted	569,611	-	569,611	339,798
Unrestricted (deficit)	(1,554,997)	803,976	901,564 *	519,700 *
TOTAL NET POSITION	\$ 1,043,473	\$ 6,335,468	\$ 7,378,941	\$ 6,626,759

* The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities column.

Analysis of the City's Operations – The following table provides a summary of the city's operations for the year ended December 31, 2019. Governmental activities increased the city's net position by \$229,009. Business-type activities increased the city's net position by \$523,173. The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column.

CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CITY OF SCHOFIELD
CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities 2019	Business- Type Activities 2019	2019 Total	2018 Total
Revenues:				
Program Revenues:				
Charges for services	\$ 74,014	\$ 1,267,532	\$ 1,341,546	\$ 1,330,315
Operating grants and contributions	226,744	32,000	258,744	235,476
Capital grants and contributions	228,936	-	228,936	41,839
General Revenues:				
Property taxes	2,321,010	-	2,321,010	1,889,370
Other taxes	26,594	-	26,594	47,969
Intergovernmental	250,392	-	250,392	261,247
Investment income	4,949	2,934	7,883	5,007
Miscellaneous	20,503	4,830	25,333	43,567
TOTAL REVENUES	\$ 3,153,142	\$ 1,307,296	\$ 4,460,438	\$ 3,854,790
Expenses:				
General government	425,825	-	425,825	430,353
Public safety	899,632	-	899,632	887,223
Public works	564,206	-	564,206	1,141,185
Culture, education and recreation	55,632	-	55,632	65,645
Conservations and development	151,428	-	151,428	518,593
Interest and fiscal charges	380,545	-	380,545	152,387
Water and sewer utility	-	1,230,988	1,230,988	1,096,768
TOTAL EXPENSES	\$ 2,477,268	\$ 1,230,988	\$ 3,708,256	\$ 4,292,154

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CITY OF SCHOFIELD

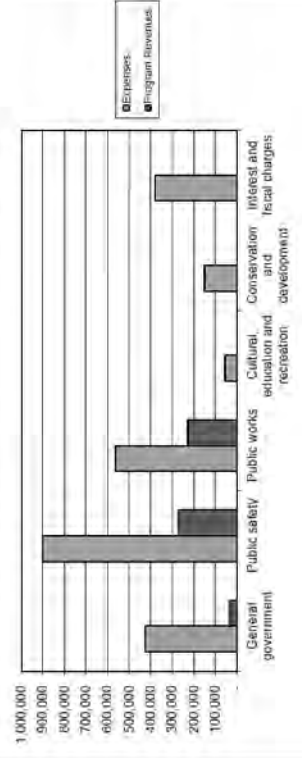
UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CITY OF SCHOFIELD
CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities 2019	Business- Type Activities 2019	2019 Total	2018 Total
Changes in net position before transfers \$	675,874	\$ 76,308	\$ 752,182	\$ (437,364)
Transfers	(446,865)	446,865	-	-
Change in net position	229,009	523,173	752,182	(437,364)
NET POSITION – Beginning	814,464	5,812,295	6,626,759	7,064,123
NET POSITION – Ending	\$ 1,043,473	\$ 6,335,468	\$ 7,378,941	\$ 6,626,759

Expenses and Program Revenues - Governmental Activities

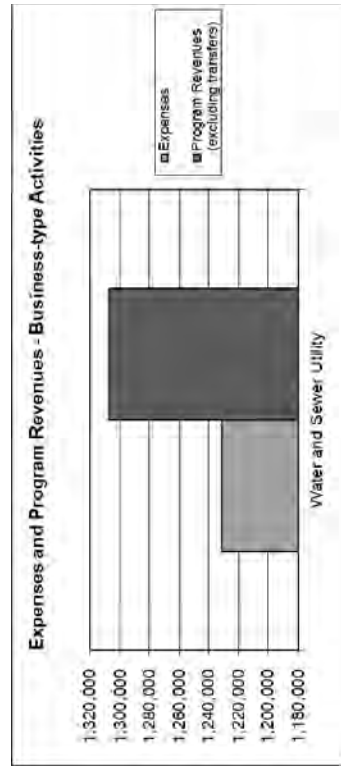
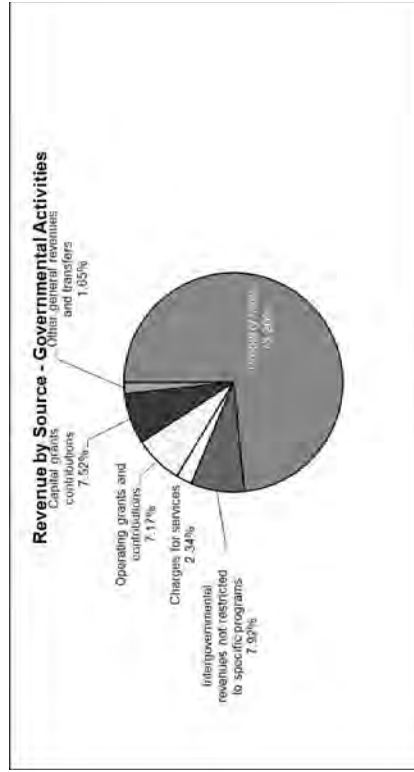


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CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

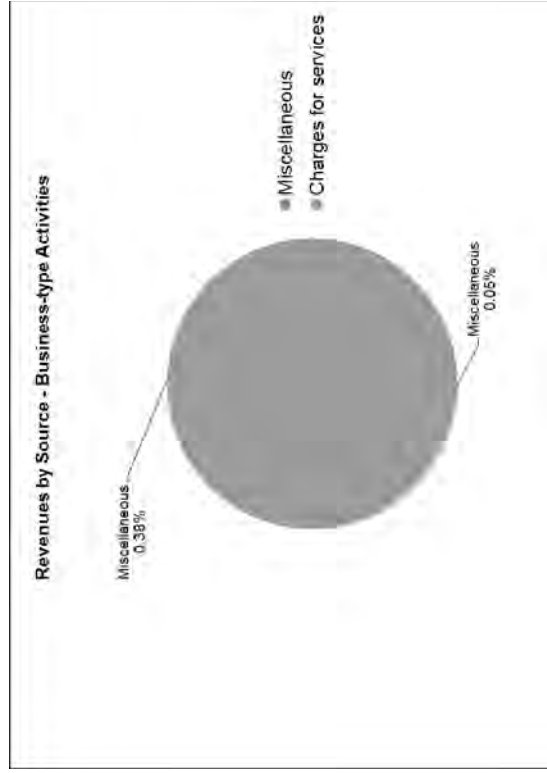
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of \$772,872. Fund balance consists of nonspendable indicating that it is not available for new spending: 1) advances (\$170,637); 2) delinquent personal property taxes (\$1,488); and 3) prepaid items (\$14,949); restricted for special purposes: 1) TIF purposes (\$428,029); and 2) debt service (\$5,634); or assigned for carryforward to subsequent years' budget (\$3,000); and (\$177,440) for capital projects.

CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Governmental Funds (cont.)

General Fund: The general fund is the main operating fund of the city. The general fund's fund balance decreased from \$1,478,015 to \$161,769, a decrease of \$1,316,246 due to the creation of a capital project fund in 2019 as a result of the general fund transferring amounts to establish this new fund of the city.

Debt Service Fund: The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs. The debt service fund's fund balance increased in 2019 to \$5,634.

Tax Incremental District No. 2 – Capital Projects: The district was created in 1994. The district exists to recover project costs from tax increments over its remaining statutory life. Fund balance decreased to \$376,769.

Tax Incremental District No. 4 – Capital Projects: The district was created in 2017. The district exists to recover project costs from tax increments over its remaining statutory life. Fund balance at year end was \$376,769.

Capital Projects Fund: This fund was created in 2019 to account for capital activity of the city other than amounts recorded in a TID fund or utility fund. Fund balance at year end was \$177,440.

Proprietary Funds

The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water and Sewer utility: The Schofield Water and Sewer Utility is an enterprise fund of the city. The utility's operating expenses in 2019 were \$92,953 higher than in 2018.

Utility operating revenues generated mostly by user fees, increased slightly by \$23,177 or approximately a (2%) increase from 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund expenditures were approximately \$104,631 more than the final budget.

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CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

CAPITAL ASSETS

At the end of 2019, the city had invested a total of \$14,934,587 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

Major capital asset events during the current fiscal year included the following:

Addition of Road Reconstruction \$2,889,989

CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2019	Business- Type Activities 2019	2019 Total	2018 Total
Land	\$ 1,282,175	\$ 48,274	\$ 1,330,449	\$ 1,330,449
Construction in progress	1,235,488	528,877	1,764,365	1,612,130
Buildings	2,112,012	-	2,112,012	2,013,855
Machinery and equipment	1,239,411	-	1,239,411	1,207,029
Infrastructure	4,771,090	-	4,771,090	3,571,524
Dam	197,515	-	197,515	197,515
Land improvements	40,538	-	40,538	40,538
Water plant	-	5,078,911	5,078,911	4,811,549
Sewer plant	-	4,335,733	4,335,733	3,394,637
Intangible investment	-	287,796	287,796	287,796
Less: Accumulated Depreciation	(2,115,134)	(4,108,099)	(6,223,233)	(5,792,589)
Total	\$ 8,763,095	\$ 6,171,492	\$ 14,934,587	\$ 12,674,433

Additional information on the city's Capital Assets can be found in footnote III.C. of this report.

CITY OF SCHOFIELD

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

LONG-TERM DEBT

During 2019, the city retired debt of \$8,775,625 and reported \$9,420,465 in outstanding debt payable at the end of 2019. Of the bonded debt, \$8,780,465 is to be repaid with general property taxes over a period of years.

Under Wisconsin State Statutes, Chapter 67, the city's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the city. The net amount of debt that is applicable to the statutory limit is \$9,420,465 which is 76% of the maximum allowed \$12,441,725.

CITY OF SCHOFIELD'S OUTSTANDING DEBT GENERAL OBLIGATION AND REVENUE BONDS

	Governmental Activity		Business- Type Activity		2018 Total	
	2019		2019		Total	
General obligation bonds and notes payable	\$ 8,780,465	\$	640,000	\$	9,420,465	\$ 8,791,090

Additional information on the city's long-term debt can be found in footnote III.F. of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The financial condition of the city can be affected by numerous outside factors. Two of the major factors that affect the financial decisions of the city are state allocated assistance and tax levy restrictions. Over the past couple of years the city, along with all municipalities in the state, had to deal with a decrease in state aid and the ability to raise taxes due to levy restrictions. Moving forward with the decrease in aid and by restrictions in tax levy, decisions have to be made as to the operations of the city. If changes are not made by the city in the amount of services offered or the tax levy restriction lifted, the city is faced with how to increase revenue to cover the amount being lost.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the City of Schofield. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the city's finances. If you have questions about this report or need any additional information, contact the City of Schofield, Attn: Lisa Quinn, call 715-359-5230 or e-mail lquinn@cityofschofield.org.

CITY OF SCHOFIELD

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 701,697	\$ 721,473	\$ 1,423,170
Receivables (net)			
Taxes	2,409,062	-	2,409,062
Delinquent property taxes	1,488	-	1,488
Accounts	49,862	332,383	382,245
Loans	141,582	-	141,582
Internal balances	151,304	(151,304)	-
Inventories	-	8,399	8,399
Prepaid items	14,949	14,529	29,478
Investment in Riverside Fire District	228,936	-	228,936
Land held for resale	362,364	-	362,364
Capital Assets			
Land and right-of-way	1,282,175	48,274	1,330,449
Construction in progress	1,235,488	528,877	1,764,365
Other capital assets, net of depreciation	<u>6,245,432</u>	<u>5,594,341</u>	<u>11,839,773</u>
Total Assets	<u>12,824,339</u>	<u>7,096,972</u>	<u>19,921,311</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>163,567</u>	<u>143,710</u>	<u>307,277</u>
Total Deferred Outflows of Resources	<u>163,567</u>	<u>143,710</u>	<u>307,277</u>
LIABILITIES			
Accounts payable	519,625	91,802	611,427
Accrued liabilities and deposits	60,468	6,353	66,821
Noncurrent Liabilities			
Net pension liability	63,585	52,640	116,225
Due within one year	647,654	40,849	688,503
Due in more than one year, net of unamortized premium	<u>8,178,274</u>	<u>638,309</u>	<u>8,816,583</u>
Total Liabilities	<u>9,469,606</u>	<u>829,953</u>	<u>10,299,559</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	2,388,993	-	2,388,993
Pension related amounts	<u>85,834</u>	<u>75,261</u>	<u>161,095</u>
Total Deferred Inflows of Resources	<u>2,474,827</u>	<u>75,261</u>	<u>2,550,088</u>
NET POSITION			
Net investment in capital assets	2,028,859	5,531,492	5,907,766
Restricted for			
Loan programs	141,582	-	141,582
TIF development	428,029	-	428,029
Unrestricted (deficit)	<u>(1,554,997)</u>	<u>803,976</u>	<u>901,564</u>
TOTAL NET POSITION	<u>\$ 1,043,473</u>	<u>\$ 6,335,468</u>	<u>\$ 7,378,941</u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 425,825	\$ 31,963	\$ -	\$ -
Public safety	899,632	42,051	-	228,936
Public works	564,206	-	226,744	-
Culture, recreation and education	55,632	-	-	-
Conservation and development	151,428	-	-	-
Interest and fiscal charges	380,545	-	-	-
Total Governmental Activities	<u>2,477,268</u>	<u>74,014</u>	<u>226,744</u>	<u>228,936</u>
Business-type Activities				
Water utility	521,366	622,775	32,000	-
Sewer utility	709,622	644,757	-	-
Total Business-type Activities	<u>1,230,988</u>	<u>1,267,532</u>	<u>32,000</u>	<u>-</u>
Totals	<u>\$ 3,708,256</u>	<u>\$ 1,341,546</u>	<u>\$ 258,744</u>	<u>\$ 228,936</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See independent auditors' report and accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (393,862)	\$ -	\$ (393,862)
(628,645)	-	(628,645)
(337,462)	-	(337,462)
(55,632)	-	(55,632)
(151,428)	-	(151,428)
<u>(380,545)</u>	<u>-</u>	<u>(380,545)</u>
<u>(1,947,574)</u>	<u>-</u>	<u>(1,947,574)</u>
-	133,409	133,409
<u>-</u>	<u>(64,865)</u>	<u>(64,865)</u>
<u>-</u>	<u>68,544</u>	<u>68,544</u>
<u>(1,947,574)</u>	<u>68,544</u>	<u>(1,879,030)</u>
1,753,479	-	1,753,479
567,531	-	567,531
26,594	-	26,594
250,392	-	250,392
1,150	-	1,150
4,949	2,934	7,883
<u>19,353</u>	<u>4,830</u>	<u>24,183</u>
2,623,448	7,764	2,631,212
<u>(446,865)</u>	<u>446,865</u>	<u>-</u>
<u>2,176,583</u>	<u>454,629</u>	<u>2,631,212</u>
229,009	523,173	752,182
<u>814,464</u>	<u>5,812,295</u>	<u>6,626,759</u>
<u>\$ 1,043,473</u>	<u>\$ 6,335,468</u>	<u>\$ 7,378,941</u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Tax Incremental Financing District No. 2</u>
ASSETS			
Cash and investments	\$ 87,838	\$ 5,634	\$ 26,199
Receivables			
Ensuing year levy	1,209,877	466,162	385,983
Delinquent property taxes	1,488	-	-
Customer accounts receivable	49,862	-	-
Loans	-	-	-
Prepaid items	14,949	-	-
Advances to other funds	170,637	-	-
Land held for resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,534,651</u></u>	<u><u>\$ 471,796</u></u>	<u><u>\$ 412,182</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 155,087	\$ -	\$ -
Accrued liabilities	8,653	-	-
Due to other funds	19,333	-	-
Total Liabilities	<u>183,073</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	1,189,809	466,162	385,983
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>1,189,809</u>	<u>466,162</u>	<u>385,983</u>
Fund Balances			
Nonspendable	187,074	-	-
Restricted	-	5,634	26,199
Assigned	3,000	-	-
Unassigned (deficit)	(28,305)	-	-
Total Fund Balances	<u>161,769</u>	<u>5,634</u>	<u>26,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 1,534,651</u></u>	<u><u>\$ 471,796</u></u>	<u><u>\$ 412,182</u></u>

See independent auditors' report and accompanying notes to financial statements.

Tax Incremental Financing District No.4	Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ 18,178	\$ 538,788	\$ 25,060	\$ 701,697
147,738	-	199,302	2,409,062
-	-	-	1,488
-	-	-	49,862
-	-	141,582	141,582
-	-	-	14,949
-	-	-	170,637
<u>362,364</u>	<u>-</u>	<u>-</u>	<u>362,364</u>
<u>\$ 528,280</u>	<u>\$ 538,788</u>	<u>\$ 365,944</u>	<u>\$ 3,851,641</u>
\$ 3,190	\$ 361,348	\$ -	\$ 519,625
583	-	-	9,236
<u>-</u>	<u>-</u>	<u>-</u>	<u>19,333</u>
<u>3,773</u>	<u>361,348</u>	<u>-</u>	<u>548,194</u>
147,738	-	199,301	2,388,993
-	-	141,582	141,582
<u>147,738</u>	<u>-</u>	<u>340,883</u>	<u>2,530,575</u>
-	-	-	187,074
376,769	-	25,061	433,663
-	177,440	-	180,440
-	-	-	(28,305)
<u>376,769</u>	<u>177,440</u>	<u>25,061</u>	<u>772,872</u>
<u>\$ 528,280</u>	<u>\$ 538,788</u>	<u>\$ 365,944</u>	<u>\$ 3,851,641</u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental Funds	\$	772,872
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	1,282,175
Construction in progress	1,235,488
Other capital assets, net of depreciation	6,245,432

The city's investment in the Riverside Fire District joint venture is not a financial resource and, therefore, is not reported in the governmental funds.	228,936
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Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	141,582
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(63,585)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	163,567
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(85,834)
--	----------

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(8,780,465)
Compensated absences	(45,463)
Accrued interest	<u>(51,232)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,043,473</u>
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CITY OF SCHOFIELD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	Debt Service	Tax Incremental Financing District No. 2
REVENUES			
Taxes	\$ 1,182,610	\$ 567,531	\$ 378,588
Intergovernmental	470,641	-	4,201
Public charges for services	7,529	-	-
Fines, forfeitures and penalties	42,051	-	-
Licenses and permits	22,092	-	-
Investment income	3,883	-	438
Miscellaneous revenues	30,497	-	-
Total Revenues	<u>1,759,303</u>	<u>567,531</u>	<u>383,227</u>
EXPENDITURES			
Current			
General government	355,838	-	780
Public safety	893,838	-	-
Public works	625,653	-	-
Culture, recreation and education	60,444	-	-
Conservation and development	14,573	-	-
Capital Outlay	26,817	-	-
Debt Service			
Principal	-	3,621,494	-
Interest and fiscal charges	-	353,337	-
Total Expenditures	<u>1,977,163</u>	<u>3,974,831</u>	<u>780</u>
Excess (deficiency) of revenues over expenditures	<u>(217,860)</u>	<u>(3,407,300)</u>	<u>382,447</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds	-	2,855,000	-
Bank notes	-	-	-
Premium on debt issued	-	37,150	-
Property sales	3,000	-	-
Transfers in	114,614	520,741	-
Transfers out	(1,216,000)	-	(385,341)
Total Other Financing Sources (Uses)	<u>(1,098,386)</u>	<u>3,412,891</u>	<u>(385,341)</u>
Net Change in Fund Balances	(1,316,246)	5,591	(2,894)
FUND BALANCES - Beginning of Year	<u>1,478,015</u>	<u>43</u>	<u>29,093</u>
FUND BALANCES - END OF YEAR	<u>\$ 161,769</u>	<u>\$ 5,634</u>	<u>\$ 26,199</u>

See independent auditors' report and accompanying notes to financial statements.

Tax Incremental Financing District No.4	Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ 28,864	\$ -	\$ 190,011	\$ 2,347,604
-	-	2,294	477,136
-	-	-	7,529
-	-	-	42,051
-	-	-	22,092
18	-	610	4,949
-	-	-	30,497
<u>28,882</u>	<u>-</u>	<u>192,915</u>	<u>2,931,858</u>
47,600	-	750	404,968
-	-	-	893,838
-	-	-	625,653
-	-	-	60,444
-	-	-	14,573
572,459	1,353,560	-	1,952,836
4,454,131	-	-	8,075,625
173,359	-	-	526,696
<u>5,247,549</u>	<u>1,353,560</u>	<u>750</u>	<u>12,554,633</u>
<u>(5,218,667)</u>	<u>(1,353,560)</u>	<u>192,165</u>	<u>(9,622,775)</u>
4,550,000	-	-	7,405,000
1,045,000	315,000	-	1,360,000
78,890	-	-	116,040
-	-	-	3,000
-	1,216,000	-	1,851,355
<u>(135,400)</u>	<u>-</u>	<u>(194,916)</u>	<u>(1,931,657)</u>
<u>5,538,490</u>	<u>1,531,000</u>	<u>(194,916)</u>	<u>8,803,738</u>
319,823	177,440	(2,751)	(819,037)
<u>56,946</u>	<u>-</u>	<u>27,812</u>	<u>1,591,909</u>
<u>\$ 376,769</u>	<u>\$ 177,440</u>	<u>\$ 25,061</u>	<u>\$ 772,872</u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	(819,037)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,952,836
Some items were not reported in capital outlay	136,217
Depreciation is reported in the government-wide financial statements	(227,330)
Net book value of assets retired	(3,449)
Capital assets were contributed to the utilities but expensed in the governmental funds	(366,563)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(2,000)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(8,765,000)
Principal repaid	8,075,625

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	10,519
Accrued interest on debt	30,111
Net pension liability/asset	(109,580)
Deferred outflows of resources related to pensions	80,777
Deferred inflows of resources related to pensions	6,947

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

228,936

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 229,009

CITY OF SCHOFIELD

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	<u>Water and Sewer Utility</u>
ASSETS	
Current Assets	
Cash and investments	\$ 721,473
Receivables	
Accounts	332,383
Due from other funds	19,333
Prepaid items	14,529
Inventories	<u>8,399</u>
Total Current Assets	<u>1,096,117</u>
Noncurrent Assets	
Capital Assets	
Land	48,274
Construction in progress	528,877
Utility system	9,702,440
Less: Accumulated depreciation	<u>(4,108,099)</u>
Total Noncurrent Assets	<u>6,171,492</u>
Total Assets	<u>7,267,609</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>143,710</u>

See independent auditors' report and accompanying notes to financial statements.

	<u>Water and Sewer Utility</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 91,802
Other accrued liabilities	6,353
Current portion of accrued sick leave	10,849
Short-term general obligation debt	<u>30,000</u>
Total Current Liabilities	<u>139,004</u>
Noncurrent Liabilities	
Long-Term Debt	
General obligation debt, net of unamortized premium	620,245
Accrued sick leave	18,064
Other Liabilities	
Advance from municipality	170,637
Net pension liability	<u>52,640</u>
Total Noncurrent Liabilities	<u>861,586</u>
Total Liabilities	<u>1,000,590</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>75,261</u>
NET POSITION	
Investment in capital assets	5,531,492
Unrestricted	<u>803,976</u>
TOTAL NET POSITION	<u><u>\$ 6,335,468</u></u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2019

	<u>Water and Sewer Utility</u>
OPERATING REVENUES	
Water charges for services	\$ 622,775
Sewer charges for services	<u>644,757</u>
Total Operating Revenues	<u>1,267,532</u>
OPERATING EXPENSES	
Water	
General and administrative	186,608
Source of supply	35,655
Pumping	16,218
Water treatment expenses	40,892
Transmission and distribution expenses	71,645
Customer accounts expenses	16,522
Depreciation	129,059
Taxes	5,349
Sewer	
General and administrative	136,309
Operation	417,307
Maintenance	8,938
Depreciation	105,964
Amortization	14,390
Taxes	<u>4,865</u>
Total Operating Expenses	<u>1,189,721</u>
Operating Income - Water	<u>120,827</u>
Operating Income (Loss) - Sewer	<u>(43,016)</u>
NONOPERATING REVENUES (EXPENSES)	
State grants	32,000
Investment income	2,934
Interest expense	(41,267)
Miscellaneous revenues	<u>4,830</u>
Total Nonoperating Revenues	<u>(1,503)</u>
Income Before Contributions and Transfers	<u>76,308</u>
CONTRIBUTIONS AND TRANSFERS	
Capital contributions - municipality	366,563
Transfers in	194,916
Transfer out - tax equivalent	(88,753)
Transfer out	<u>(25,861)</u>
Total Contributions and Transfers	<u>446,865</u>
Change in Net Position	523,173
NET POSITION - Beginning of Year	<u>5,812,295</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,335,468</u></u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2019

	<u>Water and Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 1,126,368
Received from municipality	149,665
Paid to suppliers for goods and services	(749,731)
Paid to employees for services	<u>(186,134)</u>
Net Cash Flows From Operating Activities	<u>340,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Paid to municipality for tax equivalent	(88,753)
Transfers	<u>169,055</u>
Net Cash Flows From Noncapital Financing Activities	<u>80,302</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt issued	640,000
Debt retired	(700,000)
Interest paid	(23,712)
Debt issuance costs	(7,310)
Acquisition and construction of capital assets	<u>(644,297)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(735,319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>3,062</u>
Net Cash Flows From Investing Activities	<u>3,062</u>
Net Change in Cash and Cash Equivalents	(311,787)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,033,260</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 721,473</u></u>

See independent auditors' report and accompanying notes to financial statements.

	<u>Water and Sewer Utility</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 77,811
Nonoperating revenue	36,830
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	235,023
Amortization	14,390
Changes in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable	(22,602)
Other accounts receivable	8,000
Due from other funds	(13,727)
Prepaid items	(1,019)
Accrued liabilities	(2,353)
Accounts payable	(9,951)
Other current liabilities	408
Pension related deferrals and liabilities	<u>17,358</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 340,168</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
TIF contributed capital assets	<u>\$ 366,563</u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUND As of December 31, 2019

	Tax Collection Fund
ASSETS	
Cash and investments	\$ 1,829,782
Taxes receivable	<u>1,669,102</u>
Total Assets	<u>3,498,884</u>
LIABILITIES	
Due to other governments	<u>3,498,884</u>
Total Liabilities	<u>3,498,884</u>
NET POSITION	
TOTAL NET POSITION	<u><u>\$ -</u></u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUND For the Year Ended December 31, 2019

	<u>Custodial Fund</u>
ADDITIONS	
Property taxes collected for other governments	\$ 2,313,681
Total Additions	<u>2,313,681</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>2,313,681</u>
Total Deductions	<u>2,313,681</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See independent auditors' report and accompanying notes to financial statements.

CITY OF SCHOFIELD

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CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Schofield, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Community Development Authority (Authority) serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Authority is reported as part of TID No. 2 and TID No.3 fund. The Authority does not issue separate financial statements.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

- Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

- The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

- In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
Capital projects fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the city.
Tax Incremental District (TID) No. 2 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.
Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID Project Plan.

The city reports the following major enterprise fund:

Water and Sewer Utility Fund - accounts for operations of the water and sewer systems.

The city reports the following nonmajor governmental funds:

Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

CDBG Development

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds: (cont.)

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Incremental Financing District No. 3

In addition, the city reports the following fund type:

Custodial Fund - used to account for and report assets controlled by the city and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers 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.

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- Time deposits in any credit union, bank, savings bank or trust company.
- 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, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. That policy follows the state statute for allowable investments. The city policy mitigates credit risk by limiting investments to certain types of securities, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the city will do business, and by diversifying the investment portfolio to minimize potential losses on individual securities.

Custodial credit risk is also addressed by the city's investment policy. Full collateralization will be required on demand deposit accounts and non-negotiable certificates of deposit. The city is not in compliance with this policy at December 31, 2019. The city has \$528,551 of undercollateralized deposits at December 31, 2019.

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 methods and inputs as outlined in Note I.D.1. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

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CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

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

Property tax calendar - 2019 tax roll:

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

Accounts receivable have been shown net of an allowance for uncollectible accounts. 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.

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

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CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or 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.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$25,000 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 capital assets are recorded at their estimated acquisition value at the date of donation.

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 capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was 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.

Buildings	3-50	Years
Land Improvements	20	Years
Machinery and Equipment	3-30	Years
Utility System	3-100	Years
Infrastructure	30-50	Years
Intangibles	20	Years

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CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Fund Financial Statements

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

5. Land Held For Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include land intended for resale. Land held for resale is recorded at the lower of cost or market value. At December 31, 2019 the land held for resale is recorded at market value.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

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

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

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

8. Long-Term Obligations

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

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CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

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

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

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 2,028,859	\$ 5,531,492	\$ (1,652,585)	\$ 5,907,766
Unrestricted	(1,554,997)	803,976	1,652,585	901,564

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.

Fund Statements

Governmental fund balances are displayed as follows:

- Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city council that originally created the commitment.
- Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The city council has, by resolution, adopted a financial policy authorizing the Clerk Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal maximum fund balance policy. That policy is to maintain a working capital fund of a maximum of 20% of the subsequent years general fund expenditures. No minimum was established.

See Note III. F. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), 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/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.

12. Basis for Existing Rates

Water and Sewer Utility

Current water rates were approved by the Public Service Commission of Wisconsin on September 14, 2018. Current sewer rates were approved by the utility commission on February 19, 2019.

13. Investment in Other Utility

During 2005, the utility entered into a contract for 45% of a sewer interceptor project. The cost is being amortized over 20 years and is included in utility capital assets.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general, debt service, tax incremental districts No. 2, 3 and 4, and capital projects funds. A budget has not been formally adopted for the CDBG Development special revenue fund a. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Fund	Budgeted		Actual		Excess
	Expenditures and	Uses	Expenditures and	Uses	
	Other Financing		Other Financing		
Debt Service	\$ 843,947	\$ 3,974,831	\$ 3,974,831	\$ 3,130,884	
Tax Incremental District No. 4	1,202,781	5,382,949	5,382,949	4,180,168	
Capital Projects	1,216,000	1,353,560	1,353,560	137,560	
Tax Incremental District No. 2	383,289	386,129	386,129	2,840	
Tax Incremental District No. 3	192,705	195,666	195,666	2,961	

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 3,252,952	\$ 2,678,302	Custodial Credit Risk
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,423,170		
Per statement of assets and liabilities			
Tax Collection Fund	1,829,782		
Total Deposits and Investments	\$ 3,252,952		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$1,500,751 to secure the city's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

As of December 31, 2019, \$528,551 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 528,551
Total	\$ 528,551

See Note I.D.1. for further information on deposit and investment policies.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for delinquent personal property taxes and deferred payment loans.

Revenues of the city are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to ambulance receivables	\$ 129,125
Total Uncollectibles of the Current Fiscal Year	\$ 129,125

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,388,993	\$ -
CDBG loans receivable	-	141,582
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 2,388,993	\$ 141,582

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,135,590	\$ -	\$ -	\$ 1,135,590
Land - right of way	146,585	-	-	146,585
Construction in progress	861,068	1,161,548	787,128	1,235,488
Total Capital Assets Not Being Depreciated	2,143,243	1,161,548	787,128	2,517,663

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated	\$ 40,538	\$ -	\$ -	\$ 40,538
Land improvements	2,013,855	116,122	17,965	2,112,012
Buildings	1,207,029	32,382	-	1,239,411
Machinery and equipment	2,422,456	1,199,566	-	3,622,022
Roads	345,754	-	-	345,754
Stormwater	294,817	-	-	294,817
Sidewalks	508,497	-	-	508,497
Curb and gutter	197,515	-	-	197,515
Dam	-	-	-	-
Total Capital Assets Being Depreciated	7,030,461	1,348,070	17,965	8,360,566
Total Capital Assets	9,173,704	2,509,618	805,093	10,878,229
Less: Accumulated depreciation for				
Land improvements	(28,606)	(779)	-	(29,385)
Buildings	(371,851)	(46,526)	14,516	(403,861)
Machinery and equipment	(704,037)	(56,842)	-	(760,879)
Roads	(535,094)	(81,825)	-	(616,919)
Stormwater	(56,526)	(6,403)	-	(62,929)
Sidewalks	(116,490)	(14,055)	-	(130,545)
Curb and gutter	(75,874)	(16,950)	-	(92,824)
Dam	(13,842)	(3,950)	-	(17,792)
Total Accumulated Depreciation	(1,902,320)	(227,330)	14,516	(2,115,134)
Net Capital Assets Being Depreciated	5,128,141	1,120,740	3,449	6,245,432
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 7,271,384	\$ 2,282,288	\$ 790,577	\$ 8,763,095

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 14,864
Public safety	11,948
Public works, which includes the depreciation of infrastructure	199,101
Culture, education and recreation	1,417
Total Governmental Activities Depreciation Expense	\$ 227,330

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/amortized	\$ 48,274	\$ -	\$ -	\$ 48,274
Land	751,062	528,877	751,062	528,877
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated/Amortized	799,336	528,877	751,062	577,151
Capital assets being depreciated/amortized				
Organization	909	-	-	909
Water source of supply	114,611	-	-	114,611
Water pumping	651,213	15,455	3,953	662,715
Water treatment	63,800	-	-	63,800
Water treatment and distribution	3,724,216	253,585	4,527	3,973,274
Water general plant	256,800	6,802	-	263,602
Sewer collection system	2,586,738	583,858	-	3,180,596
Sewer general plant	499,571	373,539	23,103	850,007
Sewer general plant	298,328	6,802	-	305,130
Intangible investment	287,796	-	-	287,796
Total Capital Assets Being Depreciated/Amortized	8,493,982	1,240,041	31,583	9,702,440
Total Capital Assets	9,293,318	1,768,918	782,645	10,279,591
Less: Accumulated depreciation/amortization for				
Organization	(1,988,189)	(137,234)	8,480	(2,116,943)
Water source of supply	(1,902,080)	(112,179)	23,103	(1,991,156)
Total Accumulated Depreciation/Amortization	(3,890,269)	(249,413)	31,583	(4,108,099)
Net Capital Assets Being Depreciated/Amortized	4,603,713	990,628	-	5,594,341
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 5,403,049	\$ 1,519,505	\$ 751,062	\$ 6,171,492

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Water	\$ 129,059
Sewer	<u>120,354</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 249,413</u>

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Water and Sewer	General	\$ 19,333
Total - Fund Financial Statements		19,333
Add: Interfund advances		<u>(170,637)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ (151,304)</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ (170,637)
Business-type Activities	Governmental Activities	<u>19,333</u>
Total Government-Wide Financial Statements		<u>\$ (151,304)</u>

All amounts are due within one year.

The principal purpose of these interfunds is payroll activity. All remaining balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund is advancing funds to the Water and Sewer Utility. A repayment schedule has not been established. Interest is not being charged.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Water and sewer utility	\$ 170,637	\$ 85,318
Total		<u>\$ 170,637</u>	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water and Sewer	\$ 114,614	Property tax equivalent and water tower rental revenue
Water and Sewer	TIF No. 3	194,916	TIF repayment for prior year expenses
Debt Service	TIF No. 2	385,341	Debt service payments
Debt Service	TIF No. 4	135,400	Debt service payments
Capital Projects	General Fund	1,216,000	Unspent debt proceeds that were related to capital projects when the fund was created
Total - Fund Financial Statements		2,046,271	
Less: Fund eliminations		(1,736,741)	
Less: Government-wide eliminations		(389,832)	
Less: Infrastructure contributed to the utility fund		<u>(366,563)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (446,865)</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 114,614	
Business-type Activities	Governmental Activities	<u>(561,479)</u>	
Total Government-wide Financial Statements		<u>\$ (446,865)</u>	

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt					
General obligation notes from direct borrowings and direct placements	\$ -	\$ 7,405,000	\$ -	\$ 7,405,000	\$ 290,000
Sub-totals	8,091,090	1,360,000	8,075,625	1,375,465	340,125
Other Liabilities	8,091,090	8,765,000	8,075,625	8,780,465	630,125
Vested compensated absences					
Total Other Liabilities	55,982	10,289	20,808	45,463	17,529
Total Governmental Activities Long-Term Liabilities	55,982	10,289	20,808	45,463	17,529
Business-type Activities					
Bonds and Notes Payable					
General obligation debt					
General obligation notes from direct borrowings and direct placements	\$ -	\$ 640,000	\$ -	\$ 640,000	\$ 30,000
Sub-totals	700,000	10,245	700,000	10,245	-
Other Liabilities	700,000	650,245	700,000	650,245	30,000
Vested compensated absences					
Total Other Liabilities	32,501	8,496	12,084	28,913	10,849
Total Business-type Activities Long-Term Liabilities	32,501	8,496	12,084	28,913	10,849
Totals	<u>\$ 8,147,072</u>	<u>\$ 8,775,289</u>	<u>\$ 8,096,433</u>	<u>\$ 8,825,928</u>	<u>\$ 647,654</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019, was \$12,441,725. Total general obligation debt outstanding at year end was \$9,420,465.

In addition to the liabilities above, information on the net pension liability (asset) is provided in note IV.A.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Bank Promissory Note	12/12/12	12/12/22	2.65%	\$ 601,250	\$ 120,465
Bank Promissory Note	1/02/14	7/01/24	2.75%	600,000	300,000
Bank Promissory Note	8/13/15	1/13/25	2.69%	2,200,000	955,000
GO Refunding Bonds	10/24/19	4/1/38	2.41%	7,405,000	7,405,000
Total Governmental Activities - General Obligation Debt					<u>\$ 8,780,465</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
GO Refunding Bonds	10/24/19	4/1/38	2.41%	\$ 640,000	\$ 640,000
Total Business-type Activities - General Obligation Debt					<u>\$ 640,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	General Obligation Debt	Interest	General Obligation Debt	Interest
2020	\$ 290,000	\$ 166,982	\$ 30,000	\$ 14,580
2021	225,000	170,950	30,000	14,706
2022	290,000	163,225	30,000	13,806
2023	285,000	154,600	30,000	12,906
2024	290,000	145,975	30,000	12,006
2025-2029	2,010,000	571,725	155,000	47,081
2030-2034	2,315,000	325,850	180,000	28,538
2035-2038	1,700,000	74,513	155,000	7,453
Totals	<u>\$ 7,405,000</u>	<u>\$ 1,773,820</u>	<u>\$ 640,000</u>	<u>\$ 151,076</u>

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Years	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 340,125	\$ 37,024
2021	340,125	25,383
2022	280,215	16,096
2023	280,000	8,416
2024	135,000	2,709
Totals	\$ 1,375,465	\$ 89,628

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

Current Refunding

On October 24, 2019, the city issued \$8,045,000 in general obligation refunding bonds with an average coupon rate of 2.48% to refund \$7,864,555 of outstanding notes with an average coupon rate of 3.55%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$8,898,163 from 2020 through 2028. The cash flow requirements on the 2019 refunding bonds are \$9,972,897 from 2020 through 2038. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$279,241.

The refunding resulted in an income statement loss of \$1,074,734.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,282,175
Construction in progress	1,235,488
Other capital assets, net of accumulated depreciation	6,245,432
Less: Long-term debt outstanding	(8,780,465)
Plus: Noncapital debt proceeds	2,046,229
Total Net Investment in Capital Assets	\$ 2,028,859

Governmental Funds

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

Fund Balances	General Fund	Debt Service Fund	Incremental Financing District 2	Tax Incremental Financing District 4	Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable:							
Delinquent personal property taxes	\$ 1,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,488
Prepaid items	14,949	-	-	-	-	-	14,949
Advances	170,637	-	-	-	-	-	170,637
Sub-total	187,074	-	-	-	-	-	187,074
Restricted for:							
Debt Service	-	5,634	-	-	-	-	5,634
TIF Development	-	-	26,199	376,769	-	25,061	428,029
Sub-total	-	5,634	26,199	376,769	-	25,061	433,663
Assigned to:							
Capital projects	-	-	-	-	177,440	-	177,440
Carryforward to subsequent year budget	3,000	-	-	-	-	-	3,000
Sub-total	3,000	-	-	-	177,440	-	180,440
Unassigned (deficit):							
	(28,305)	-	-	-	-	-	(28,305)
Total Fund Balances	\$ 161,769	\$ 5,634	\$ 26,199	\$ 376,769	\$ 177,440	\$ 25,061	\$ 772,872

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 48,274
Construction in progress	528,877
Other capital assets, net of accumulated depreciation	5,594,341
Less: Long-term debt outstanding	(640,000)
Total Net Investment in Capital Assets	\$ 5,531,492

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Elected Officials and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$41,568 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the city reported a liability of \$116,225 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.00326888%, which was an increase of 0.00042210% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$68,245.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,521	\$ 160,010
Changes in assumptions	19,591	-
Net differences between projected and actual earnings on pension plan investments	169,740	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,407	1,085
Employer contributions subsequent to the measurement date	26,018	-
Totals	\$ 307,277	\$ 161,095

\$26,018 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 42,843
2021	11,093
2022	19,394
2023	46,834

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

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

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

Single discount rate. A single discount rate of 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WPRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability	\$461,981	\$116,225	\$(140,804)

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

At December 31, 2019, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. 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 the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. 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 attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Everest Metropolitan Police Department

The City of Schofield and Town of Weston jointly operate the merged police department, which is called the (Everest Metropolitan Police Department) and provides public safety to each of the respective communities.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the Everest Metropolitan Police Department. The city is obligated by the joint venture agreement to remit an amount annually to the Everest Metropolitan Police Department. The city made a payment to the Everest Metropolitan Police Department of \$630,549 in 2019.

Financial information of the Everest Metropolitan Police Department as of December 31, 2019 is available directly from the Everest Metropolitan Police Department's office.

The city does not have an equity interest in the department. The city's share of the costs are 38%. The city accounts for its share in the General Fund.

Everest Metro Municipal Court

The City and the Village of Weston jointly operate the local municipal court, which is called the Everest Metro Municipal Court that provides noncriminal citation processing.

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2019 is available directly from the municipal court in Weston, Wisconsin.

The City of Schofield does not have an equity interest in the organization per the agreement. The city's share of costs are 38%. The city accounts for its share in the General Fund.

CITY OF SCHOFIELD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Riverside Fire District

The City and the Village of Rothschild jointly operate Riverside Fire District (RFD) that provides fire protection, emergency medical services and certain related emergency services within and for the corporate boundaries of each respective community.

The governing committee is made up of citizens from each community. Local representatives are appointed by the City Mayor and Village of Rothschild President. The governing body has authority to adopt its own budget and control the financial affairs of the RFD.

The city contributed \$113,624 in 2019 for the operations of RFD. The City accounts for the costs of the operation in the general fund and has an equity interest in the organization equal to its percentage share of participation, which is 33%.

The financial and payroll administration of Riverside Fire District is performed by the employees of the city. Financial information for the RFD is available at the city's office.

The equity interest is reported in the governmental activities column of the government-wide statements of net position. Changes in equity interest are reported on the statement of activities.

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, Leases
- > Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- > Statement No. 91, Conduit Debt Obligations

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SCHOFIELD

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,191,815	\$ 1,191,815	\$ 1,182,610	\$ (9,205)
Intergovernmental	469,138	469,138	470,641	1,503
Public charges for services	700	700	7,529	6,829
Fines, forfeitures and penalties	35,000	35,000	42,051	7,051
Licenses and permits	22,000	22,000	22,092	92
Investment income	1,600	1,600	3,883	2,283
Miscellaneous revenues	34,000	34,000	30,497	(3,503)
Total Revenues	<u>1,754,253</u>	<u>1,754,253</u>	<u>1,759,303</u>	<u>5,050</u>
EXPENDITURES				
Current:				
General government	336,000	336,000	355,838	(19,838)
Public safety	893,837	893,837	893,838	(1)
Public works	543,595	543,595	625,653	(82,058)
Culture, recreation and education	47,600	47,600	60,444	(12,844)
Conservation and development	16,500	16,500	14,573	1,927
Capital Outlay	35,000	35,000	26,817	8,183
Total Expenditures	<u>1,872,532</u>	<u>1,872,532</u>	<u>1,977,163</u>	<u>(104,631)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,279)</u>	<u>(118,279)</u>	<u>(217,860)</u>	<u>(99,581)</u>
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	3,000	3,000
Transfers in	80,000	100,687	114,614	13,927
Transfers out	-	(1,216,000)	(1,216,000)	-
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>(1,115,313)</u>	<u>(1,098,386)</u>	<u>16,927</u>
Net Change in Fund Balance	<u>(38,279)</u>	<u>(1,233,592)</u>	<u>(1,316,246)</u>	<u>(82,654)</u>
FUND BALANCE - Beginning of Year	<u>1,478,015</u>	<u>1,478,015</u>	<u>1,478,015</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,439,736</u>	<u>\$ 244,423</u>	<u>\$ 161,769</u>	<u>\$ (82,654)</u>

See independent auditors' report and accompanying notes to required supplementary information.
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CITY OF SCHOFIELD

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/19	0.00326688%	\$ 116,225	\$ 550,447	21.11%	96.45%
12/31/18	0.00284478%	(84,464)	438,191	19.28%	102.93%
12/31/17	0.00271122%	22,347	375,955	5.94%	99.12%
12/31/16	0.00272561%	44,291	398,691	11.11%	98.20%
12/31/15	0.00262273%	(64,421)	381,432	16.89%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 26,018	\$ 26,018	\$ -	\$ 397,214	6.55%
12/31/18	29,029	29,029	-	433,251	6.70%
12/31/17	26,879	26,879	-	395,269	6.80%
12/31/16	24,812	24,812	-	375,955	6.60%
12/31/15	27,298	27,298	-	401,443	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.
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CITY OF SCHOFIELD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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 I. C.

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

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.

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

	Final Budget	Expenditures	Excess
General Fund			
Council	\$ 54,050	\$ 57,413	\$ 3,363
Publication and dues	6,900	8,486	1,586
Assessment of property	19,819	23,126	3,307
Mayor	10,405	10,700	295
Legal Counseling	25,000	36,151	11,151
Accounting	16,700	22,933	6,233
Consulting fees	5,200	9,845	4,645
Public Works			
Street Maintenance	216,539	222,631	6,092
Machinery operation and maintenance	15,000	20,923	5,923
Refuse and garbage collection	55,000	63,239	8,239
Street lighting	73,300	75,183	1,883
Administration and general salaries	111,148	168,325	57,177
Storm sewers	12,170	21,052	8,882
Snow and ice control	700	859	159
Culture, Recreation and Education			
Aquatic Center	35,000	48,474	13,474
Capital Outlay			

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The city is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

See independent auditors' report.

CITY OF SCHOFIELD

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
TAXES			
General property taxes for city purposes	\$ 1,156,015	\$ 1,156,015	\$ 1
Mobile home taxes	-	-	4,765
Room tax	29,000	29,000	(13,907)
Other taxes in lieu of taxes	6,300	6,300	148
Interest on taxes	500	500	(212)
Total Taxes	1,191,815	1,191,815	(9,205)
INTERGOVERNMENTAL			
Shared taxes from state	181,869	181,869	99
State aid - road allotment	189,395	189,395	(87)
State aid - connecting streets	22,874	22,874	1
State aid - recycling assistance	9,500	9,500	61
State aid - computer aid	60,500	60,500	1,429
State aid - dnr grant	5,000	5,000	-
Total Intergovernmental	469,138	469,138	1,503
PUBLIC CHARGES FOR SERVICES			
Clerk fees	500	500	(175)
EMS charges for service	-	-	7,204
Refuse fees	200	200	(200)
Total Public Charges for Services	700	700	6,829
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	35,000	35,000	7,051
LICENSES AND PERMITS			
Business and occupational licenses	14,500	14,500	1,019
Dog and cat licenses	7,000	7,000	(427)
Zoning permits	500	500	(500)
Total Licenses and Permits	22,000	22,000	92
INVESTMENT INCOME			
Investment income	1,600	1,600	3,883
Total Investment Income	1,600	1,600	2,283
MISCELLANEOUS REVENUES			
Rent of municipal property	10,000	10,000	(454)
Insurance recoveries	1,800	1,800	(1,800)
Donations	200	200	950
Other miscellaneous	22,000	22,000	(2,199)
Total Miscellaneous Revenues	34,000	34,000	(3,503)
TOTAL REVENUES	\$ 1,754,253	\$ 1,754,253	\$ 5,050

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CITY OF SCHOFIELD

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
GENERAL GOVERNMENT			
Council	\$ 54,050	\$ 54,050	\$ (3,363)
Mayor	10,405	10,405	(295)
Clerk	129,152	129,152	5,195
Publications and dues	6,900	6,900	(1,586)
Elections	2,950	2,950	773
Assessment of property	19,819	19,819	(3,307)
Accounting	16,700	16,700	(6,233)
Legal counseling	25,000	25,000	(11,151)
Municipal buildings	30,500	30,500	3,975
Refund of prior year taxes	200	200	200
Municipal court	25,124	25,124	-
Property and liability insurance	10,000	10,000	599
Other general government	5,200	5,200	(4,645)
Total General Government	336,000	336,000	(19,838)
PUBLIC SAFETY			
Police	630,549	630,549	-
Fire suppression	263,288	263,288	(1)
Total Public Safety	893,837	893,837	(1)
PUBLIC WORKS			
Public works administration	111,148	111,148	(57,177)
Street maintenance	216,539	216,539	(6,092)
Street cleaning	2,000	2,000	903
Street lighting	73,000	73,300	(1,883)
Machinery operation and maintenance	15,000	15,000	(5,923)
Sidewalks	5,000	5,000	5,000
Storm sewers	12,710	12,710	(8,342)
Refuse and garbage collection	55,000	55,000	(8,239)
Recycling	45,348	45,348	2,866
Weed control	3,000	3,000	2,542
Dams	3,850	3,850	(5,554)
Snow and ice control	700	700	(159)
Total Public Works	543,295	543,595	(82,058)

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CITY OF SCHOFIELD

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CULTURE RECREATION AND EDUCATION				
Aquatic center	\$ 35,000	\$ 35,000	\$ 48,474	\$ (13,474)
Parks	12,600	12,600	11,970	630
Total Culture, Recreation and Education	47,600	47,600	60,444	(12,844)
CONSERVATION AND DEVELOPMENT				
Forestry	10,000	10,000	10,000	-
Zoning	3,500	3,500	3,702	(202)
Urban development	3,000	3,000	871	2,129
Total Conservation and Development	16,500	16,500	14,573	1,927
CAPITAL OUTLAY				
Municipal building equipment	10,000	10,000	6,564	3,436
Street equipment	25,000	25,000	20,253	4,747
Total Capital Outlay	35,000	35,000	26,817	8,183
TOTAL EXPENDITURES	<u>\$ 1,872,232</u>	<u>\$ 1,872,532</u>	<u>\$ 1,977,163</u>	<u>\$ (104,631)</u>

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CITY OF SCHOFIELD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Fund	Capital Project Fund		Total Nonmajor Governmental Funds
		Incremental Financing District No. 3	Tax	
ASSETS				
Cash and investments	\$ -	\$ 25,060	\$ -	\$ 25,060
Taxes receivable	-	199,302	-	199,302
Loans receivables	141,582	-	-	141,582
TOTAL ASSETS	<u>\$ 141,582</u>	<u>\$ 224,362</u>	<u>\$ -</u>	<u>\$ 365,944</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Deferred Inflows of Resources	\$ -	\$ 199,301	\$ -	\$ 199,301
Unearned revenues	141,582	-	-	141,582
Unavailable revenues	141,582	199,301	-	340,883
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances	-	-	25,061	25,061
Restricted	-	-	25,061	25,061
Total Fund Balances	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 141,582</u>	<u>\$ 224,362</u>	<u>\$ -</u>	<u>\$ 365,944</u>

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CITY OF SCHOFIELD

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Fund	Capital Project Fund	Tax Incremental Financing District No. 3	Total Nonmajor Governmental Funds
REVENUES				
Taxes	-	\$ 190,011	\$	190,011
Intergovernmental	-	2,294		2,294
Investment income	-	610		610
Total Revenues	-	192,915		192,915
EXPENDITURES				
Current				
General government	-	750		750
Total Expenditures	-	750		750
Excess of revenues over expenditures	-	192,165		192,165
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(194,916)		(194,916)
Total Other Financing Sources (Uses)	-	(194,916)		(194,916)
Net Change in Fund Balances	-	(2,751)		(2,751)
FUND BALANCES - Beginning of Year	-	27,812		27,812
FUND BALANCES - END OF YEAR	-	25,061		25,061

FORM OF LEGAL OPINION

(See following pages)

**\$[1,870,000] City of Schofield,
Marathon County, Wisconsin
General Obligation Fire Station Bonds, Series 2021A**

[January 28], 2021

We have served as bond counsel to the City of Schofield, Marathon County, Wisconsin (the “**City**”) in connection with the issuance of the above-captioned Bonds (the “**Bonds**”). In such capacity, we have examined a transcript of proceedings of the Common Council of the City relative to the authorization, issuance and sale of the Bonds. We have also examined the law and such other documents furnished to us as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon certifications of City officers, public officials and others furnished to us for inclusion in the transcript of proceedings for the Bonds without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; are in the denomination of \$5,000 or any integral multiple thereof; bear interest at the rates set forth below; and mature on April 1, 2021 and serially thereafter on April 1 of each year, in the years and principal amounts as follows:

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------------------------	-----------------------------	--------------------------

[INSERT SCHEDULE]

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

At the option of the City, the Bonds maturing on April 1, 2028 and thereafter shall be subject to redemption prior to maturity on April 1, 2027 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, from maturities selected by the City 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 City and are valid and binding general obligations of the City.
2. All taxable property in the territory of the City 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 City 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 not included in gross income for purposes of federal income taxation and 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.

4. 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. The City has covenanted to comply with all of those requirements. 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 opinion set forth in the first sentence of Paragraph 3, above, is subject to the condition that the City comply with those requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion regarding the federal tax consequences arising with respect to the Bonds other than as expressly set forth herein

We express no opinion regarding the accuracy, adequacy or completeness of the Official Statement, the Preliminary Official Statement, or any other offering material relating to the Bonds.

The opinions expressed herein shall be effective only as of the date of this opinion letter. We disclaim any obligation to update our opinions expressed herein as to any date subsequent to the date hereof, and assume no responsibility for advising you of any changes with respect to any matters described herein that may occur subsequent to the date hereof.

von BRIESEN & ROPER, s.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.

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 Schofield, Marathon County, Wisconsin (the “**City**”) in connection with the issuance of its \$[1,870,000] General Obligation Fire Station Bonds, Series 2021A, dated [January 28], 2021 (the “**Bonds**”). The Bonds are being issued pursuant to a Resolution of the Common Council of the City dated November 17, 2020 (the “**Resolution**”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (hereinafter defined).

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:

- (a) “**Annual Report**” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.
- (b) “**Commission**” means the United States Securities and Exchange Commission.
- (c) “**EMMA**” means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to or as may be specified by the Securities and Exchange Commission from time to time. A current list of such systems may be obtained from the Commission at <http://www.sec.gov/info/municipal/nrmsir.htm>.
- (d) “**Financial Obligation**” means (i) a debt obligation; (ii) a 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) a guarantee of any obligation described in Clauses (i) or (ii); provided, that 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.
- (e) “**Listed Events**” means any of the events listed in Section 5(a) of this Disclosure Certificate.
- (f) “**Obligated Person**” means (i) the City with respect to the Bonds, and (ii) any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the securities.
- (g) “**Participating Underwriter**” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.
- (h) “**Rule**” means Rule 15c2-12(b)(5) adopted by the Commission under the Securities

Exchange Act of 1934, as the same may be amended from time to time, including any official interpretations thereof.

Section 3. Provision of Annual Reports.

- (a) The City shall, not later than 365 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2020, provide to EMMA in an electronic format as prescribed by the National Repository, an Annual Report 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.
- (b) Documents provided to EMMA shall be accompanied by identifying information as prescribed by EMMA.
- (c) The City shall determine each year prior to providing the Annual Report the electronic address of EMMA.
- (d) If the City is unable or fails to provide to EMMA an Annual Report by the date required in subsection (a), the City shall submit to EMMA a timely notice of that fact in the format prescribed by EMMA.

Section 4. Contents of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

- (a) The City's audited financial statements prepared in accordance with Generally Accepted Accounting Principles.
- (b) The City's final Budget for the current year.
- (c) Any or all of the items listed in Subsections (a) and (b) may be incorporated by reference from documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each document so incorporated by reference.

Section 5. Reporting of Material Events.

- (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events to the extent applicable to the Bonds:
 - (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 Bonds or other material events affecting the tax status of the Bonds;
- (7) modification to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Obligated Person *(for the purposes of the event identified in this Subsection (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person 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 Obligated Person, 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 Obligated Person);*
- (13) consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated person, 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 Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, 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 Obligated Person, any of which reflect financial difficulties.
- (b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine under applicable legal standards if such event would constitute material information, within the meaning of the Rule, for holders or beneficial owners of the Bonds, provided, that any event under Subsections (a)(1), (a)(3), (a)(4), (a)(5), (a)(8) (tender offers only), (a)(9), (a)(11) or (a)(12) will always be deemed to be material.
- (c) If the City determines that knowledge of the occurrence of a Listed Event would be material, the City shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(8) and (a)(9) need not be given under the subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

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

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointment a successor dissemination agent. Whenever in this Disclosure Certificate the City undertakes to perform an action such undertaking shall be deemed to include an undertaking to cause the dissemination agent, if any, to take such action on its behalf.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in or of itself, cause the undertaking herein to violate the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City 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 City 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 City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default; No Individual Liability. In the event of a failure by the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Bonds may take such action as may be necessary and appropriate, including seeking mandate or

specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance. No recourse may be had against any Council member, officer, elected or appointed official, employee or agent of the City in respect of a failure or alleged failure by the City to comply with any provision of this Disclosure Certificate or any action to compel performance as hereinabove recited.

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

Date: [January 28], 2021

CITY OF SCHOFIELD,

MARATHON COUNTY, WISCONSIN

By: _____
Lisa Quinn, City Clerk/Treasurer

NOTICE OF SALE

\$1,870,000* GENERAL OBLIGATION FIRE STATION BONDS, SERIES 2021A CITY OF SCHOFIELD, WISCONSIN

Bids for the purchase of \$1,870,000* General Obligation Fire Station Bonds, Series 2021A (the "Bonds") of the City of Schofield, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on January 12, 2021, 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 6:00 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 being issued pursuant to Section 67.04, Wisconsin Statutes, for public purpose of constructing a fire station. 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 January 28, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$85,000	2027	\$120,000	2033	\$120,000
2022	20,000	2028	115,000	2034	125,000
2023	80,000	2029	110,000	2035	135,000
2024	80,000	2030	110,000	2036	135,000
2025	130,000	2031	120,000	2037	130,000
2026	130,000	2032	125,000		

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

BOOK-ENTRY-ONLY FORMAT

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

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 April 1, 2028 shall be subject to optional redemption prior to maturity on April 1, 2027 or any date thereafter, at a price of par plus accrued interest.

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

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 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 January 28, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by von Briesen & Roper, s.c., 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).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$1,846,625 nor more than \$2,057,000 plus accrued interest on the principal sum of \$1,870,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact 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 \$37,400 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

Lisa Quinn, City Clerk/Treasurer
City of Schofield, Wisconsin

BID FORM

The Common Council
City of Schofield, Wisconsin

January 12, 2021

RE: **\$1,870,000* General Obligation Fire Station Bonds, Series 2021A (the "Bonds")**
DATED: **January 28, 2021**

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 \$1,846,625 nor more than \$2,057,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2021	_____ % due 2027	_____ % due 2033
_____ % due 2022	_____ % due 2028	_____ % due 2034
_____ % due 2023	_____ % due 2029	_____ % due 2035
_____ % due 2024	_____ % due 2030	_____ % due 2036
_____ % due 2025	_____ % due 2031	_____ % due 2037
_____ % due 2026	_____ % due 2032	

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

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 \$37,400 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 January 28, 2021.

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 either the: _____ 10% test, or the _____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____
Account Members: _____

By: _____

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 January 28, 2021 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 Schofield, Wisconsin, on January 12, 2021.

By: _____
Title: _____

By: _____
Title: _____