

**ADDENDUM DATED JANUARY 11, 2021  
TO PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 4, 2021**

**New Issue**

**Rating Application Made: S&P Global Ratings**

**CITY OF VIROQUA, WISCONSIN  
(Vernon County)**

**\$1,510,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS,  
SERIES 2021A**

**BID OPENING:** January 12, 2021, 11:00 A.M., C.T.  
**CONSIDERATION:** January 12, 2021, 7:00 P.M., C.T.

The closing date has been changed from February 15, 2021 to February 11, 2021. Following is the revised Preliminary Official Statement.

## PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 4, 2021

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

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

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

**New Issue**

**Rating Application Made: S&P Global Ratings**

### CITY OF VIROQUA, WISCONSIN (Vernon County)

## \$1,510,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021A

**BID OPENING:** January 12, 2021, 11:00 A.M., C.T.

**CONSIDERATION:** January 12, 2021, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,510,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds") of the City of Viroqua, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of financing the construction of a police station and street improvement projects. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** February 11, 2021

**MATURITY:** As follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
08/01/2022	\$25,000	08/01/2029	\$75,000	08/01/2036	\$75,000
08/01/2023	35,000	08/01/2030	80,000	08/01/2037	105,000
08/01/2024	35,000	08/01/2031	75,000	08/01/2038	110,000
08/01/2025	35,000	08/01/2032	70,000	08/01/2039	110,000
08/01/2026	75,000	08/01/2033	70,000	08/01/2040	115,000
08/01/2027	75,000	08/01/2034	75,000	02/01/2041	120,000
08/01/2028	75,000	08/01/2035	75,000		

**\*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:**

February 1, 2022 and semiannually thereafter.

**OPTIONAL**

**REDEMPTION:**

Bonds maturing on August 1, 2030 and thereafter are subject to call for prior optional redemption on August 1, 2029 or any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:**

\$1,491,880.

**GOOD FAITH DEPOSIT:**

A good faith deposit in the amount of \$30,200 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:**

Bond Trust Services Corporation.

**BOND COUNSEL &**

**DISCLOSURE COUNSEL:** Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

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

## REPRESENTATIONS

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

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

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

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

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

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

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

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

## CLOSING CERTIFICATES

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

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## **CITY OF VIROQUA COMMON COUNCIL**

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

## **ADMINISTRATION**

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

## **PROFESSIONAL SERVICES**

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

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

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Viroqua, Wisconsin (the "City") and the issuance of its \$1,510,000\* General Obligation Corporate Purpose 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 awarding the 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"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://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 February 11, 2021. The Bonds will mature on the dates and in the amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

\*Preliminary, subject to change.

**OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after August 1, 2030 shall be subject to optional redemption prior to maturity on August 1, 2029 or any date thereafter, at a price of par plus accrued interest.

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

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

**AUTHORITY; PURPOSE**

The Bonds of the City are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of financing the construction of a police station and street improvement projects.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	<u>\$1,510,000</u>	
<b>Total Sources</b>		<b>\$1,510,000</b>
<b>Uses</b>		
Discount Allowance	\$18,120	
Costs of Issuance	51,800	
Deposit to Project Construction Fund	1,440,000	
Rounding Amount	<u>80</u>	
<b>Total Uses</b>		<b>\$1,510,000</b>

\*Preliminary, subject to change.

**SECURITY**

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

## **RATING**

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

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

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

## **CONTINUING DISCLOSURE**

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

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

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

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

## **LEGAL MATTERS**

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



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

## **TAX EXEMPTION**

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

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

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

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

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

## **ORIGINAL ISSUE DISCOUNT**

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

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

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

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

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

## **BOND PREMIUM**

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

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

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **MUNICIPAL ADVISOR**

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

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## **INDEPENDENT AUDITORS**

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

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$71,566. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

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

# **VALUATIONS**

## **WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES**

### **Equalized Value**

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

### **Assessed Value**

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

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

## CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$313,190,600
2020 Equalized Value Reduced by Tax Increment Valuation	\$285,771,600
2020 Assessed Value	\$299,920,450

## 2020 EQUALIZED VALUE BY CLASSIFICATION

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

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>2</sup>	Percent Increase/Decrease in Equalized Value
2016	\$238,822,250	\$260,037,400	5.84%
2017	245,450,550	267,944,600	3.04%
2018	248,285,950	282,492,200	5.43%
2019	298,369,450	296,923,700	5.11%
2020	299,920,450	313,190,600	5.48%

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

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<sup>1</sup> Includes tax increment valuation.



## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
Vernon Memorial Healthcare, Inc.	Hospital/Clinic	\$17,231,774	5.50%
Felton Properties	Auto Dealer	7,755,127	2.48%
Walmart	Retail Store	5,868,342	1.87%
Premier Rock Avenue Viroqua, LLC	Apartments	3,514,211	1.12%
Chicago Avenue of WI, LLC	Assisted Living Facility	3,418,554	1.09%
VFC Holdings	Retail Organic Grocery Store	3,251,310	1.04%
CFS Properties, LLC	Grain Mill	2,991,430	0.96%
Vernon Economic Development Assn.	Business Incubator Organization	2,457,186	0.78%
Schultz & Sorenson Properties	Retail Stores	2,433,533	0.78%
Citizens First Bank	Bank	2,276,917	0.73%
<b>Total</b>		<b>\$51,198,384</b>	<b>16.35%</b>

City's Total 2020 Equalized Value<sup>2</sup> \$313,190,600

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the City.

<sup>2</sup> Includes tax increment valuation.

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds and the Concurrent Obligations, as defined herein)*	<u><u>\$9,607,656</u></u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$9,962,646</u></u>
Total revenue debt secured by water revenues	<u><u>\$2,476,871</u></u>

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Obligations and excludes the obligations to be refunded by the Concurrent Obligations.

City of Viroqua, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 02/11/2021)

Fiscal Year Ending	Refunding Bonds Series 2012A			Promissory Note			Corporate Purpose Bonds Series 2014A			Promissory Note		
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021			110,000	4,235							12/22/2014 \$203,000	1,830
2022			110,000	2,200								1,387
2023												934
2024												473
2025												
2026												
2027												
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
2038												
2039												
2040												
2041												
			220,000	6,435	52,581	2,139	38,927	2,150	1,770,000	487,311	86,345	4,623

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City of Viroqua, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 02/11/2021)

Dated Amount  Maturity	Promissory Note		Refunding Bonds Series 2016A		Promissory Note		Promissory Note		Corporate Purpose Bonds Series 2020A	
	12/31/2015 \$508,694  01/02	07/28/2016 \$1,380,000  12/01	12/22/2016 \$451,600  12/22	12/20/2017 \$202,687  12/20	10/15/2020 \$3,000,000  12/01  Final Maturity 06/01					
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2021	0	0	140,000	17,858	44,505	7,028	19,441	3,874	95,000	52,416
2022	51,328	5,960	140,000	14,358	45,606	5,927	19,952	3,363	35,000	44,578
2023	52,468	4,820	150,000	10,858	46,734	4,799	20,477	2,838	70,000	43,878
2024	53,633	3,655	155,000	7,108	47,880	3,653	21,015	2,300	85,000	42,478
2025	54,817	2,471	155,000	4,705	49,075	2,458	21,568	1,747	105,000	40,778
2026	56,166	1,247	115,000	2,070	50,289	1,244	22,135	1,180	40,000	38,678
2027							22,717	597	160,000	37,878
2028									155,000	34,678
2029									220,000	31,578
2030									230,000	29,378
2031									235,000	26,848
2032									235,000	24,028
2033									235,000	20,973
2034									235,000	17,683
2035									165,000	14,275
2036									170,000	11,800
2037									130,000	9,080
2038									140,000	7,000
2039									140,000	4,550
2040									120,000	1,050
2041										
	268,410	18,153	855,000	56,955	284,089	25,109	147,304	15,898	3,000,000	533,599

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## City of Viroqua, Wisconsin

## Taxable Promissory Notes 1)

\* Preliminary, subject to change.

- 1) A portion of this issue will refund the 2021 through 2030 maturities of the City's State Trust Fund Loan, dated November 8, 2016. A portion of this issue will refund the 2021 through 2030 maturities of the City's State Trust Fund Loan, dated December 22, 2016. A portion of this issue will refund the 2021 through 2028 maturities of the City's State Trust Fund Loan, dated January 16, 2020.

## City of Viroqua, Wisconsin

Dated Amount	Sewerage System Revenue Bonds Series 2002		Sewerage System Revenue Refunding Bonds Series 2016B		Sewerage System Mortgage Revenue Bonds		Sewerage System Mortgage Revenue Bonds		Sewerage System Revenue Bonds	
	12/23/2002 \$1,709,957	05/01	07/28/2016 \$1,095,000	05/01	09/01/2016 \$1,145,630	05/01	09/18/2017 \$4,996,000	05/01	11/22/2017 \$1,954,568	05/01
Maturity										
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	110,897	4,658	85,000	17,250	19,500	23,892	79,300	118,246	99,624	7,766
2022	113,947	1,567	90,000	15,500	20,000	23,448	81,300	116,239	100,077	7,312
2023			140,000	13,200	20,400	22,993	83,400	114,180	100,532	6,856
2024			140,000	10,400	20,900	22,529	85,500	112,069	100,990	6,397
2025			145,000	7,550	21,400	22,053	87,700	109,904	101,449	5,937
2026			150,000	4,600	21,900	21,566	89,900	107,684	101,911	5,474
2027			155,000	1,550	22,400	21,067	92,200	105,408	102,374	5,009
2028					22,900	20,558	94,500	103,074	102,840	4,542
2029					23,400	20,037	96,900	100,681	103,308	4,073
2030					23,900	19,505	99,400	98,228	103,778	3,602
2031					24,500	18,960	101,900	95,711	104,250	3,129
2032					25,000	18,403	104,400	93,133	104,725	2,653
2033					25,600	17,834	107,100	90,489	105,201	2,176
2034					26,200	17,251	109,800	87,778	105,680	1,696
2035					26,800	16,655	112,600	84,998	106,161	1,214
2036					27,400	16,045	115,400	82,148	106,644	730
2037					28,000	15,422	118,400	79,225	107,129	244
2038					28,600	14,785	121,400	76,228		
2039					29,300	14,134	124,400	73,155		
2040					30,000	13,467	127,600	70,005		
2041					30,600	12,785	130,800	66,775		
2042					31,300	12,089	134,100	63,464		
2043					32,100	11,376	137,500	60,069		
2044					32,800	10,645	141,000	56,588		
2045					33,500	9,900	144,600	53,018		
2046					34,300	9,137	148,200	49,358		
2047					35,100	8,356	152,000	45,605		
2048					35,900	7,557	155,800	41,758		
2049					36,700	6,741	159,800	37,813		
2050					37,500	5,906	163,800	33,768		
2051					38,400	5,052	168,000	29,620		
2052					39,300	4,178	172,200	25,368		
2053					40,100	3,285	176,600	21,008		
2054					41,100	2,371	181,000	16,538		
2055					42,000	1,436	185,600	11,955		
2056					42,830	482	190,300	7,256		
2057							195,100	2,439		
	224,844	6,225	905,000	70,050	1,071,630	491,901	4,769,500	2,540,974	1,756,672	68,810

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City of Viroqua, Wisconsin  
Schedule of Bonded Indebtedness continued  
Revenue Debt Secured by Sewer Revenues  
(As of 02/11/2021)

Sewerage System Revenue Refunding Bonds Series 2019A									
Dated	04/25/2019								
Amount	\$1,280,000								
Maturity	05/01								
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending	
2021	45,000	33,883	439,321	205,696	645,016	9,523,326	4.41%	2021	
2022	45,000	32,848	450,324	196,913	647,237	9,073,002	8.93%	2022	
2023	105,000	31,070	449,332	188,299	637,631	8,623,670	13.44%	2023	
2024	110,000	28,408	457,390	179,802	637,192	8,166,280	18.03%	2024	
2025	120,000	25,415	475,549	170,858	646,407	7,690,731	22.80%	2025	
2026	115,000	22,244	478,711	161,567	640,278	7,212,020	27.61%	2026	
2027	120,000	18,953	491,974	151,987	643,961	6,720,046	32.55%	2027	
2028	295,000	12,891	515,240	141,065	656,305	6,204,806	37.72%	2028	
2029	280,000	4,270	503,608	129,061	632,670	5,701,198	42.77%	2029	
2030			227,078	121,334	348,413	5,474,120	45.05%	2030	
2031			230,650	117,800	348,451	5,243,469	47.37%	2031	
2032			234,125	114,189	348,314	5,009,344	49.72%	2032	
2033			237,901	110,499	348,400	4,771,443	52.11%	2033	
2034			241,680	106,725	348,405	4,529,763	54.53%	2034	
2035			245,561	102,867	348,428	4,284,203	57.00%	2035	
2036			249,444	98,923	348,367	4,034,759	59.50%	2036	
2037			253,529	94,891	348,420	3,781,230	62.05%	2037	
2038			150,000	91,013	241,013	3,631,230	63.55%	2038	
2039			153,700	87,289	240,989	3,477,530	65.09%	2039	
2040			157,600	83,472	241,072	3,319,930	66.68%	2040	
2041			161,400	79,560	240,960	3,158,530	68.30%	2041	
2042			165,400	75,553	240,953	2,993,130	69.96%	2042	
2043			169,600	71,444	241,044	2,823,530	71.66%	2043	
2044			173,800	67,233	241,033	2,649,730	73.40%	2044	
2045			178,100	62,917	241,017	2,471,630	75.19%	2045	
2046			182,500	58,494	240,994	2,289,130	77.02%	2046	
2047			187,100	53,961	241,061	2,102,030	78.90%	2047	
2048			191,700	49,315	241,015	1,910,330	80.83%	2048	
2049			196,500	44,553	241,053	1,713,830	82.80%	2049	
2050			201,300	39,673	240,973	1,512,530	84.82%	2050	
2051			206,400	34,672	241,072	1,306,130	86.89%	2051	
2052			211,500	29,545	241,045	1,094,630	89.01%	2052	
2053			216,700	24,292	240,992	877,930	91.19%	2053	
2054			222,100	18,909	241,009	655,830	93.42%	2054	
2055			227,600	13,391	240,991	428,230	95.70%	2055	
2056			233,130	7,738	240,868	195,100	98.04%	2056	
2057			195,100	2,439	197,539	0	100.00%	2057	
	1,235,000	209,980	9,962,646	3,387,940	13,350,586				

City of Viroqua, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Water Revenues  
(As of 02/11/2021)

Dated Amount	Water System Revenue Bonds Series 2004A			Water System Revenue Bonds Series 2013			Water System Mortgage Revenue Bonds Series 2016			Total P & I	Total Interest	Principal Outstanding	% Paid	Fiscal Year Ending
Maturity	Principal	Interest		Principal	Interest		Principal	Interest						
	04/28/2004 \$1,017,329	05/01		10/23/2013 \$1,395,714	05/01		09/01/2016 \$1,472,000	05/01						
	60,098	2,168		68,221	10,590		34,200	29,833		205,110	42,591	2,314,353	6.56%	2021
2021	60,951	1,310		69,009	9,798		33,300	29,073		203,440	40,181	2,151,094	13.15%	2022
2022	61,815	439		69,806	8,996		37,300	28,279		206,635	37,714	1,982,173	19.97%	2023
2023				70,612	8,185		36,300	27,451		142,548	35,636	1,875,261	24.29%	2024
2024				71,427	7,365		40,100	26,592		145,484	33,956	1,763,733	28.79%	2025
2025				72,252	6,535		38,890	25,703		143,381	32,238	1,652,591	33.28%	2026
2026				73,087	5,696		26,500	24,967		130,250	30,663	1,553,004	37.30%	2027
2027				73,931	4,847		27,100	24,364		130,242	29,211	1,451,973	41.38%	2028
2028				74,785	3,988		27,700	23,748		130,221	27,736	1,349,488	45.52%	2029
2029				75,649	3,119		28,400	23,117		130,285	26,236	1,245,439	49.72%	2030
2030				76,523	2,240		29,000	22,471		130,234	24,711	1,139,916	53.98%	2031
2031				77,406	1,351		29,700	21,811		130,268	23,162	1,032,810	58.30%	2032
2032				78,300	452		30,300	21,136		130,188	21,588	924,210	62.69%	2033
2033							31,000	20,446		51,446	20,446	893,210	63.94%	2034
2034							31,700	19,741		51,441	19,741	861,510	65.22%	2035
2035							32,500	19,018		51,518	19,018	829,010	66.53%	2036
2036							33,200	18,279		51,479	18,279	795,810	67.87%	2037
2037							34,000	17,523		51,523	17,523	761,810	69.24%	2038
2038							34,700	16,750		51,450	16,750	727,110	70.64%	2039
2039							35,500	15,961		51,461	15,961	691,610	72.08%	2040
2040							36,300	15,153		51,453	15,153	655,310	73.54%	2041
2041							37,100	14,327		51,427	14,327	618,210	75.04%	2042
2042							38,000	13,482		51,482	13,482	580,210	76.57%	2043
2043							38,900	12,617		51,517	12,617	541,310	78.15%	2044
2044							39,700	11,733		51,433	11,733	501,610	79.75%	2045
2045							40,600	10,829		51,429	10,829	461,010	81.39%	2046
2046							41,600	9,905		51,505	9,905	419,410	83.07%	2047
2047							42,500	8,959		51,459	8,959	376,910	84.78%	2048
2048							43,500	7,991		51,491	7,991	333,410	86.54%	2049
2049							44,500	7,001		51,501	7,001	288,910	88.34%	2050
2050							45,500	5,989		51,489	5,989	243,410	90.17%	2051
2051							46,500	4,954		51,454	4,954	196,910	92.05%	2052
2052							47,600	3,895		51,495	3,895	149,310	93.97%	2053
2053							48,700	2,812		51,512	2,812	100,610	95.94%	2054
2054							49,800	1,703		51,503	1,703	50,810	97.95%	2055
2055							50,810	572		51,381	572	0	100.00%	2056
2056														
	182,864	3,917		951,007	73,162		1,343,000	588,183		2,476,871	665,262	3,142,134		



## DEBT LIMIT

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

Equalized Value	\$313,190,600
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 15,659,530
Less: General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	<u>(9,607,656)</u>
Unused Debt Limit*	<u><u>\$ 6,051,874</u></u>

\*Preliminary, subject to change.

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2020 Equalized Value <sup>2</sup>	% In City	Total G.O. Debt <sup>3</sup>	City's Proportionate Share
Vernon County	\$ 2,216,533,700	14.1297%	\$ 7,884,867	\$1,114,108
Viroqua Area School District	671,997,451	46.6059%	2,875,000	1,339,920
Western Technical College District	23,278,611,234	1.3454%	104,590,000	<u>1,407,155</u>
City's Share of Total Overlapping Debt				<u><u>\$3,861,183</u></u>

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<sup>1</sup> 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

<sup>2</sup> Includes tax increment valuation.

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$313,190,600</b>	<b>Debt/ Per Capita 4,491<sup>1</sup></b>
Total General Obligation Debt*	\$9,607,656	3.07%	\$2,139.31
City's Share of Total Overlapping Debt	<u>3,861,183</u>	<u>1.23%</u>	<u>859.76</u>
Total*	\$13,468,839	4.30%	\$2,999.07

## DEBT PAYMENT HISTORY

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

## FUTURE FINANCING

The City plans to issue its \$1,375,000\* Taxable General Obligation Promissory Notes, Series 2021B (the “Concurrent Obligations”) concurrently with the Bonds. In addition, the City plans to issue (i) \$1,616,000\* Sewer System Bond Anticipation Notes in early-to-mid 2021 to provide interim financing for sewer projects, which it expects to refund with an USDA Sewer Revenue Bond; (ii) \$1,347,000\* Water System Bond Anticipation Notes in early-to-mid 2021 to provide interim financing for water projects, which it expects to refund with an USDA Water Revenue Bond; and (iii) \$2,350,000\* General Obligation Promissory Note in early-to-mid 2021 to provide interim financing for City hall projects, which it expects to refund with an USDA Redevelopment Authority Lease Revenue Bond. Other than the preceding, the City does not currently plan to issue any additional debt in the next 12 months.

\*Preliminary, subject to change.

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<sup>1</sup> Estimated 2020 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Tax Year</b>	<b>Levy for City Purposes Only</b>	<b>% Collected</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2016/17	\$1,934,211	100%	\$8.03
2017/18	1,979,011	100%	8.06
2018/19	2,155,325	100%	8.46
2019/20	2,321,664	100%	8.70
2020/21	2,365,762	- In Process of Collection -	8.28

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 2019 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the City did not adopt such resolutions. The City cannot predict whether and how much payment of property taxes will be impacted by COVID-19 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:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2016/17	\$10.67	\$5.42	\$8.03	\$0.18	\$24.31
2017/18	10.69	5.36	8.06	0.00	24.12
2018/19	10.39	5.26	8.46	0.00	24.10
2019/20	10.18	5.30	8.70	0.00	24.17
2020/21	9.66	5.13	8.28	0.00	23.08

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

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

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

## LEVY LIMITS

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

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

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

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

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

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

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

## THE ISSUER

### CITY GOVERNMENT

The City was incorporated in 1885 and is governed by a Mayor and a nine-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Administrator and City Clerk/Treasurer are responsible for administrative details and financial records.

### EMPLOYEES; PENSIONS

The City employs a staff of 35 full-time, 12 part-time, and 18 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 \$140,781, \$149,725 and \$242,397, respectively.

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

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

As of December 31, 2018, the total pension liability of the WRS was calculated as \$100.29 billion and the fiduciary net position of the WRS was calculated as \$96.74 billion, resulting in a net pension liability of \$3.56 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$497,874 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 0.01399432% 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 Note 3.K. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

### **Recognized and Certified Bargaining Units**

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

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

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

The following bargaining unit represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
WPPA - Viroqua Professional Police Association	December 31, 2023



## **OTHER POST EMPLOYMENT BENEFITS**

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

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

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

For Fiscal Year 2019, the City's portion of contributions to the LRLIF totaled \$607. For Fiscal Year 2019, the City reported a liability of \$81,312 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2018 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.031512% of the aggregate LRLIF net OPEB liability as of December 31, 2018.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 3.J. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

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

## MUNICIPAL BANKRUPTCY

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

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

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

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

## FUNDS ON HAND (as of November 30, 2020)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$2,176,123
Library Fund	52,209
Cemetery Fund	560,240
Golf Course Fund	49,067
Total Funds on Hand	<u><u>\$2,837,639</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
<b>Water</b>			
Total Operating Revenues	\$ 1,116,731	\$ 1,156,292	\$ 1,177,946
Less: Operating Expenses	<u>(759,825)</u>	<u>(753,584)</u>	<u>(846,385)</u>
Operating Income	\$ 356,906	\$ 402,708	\$ 331,561
Plus: Depreciation	277,064	279,589	287,042
Interest Income	<u>1,304</u>	<u>2,189</u>	<u>2,471</u>
Revenues Available for Debt Service	<u><u>\$ 635,274</u></u>	<u><u>\$ 684,486</u></u>	<u><u>\$ 621,074</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 1,505,178	\$ 1,559,001	\$ 1,628,101
Less: Operating Expenses	<u>(908,984)</u>	<u>(1,059,139)</u>	<u>(1,382,544)</u>
Operating Income	\$ 596,194	\$ 499,862	\$ 245,557
Plus: Depreciation	299,865	498,683	697,456
Interest Income	<u>11,277</u>	<u>24,416</u>	<u>46,222</u>
Revenues Available for Debt Service	<u><u>\$ 907,336</u></u>	<u><u>\$ 1,022,961</u></u>	<u><u>\$ 989,235</u></u>
<b>Municipal Golf Course</b>			
Total Operating Revenues	\$ 345,617	\$ 330,954	\$ 342,645
Less: Operating Expenses	<u>(421,878)</u>	<u>(311,848)</u>	<u>(330,418)</u>
Operating Income	\$ (76,261)	\$ 19,106	\$ 12,227
Plus: Depreciation	0	0	0
Interest Income	<u>26</u>	<u>43</u>	<u>36</u>
Revenues Available for Debt Service	<u><u>\$ (76,235)</u></u>	<u><u>\$ 19,149</u></u>	<u><u>\$ 12,263</u></u>

## SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Adopted Budget 1)	2021 Adopted Budget 2)
<b>Revenues</b>					
Property taxes	\$1,250,164	\$1,302,503	\$1,349,611	\$1,455,080	\$1,553,704
Other taxes and special assessments	388,154	359,686	194,281	370,565	388,907
Intergovernmental	1,784,157	1,808,984	1,744,847	1,861,355	1,788,336
Licenses and permits	89,505	92,761	116,015	111,300	109,100
Penalties and forfeitures	52,077	22,980	24,545	24,500	15,200
Public charges for services	346,840	423,897	370,209	388,083	389,758
Interest	11,127	23,690	39,343	8,000	5,050
Miscellaneous general revenues	226,628	267,646	67,292	131,100	92,800
<b>Total Revenues</b>	<b>\$4,148,652</b>	<b>\$4,302,147</b>	<b>\$3,906,143</b>	<b>\$4,349,983</b>	<b>\$4,342,855</b>
<b>Expenditures</b>					
Current:					
General government	\$595,902	\$810,547	\$761,364	\$729,340	\$751,219
Public safety	1,131,477	1,266,893	1,295,077	1,332,716	1,416,348
Public works	1,061,194	1,180,221	1,178,999	1,108,927	1,128,454
Health and social services	238,925	212,157	190,747	189,517	189,517
Culture, recreation and development	934,516	808,978	813,339	773,383	769,717
Capital outlay	251,001	797,016	43,243	216,100	87,600
Debt service	4,552	4,738	17,851	0	0
<b>Total Expenditures</b>	<b>\$4,217,567</b>	<b>\$5,080,550</b>	<b>\$4,300,620</b>	<b>\$4,349,983</b>	<b>\$4,342,855</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(\$68,915)</b>	<b>(\$778,403)</b>	<b>(\$394,477)</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds of long-term debt	\$202,687	\$737,487	\$0		
Operating transfers in	0	0	190,026		
Operating transfers out	(85,564)	(163,788)	0		
Unfunded retirement liability - special payment	(31,122)	(40,000)	0		
<b>Total Other Financing Sources (Uses)</b>	<b>\$86,001</b>	<b>\$533,699</b>	<b>\$190,026</b>		
<b>Net changes in Fund Balances</b>	<b>\$17,086</b>	<b>(\$244,704)</b>	<b>(\$204,451)</b>		
General Fund Balance January 1	\$2,709,237	\$2,726,323	\$2,481,619		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance December 31	\$2,726,323	\$2,481,619	\$2,277,168		
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$218,803	\$223,599	\$486,468		
Restricted	13,656	14,074	13,844		
Assigned	597,252	603,626	602,093		
Unassigned	1,896,612	1,640,320	1,174,763		
<b>Total</b>	<b>\$2,726,323</b>	<b>\$2,481,619</b>	<b>\$2,277,168</b>		

1) The 2020 budget was adopted on November 26, 2019. The City presently estimates that 2020 results will show an approximately \$180,000 use of fund balance, but the City attributes this primarily to preliminary expenditures for City Hall projects incurred in 2020 which it expects to reimburse with a borrowing in 2021 (see "DEBT - Future Financing" hereins).

2) The 2021 budget was adopted on November 10, 2020.

## GENERAL INFORMATION

### LOCATION

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

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

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

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

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<sup>1</sup> 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 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	2	2	3	3	1
Valuation	\$460,000	\$430,000	\$459,000	\$875,000	\$214,000
<u>New Multiple Family Buildings</u>					
No. of building permits	2	0	7	6	1
Valuation	\$3,150,000	\$0	\$2,001,000	\$1,837,000	\$325,000
<u>New Commercial/Industrial</u>					
No. of building permits	1	1	1	1	0
Valuation	\$2,963,759	\$450,000	\$760,000	\$1,280,000	\$0
<u>All Building Permits</u> (including additions and remodelings)					
No. of building permits	163	165	179	139	125
Valuation	\$9,756,434	\$11,269,567	\$8,572,853	\$6,635,753	\$9,636,718

**Source:** The City.

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<sup>1</sup> As of November 30, 2020.

## U.S. CENSUS DATA

### Population Trend: The City

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

### Income and Age Statistics

	The City	Vernon County	State of Wisconsin	United States
2019 per capita income	\$24,266	\$26,198	\$33,375	\$34,103
2019 median household income	\$38,236	\$52,459	\$61,747	\$62,843
2019 median family income	\$47,232	\$66,102	\$78,679	\$77,263
2019 median gross rent	\$633	\$670	\$856	\$1,062
2019 median value owner occupied units	\$130,400	\$157,200	\$180,600	\$217,500
2019 median age	50.2 yrs.	41.7 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	72.71%	71.16%
City % of 2019 median family income	60.03%	61.13%

### Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	2,208	2,279	3.22%

**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>	
	Vernon County	Vernon County	State of Wisconsin
2016	15,209	3.6%	4.0%
2017	15,251	3.1%	3.3%
2018	15,015	2.9%	3.0%
2019	14,772	3.3%	3.3%
2020, October	14,526 <sup>1</sup>	3.7% <sup>1</sup>	5.2%

**Source:** Wisconsin Department of Workforce Development.

<sup>1</sup> Preliminary.

## **APPENDIX A**

### **FINANCIAL STATEMENTS**

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

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



**JBC**

JOHNSON BLOCK

**CPAs**

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

**Year Ended December 31, 2019**

**Johnson Block & Company, Inc.  
Certified Public Accountants  
1315 Bad Axe Court; P.O. Box 271  
Viroqua, Wisconsin 54665  
Phone: 888-308-8281  
Fax: 608-515-5881**

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# CITY OF VIROQUA, WISCONSIN

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

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

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

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

### **Auditor's Responsibility**

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

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

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



### **Opinions**

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

### **Emphasis of Matter**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, and Wisconsin Retirement System schedules on pages 65 - 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

The prior year summarized information has been derived from the City's 2018 financial statements, and, in our report dated October 17, 2019, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, and each major fund.



## **Other Matters (Continued)**

### *Other Information (Continued)*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Viroqua, Wisconsin's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Guidelines, and are also not a required part of the basic financial statements.

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

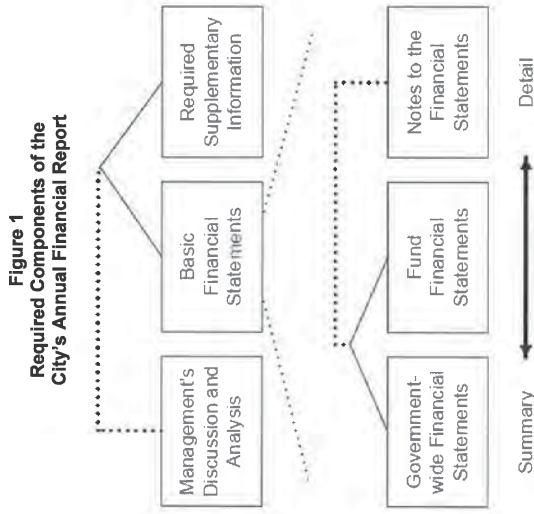
## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2020, on our consideration of the City of Viroqua, Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Viroqua, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Viroqua, Wisconsin's internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
October 14, 2020

The following chart shows how the various parts of this annual report are arranged and related to one another:



### Management's Discussion and Analysis

As management of the City of Lauderdale, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019.

#### 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 \$10,588,757 (*net position*). Of this amount, \$3,202,472 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$331,042. The majority of the increase can be attributed to unused capital contributions, which are restricted for future transportation improvements.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,567,414 a decrease of \$550,186 in comparison with the prior year. The majority of the decrease is due to the 2019 Infrastructure Improvement project that is held in construction work in process at December 31, 2019. Approximately 22.1 percent of this total amount, \$789,359, is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$789,359, or 56.4 percent of 2019 budgeted expenditures.

#### 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The following chart summarizes the major features of the City's financial statements, including the portion of the City's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements:

**Figure 2  
Major Features of the Government-wide and Fund Financial Statements**

Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>Statements of Net Position</li> <li>Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>Statements of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial 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 and deferred outflows of resources and 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.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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, sanitation and recycling, culture and recreation, miscellaneous and interest on bonds.

The government-wide financial statements start on page 27 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 government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 by 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 eleven 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, Street Improvement fund, TIF District No. 1-2 fund, and the 2019A G.O. Improvement Bonds fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation.

The City adopts an annual appropriated budget for its General fund and certain special revenue funds. A budgetary comparison statement has been provided for the General fund and certain special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 32 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer and Storm Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 37 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 start on page 41 of this report.

**Other information.** The combining and individual fund financial statements and schedules are presented following the notes to the financial statements and start on page 68 of this report.

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,588,757 at the close of the most recent fiscal year.

The largest portion of the City's net position (64.4 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Lauderdale's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 4,174,249	\$ 4,185,142	\$ (10,893)	\$ 1,509,788	\$ 1,420,546	\$ 89,252
Capital assets	6,200,696	4,706,410	1,494,286	1,645,198	1,701,771	(56,573)
Total Assets	10,374,945	8,891,552	1,483,393	3,154,986	3,122,317	32,679
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	18,063	39,641	(21,578)	5,812	12,896	(7,084)
<b>Liabilities</b>						
Long-term liabilities						
outstanding	2,588,838	1,588,092	1,018,746	88,962	86,859	2,103
Other liabilities	234,294	73,354	160,940	1,522	5,783	(4,261)
Total Liabilities	2,823,132	1,661,446	1,179,686	90,484	92,642	(2,158)
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	40,036	56,290	(16,254)	13,407	18,313	(4,906)
<b>Net Position</b>						
Investment in capital assets	5,178,531	4,706,410	472,121	1,645,198	1,701,771	(56,573)
Restricted	562,556	910,976	(348,420)	-	-	89,232
Unrestricted	1,790,763	1,616,071	174,692	1,411,719	1,322,487	89,232
Total Net Position	\$ 7,531,840	\$ 7,233,457	\$ 298,383	\$ 3,056,917	\$ 3,024,258	\$ 32,659

The remaining balance of *unrestricted net position* (\$3,202,472) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

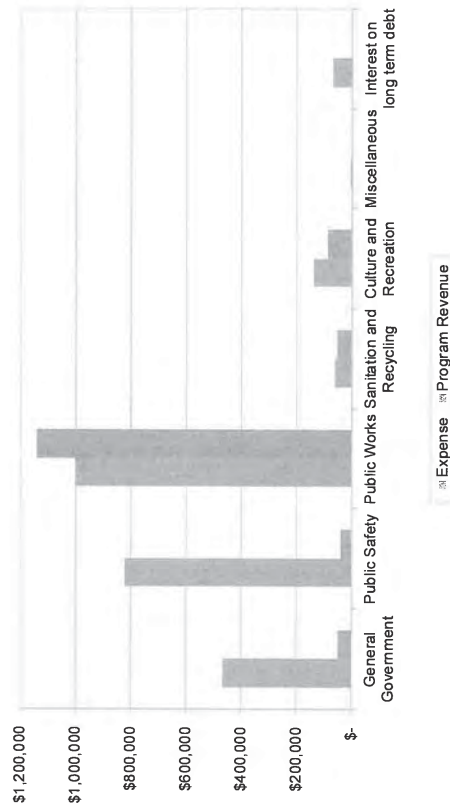
**Governmental Activities.** Governmental activities increased the City's net position by \$298,383 and business-type increased the City's net position by \$32,659. Key elements of the increase are as follows:

#### City of Lauderdale's Changes in Net Position

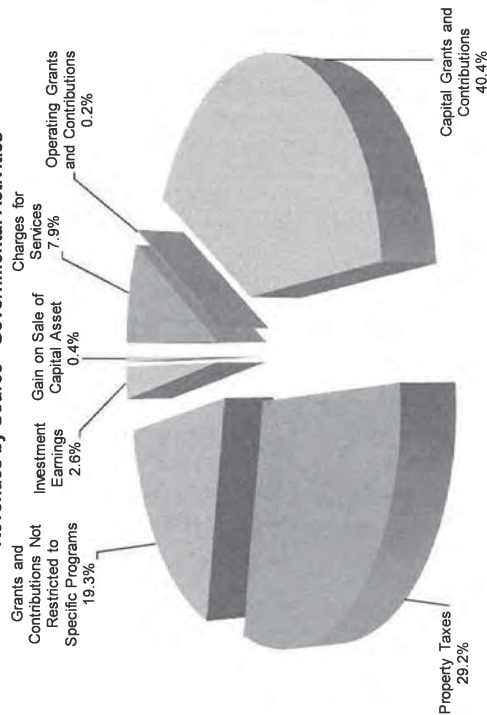
	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
<b>Revenues</b>						
Program Revenues	\$ 225,689	\$ 133,176	\$ 92,413	\$ 418,958	\$ 394,302	\$ 24,656
Charges for services						
Operating grants	5,742	5,852	(90)	-	-	-
Capital grants						
and contributions	1,142,723	888,986	273,737	23,846	-	23,846
General Revenues						
Property taxes	828,027	782,618	45,409	-	-	-
Grants and contributions not						
restricted to specific programs	545,259	614,941	(69,682)	178	557	(379)
Investment earnings	73,592	22,007	51,585	28,152	22,465	5,687
Gain on sale of capital asset	10,412	-	10,412	-	-	-
Total Revenues	2,831,344	2,427,560	403,784	471,134	417,324	53,810
<b>Expenses</b>						
General government	463,927	420,291	43,636	-	-	-
Public safety	822,428	772,073	50,356	-	-	-
Public works	1,001,808	299,313	702,495	-	-	-
Sanitation and recycling	62,155	52,979	9,176	-	-	-
Culture and recreation	136,634	126,271	10,363	-	-	-
Miscellaneous	5,620	60,718	(55,098)	-	-	-
Debt service	72,188	51,798	20,390	-	-	-
Sewer	-	-	-	320,916	286,090	34,826
Storm sewer	-	-	-	85,559	89,480	(3,921)
Total Expenses	2,564,961	1,783,443	781,518	406,475	375,570	30,905
Increase in net position						
before transfers	266,383	644,117	(377,734)	64,659	41,754	22,905
Transfers	32,000	-	32,000	(32,000)	-	(32,000)
Change in Net Position	298,383	644,117	(345,734)	32,659	41,754	(9,095)
Net Position, January 1	7,233,457	6,589,340	644,117	3,024,258	2,982,504	41,754
Net Position, December 31	\$ 7,531,840	\$ 7,233,457	\$ 298,383	\$ 3,056,917	\$ 3,024,258	\$ 32,659

Overall, the financial position of governmental activities remained relatively close to the prior year.

## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities



**Business-type Activities.** Business-type activities increased the City's net position by \$32,659. The increase can be attributed to charges for services over operating costs.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,567,414, a decrease of \$550,186 in comparison with the prior year. Approximately 22.1 percent of this total amount (\$789,359) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund is *nonspendable* (\$3,629), *restricted* (\$1,425,106), *committed* (\$109,097), or *assigned* (\$1,240,223).

The *General fund* is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General fund was \$789,359. As a measure of the General fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 56.4 percent of total General fund expenditures and 56.4 percent of the 2019 budget.

The fund balance of the City's General fund increased by \$45,130 during the current fiscal year because revenue from property taxes and interest on investments increased from the previous year.

The *Street Improvement* fund has a total fund balance of \$521,941, a decrease of \$748,548 from the previous year due to an increase in capital outlay expenditures in the current year.

The *TIF District No. 1-2* fund has a total fund balance of \$1,190,546, a decrease of \$211 from the previous year due to capital outlay expenditures exceeding revenues from interest on investments.

The *2019A G.O. Improvement Bonds* fund has a total fund balance of \$101,597, an increase of \$101,597 from the previous year because new general obligation special assessment bonds were issued in the current year.

**Proprietary Funds.** The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The *Sewer* fund unrestricted net position of the Sewer operation amounted to \$1,026,733. The total increase in net position for the fund was \$9,116.

The *Storm Sewer* fund unrestricted net position amounted to \$384,986. The total increase in net position for the fund was \$23,543.

The factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The original budget was not amended during the 2019 fiscal year. Revenues were more than budgetary estimates by \$43,033 and expenditures were less than budgetary estimates by \$2,097. As a result the City experienced an overall favorable budget variance.

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$7,845,894, (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was -22.4 percent (a -31.8 percent decrease for governmental activities and a 3.3 percent increase for business-type activities).

### City of Lauderdale's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 322,040	\$ 411,347	\$ (89,307)	\$ -	\$ -	\$ -
Construction in Progress	1,736,980	-	1,736,980	-	-	-
Buildings	37,467	39,127	(1,660)	-	-	-
Improvements other than Buildings	67,048	84,180	(17,132)	-	-	-
Machinery and Equipment	85,004	105,388	(20,384)	4,333	5,333	(1,000)
Infrastructure	3,952,157	4,066,368	(114,211)	1,640,865	1,696,438	(55,573)
Total	\$ 6,200,696	\$ 4,705,410	\$ 1,494,286	\$ 1,645,198	\$ 1,701,771	\$ (56,573)

Additional information on the City's capital assets can be found in Note 3B starting on page 51 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,317,165.

### City of Lauderdale's Outstanding Debt

	Governmental Activities			Business Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Bonds Payable	\$ 2,317,165	\$ 1,295,000	\$ 1,022,165	\$ -	\$ -	\$ -

During 2019, the City issued 2019A G.O. Improvement Bonds for \$1,000,000.

Additional information on the City's long-term debt can be found in Note 3D starting on page 53 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The City closed on the purchase of 1795 Eustis Street in May 2018. The City anticipates selling the property for redevelopment in 2020.
- Luther Theological Seminary selected a developer to buy six acres of real estate in Lauderdale. Application for land use approvals are expected in 2020.
- Four new home were permitted in 2019. Two new home permits were approved so far in 2020.

### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, Heather Butkowski, City of Lauderdale, 1891 Walnut Street, Lauderdale, MN 55113.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF VIROQUA, WISCONSIN**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**December 31, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 2,287,148	\$ 2,349,162	\$ 4,636,310
Receivables:			
Customer	-	234,835	234,835
Taxes	2,259,168	-	2,259,168
Special assessments	28,854	-	28,854
Other, net of allowance	487,043	12,240	499,283
Internal balances	(648,301)	648,301	-
Due from other governments	1,307,313	-	1,307,313
Inventories and prepaid items	63,509	35,648	99,157
Restricted assets:			
Cash and investments	503,714	902,576	1,406,290
Capital assets:			
Land	670,305	1,008,898	1,679,203
Construction work in progress	1,651,589	1,975	1,653,564
Other capital assets, net of depreciation	10,636,493	25,144,355	35,780,848
<b>Total assets</b>	<u>19,246,835</u>	<u>30,337,990</u>	<u>49,584,825</u>
<b>Deferred outflows of resources</b>			
Deferred pension outflows	839,952	509,007	1,348,959
Deferred OPEB outflows	14,663	-	14,663
Unamortized maintenance costs	-	21,922	21,922
<b>Total deferred outflows of resources</b>	<u>854,615</u>	<u>530,929</u>	<u>1,385,544</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 20,101,450</u></u>	<u><u>\$ 30,868,919</u></u>	<u><u>\$ 50,970,369</u></u>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**December 31, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 590,324	\$ 24,154	\$ 614,478
Accrued liabilities:			
Interest	42,682	48,848	91,530
Other	42,202	-	42,202
Due to other governments	25,142	-	25,142
Customer deposits	-	100	100
Long-term liabilities:			
Due within one year	1,793,984	732,035	2,526,019
Due in more than one year	7,681,394	12,981,184	20,662,578
Net pension liability	310,010	187,864	497,874
OPEB - group life insurance	81,312	-	81,312
<b>Total liabilities</b>	<u>10,567,050</u>	<u>13,974,185</u>	<u>24,541,235</u>
<b>Deferred inflows of resources</b>			
Deferred pension inflows	427,359	258,977	686,336
Deferred OPEB inflows	21,750	-	21,750
Property taxes and special assessments	3,074,054	-	3,074,054
<b>Total deferred inflows of resources</b>	<u>3,523,163</u>	<u>258,977</u>	<u>3,782,140</u>
<b>Net position</b>			
Net investment in capital assets	6,497,401	12,549,628	19,047,029
Restricted for:			
Police expenditures	3,187	-	3,187
Landfill postclosure costs	9,158	-	9,158
Library operations	45,009	-	45,009
TID No. 2	27,924	-	27,924
TID No. 3	103,625	-	103,625
TID No. 7	28,043	-	28,043
Low-income housing and business development	544,574	-	544,574
EECBG	1,499	-	1,499
Bond reserve and redemption	-	306,877	306,877
DNR plant replacements	-	570,699	570,699
Depreciation and equipment	-	25,000	25,000
Unrestricted (deficit)	(1,249,183)	3,183,553	1,934,370
<b>Total net position</b>	<u>6,011,237</u>	<u>16,635,757</u>	<u>22,646,994</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u><u>\$ 20,101,450</u></u>	<u><u>\$ 30,868,919</u></u>	<u><u>\$ 50,970,369</u></u>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Government Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
<b>Governmental activities:</b>							
General government	\$ 672,001	\$ 116,015	\$ 9,421	\$ -	\$ (546,565)	\$ -	\$ (546,565)
Public safety	1,424,331	56,223	141,707	-	(1,226,401)	-	(1,226,401)
Public works	1,460,750	265,398	441,805	144,516	(609,031)	-	(609,031)
Culture, recreation and development	1,719,778	51,755	133,290	1,619,009	84,276	-	84,276
Health and social services	303,202	32,875	-	-	(270,327)	-	(270,327)
Interest and fiscal charges	249,060	-	-	-	(249,060)	-	(249,060)
<b>Total governmental activities</b>	<b>5,829,122</b>	<b>522,266</b>	<b>726,223</b>	<b>1,763,525</b>	<b>(2,817,108)</b>	<b>-</b>	<b>(2,817,108)</b>
<b>Business-type activities:</b>							
Water	897,784	1,177,946	-	623,877	-	904,039	904,039
Sewer	1,656,915	1,628,101	-	527,891	-	499,077	499,077
Golf course	351,930	342,645	-	20,000	-	10,715	10,715
<b>Total business-type activities</b>	<b>2,906,629</b>	<b>3,148,692</b>	<b>-</b>	<b>1,171,768</b>	<b>-</b>	<b>1,413,831</b>	<b>1,413,831</b>
<b>Total government</b>	<b>\$8,735,751</b>	<b>\$3,670,958</b>	<b>\$ 726,223</b>	<b>\$ 2,935,293</b>	<b>(2,817,108)</b>	<b>1,413,831</b>	<b>(1,403,277)</b>
<b>General revenues:</b>							
Property taxes:							
General purpose					1,349,611	-	1,349,611
Debt service					805,714	-	805,714
Tax incremental financing districts					670,002	-	670,002
Other taxes					194,281	-	194,281
State and federal aids not restricted to specific functions:							
State shared taxes					1,036,858	-	1,036,858
Interest and investment earnings					40,119	48,729	88,848
Donations					2,465	-	2,465
Miscellaneous					47,366	-	47,366
<b>Transfers:</b>							
Tax equivalent					216,403	(216,403)	-
<b>Total general revenues and transfers</b>					<b>4,362,819</b>	<b>(167,674)</b>	<b>4,195,145</b>
<b>Change in net position</b>					<b>1,545,711</b>	<b>1,246,157</b>	<b>2,791,868</b>
<b>Net position - beginning of year</b>					<b>4,465,526</b>	<b>15,389,600</b>	<b>19,855,126</b>
<b>Net position - end of year</b>					<b>\$6,011,237</b>	<b>\$16,635,757</b>	<b>\$ 22,646,994</b>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**As of December 31, 2019**  
**With Comparative Totals for December 31, 2018**

	Major Funds					2019	2018
	General Fund	TIF Districts Fund	Debt Service	Grants Fund	Library Fund	Totals	Totals (Memorandum Only)
<b>ASSETS</b>							
Cash and investments	\$ 2,287,148	\$ -	\$ -	\$ -	\$ -	\$ 2,287,148	\$ 2,034,451
Receivables:							
Taxes	1,976,034	530,164	-	-	-	2,506,198	3,069,937
Special assessments	28,854	-	-	-	-	28,854	11,772
Other, net of allowance	84,500	-	-	402,543	-	487,043	487,344
Prepaid expenses	43,763	-	-	-	-	43,763	121,318
Due from other funds	175,301	-	-	-	-	175,301	294,433
Due from other governments	48,088	1,259,225	-	-	-	1,307,313	57,446
Advances to other funds	405,893	-	-	-	-	405,893	46,247
Inventory	19,746	-	-	-	-	19,746	56,034
Restricted assets:							
Cash and investments	12,345	297,129	-	142,031	52,209	503,714	370,052
<b>Total assets</b>	<b>\$ 5,081,672</b>	<b>\$ 2,086,518</b>	<b>\$ -</b>	<b>\$ 544,574</b>	<b>\$ 52,209</b>	<b>\$ 7,764,973</b>	<b>\$ 6,549,034</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 68,352	\$ 521,971	\$ -	\$ -	\$ -	\$ 590,323	\$ 77,625
Accrued liabilities and expenses	42,202	-	-	-	-	42,202	87,835
Due to other funds	71,260	107,077	-	-	7,200	185,537	319,272
Due to other governments	25,142	-	-	-	-	25,142	20,305
Advance payable to other funds	-	1,290,988	-	-	-	1,290,988	71,175
<b>Total liabilities</b>	<b>206,956</b>	<b>1,920,036</b>	<b>-</b>	<b>-</b>	<b>7,200</b>	<b>2,134,192</b>	<b>576,212</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,597,548</b>	<b>1,148,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,746,508</b>	<b>3,105,189</b>
<b>FUND BALANCE</b>							
Nonspendable	486,468	-	-	-	-	486,468	238,329
Restricted	13,844	159,592	-	544,574	45,009	763,019	676,094
Assigned	602,093	-	-	-	-	602,093	603,626
Unassigned (deficit)	1,174,763	(1,142,070)	-	-	-	32,693	1,349,584
<b>Total fund balance (deficit)</b>	<b>2,277,168</b>	<b>(982,478)</b>	<b>-</b>	<b>544,574</b>	<b>45,009</b>	<b>1,884,273</b>	<b>2,867,633</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 5,081,672</b>	<b>\$ 2,086,518</b>	<b>\$ -</b>	<b>\$ 544,574</b>	<b>\$ 52,209</b>	<b>\$ 7,764,973</b>	<b>\$ 6,549,034</b>

See accompanying notes to financial statements.



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

	2019 Total Gov't. Funds
<b>Total fund balance from previous page</b>	<b>\$ 1,884,273</b>
<b>Total net position reported for governmental activities in the Statement of Net Position is different from the amount reported as total governmental funds' fund balance because:</b>	
Taxes from municipal utilities are recognized as revenues as they are received in the fund statements.	
Deferred tax equivalents receivable	247,030
Some revenues are deferred in the fund statements because they are not available to pay current period expenditures. Amounts reported for governmental activities in the Statement of Net Position are:	
Grant revenue	425,424
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:	
Governmental capital assets	\$ 18,070,834
Governmental accumulated depreciation	<u>(5,112,447)</u>
	12,958,387
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.	
Deferred outflows of resources	854,615
Deferred inflows of resources	(449,109)
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:	
General obligation debt	(6,673,821)
Unamortized debt discounts (premiums)	(39,849)
Accrued interest on general obligation debt	(42,682)
Compensated absences	(487,410)
TIPR bonds	(1,166,332)
Net pension liability	(310,010)
OPEB - group life insurance	(81,312)
Unfunded retirement liability	<u>(1,107,967)</u>
	(9,909,383)
<b>Total net position - governmental activities</b>	<b>\$ 6,011,237</b>
See accompanying notes to financial statements.	

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2019**  
**With Comparative Totals for Year Ended December 31, 2018**

	Major Funds					2018
	General Fund	TIF Districts Fund	Debt Service Fund	Grants Fund	Library Fund	Totals (Memorandum Only)
						2019 Totals
<b>Revenues:</b>						
Property taxes	\$ 1,349,611	\$ 670,002	\$ 805,714	\$ -	\$ -	\$ 2,825,327
Other taxes and special assessments	194,281	-	-	-	-	194,281
Intergovernmental	1,744,847	1,319,709	-	-	-	3,064,556
Licenses and permits	116,015	-	-	-	-	116,015
Penalties and forfeitures	24,545	-	-	-	-	24,545
Public charges for services	370,209	-	-	-	-	370,209
Interest	39,343	-	-	198	578	40,119
Miscellaneous general revenues	67,292	-	-	-	30,663	97,955
<b>Total revenues</b>	<b>3,906,143</b>	<b>1,989,711</b>	<b>805,714</b>	<b>198</b>	<b>31,241</b>	<b>6,733,007</b>
<b>Expenditures:</b>						
Current:						
General government	761,364	-	-	6,723	-	768,087
Public safety	1,295,077	-	-	-	-	1,295,077
Public works	1,178,999	-	-	-	-	1,178,999
Health and social services	190,747	-	-	-	-	190,747
Culture, recreation and development	813,339	3,096,193	-	29	8,431	3,917,992
Capital outlay	43,243	-	-	-	-	43,243
Debt service:						
Principal retirement	-	87,785	668,935	-	10,500	767,220
Interest and fiscal charges	17,851	100,107	136,779	-	7,122	261,859
<b>Total expenditures</b>	<b>4,300,620</b>	<b>3,284,085</b>	<b>805,714</b>	<b>6,752</b>	<b>26,053</b>	<b>8,423,224</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(394,477)</b>	<b>(1,294,374)</b>	<b>-</b>	<b>(6,554)</b>	<b>5,188</b>	<b>(1,690,217)</b>
<b>Other financing sources (uses):</b>						
Proceeds of long-term debt	-	516,831	-	-	-	516,831
Transfer in	-	-	-	-	-	-
Transfer in - tax equivalent	190,026	-	-	-	-	190,026
Transfer out	-	-	-	-	-	-
Unfunded retirement liability - special payment	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>190,026</b>	<b>516,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>706,857</b>
<b>Net change in fund balance</b>	<b>(204,451)</b>	<b>(777,543)</b>	<b>-</b>	<b>(6,554)</b>	<b>5,188</b>	<b>(983,360)</b>
<b>Fund balance (deficit), January 1</b>	<b>2,481,619</b>	<b>(204,935)</b>	<b>-</b>	<b>551,128</b>	<b>39,821</b>	<b>2,867,633</b>
<b>Fund balance (deficit), December 31</b>	<b>\$ 2,277,168</b>	<b>\$ (982,478)</b>	<b>\$ -</b>	<b>\$ 544,574</b>	<b>\$ 45,009</b>	<b>\$ 1,884,273</b>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

<b>Net change in fund balance - total governmental funds</b>		\$ (983,360)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Property taxes on assets of the municipality owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities those revenues are recorded as they are earned.		
Property taxes from municipally owned utilities received during the year	\$ (190,026)	
Property taxes from municipally owned utilities earned during the year	<u>216,403</u>	
<b>Amount by which property taxes earned is greater (less) than that which was received:</b>		26,377
Certain revenues are deferred in the governmental funds because they are not available to pay current period expenditures. In the Statement of Activities, these are recorded as revenues in the current year.		425,424
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	43,243	
Capital asset additions not included in capital outlay	2,200,825	
Depreciation expense reported in the Statement of Activities	<u>(586,319)</u>	
<b>Amount by which capital outlays are greater (less) than depreciation in the current period:</b>		1,657,749
The municipality disposed of capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and has no affect on the Governmental Funds Balance Sheet.		
The value of capital assets disposed of during the year was	(272,835)	
The amount of depreciation recapture for the year was	<u>67,919</u>	
<b>The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:</b>		(204,916)
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Change in special termination benefits	156,677	
Change in other post-employment benefits - group life insurance, with some adjustments	<u>(10,949)</u>	
<b>Amounts paid are greater (less) than amounts earned by:</b>		145,728
Repayment of principal on long-term debt and advances payable to developers is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt and advances payable to developers in the Statement of Net Position and does not affect the Statement of Activities.		
<b>The amount of long-term debt and advances payable to developers' principal payments in the current year is:</b>		1,102,071
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		(516,831)
In governmental funds interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.		
The amount of interest paid during the current period	261,859	
The amount of interest accrued during the current period	<u>(253,528)</u>	
<b>Interest paid is greater (less) than interest accrued by:</b>		8,331
In governmental funds debt discounts or premiums on outstanding long-term debt are reported as an expenditure or revenue when paid/received. In the Statement of Activities debt discounts/premiums are amortized over the life of the issue.		
The amount of debt premium recognized during the current period	5,934	
The amount of debt discounts recognized during the current period	<u>(1,465)</u>	
<b>Debt discounts/premiums paid are greater (less) than discounts/premiums accrued by:</b>		4,469
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset (liability) from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	91,695	
Actuarially determined change in net pension asset (liability) between years, with adjustments	<u>(211,026)</u>	(119,331)
<b>Change in net position - governmental activities</b>		<u><u>\$ 1,545,711</u></u>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**As of December 31, 2019**  
**With Comparative Totals for December 31, 2018**

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2019 Totals	2018 Totals (Memorandum Only)
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>					
<b><u>OF RESOURCES</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 551,937	\$ 1,768,276	\$ 28,949	\$ 2,349,162	\$ 2,940,496
Receivables:					
Special assessments	-	-	-	-	1,682
Customer accounts	102,004	132,831	-	234,835	230,138
Other	4,219	8,021	-	12,240	4,231
Due from other funds	61,971	37,237	-	99,208	98,991
Materials and supplies	31,406	4,242	-	35,648	34,431
<b>Total current assets</b>	<b>751,537</b>	<b>1,950,607</b>	<b>28,949</b>	<b>2,731,093</b>	<b>3,309,969</b>
<b>Restricted assets:</b>					
Cash and cash equivalents	64,799	837,777	-	902,576	836,419
<b>Total restricted assets</b>	<b>64,799</b>	<b>837,777</b>	<b>-</b>	<b>902,576</b>	<b>836,419</b>
<b>Property, plant and equipment:</b>					
Utility plant	12,854,911	19,868,470	-	32,723,381	31,495,189
Land	1,315	116,927	890,656	1,008,898	1,011,438
Construction work in progress	1,601	374	-	1,975	28,673
Accumulated depreciation	(3,545,513)	(4,033,513)	-	(7,579,026)	(6,689,373)
<b>Net property, plant     and equipment</b>	<b>9,312,314</b>	<b>15,952,258</b>	<b>890,656</b>	<b>26,155,228</b>	<b>25,845,927</b>
<b>Other assets:</b>					
Net pension asset	-	-	-	-	150,714
Advances to other funds	280,972	604,123	-	885,095	24,928
<b>Total other assets</b>	<b>280,972</b>	<b>604,123</b>	<b>-</b>	<b>885,095</b>	<b>175,642</b>
<b>Total assets</b>	<b>10,409,622</b>	<b>19,344,765</b>	<b>919,605</b>	<b>30,673,992</b>	<b>30,167,957</b>
<b>Deferred outflows of resources:</b>					
Unamortized maintenance costs	21,922	-	-	21,922	43,844
Deferred pension outflows	222,882	286,125	-	509,007	278,831
<b>Total deferred outflows of     resources</b>	<b>244,804</b>	<b>286,125</b>	<b>-</b>	<b>530,929</b>	<b>322,675</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 10,654,426</b>	<b>\$ 19,630,890</b>	<b>\$ 919,605</b>	<b>\$ 31,204,921</b>	<b>\$ 30,490,632</b>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**As of December 31, 2019**  
**With Comparative Totals for December 31, 2018**

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2019 Totals	2018 Totals (Memorandum Only)
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u></b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 4,348	\$ 19,806	\$ -	\$ 24,154	\$ 62,238
Accrued liabilities and expenses:					
Taxes payable	247,030	-	-	247,030	220,653
Accrued interest	8,417	36,865	3,566	48,848	57,840
Due to other funds	26,184	62,788	-	88,972	74,152
Customer deposits	100	-	-	100	100
Current portion of long-term debt	276,174	443,892	11,969	732,035	703,607
<b>Total current liabilities</b>	<b>562,253</b>	<b>563,351</b>	<b>15,535</b>	<b>1,141,139</b>	<b>1,118,590</b>
<b>Long-term liabilities:</b>					
Long-term debt, net of current portion	2,525,155	10,030,081	434,048	12,989,284	13,695,108
Less: Unamortized debt discount/premium	(2,613)	(5,487)	-	(8,100)	(9,615)
Net pension liability	82,261	105,603	-	187,864	-
<b>Total long-term liabilities</b>	<b>2,604,803</b>	<b>10,130,197</b>	<b>434,048</b>	<b>13,169,048</b>	<b>13,685,493</b>
<b>Total liabilities</b>	<b>3,167,056</b>	<b>10,693,548</b>	<b>449,583</b>	<b>14,310,187</b>	<b>14,804,083</b>
<b>Deferred inflows of resources:</b>					
Deferred pension inflows	113,400	145,577	-	258,977	296,949
<b>Total deferred inflows of resources</b>	<b>113,400</b>	<b>145,577</b>	<b>-</b>	<b>258,977</b>	<b>296,949</b>
<b>Net position:</b>					
Net investment in capital assets	6,559,269	5,545,720	444,639	12,549,628	11,561,519
Restricted for special purposes:					
Bond reserve and redemption	39,799	267,078	-	306,877	297,301
DNR plant replacements	-	570,699	-	570,699	514,118
Depreciation and equipment	25,000	-	-	25,000	25,000
Unrestricted	749,902	2,408,268	25,383	3,183,553	2,991,662
<b>Total net position</b>	<b>7,373,970</b>	<b>8,791,765</b>	<b>470,022</b>	<b>16,635,757</b>	<b>15,389,600</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 10,654,426</b>	<b>\$ 19,630,890</b>	<b>\$ 919,605</b>	<b>\$ 31,204,921</b>	<b>\$ 30,490,632</b>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
**Year Ended December 31, 2019**  
**With Comparative Totals for Year Ended December 31, 2018**

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2019 Totals	2018 Totals (Memorandum Only)
<b>Operating revenues:</b>					
Sales of water	\$ 1,143,484	\$ -	\$ -	\$ 1,143,484	\$ 1,128,249
Sewerage service fees	-	1,582,717	-	1,582,717	1,552,724
Other operating revenues	34,462	45,384	342,645	422,491	365,274
<b>Total operating revenues</b>	<u>1,177,946</u>	<u>1,628,101</u>	<u>342,645</u>	<u>3,148,692</u>	<u>3,046,247</u>
<b>Operating expenses:</b>					
Operation and maintenance	549,366	662,734	312,286	1,524,386	1,299,024
Depreciation	287,042	697,456	-	984,498	778,272
Taxes	9,977	22,354	18,132	50,463	47,275
<b>Total operating expenses</b>	<u>846,385</u>	<u>1,382,544</u>	<u>330,418</u>	<u>2,559,347</u>	<u>2,124,571</u>
<b>Operating income (loss)</b>	<u>331,561</u>	<u>245,557</u>	<u>12,227</u>	<u>589,345</u>	<u>921,676</u>
<b>Nonoperating revenues (expenses):</b>					
Interest and dividend income	2,471	46,222	36	48,729	26,648
Interest on long-term debt	(50,692)	(230,313)	(21,512)	(302,517)	(331,893)
Amortization	(707)	(44,058)	-	(44,765)	(2,915)
<b>Total nonoperating revenues (expenses)</b>	<u>(48,928)</u>	<u>(228,149)</u>	<u>(21,476)</u>	<u>(298,553)</u>	<u>(308,160)</u>
<b>Net income (loss) before capital contributions and transfers</b>	<u>282,633</u>	<u>17,408</u>	<u>(9,249)</u>	<u>290,792</u>	<u>613,516</u>
<b>Capital contributions</b>	<u>623,877</u>	<u>527,891</u>	<u>20,000</u>	<u>1,171,768</u>	<u>1,647,401</u>
<b>Transfers:</b>					
Tax equivalent	(216,403)	-	-	(216,403)	(214,864)
<b>Change in net position</b>	<u>690,107</u>	<u>545,299</u>	<u>10,751</u>	<u>1,246,157</u>	<u>2,046,053</u>
<b>Net position, January 1</b>	<u>6,683,863</u>	<u>8,246,466</u>	<u>459,271</u>	<u>15,389,600</u>	<u>13,343,547</u>
<b>Net position, December 31</b>	<u>\$ 7,373,970</u>	<u>\$ 8,791,765</u>	<u>\$ 470,022</u>	<u>\$ 16,635,757</u>	<u>\$ 15,389,600</u>

See accompanying notes to financial statements.

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

**Year Ended December 31, 2019**

**With Comparative Totals for Year Ended December 31, 2018**

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2019 Totals	2018 Totals (Memorandum Only)
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 1,174,466	\$ 1,623,712	\$ 342,645	\$ 3,140,823	\$ 3,062,209
Cash received from (paid to) other funds for services	18,648	(88,617)	-	(69,969)	(80,129)
Cash paid to suppliers for goods and services	(376,572)	(449,307)	(330,418)	(1,156,297)	(877,686)
Cash payments to employees for services	(159,853)	(204,235)	-	(364,088)	(453,591)
<b>Net cash provided (used) by operating activities</b>	<b>656,689</b>	<b>881,553</b>	<b>12,227</b>	<b>1,550,469</b>	<b>1,650,803</b>
<b>Cash flows from non capital and related financing activities:</b>					
Transfers - tax equivalent paid	(190,026)	-	-	(190,026)	(188,210)
<b>Net cash provided (used) by non capital and related financing activities</b>	<b>(190,026)</b>	<b>-</b>	<b>-</b>	<b>(190,026)</b>	<b>(188,210)</b>
<b>Cash flows from capital and related financing activities:</b>					
Principal paid on long-term debt	(264,526)	(1,682,666)	(11,617)	(1,958,809)	(582,336)
Proceeds from long-term debt	-	1,280,000	-	1,280,000	1,865,768
Interest paid	(51,746)	(238,160)	(21,603)	(311,509)	(332,035)
Issue costs paid	-	(43,250)	-	(43,250)	-
Contributed capital	355,484	17,534	20,000	393,018	1,646,166
Plant additions	(720,844)	(575,495)	-	(1,296,339)	(3,695,429)
Proceeds from sale of land	2,540	-	-	2,540	-
Salvage	-	-	-	-	1,895
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(679,092)</b>	<b>(1,242,037)</b>	<b>(13,220)</b>	<b>(1,934,349)</b>	<b>(1,095,971)</b>
<b>Cash flows from investing activities:</b>					
Interest and dividend income on cash and cash equivalents	2,471	46,222	36	48,729	26,648
<b>Net cash provided (used) by investing activities</b>	<b>2,471</b>	<b>46,222</b>	<b>36</b>	<b>48,729</b>	<b>26,648</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(209,958)</b>	<b>(314,262)</b>	<b>(957)</b>	<b>(525,177)</b>	<b>393,270</b>
<b>Cash and cash equivalents, January 1</b>	<b>826,694</b>	<b>2,920,315</b>	<b>29,906</b>	<b>3,776,915</b>	<b>3,383,645</b>
<b>Cash and cash equivalents, December 31</b>	<b>\$ 616,736</b>	<b>\$ 2,606,053</b>	<b>\$ 28,949</b>	<b>\$ 3,251,738</b>	<b>\$ 3,776,915</b>

See accompanying notes to financial statements.

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

**Year Ended December 31, 2019**

**With Comparative Totals for Year Ended December 31, 2018**

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2019 Totals	2018 Totals (Memorandum Only)
<b>Reconciliation of operating income to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 331,561	\$ 245,557	\$ 12,227	\$ 589,345	\$ 921,676
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Amortization of water tower painting	21,922	-	-	21,922	21,922
Depreciation	287,042	697,456	-	984,498	778,272
Meter reading allocation	15,669	(15,669)	-	-	-
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Customer accounts receivable	(3,368)	(1,329)	-	(4,697)	(2,596)
Special assessments	222	1,460	-	1,682	1,570
Other receivables	(334)	(4,520)	-	(4,854)	16,988
Due from other funds	(69)	(148)	-	(217)	(71,043)
Advances to other funds	-	(84,572)	-	(84,572)	-
Materials and supplies	(1,002)	(215)	-	(1,217)	4,047
Accounts payable	(29,143)	(8,941)	-	(38,084)	29,879
Accrued sick leave	960	453	-	1,413	19,243
Pension and related deferrals	30,181	40,249	-	70,430	(60,069)
Due to other funds	3,048	11,772	-	14,820	(9,086)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 656,689</b>	<b>\$ 881,553</b>	<b>\$ 12,227</b>	<b>\$ 1,550,469</b>	<b>\$ 1,650,803</b>
<b>Supplementary schedules:</b>					
Noncash capital and related financing transactions:					
Plant additions	\$ -	\$ -	\$ -	\$ -	\$ (1,235)
Other accounts receivable	(3,155)	-	-	(3,155)	-
Advances to other funds	(265,238)	(510,357)	-	(775,595)	-
Contributed capital	268,393	510,357	-	778,750	1,235
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>					
Cash and cash equivalents	\$ 551,937	\$ 1,768,276	\$ 28,949	\$ 2,349,162	\$ 2,940,496
Restricted cash and cash equivalents	64,799	837,777	-	902,576	836,419
	<b>\$ 616,736</b>	<b>\$ 2,606,053</b>	<b>\$ 28,949</b>	<b>\$ 3,251,738</b>	<b>\$ 3,776,915</b>

See accompanying notes to financial statements.



**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**As of December 31, 2019**  
**With Comparative Totals for December 31, 2018**

	Tax Custodial Fund	Expendable Trust Fund Park Fund	2019 Totals	2018 Totals (Memorandum Only)
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,104,060	\$ 5,000	\$ 1,109,060	\$ 1,871,376
Taxes receivable	3,026,975	-	3,026,975	2,117,488
<b>Total assets</b>	<b>\$ 4,131,035</b>	<b>\$ 5,000</b>	<b>\$ 4,136,035</b>	<b>\$ 3,988,864</b>
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ 4,131,035	\$ -	\$ 4,131,035	\$ 3,983,864
<b>Total liabilities</b>	<b>4,131,035</b>	<b>-</b>	<b>4,131,035</b>	<b>3,983,864</b>
<b><u>NET POSITION</u></b>				
Restricted	-	5,000	5,000	5,000
<b>Total net position</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Total liabilities and net position</b>	<b>\$ 4,131,035</b>	<b>\$ 5,000</b>	<b>\$ 4,136,035</b>	<b>\$ 3,988,864</b>

See accompanying notes to financial statements.

**CITY OF VIROQUA, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
Year Ended December 31, 2019  
With Comparative Totals for Year Ended December 31, 2018**

	Tax Custodial Fund	Expendable Trust Fund Park Fund	2019 Totals	2018 Totals (Memorandum Only)
<b>ADDITIONS</b>				
Property tax collections for other governments	\$ 2,483,966	\$ -	\$ 2,483,966	\$ -
<b>DEDUCTIONS</b>				
Payments of taxes to other governments	2,483,966	-	2,483,966	-
<b>Change in net position</b>	-	-	-	-
<b>Net position, January 1</b>	-	5,000	5,000	5,000
<b>Net position, December 31</b>	\$ -	\$ 5,000	\$ 5,000	\$ 5,000

See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

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C.	Risk Management
D.	Effect of New Accounting Standards on Current Year Financial Statements
E.	Subsequent Events

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

This report includes all of the funds of the City of Viroqua. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

**The Housing Authority of the City of Viroqua**

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

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

**B. BASIS OF FINANCIAL STATEMENT PRESENTATION**

**Government-Wide Financial Statements**

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements**

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

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

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

**Governmental Funds**

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

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

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

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

The City reports the following major governmental funds:

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

**Proprietary Funds**

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

The City reports the following major proprietary funds:

- Water Utility
- Sewer Utility
- Municipal Golf Course Utility

**Fiduciary Funds (Not included in Government-Wide Statements)**

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity.

The City reports the following fiduciary funds:

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF ACCOUNTING**

The government-wide financial statements and fund financial statements for the proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer Utility and Municipal Golf Course Utility are charges to customers for providing service to the City's residents and businesses. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

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

Property tax calendar – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full or	
first installment due	January 31, 2020
Second installment due	July 31, 2020
Tax sale – 2019 delinquent real estate	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, deferred inflows are removed from the balance sheet and revenue is recognized.

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS

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

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

E. CASH AND INVESTMENTS

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

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

Restricted Assets

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

F. INVENTORIES AND PREPAID ITEMS

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. CAPITAL ASSETS**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest used capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings and improvements	10 - 50 years
Land improvements	10 - 30 years
Machinery and equipment	5 - 20 years
Infrastructure	30 - 50 years
Utility plant	4 - 77 years

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements. Fixed assets used in enterprise fund operations are accounted for the same as in the government-wide statements.

**H. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

An allowance for uncollectible accounts of \$32,641 has been recorded for CDBG loans receivable determined to be questionable as to their collectability. No other allowance for uncollectible accounts has been recorded in the governmental or proprietary funds as all other amounts are considered collectible.

**J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS**

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

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

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

**K. LONG-TERM OBLIGATIONS/CONDUIT DEBT**

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The City has issued tax-exempt industrial revenue bonds and lease revenue bonds for various non-profit organizations located within the City totaling \$10,759,345 with an outstanding balance of \$6,617,089 at December 31, 2019. The City is not obligated in any manner for these obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CLAIMS AND JUDGMENTS

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

M. INTERFUND TRANSACTIONS

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

N. OTHER POSTEMPLOYMENT BENEFITS

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

O. PENSIONS

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system of \$1,348,959, the OPEB plan of \$14,663, and unamortized maintenance costs of \$21,922.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has four items that qualify for reporting in the category. The deferred inflows of resources are for the WRS pension system of \$686,336, the OPEB plan of \$21,750, deferred tax revenue of \$3,045,200, and special assessments of \$28,854.

Q. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. EQUITY CLASSIFICATIONS (Continued)

Fund Statements

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

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

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

R. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Water Utility

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

Sewer Utility

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. SUMMARIZED COMPARATIVE INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

T. CHANGE IN ACCOUNTING PRINCIPLE

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

U. RECLASSIFICATIONS

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

B. DEFICIT BALANCES

As of December 31, 2019, the following individual Tax Incremental Financing Districts Funds held a deficit balance:

	Fund	Amount	Reason
	Tax Incremental Financing District No. 4	\$ 1,078,750	Unrecovered costs
	Tax Incremental Financing District No. 5	25,261	Unrecovered costs
	Tax Incremental Financing District No. 6	38,059	Unrecovered costs

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

**C. BOND COVENANT DISCLOSURE**

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

**Compliance with Funding Requirements**

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

**Number of Customers**

The utilities served the following number of customers at December 31, 2019:

	Water	Sewer
Residential	1,778	1,720
Commercial	268	244
Industrial	12	11
Public authority	41	29
Multi-residential	27	26
Totals	2,126	2,030

**Insurance Coverage**

The utilities were covered under insurance at December 31, 2019.

**Debt Coverage**

2019 required and actual coverage factors are as follows:

	Water	Sewer
Actual Defined Earnings		
Change in net position	\$ 690,107	\$ 545,299
Plus:		
Interest expense	50,692	230,313
Depreciation	287,042	697,456
Amortization	707	44,058
Tax equivalent	216,403	-
Less:		
Capital contributions	(623,877)	(527,891)
Income available for debt service	\$ 621,074	\$ 989,235
Annual debt service	\$ 206,699	\$ 543,936
2019 calculated coverage ratio	3.00	1.82
Required coverage ratio	1.25	1.25

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

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

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

The carrying amount of the City's cash and investments totaled \$7,151,660 on December 31, 2019 and is summarized below:

Cash on hand	\$ 125
Deposits with financial institutions	5,992,244
Investments:	
Local Government Investment Pool	1,159,291
	<u>\$ 7,151,660</u>
<b>Reconciliation to the basic financial statements:</b>	
Government-Wide Statement of Net Position:	
Cash and investments	\$ 4,636,310
Restricted cash and investments	1,406,290
Fiduciary funds:	
Cash and cash equivalents	<u>1,109,060</u>
	<u>\$ 7,151,660</u>

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposits. Deposits with financial institutions and the Local Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the amounts below.

As of December 31, 2019, \$5,279,087 of the City's deposits with financial institutions totaling \$6,197,313 was in excess of federal depository insurance limits and uncollateralized. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

**Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2019, the LGIP had an average maturity of 18 days and a fair value of \$1,159,291.

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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

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

Investment allocation in the LGIP as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Certificates of Deposit and Bankers' Acceptances and 9.25% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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

B. RECEIVABLES

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

	General	TIF Districts	Grants	Total	
				Governmental	Fiduciary
Total receivables	\$ 2,089,388	\$ 530,164	\$ 402,543	\$ 3,022,095	\$ 3,026,975
Amounts not expected to be collected within one year	\$ 59,067	\$ -	\$ 402,543	\$ 461,610	\$ -

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

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The following is a schedule of interfund receivables/payables:

Receivable fund:	Payable fund:	Purpose:	Amount
General Fund	TIF Districts	Expense reimbursement	\$ 107,077
General Fund	Water Utility	Expense reimbursement	26,184
General Fund	Sewer Utility	Expense reimbursement	34,840
General Fund	Library Fund	Expense reimbursement	7,200
Water Utility	Sewer Utility	Joint metering allocation	27,948
Water Utility	General Fund	Expense reimbursement	34,023
Sewer Utility	General Fund	Expense reimbursement	37,237
			<u>\$ 274,509</u>

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

The following is a schedule of interfund advances:

Receivable fund:	Payable fund:	Purpose:	Amount
General Fund	TIF Districts	Expense reimbursement	\$ 405,893
Water Utility	TIF Districts	Expense reimbursement	280,972
Sewer Utility	TIF Districts	Expense reimbursement	604,123
			<u>\$ 1,290,988</u>

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

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

Transfer from:	Transfer to:	Purpose:	Amount
Business-type Activities	Governmental Activities	Tax equivalent	\$ 216,403

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. RESTRICTED ASSETS**

The City's Governmental Funds reported the following restricted cash at December 31, 2019:

General Fund:	
Landfill closure	\$ 9,158
Police	3,187
Grants Fund	142,031
Library Fund	52,209
TIF District No. 2	85,862
TIF District No. 3	202,624
TIF District No. 6	8,643
	<u>\$ 503,714</u>

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

Bond Reserve Accounts – Payments from the accounts may be made only to prevent default in the event the monies in the bond principal and interest accounts are insufficient to make payments when due.

Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the City's combined waterworks and sewerage system if other funds are not available. The Sewer Utility is required to deposit funds annually in the plant replacement fund to satisfy terms of the user charge ordinance. At December 31, 2019, the replacement fund balance was \$570,699.

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

	Water	Sewer	Total
Bond reserve and redemption accounts	\$ 39,799	\$ 267,078	\$ 306,877
DNR plant replacement fund	-	570,699	570,699
Depreciation	25,000	-	25,000
Total restricted cash and investments	<u>\$ 64,799</u>	<u>\$ 837,777</u>	<u>\$ 902,576</u>



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. CAPITAL ASSETS**

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

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 754,668	\$ -	\$ 84,363	\$ 670,305
Construction work in progress	19,001	1,651,589	19,001	1,651,589
Total capital assets not being depreciated	773,669	1,651,589	103,364	2,321,894
Capital assets being depreciated:				
Land improvements	510,323	9,000	-	519,323
Buildings and improvements	5,685,607	-	80,000	5,605,607
Machinery and equipment	5,323,125	297,532	108,472	5,512,185
Infrastructure	3,806,877	304,948	-	4,111,825
Total capital assets being depreciated	15,325,932	611,480	188,472	15,748,940
Total capital assets	16,099,601	2,263,069	291,836	18,070,834
Less: Accumulated depreciation:				
Land improvements	(253,726)	(12,926)	-	(266,652)
Buildings and improvements	(1,222,324)	(95,972)	(4,857)	(1,313,439)
Machinery and equipment	(2,401,213)	(364,934)	(63,062)	(2,703,085)
Infrastructure	(716,784)	(112,487)	-	(829,271)
Total accumulated depreciation	(4,594,047)	(586,319)	(67,919)	(5,112,447)
Net capital assets	\$ 11,505,554	\$ 1,676,750	\$ 223,917	\$ 12,938,387

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>	
General government	\$ 4,763
Public safety	174,374
Public works	231,249
Culture, recreation and development	175,933
Total governmental activities depreciation expense	\$ 586,319

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. CAPITAL ASSETS (Continued)**

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

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 3,855	\$ -	\$ 2,540	\$ 1,315
Construction work in progress	15,738	621,347	635,484	1,601
Total capital assets not being depreciated	19,593	621,347	638,024	2,916
Capital assets being depreciated:				
Source of supply	1,462,043	-	-	1,462,043
Pumping	1,004,145	-	-	1,004,145
Water treatment	7,708	-	-	7,708
Transmission and distribution	9,194,355	715,854	56,726	9,853,483
General	508,404	19,128	-	527,532
Total capital assets being depreciated	12,176,655	734,982	56,726	12,854,911
Total water capital assets	\$ 12,196,248	\$ 1,356,329	\$ 694,750	\$ 12,857,827
<b>Sewer</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 116,927	\$ -	\$ -	\$ 116,927
Construction work in progress	12,935	510,731	523,292	374
Total capital assets not being depreciated	129,862	510,731	523,292	117,301
Capital assets being depreciated:				
Pumping	1,248,639	-	-	1,248,639
Non-utility	12,000	-	-	12,000
Collecting system	5,451,226	546,516	21,120	5,976,622
Treatment and disposal	11,270,959	19,956	5,000	11,285,915
General	1,335,710	21,584	12,000	1,345,294
Total capital assets being depreciated	19,318,534	588,056	38,120	19,868,470
Total sewer capital assets	\$ 19,448,396	\$ 1,098,787	\$ 561,412	\$ 19,985,771

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. CAPITAL ASSETS (Continued)**

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Golf course</b>				
Capital assets not being depreciated:	\$ 890,656	\$ -	\$ -	\$ 890,656
Land and land rights	\$ 890,656	\$ -	\$ -	\$ 890,656
Total capital assets	\$ 890,656	\$ -	\$ -	\$ 890,656

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

		2019	2019	2019	2019
		Depreciation	Meter	Retirements	
Fund	Balance 1/1/2019	Expense	Reading Allocation	Removals (net of salvage)	Balance 12/31/2019
Water	\$ 3,299,527	\$ 287,042	\$ 15,669	\$ (56,725)	\$ 3,545,513
Sewer	\$ 3,389,846	\$ 697,456	\$ (15,669)	\$ (38,120)	\$ 4,033,513
	\$ 6,689,373	\$ 984,498	\$ -	\$ (94,845)	\$ 7,579,026

**F. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows at December 31, 2019, for governmental funds consist of the following:

	General Fund	Tax Incremental Financing Districts	Total
Property taxes receivable	\$ 2,321,664	\$ 723,536	\$ 3,045,200
Special assessments not yet due	28,854	-	28,854
Unavailable grant revenue	-	425,424	425,424
Unearned tax equivalent	247,030	-	247,030
Total deferred inflows for governmental funds	\$ 2,597,548	\$ 1,148,960	\$ 3,746,508

Deferred inflows at December 31, 2019, as reported on the statement of net position, consist of the following:

	Governmental Activities	Business-Type Activities
Property taxes receivable	\$ 3,045,200	\$ -
Special assessments not yet due	28,854	-
Deferred pension inflows	427,359	258,977
Deferred OPEB inflows	21,750	-
Total deferred inflows for governmental activities	\$ 3,523,163	\$ 258,977

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM OBLIGATIONS**

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

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 3,399,208	\$ 516,831	\$ 427,218	\$ 3,488,821	\$ 1,003,224
Bonds and notes	3,525,000	-	340,000	3,185,000	340,000
Bond premium	51,130	-	5,934	45,196	-
Less discount on debt	(6,812)	-	(1,465)	(5,347)	-
Total bonds and notes payable	6,968,526	516,831	771,687	6,713,670	1,343,224
Other liabilities:					
TPR bonds	1,501,185	-	334,853	1,166,332	319,389
Compensated absences	550,723	-	63,313	487,410	36,236
Unfunded retirement liability	1,201,331	-	93,364	1,107,967	95,135
Total other liabilities	3,253,239	-	491,530	2,761,709	450,760
Total governmental activities long-term liabilities	\$ 10,221,765	\$ 516,831	\$ 1,263,217	\$ 9,475,379	\$ 1,793,984
<b>Business-Type Activities</b>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 11,744,409	\$ -	\$ 498,809	\$ 11,245,600	\$ 512,035
Bonds	2,540,000	1,280,000	1,460,000	2,360,000	220,000
Bond premium	12,289	-	1,536	10,753	-
Less discount on debt	(21,904)	-	(3,051)	(18,853)	-
Total bonds and notes payable	14,274,794	1,280,000	1,957,294	13,597,500	732,035
Other liabilities:					
Compensated absences	114,306	8,433	7,020	115,719	-
Total other liabilities	114,306	8,433	7,020	115,719	-
Total business-type activities long-term liabilities	\$ 14,389,100	\$ 1,288,433	\$ 1,964,314	\$ 13,713,219	\$ 732,035

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

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM OBLIGATIONS (Continued)**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019 was \$14,846,185. Total general obligation debt outstanding at year end was \$6,803,586.

**TIPR (Tax Increment Project Revenue) Bonds**

The City has executed multiple developer agreements with local businesses relative to their expansion in the City's Industrial Park. The agreements specify certain infrastructure to be constructed by the developer and provides for the use of tax incremental financing. Over the life of the tax increment districts, developer agreements in the form of Tax Increment Project Revenue (TIPR) bonds have been issued totaling \$2,076,461 for TID No. 3, \$638,664 for TID No. 4, and \$500,000 for TID No. 6. The TIPR bonds will be retired solely from Tax Incremental Financing District revenues over the life of each TID. Repayment schedules for the TIPR bonds are determined annually based on the increment generated by each property. The amounts are payable only if the TIF Districts have enough revenue after paying existing debt obligations. The TIPR bonds outstanding at December 31, 2019 were as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019	Current Portion
<b>TID No. 3</b>						
Developer	4/1/2011	9/30/2023	5.00%	\$ 1,700,000	\$ 522,532	\$ 271,763
Developer	7/1/2010	9/1/2023	4.00%	76,462	61,257	2,512
Developer	6/1/2016	9/1/2023	3.00%	150,000	85,947	41,591
<b>TID No. 6</b>						
Developer	9/1/2018	9/1/2043	3.50%	500,000	496,596	3,523
<b>Total TIPR bonds</b>					<b>\$ 1,166,332</b>	<b>\$ 319,389</b>

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM OBLIGATIONS (Continued)**

Long-term obligations outstanding for the year ended December 31, 2019 were as follows:

**Governmental Activities:**

**Bonds and notes:**

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
General obligation bonds	9/9/2014	6/1/2034	.6% - 3.75%	\$ 2,300,000	\$ 1,870,000
General obligation promissory note	6/6/2012	12/1/2022	0.4% - 2.0%	2,730,000	325,000
General obligation refunding bonds	7/28/2016	12/1/2026	1.55% - 2.5%	1,380,000	990,000
<b>Total bonds and notes</b>					<b>3,185,000</b>

**Notes from direct borrowings and direct placements:**

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
General obligation promissory note	9/7/2012	9/7/2022	2.70%	237,000	78,140
General obligation promissory note	12/27/2013	12/27/2023	2.70%	118,369	51,147
State trust fund loan	12/22/2010	3/15/2020	3.75%	618,000	43,235
General obligation promissory note	12/22/2014	12/22/2024	2.09%	203,000	106,735
General obligation promissory note	3/3/2016	3/3/2020	1.79%	1,355,192	673,297
General obligation promissory note	12/31/2015	1/2/2026	2.19%	508,694	318,434
General obligation promissory note	12/22/2016	12/22/2026	2.44%	451,600	243,138
State trust fund loan	12/22/2016	3/15/2030	3.50%	105,000	92,442
State trust fund loan	11/8/2016	3/15/2030	3.50%	595,000	525,955
General obligation promissory note	12/20/2017	12/20/2027	2.65%	202,687	166,231
General obligation promissory note	10/19/2018	10/19/2028	2.90%	737,487	673,236
General obligation promissory note	12/19/2019	2/1/2021	1.40%	1,800,000	516,831
<b>Total notes from direct borrowings and direct placements</b>					<b>3,488,821</b>
<b>Total governmental activities debt</b>					<b>\$ 6,673,821</b>

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

The balance is only the General Fund portion remaining at December 31, 2019.

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

The balance is only the General Fund portion remaining at December 31, 2019.

^Original indebtedness is the maximum that can be drawn on the note.

Debt service requirements to maturity are as follows:

**Governmental Activities**

		Notes from Direct Borrowings and Direct Placements				Bonds and Notes			
Years		Principal	Interest	Total		Principal	Interest	Total	
2020		\$ 1,003,224	\$ 68,939	\$ 1,072,163		\$ 340,000	\$ 84,495	\$ 424,495	
2021		811,332	63,726	875,058		355,000	77,635	432,635	
2022		303,151	48,222	351,373		355,000	70,000	425,000	
2023		283,146	40,338	323,484		260,000	62,043	322,043	
2024		277,009	32,711	309,720		265,000	55,763	320,763	
2025-2029		744,572	73,321	817,893		875,000	203,380	1,078,380	
2030-2034		66,387	2,324	68,711		735,000	81,881	816,881	
<b>Totals</b>		<b>\$ 3,488,821</b>	<b>\$ 329,581</b>	<b>\$ 3,818,402</b>		<b>\$ 3,185,000</b>	<b>\$ 635,197</b>	<b>\$ 3,820,197</b>	



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM OBLIGATIONS (Continued)**

Long-term obligations for business-type activities for the year ended December 31, 2019 consisted of the following individual issues:

Business-Type Activities	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
<b>Bonds:</b>					
Sewerage system revenue refunding bonds	4/25/2019	5/1/2029	2.3% - 3.05%	\$ 1,280,000	\$ 1,280,000
Water general obligation refunding bond	6/6/2012	12/1/2022	0.4% - 2.0%	2,730,000 **	95,000
Sewerage system revenue refunding bonds	7/28/2016	5/1/2027	2.00%	1,095,000	985,000
<b>Total Bonds</b>					<b>2,360,000</b>
<b>Notes from direct borrowings and direct placements:</b>					
Clean water fund loan	12/23/2002	5/1/2022	2.75%	1,710,237	332,773
Safe drinking well loan program	10/23/2013	10/23/2033	1.16%	1,491,348	1,018,449
Safe drinking well loan program	4/28/2004	5/1/2023	1.4190%	962,469	242,121
Water system revenue bonds	9/1/2016	5/1/2056	2.25%	1,472,000	1,378,000
Sewer general obligation loan	12/22/2010	3/15/2020	3.75%	618,000 *	15,290
Water general obligation loan	12/22/2010	3/15/2020	3.75%	618,000 *	19,475
Sewer system revenue bonds	9/1/2016	5/1/2056	2.25%	1,145,630	1,090,730
Clean water fund loan	11/22/2017	5/1/2037	0.455%	2,373,393 ^	1,855,845
Sewer system revenue bonds	9/18/2017	5/1/2057	2.00%	4,996,000	4,846,900
Golf course utility mortgage note payable	11/10/2016	4/10/2023	4.75%	483,065 ^	446,017
<b>Total notes from direct borrowings and direct placements</b>					<b>11,245,600</b>
<b>Total business-type activities</b>					<b>\$13,605,600</b>

\* Original indebtedness includes General Fund and Water Utility and Sewer Utility portion of debt. The balance is only the Water Utility and Sewer Utility portions remaining at December 31, 2019.

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

The balance is only the Water Utility portion remaining at December 31, 2019.

^ This is a draw note. Balance at 12/31/2019 represents the amount of draws on the loans.

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements to maturity are as follows:

Years	Notes from Direct Borrowings and Direct Placements						Bonds	
	Principal		Interest		Total		Principal	Interest
	\$		\$		\$		\$	
2020	\$ 512,035		\$ 227,976		\$ 740,011		\$ 220,000	\$ 55,433
2021	484,389		217,824		702,213		130,000	51,133
2022	491,742		208,807		700,549		135,000	48,348
2023	781,592		191,535		973,127		245,000	44,270
2024	314,301		176,631		490,932		250,000	38,808
2025-2029	1,610,856		810,870		2,421,726		1,380,000	97,473
2030-2034	1,627,712		686,691		2,314,403		-	-
2035-2039	1,218,333		566,294		1,784,627		-	-
2040-2044	1,013,600		448,802		1,462,402		-	-
2045-2049	1,143,800		318,657		1,462,457		-	-
2050-2054	1,290,800		171,741		1,462,541		-	-
2055-2057	756,440		25,843		782,283		-	-
<b>Total</b>	<b>\$11,245,600</b>		<b>\$ 4,051,671</b>		<b>\$15,297,271</b>		<b>\$ 2,360,000</b>	<b>\$ 335,465</b>
								<b>\$ 2,695,465</b>

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the Government-wide Statement of Net Position at December 31, 2019 includes the following:

Net investment in capital assets	
Land	\$ 670,305
Other capital assets, net of accumulated depreciation	12,288,082
Less: related long-term debt outstanding	(6,460,986)
Total net investment in capital assets	<u>6,497,401</u>
Restricted:	
Police expenditures	3,187
Landfill postclosure costs	9,158
Library operations	45,009
TID No. 2	27,924
TID No. 3	103,625
TID No. 7	28,043
Low-income housing and business development	544,574
EECBG	1,499
Total restricted	<u>763,019</u>
Unrestricted (deficit)	<u>(1,249,183)</u>
Total governmental activities net position	<u>\$ 6,011,237</u>

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. GOVERNMENTAL FUND BALANCES**

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

<b>Nonspendable</b>	
Major Fund:	
Inventories	\$ 19,746
Prepays	43,763
Delinquent personal property taxes	17,066
Advances	405,893
Total nonspendable	<u>486,468</u>
<b>Restricted</b>	
Major Funds:	
General Fund:	
Police expenditures	3,187
Landfill	9,158
Energy efficiency and conservation	1,499
Library Fund	45,009
Tax Incremental Financing District No. 2	27,924
Tax Incremental Financing District No. 3	103,625
Tax Incremental Financing District No. 7	28,043
Grants Fund:	
Low-income housing and business development	544,574
Total restricted	<u>763,019</u>
<b>Assigned</b>	
Major Fund:	
Airport	25,257
Airport project land sale	1,034
Cemetery	560,240
Recycling truck	8,390
Skate park	1,621
Park ice	1,187
Tourism development	1,913
Park bowl development	425
Bathhouse	523
Historic preservation	1,503
Total assigned	<u>602,093</u>
<b>Unassigned</b>	
Major Funds:	
General Fund	1,174,763
Tax Incremental Financing Districts (deficit)	(1,142,070)
Total unassigned	<u>32,693</u>
Total governmental fund balance	<u>\$ 1,884,273</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wisconsin.gov/publications/cfr1011011>.

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

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

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

Contribution rates as of December 31, 2019 are:

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

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Life Insurance Employee Contribution Rates \*  
For the Year Ended December 31, 2018

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

\*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$607 in contributions from the employer.

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

At December 31, 2019, the LRLIF Employer reported a liability (asset) of \$81,312 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.03151200%, which was an increase of 0.000893% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$8,830.

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,125
Changes of assumptions	7,758	17,625
Net differences between projected and actual earnings on OPEB plan investments	1,943	-
Changes in proportion and differences between City contributions and proportion share of contributions	4,375	-
City contributions subsequent to the measurement date	587	-
Totals	\$ 14,663	\$ 21,750

\$587 reported as deferred outflows related to OPEB resulting from the City's employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ (848)
2021	(848)
2022	(848)
2023	(1,121)
2024	(1,402)
Thereafter	(2,607)
Total	\$ (7,674)

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate	4.22%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

Asset Allocation Targets and Expected Returns

As of December 31, 2018

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

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

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability (asset)	\$ 115,671	\$ 81,312	\$ 54,811

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

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN

General Information about the Pension Plan

**Plan Description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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

During the reporting period, the WRS recognized \$149,275 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**  
At December 31, 2019, the City reported a liability (asset) of \$497,874 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.01399432%, which was an increase of 0.00042296% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$337,320. 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	\$ 387,767	\$ (685,435)
Changes of assumptions	83,923	-
Net difference between projected and actual earnings on pension plan investments	727,111	-
Changes in proportion and difference between City contributions and proportionate share of contributions	2,896	(901)
City contributions subsequent to the measurement date	147,262	-
Total	\$ 1,348,959	\$ (686,336)

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

\$147,262 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 187,086
2021	47,777
2022	81,437
2023	199,061
2024	-
Total	\$ 515,361

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair 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 VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

Retirement Funds – Asset Allocation Targets and Expected Returns  
As of December 31, 2018

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	9.4%	6.7%
Multi-Asset	4.0%	6.7%	4.1%
Total Core Fund	110.0%	7.3%	4.7%
Variable Fund Asset Class			
US Equities	70.0%	7.6%	5.0%
International Equities	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	8.0%	5.4%

Note: 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.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. PENSION PLAN (Continued)

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 1,978,603	\$ 497,874	\$ (603,163)

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

**Allocation of Pension Plan**

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

**Payables to the Pension Plan**

At December 31, 2019, the City had \$43,191 due to the pension plan for December contributions.

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

L. DEFERRED COMPENSATION PLAN

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

The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. The Deferred Compensation Plan had plan assets of \$287,553 at December 31, 2019. Because the assets held under these plans are not the City's property and are not subject to Council control, they have been excluded from these financial statements.

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

**Summary Description**

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

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

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



CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)**

The City has created Tax Incremental Financing Districts No. 2, 3, 4, 5, 6, and 7. A summary of their status is as follows:

	Cumulative To Date
<b>TIF District No. 2</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 461,059
Expenditures	
Project costs	\$ 287,728
Financing costs	145,407
Total expenditures	\$ 433,135
<b>TIF District No. 3</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 4,290,000
Proceeds from long-term debt	264,532
Total revenues	\$ 4,554,532
Expenditures	
Project costs	\$ 3,840,010
Financing costs	610,897
Total expenditures	\$ 4,450,907
<b>TIF District No. 4</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 1,387,978
Proceeds from long-term debt	334,677
Miscellaneous revenues	30,000
Total revenues	\$ 1,752,655
Expenditures	
Project costs	\$ 2,684,733
Financing costs	146,672
Total expenditures	\$ 2,831,405

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)**

	Cumulative To Date
<b>TIF District No. 5</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 656,809
Miscellaneous revenues	85,019
Total revenues	\$ 741,828
Expenditures	
Project costs	\$ 767,089
<b>TIF District No. 6</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 222,546
Proceeds from long-term debt	802,621
Total revenues	\$ 1,025,167
Expenditures	
Project costs	\$ 881,247
Financing costs	181,979
Total expenditures	\$ 1,063,226
<b>TIF District No. 7</b>	
Revenues	
Taxes and intergovernmental revenues	\$ 1,163,801
Proceeds from long-term debt	516,831
Total revenues	\$ 1,680,632
Expenditures	
Project costs	\$ 1,652,589

Current valuations of the Districts are as follows:

	TID No. 2	TID No. 3	TID No. 4	TID No. 5	TID No. 6
Current value	\$ 2,165,400	\$ 19,137,100	\$ 3,935,200	\$ 2,207,700	\$ 20,254,600
Base value	355,500	3,810,600	293,000	279,600	13,024,300
Increment	\$ 1,809,900	\$ 15,326,500	\$ 3,642,200	\$ 1,928,100	\$ 7,230,300

TID No. 7 was created during 2019 and had no value as of December 31, 2019.

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**M. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)**

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

	Creation Date	Termination Date
TID No. 2	12/14/1993	12/14/2020
TID No. 3	9/12/1995	9/12/2022
TID No. 4	4/27/1999	4/27/2029
TID No. 5	4/25/2006	4/25/2029
TID No. 6	8/11/2015	8/11/2042
TID No. 7	9/10/2019	9/10/2039

In 2019, the City approved to extend the lives of TID No. 4 and TID No. 5.

Inter-fund payables and advances of \$46,247 for TID No. 2, \$960,954 for TID No. 4, and \$283,787 for TID No. 7 have been recorded in the General Fund, Water Utility and Sewer Utility to reflect costs advanced on behalf of the Districts.

**Developer Agreements**

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

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

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

For the year ended December 31, 2019, the City returned property taxes totaling \$317,281 related to TID No. 3, \$62,216 related to TID No. 4, and \$20,904 related to TID No. 6 developer agreements

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

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 4. OTHER INFORMATION**

**A. MUNICIPAL GOLF COURSE UTILITY AGREEMENT**

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

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

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

**B. COMMITMENTS AND CONTINGENCIES**

The City has pledged a guarantee of \$300,000 as additional security for a Mortgage Note issued to construct improvements for the Municipal Golf Course Utility. As of December 31, 2019, the balance on the mortgage note was \$466,017.

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

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

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City Attorneys that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

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

In 2017, the City was awarded a \$200,000 Department of Natural Resources grant to help with the replacement of lead services. This project is expected be completed by 2021.

CITY OF VIROQUA, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 4. OTHER INFORMATION (Continued)

C. RISK MANAGEMENT

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

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

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

E. SUBSEQUENT EVENTS

The recent spread of the COVID-19 coronavirus has created economic uncertainty internationally. The potential of COVID-19 having a financial and economic impact on the City is a possibility, although no such impact can be determined at this time.

On March 3, 2020, the Library Promissory Note was extended from March 3, 2020 until December 31, 2020 with payments beginning April 3, 2020 and monthly thereafter.

In January 2020, the City issued a State Trust Fund loan in the amount of \$865,000 to pay off the Unfunded Retirement Liability.

During 2020, the City awarded contracts and/or paid for \$2,184,964 for street and sewer projects, Park Bowl improvements, the new police station, engineering of street projects, engineering of a possible new city hall, and engineering for the remodeling of the new police station building. Also in 2020, the City was awarded a \$450,000 WisDOT MSID grant to help fund part of upcoming street projects. The City will finance the purchase of the new police station through the issuance of long-term bonds.

During August 2020, the City approved a new developer agreement of \$650,000 to be repaid with created TIF increment over 13 years.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019		2018	
	Original Budget	Final Budget	Variance - Favorable (Unfavorable)	Actual Totals (Memorandum Only)
<b>Revenues:</b>				
Property taxes	\$1,349,611	\$1,349,611	\$ -	\$ 1,302,503
Other taxes and special assessments	158,565	158,565	35,716	171,476
Intergovernmental	1,758,936	1,744,847	(14,089)	1,808,984
Licenses and permits	91,800	91,800	24,215	92,761
Penalties and forfeitures	24,750	24,750	(205)	22,980
Public charges for services	330,200	370,209	40,009	423,897
Interest	8,000	8,000	31,343	23,690
Miscellaneous general revenues	96,641	96,641	(29,349)	267,646
<b>Total revenues</b>	<b>3,818,503</b>	<b>3,906,143</b>	<b>87,640</b>	<b>4,113,937</b>

**Expenditures:**

<b>Current:</b>				
General government	655,186	655,186	(106,178)	810,547
Public safety	1,292,810	1,292,810	(2,267)	1,266,893
Public works	1,077,644	1,077,644	(101,355)	1,180,221
Health and social services	189,517	189,517	(1,230)	212,157
Culture, recreation and development	762,696	813,339	(50,643)	808,978
Capital outlay	-	43,243	(43,243)	797,016
Debt service:				
Interest and fiscal charges	4,650	4,650	(13,201)	4,738
<b>Total expenditures</b>	<b>3,982,503</b>	<b>4,300,620</b>	<b>(318,117)</b>	<b>5,080,550</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(164,000)</b>	<b>(394,477)</b>	<b>(230,477)</b>	<b>(966,613)</b>

**Other financing sources (uses):**

Proceeds of long-term debt	-	-	-	737,487
Transfer in - tax equivalent	82,000	82,000	108,026	188,210
Transfer in (out)	-	-	-	(163,788)
Unfunded retirement liability - special payment	(26,000)	(26,000)	26,000	(40,000)
<b>Total other financing sources (uses)</b>	<b>56,000</b>	<b>56,000</b>	<b>134,026</b>	<b>721,909</b>

**Net change in fund balance**

<b>Fund balance, January 1</b>	<b>2,481,619</b>	<b>2,481,619</b>	<b>(96,451)</b>	<b>(244,704)</b>
<b>Fund balance, December 31</b>	<b>\$2,373,619</b>	<b>\$2,373,619</b>	<b>\$ (96,451)</b>	<b>\$ 2,726,323</b>

See notes to required supplementary information.

**CITY OF VIROQUA, WISCONSIN**  
**LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES**  
**Year Ended December 31, 2019**

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

	Last 10 Calendar Years			
	City's proportionate share of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	City's covered-employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of the total OPEB liability (asset)
Year ended December 31,				
2018	0.03151200%	\$ 81,312	\$ 1,264,000	48.69%
2017	0.03061900%	92,120	1,287,617	44.81%

See notes to required supplementary information.

**CITY OF VIROQUA, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM SCHEDULES**  
Year Ended December 31, 2019

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

Year ended December 31,	City's proportionate share of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	City's covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.01399432%	\$ 497,874	\$ 1,894,579	26.28%	96.45%
2017	0.01357136%	(402,948)	1,784,511	(22.58%)	102.93%
2016	0.01341301%	110,554	1,727,852	6.40%	99.12%
2015	0.01354429%	220,091	1,685,335	13.06%	98.20%
2014	0.01371848%	(336,871)	1,678,136	(20.07%)	102.74%

**Schedule of Contributions**  
Last 10 Calendar Years

Year ended December 31,	Contributions in relation to the		Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
	Contractually required contributions	contractually required contributions			
2019	\$ 242,397	\$ (242,397)	\$ -	\$ 1,903,070	12.74%
2018	149,275	(149,275)	-	1,894,579	7.88%
2017	140,781	(140,781)	-	1,784,511	7.89%
2016	128,927	(128,927)	-	1,727,852	7.46%
2015	127,931	(127,931)	-	1,685,335	7.59%

See notes to required supplementary information.

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
Year Ended December 31, 2019

**WISCONSIN RETIREMENT SYSTEM**

**Changes of Benefit Terms.** There were no changes of benefit terms for any participating employer in WRS.  
**Changes of Assumptions.** Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total pension liability changed including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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

**EXCESS EXPENDITURES OVER APPROPRIATIONS**

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

Fund	Final		Expenditures Over	
	Budgeted Expenditures	Actual Expenditures	Expenditures	Appropriations
General Fund:				
Current:				
General government	\$ 655,186	\$ 761,364	\$	(106,178)
Public safety	1,292,810	1,295,077		(2,267)
Public works	1,077,644	1,178,999		(101,355)
Health and social services	189,517	190,747		(1,230)
Culture, recreation and development	762,696	813,339		(50,643)
Capital outlay	-	43,243		(43,243)
Debt service:				
Interest and fiscal charges	4,650	17,851		(13,201)

Excess expenditures over appropriations were financed with excess revenues over budgeted amounts and fund balance.

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

**LOCAL RETIREE LIFE INSURANCE SCHEDULES**

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

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

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

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

**As of December 31, 2019  
With Comparative Totals for December 31, 2018**

	2019			2018	
	General Fund	Cemetery Fund	Elimination	Total Combined General Fund	Totals (Memorandum Only)
<b>ASSETS</b>					
Cash and investments	\$1,726,908	\$560,240	\$ -	\$ 2,287,148	\$ 2,034,451
Receivables:					
Taxes	1,976,034	-	-	1,976,034	2,399,929
Special assessments	28,854	-	-	28,854	11,772
Other	84,500	-	-	84,500	138,803
Prepaid expenses	43,763	-	-	43,763	121,318
Due from other funds	175,301	-	-	175,301	294,433
Due from other governments	48,088	-	-	48,088	57,446
Advances to other funds	405,893	-	-	405,893	46,247
Inventory	19,746	-	-	19,746	56,034
Restricted assets:					
Cash and investments	12,345	-	-	12,345	12,575
<b>Total assets</b>	<b>\$4,521,432</b>	<b>\$560,240</b>	<b>\$ -</b>	<b>\$5,081,672</b>	<b>\$ 5,173,008</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 68,352	\$ -	\$ -	\$ 68,352	\$ 77,025
Accrued liabilities and expenses:					
Other current liabilities	42,202	-	-	42,202	87,835
Due to other funds	71,260	-	-	71,260	71,043
Due to other governments	25,142	-	-	25,142	20,305
<b>Total liabilities</b>	<b>206,956</b>	<b>-</b>	<b>-</b>	<b>206,956</b>	<b>256,208</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	2,597,548	-	-	2,597,548	2,435,181
<b>FUND BALANCE</b>					
Nonspendable	486,468	-	-	486,468	238,329
Restricted	13,844	-	-	13,844	14,074
Assigned	41,853	560,240	-	602,093	603,626
Unassigned	1,174,763	-	-	1,174,763	1,625,590
<b>Total fund balance</b>	<b>1,716,928</b>	<b>560,240</b>	<b>-</b>	<b>2,277,168</b>	<b>2,481,619</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$4,521,432</b>	<b>\$560,240</b>	<b>\$ -</b>	<b>\$5,081,672</b>	<b>\$ 5,173,008</b>

**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF VIROQUA, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GENERAL FUND**  
**Year Ended December 31, 2019**  
**With Comparative Totals for Year Ended December 31, 2018**

	2019			2018
	General Fund	Cemetery Fund	Elimination	Total Combined General Fund
<b>Revenues:</b>				
Property taxes	\$ 1,349,611	\$ -	\$ -	\$ 1,349,611
Other taxes and special assessments	194,281	-	-	194,281
Intergovernmental	1,744,847	-	-	1,744,847
Licenses and permits	116,015	-	-	116,015
Penalties and forfeitures	24,545	-	-	24,545
Public charges for services	337,334	32,875	-	370,209
Interest	32,984	6,359	-	39,343
Miscellaneous general revenues	52,698	14,594	-	67,292
<b>Total revenues</b>	<b>3,852,315</b>	<b>53,828</b>	<b>-</b>	<b>3,906,143</b>
<b>Expenditures:</b>				
Current:				
General government	761,364	-	-	761,364
Public safety	1,295,077	-	-	1,295,077
Public works	1,178,999	-	-	1,178,999
Health and social services	190,747	-	-	190,747
Culture, recreation and development	700,883	112,456	-	813,339
Capital outlay	43,243	-	-	43,243
Debt service:				
Interest and fiscal charges	17,851	-	-	17,851
<b>Total expenditures</b>	<b>4,188,164</b>	<b>112,456</b>	<b>-</b>	<b>4,300,620</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(335,849)</b>	<b>(58,628)</b>	<b>-</b>	<b>(394,477)</b>
<b>Other financing sources (uses):</b>				
Proceeds of long-term debt	-	-	-	-
Transfer in	-	60,155	(60,155)	-
Transfer out	(60,155)	-	60,155	-
Transfer out - tax equivalent	190,026	-	-	190,026
Unfunded retirement liability - special payment	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>129,871</b>	<b>60,155</b>	<b>-</b>	<b>190,026</b>
<b>Net change in fund balance</b>	<b>(205,978)</b>	<b>1,527</b>	<b>-</b>	<b>(204,451)</b>
<b>Fund balance, January 1</b>	<b>1,922,906</b>	<b>558,713</b>	<b>-</b>	<b>2,481,619</b>
<b>Fund balance, December 31</b>	<b>\$ 1,716,928</b>	<b>\$ 560,240</b>	<b>\$ -</b>	<b>\$ 2,277,168</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
<b>Taxes and special assessments:</b>				
Taxes:				
General property taxes	\$1,349,611	\$1,349,611	\$ -	\$ -
Mobile home parking permit fees/taxes	50,000	50,000	48,302	(1,698)
Payment in lieu of taxes	82,000	82,000	84,010	2,010
Other taxes	20,000	20,000	22,935	2,935
<b>Total taxes</b>	<b>1,501,611</b>	<b>1,501,611</b>	<b>1,504,858</b>	<b>3,247</b>
Special assessments:				
Sidewalks, curbs and gutters	6,565	6,565	36,396	29,831
Sewer mains	-	-	1,638	1,638
Weed cutting	-	-	1,000	1,000
<b>Total special assessments</b>	<b>6,565</b>	<b>6,565</b>	<b>39,034</b>	<b>32,469</b>
<b>Total taxes and special assessments</b>	<b>1,508,176</b>	<b>1,508,176</b>	<b>1,543,892</b>	<b>35,716</b>
<b>Intergovernmental:</b>				
State aid:				
Shared taxes	1,015,283	1,015,283	1,016,720	1,437
Highway	278,537	278,537	278,442	(95)
Library	-	-	-	-
Transit assistance	166,000	166,000	163,363	(2,637)
Public safety	-	-	9,420	9,420
Miscellaneous	26,700	26,700	-	-
<b>Total state aid</b>	<b>1,486,520</b>	<b>1,486,520</b>	<b>1,467,945</b>	<b>(18,575)</b>
County aid:				
Library	126,238	126,238	126,236	(2)
<b>Total county aid</b>	<b>126,238</b>	<b>126,238</b>	<b>126,236</b>	<b>(2)</b>
Other aids:				
Town fire protection	127,552	127,552	115,106	(12,446)
State personal property aid	-	-	15,800	15,800
Fire insurance refunds	11,595	11,595	12,921	1,326
Municipal court costs	7,031	7,031	6,839	(192)
<b>Total other aids</b>	<b>146,178</b>	<b>146,178</b>	<b>150,666</b>	<b>4,488</b>
<b>Total intergovernmental</b>	<b>1,758,936</b>	<b>1,758,936</b>	<b>1,744,847</b>	<b>(14,089)</b>
<b>Licenses and permits:</b>				
Liquor and malt beverage license	12,800	12,800	13,649	849
Other permits and licenses	1,000	1,000	848	(152)
Cable television franchise fee	47,000	47,000	63,069	16,069
Building	30,000	30,000	38,159	8,159
Street and curb	1,000	1,000	290	(710)
<b>Total licenses and permits</b>	<b>91,800</b>	<b>91,800</b>	<b>116,015</b>	<b>24,215</b>
<b>Total</b>	<b>1,599,976</b>	<b>1,599,976</b>	<b>1,659,907</b>	<b>59,931</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES - BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018
	Original Budget	Final Budget	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
<b>Penalties and forfeitures:</b>				
Court penalties and costs	\$ 750	\$ 750	\$ (538)	\$ 295
Library fines and penalties	20,000	20,000	(873)	18,889
Parking violations	4,000	4,000	1,206	3,796
<b>Total penalties and forfeitures</b>	<b>24,750</b>	<b>24,750</b>	<b>(205)</b>	<b>22,980</b>
<b>Public charges for services:</b>				
Law enforcement fees	20,000	20,000	(16,486)	17,267
Airport income	28,700	33,747	5,047	70,920
Snow removal	3,000	2,480	(520)	674
Mowing	500	200	(300)	150
Recycling surcharge	205,000	228,971	23,971	228,596
Municipal court	40,000	32,510	(7,490)	23,815
Recreational income	31,000	29,277	(1,723)	30,877
Park income	2,000	3,350	1,350	2,035
Fire income	-	2,500	2,500	-
Animal control and shelter	-	785	785	788
<b>Total public charges for services</b>	<b>330,200</b>	<b>330,200</b>	<b>7,134</b>	<b>375,122</b>
<b>Interest - investments:</b>				
Interest - Tax Increment District	-	2,775	2,775	2,775
Interest - General Fund	8,000	30,209	22,209	14,929
Interest - special assessments	-	-	-	103
<b>Total interest - investments</b>	<b>8,000</b>	<b>32,984</b>	<b>24,984</b>	<b>17,807</b>
<b>Miscellaneous general revenues:</b>				
Rents	30,000	28,777	(1,223)	31,055
Property sales	-	3,500	3,500	164,013
Donations - Library	-	780	780	1,675
Donations - Police	-	-	-	4,770
Donations - miscellaneous	31,841	(125)	(31,966)	150
Insurance refunds	15,000	18,339	3,339	61,591
Miscellaneous revenues	19,800	1,427	(18,373)	586
<b>Total miscellaneous general revenues</b>	<b>96,641</b>	<b>52,698</b>	<b>(43,943)</b>	<b>263,840</b>
<b>Total revenues</b>	<b>\$3,818,503</b>	<b>\$3,818,503</b>	<b>\$ 33,812</b>	<b>\$ 4,055,473</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018
	Original Budget	Final Budget	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
<b>General government:</b>				
Council	\$ 29,066	\$ 29,066	\$ (2,964)	\$ 32,673
Mayor	7,105	7,105	(616)	7,855
Clerk	160,758	160,758	(1,827)	159,274
Assessor	26,805	26,805	2,923	28,832
Zoning	21,103	21,103	3,495	14,299
Building inspection	9,500	9,500	(29,268)	9,905
Municipal judge	31,959	31,959	(983)	30,541
City administrator/consultant	58,606	58,606	(19,852)	59,466
Administration	1,425	1,425	(9,002)	250
Elections	7,000	7,000	(985)	17,367
Office supplies	21,075	21,075	(1,805)	27,710
Publishing and printing	3,325	3,325	(4,101)	8,126
Accounting and auditing	15,000	15,000	(2,432)	17,823
Municipal building and equipment	16,000	16,000	(3,415)	11,956
City hall	55,179	55,179	(9,380)	57,909
Property and liability insurance	75,000	75,000	11,208	64,228
Airport	37,230	37,230	(35,937)	96,609
Celebrations	12,350	12,350	7,204	14,670
Donations	-	-	(1,700)	21,700
Historic preservation	1,615	1,615	(704)	740
Conservation and development	25,015	25,015	775	24,950
Insurance claim expense	-	-	(4,690)	58,367
Bank charges	95	95	72	20
Miscellaneous	475	475	475	650
Legal	25,500	25,500	(2,669)	25,350
Tourism appropriation - room tax pass-through	-	-	-	-
<b>Total general government</b>	<b>655,186</b>	<b>655,186</b>	<b>(106,178)</b>	<b>810,547</b>
<b>Public safety:</b>				
Police:				
Equipment repair and maintenance	27,000	27,000	4,272	25,259
Administration	977,020	977,020	(49,710)	990,425
Communications	4,750	4,750	2,001	3,578
<b>Total police</b>	<b>1,008,770</b>	<b>1,008,770</b>	<b>(43,437)</b>	<b>1,019,262</b>



**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
<b>Public safety (continued):</b>					
Fire:					
Equipment repair and maintenance	\$ 69,738	\$ 69,738	\$ 46,156	\$ 23,582	\$ 56,492
Department station expense	22,000	22,000	17,614	4,386	19,562
Administration	97,624	97,624	97,941	(317)	90,000
Training	4,000	4,000	3,124	876	2,349
Communications	10,200	10,200	4,156	6,044	3,170
Fire fighting	64,978	64,978	58,877	6,101	57,571
<b>Total fire</b>	<b>268,540</b>	<b>268,540</b>	<b>227,868</b>	<b>40,672</b>	<b>229,144</b>
Other:					
Animal, pest and rodent control	15,500	15,500	15,002	498	18,487
<b>Total other</b>	<b>15,500</b>	<b>15,500</b>	<b>15,002</b>	<b>498</b>	<b>18,487</b>
<b>Total public safety</b>	<b>1,292,810</b>	<b>1,292,810</b>	<b>1,295,077</b>	<b>(2,267)</b>	<b>1,266,893</b>
<b>Public works:</b>					
Director of public works	111,587	111,587	85,990	25,597	103,794
Waste collection	207,500	207,500	242,931	(35,431)	235,485
Brush removal	35,925	35,925	43,272	(7,347)	48,489
Forestry	37,661	37,661	46,423	(8,762)	45,403
Street machinery	119,248	119,248	128,609	(9,361)	127,975
Street construction and maintenance	242,158	242,158	235,118	7,040	285,483
Street engineering	55,026	55,026	52,631	2,395	91,793
Street lighting	57,000	57,000	54,127	2,873	53,678
Storm sewers	9,500	9,500	1,606	7,894	11,634
Snow and ice removal	121,807	121,807	144,966	(23,159)	117,664
Sidewalks	4,750	4,750	74,736	(69,986)	-
Curb and gutter	4,750	4,750	1,040	3,710	196
Street cleaning	-	-	148	(148)	130
Weed control	21,482	21,482	18,187	3,295	12,355
Garage	14,250	14,250	11,278	2,972	10,520
Gasoline	35,000	35,000	37,937	(2,937)	35,622
<b>Total public works</b>	<b>1,077,644</b>	<b>1,077,644</b>	<b>1,178,999</b>	<b>(101,355)</b>	<b>1,180,221</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018	
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)	Actual Totals (Memorandum Only)
<b>Health and social services:</b>					
Board of health	\$ 517	\$ 517	\$ 633	\$ (116)	\$ 517
Taxicab expense	189,000	189,000	190,114	(1,114)	211,640
<b>Total health and social services</b>	<b>189,517</b>	<b>189,517</b>	<b>190,747</b>	<b>(1,230)</b>	<b>212,157</b>
<b>Culture, recreation and development:</b>					
Library	422,793	422,793	416,560	6,233	410,471
Recreation department	161,967	161,967	163,370	(1,403)	159,787
Summer recreation - building utilities,					
repair and maintenance	11,400	11,400	14,062	(2,662)	14,435
Parks	104,956	104,956	105,304	(348)	105,921
Veterans memorial	1,425	1,425	1,587	(162)	411
Cemetery - City appropriation	60,155	60,155	-	60,155	-
<b>Total culture, recreation and development</b>	<b>762,696</b>	<b>762,696</b>	<b>700,883</b>	<b>61,813</b>	<b>691,025</b>
<b>Capital outlay:</b>					
Public safety:					
Police equipment	-	-	8,363	(8,363)	83,416
Fire equipment	-	-	-	-	101,988
Public works	-	-	23,952	(23,952)	527,846
Culture, recreation and development:					
Other	-	-	10,928	(10,928)	83,766
<b>Total capital outlay</b>	<b>-</b>	<b>-</b>	<b>43,243</b>	<b>(43,243)</b>	<b>797,016</b>
<b>Debt service:</b>					
Interest and fiscal charges	4,650	4,650	17,851	(13,201)	4,738
<b>Total debt service</b>	<b>4,650</b>	<b>4,650</b>	<b>17,851</b>	<b>(13,201)</b>	<b>4,738</b>
<b>Total expenditures</b>	<b>\$ 3,982,503</b>	<b>\$ 3,982,503</b>	<b>\$ 4,188,164</b>	<b>\$ (205,661)</b>	<b>\$ 4,962,597</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	2019			2018	
	Original Budget	Final Budget	Variance - Favorable (Unfavorable)	Actual Totals	(Memorandum Only)
<b>Revenues:</b>					
Taxes	\$ 805,714	\$ 805,714	\$ -	\$ -	\$ 676,508
<b>Total revenues</b>	<b>805,714</b>	<b>805,714</b>	<b>-</b>	<b>-</b>	<b>676,508</b>
<b>Expenditures:</b>					
Debt service:					
Principal retirement	666,239	666,239	(2,696)		546,627
Interest and fiscal charges	139,475	139,779	2,696		130,274
<b>Total expenditures</b>	<b>805,714</b>	<b>805,714</b>	<b>-</b>	<b>-</b>	<b>676,901</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(393)</b>
<b>Other financing sources (uses):</b>					
Transfer in (out)	-	-	-	-	393
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>393</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, December 31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF VIROQUA, WISCONSIN**  
**COMBINING BALANCE SHEET**  
**TAX INCREMENTAL FINANCING DISTRICTS**  
**As of December 31, 2019**  
**With Comparative Totals for December 31, 2018**

	TIF District No. 2	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	2018 Totals (Memorandum Only)
<b>ASSETS</b>							
Restricted cash and investments	\$ 85,862	\$ 202,624	\$ -	\$ -	\$ 8,643	\$ -	\$ 297,129
Receivables:							
Taxes	32,052	271,422	64,501	34,145	128,044	1,259,225	530,164
Due from other governments	-	-	-	-	-	-	1,259,225
<b>Total assets</b>	<b>\$ 117,914</b>	<b>\$ 474,046</b>	<b>\$ 64,501</b>	<b>\$ 34,145</b>	<b>\$ 136,687</b>	<b>\$ 1,259,225</b>	<b>\$ 2,086,518</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,971	\$ 521,971
Due to other funds	-	-	94,270	12,807	-	-	107,077
Advances payable - other funds	46,247	-	960,954	-	-	283,787	1,290,988
<b>Total liabilities</b>	<b>46,247</b>	<b>-</b>	<b>1,055,224</b>	<b>12,807</b>	<b>-</b>	<b>805,758</b>	<b>1,920,036</b>
<b>Deferred inflows of resources:</b>							
Property taxes	43,743	370,421	88,027	46,599	174,746	425,424	1,148,960
<b>Total deferred inflows of resources</b>	<b>43,743</b>	<b>370,421</b>	<b>88,027</b>	<b>46,599</b>	<b>174,746</b>	<b>425,424</b>	<b>1,148,960</b>
<b>Fund balance:</b>							
Restricted	27,924	103,625	-	-	-	28,043	159,592
Unassigned (deficit)	-	-	(1,078,750)	(25,261)	(38,059)	-	(1,142,070)
<b>Total fund balance (deficit)</b>	<b>27,924</b>	<b>103,625</b>	<b>(1,078,750)</b>	<b>(25,261)</b>	<b>(38,059)</b>	<b>28,043</b>	<b>(982,478)</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 117,914</b>	<b>\$ 474,046</b>	<b>\$ 64,501</b>	<b>\$ 34,145</b>	<b>\$ 136,687</b>	<b>\$ 1,259,225</b>	<b>\$ 2,086,518</b>
							<b>\$ 777,877</b>

**CITY OF VIROQUA, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**TAX INCREMENTAL FINANCING DISTRICTS**  
**Year Ended December 31, 2019**  
**With Comparative Totals for Year Ended December 31, 2018**

	TIF District No. 2	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	2019 Totals	2018 Totals (Memorandum Only)
<b>Revenues:</b>								
Property taxes	\$ 41,623	\$ 347,862	\$ 84,933	\$ 44,091	\$ 151,493	\$ -	\$ 670,002	\$ 543,376
Intergovernmental	351	4,615	145,691	363	5,088	1,163,801	1,319,709	6,888
<b>Total revenues</b>	<b>41,974</b>	<b>352,477</b>	<b>230,624</b>	<b>44,454</b>	<b>156,581</b>	<b>1,163,801</b>	<b>1,989,711</b>	<b>550,264</b>
<b>Expenditures:</b>								
Current:								
Culture, recreation and development	1,226	273,173	1,145,135	3,935	20,135	1,652,589	3,096,193	347,078
Debt service:								
Principal retirement	-	-	32,489	-	55,296	-	87,785	107,767
Interest and fiscal charges	2,775	46,750	8,090	-	42,492	-	100,107	121,638
<b>Total expenditures</b>	<b>4,001</b>	<b>319,923</b>	<b>1,185,714</b>	<b>3,935</b>	<b>117,923</b>	<b>1,652,589</b>	<b>3,284,085</b>	<b>576,483</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>37,973</b>	<b>32,554</b>	<b>(955,290)</b>	<b>40,519</b>	<b>38,658</b>	<b>(488,788)</b>	<b>(1,294,374)</b>	<b>(26,219)</b>
<b>Other financing sources (uses):</b>								
Proceeds of long-term debt	-	-	-	-	-	516,831	516,831	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>516,831</b>	<b>516,831</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>37,973</b>	<b>32,554</b>	<b>(955,290)</b>	<b>40,519</b>	<b>38,658</b>	<b>28,043</b>	<b>(777,543)</b>	<b>(26,219)</b>
<b>Fund balance (deficit), January 1</b>	<b>(10,049)</b>	<b>71,071</b>	<b>(123,460)</b>	<b>(65,780)</b>	<b>(76,717)</b>	<b>-</b>	<b>(204,935)</b>	<b>(178,716)</b>
<b>Fund balance (deficit), December 31</b>	<b>\$ 27,924</b>	<b>\$ 103,625</b>	<b>\$ (1,078,750)</b>	<b>\$ (25,261)</b>	<b>\$ (38,059)</b>	<b>\$ 28,043</b>	<b>\$ (982,478)</b>	<b>\$ (204,935)</b>

**CITY OF VIROQUA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - TAX INCREMENTAL FINANCING DISTRICTS**  
**Year Ended December 31, 2019**  
**With Comparative Actual Totals for Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2018 Actual Totals (Memorandum Only)
<b>Revenues:</b>					
Property taxes	\$ 525,000	\$ 525,000	\$ 670,002	\$ 145,002	\$ 543,376
Intergovernmental	-	-	1,319,709	1,319,709	6,888
<b>Total revenues</b>	<b>525,000</b>	<b>525,000</b>	<b>1,989,711</b>	<b>1,464,711</b>	<b>550,264</b>
<b>Expenditures:</b>					
Current:					
Culture, recreation and development	525,000	525,000	3,096,193	(2,571,193)	347,078
Debt service:					
Principal retirement	-	-	87,785	(87,785)	107,767
Interest and fiscal charges	-	-	100,107	(100,107)	121,638
<b>Total expenditures</b>	<b>525,000</b>	<b>525,000</b>	<b>3,284,085</b>	<b>(2,759,085)</b>	<b>576,483</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(1,294,374)</b>	<b>(1,294,374)</b>	<b>(26,219)</b>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	516,831	516,831	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>516,831</b>	<b>516,831</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(777,543)</b>	<b>(777,543)</b>	<b>(26,219)</b>
<b>Fund balance (deficit), January 1</b>	<b>(204,935)</b>	<b>(204,935)</b>	<b>(204,935)</b>	<b>-</b>	<b>(178,716)</b>
<b>Fund balance (deficit), December 31</b>	<b>\$ (204,935)</b>	<b>\$ (204,935)</b>	<b>\$ (982,478)</b>	<b>\$ (777,543)</b>	<b>\$ (204,935)</b>

CITY OF VIROQUA, WISCONSIN  
DETAILED STATEMENT OF SELECTED OPERATING REVENUES  
AND EXPENSES - ENTERPRISE FUND - WATER UTILITY  
Year Ended December 31, 2019  
With Comparative Totals for Year Ended December 31, 2018

	2019 Totals	2018 Totals (Memorandum Only)
<b>Charges for services:</b>		
Residential sales	\$ 466,557	\$ 455,442
Commercial sales	194,098	205,857
Industrial sales	30,320	21,001
Fire protection - public and private customers	398,569	388,829
Sales to public authority	53,940	57,120
<b>Total charges for services</b>	<b>\$ 1,143,484</b>	<b>\$ 1,128,249</b>
<b>Operation and maintenance:</b>		
Power purchased	\$ 71,997	\$ 69,997
Maintenance of pumping plant	-	6
Chlorine	3,683	4,355
Operating supplies and expense	31,303	27,475
Transmission and distribution labor	127,427	120,150
Maintenance of distribution reservoirs	27,832	23,546
Maintenance of mains	25,082	22,608
Maintenance of services	9,061	1,797
Maintenance of meters	311	2,999
Maintenance of hydrants	263	1,548
Miscellaneous expense	818	-
Accounting and collecting labor	44,814	44,917
Customer account expense	5,817	5,351
Uncollectible accounts	-	2
Administrative salaries	18,754	16,206
Office supplies and expense	16,095	17,063
Outside services	18,944	10,473
Property insurance	23,789	22,513
Employee pensions and benefits	107,873	59,348
Regulatory commission expense	3,343	301
Transportation	12,160	13,809
<b>Total operation and maintenance</b>	<b>\$ 549,366</b>	<b>\$ 464,464</b>

CITY OF VIROQUA, WISCONSIN  
DETAILED STATEMENT OF SELECTED OPERATING REVENUES  
AND EXPENSES - ENTERPRISE FUND - SEWER UTILITY  
Year Ended December 31, 2019  
With Comparative Totals for Year Ended December 31, 2018

	2019 Totals	2018 Totals (Memorandum Only)
<b>Charges for services:</b>		
Residential sales	\$ 739,153	\$ 733,107
Multi-family residential sales	98,106	96,015
Industrial sales	88,836	58,293
Commercial and public sales	533,698	538,751
Sales to public authorities	122,924	126,558
<b>Total charges for services</b>	<b>\$ 1,582,717</b>	<b>\$ 1,552,724</b>
<b>Operation and maintenance:</b>		
Supervision and labor	\$ 181,370	\$ 170,859
Power purchased	53,322	48,951
Chemicals	20,329	8,815
Operation supplies and expense	99,685	86,352
Transportation	10,888	22,796
Maintenance of sewage collection system	13,334	2,892
Maintenance of pumping equipment	2,084	7,374
Property insurance	23,789	22,513
Maintenance of treatment plant equipment	11,186	18,030
Maintenance of equipment	21,307	-
Accounting and collecting	49,532	49,442
Uncollectible accounts	9	3
Administrative salaries	18,754	16,206
Office supplies	9,670	11,727
Outside services	12,784	10,763
Employee pensions and benefits	121,644	53,713
Miscellaneous	13,047	8,690
<b>Total operation and maintenance</b>	<b>\$ 662,734</b>	<b>\$ 539,126</b>

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2019**

Award Description	Federal CFDA Number	Pass-Through Entity ID Number	Disbursements/ Expenditures	Expenditures Provided to Subrecipients
<b><u>Administrative Agency/Pass-Through Agency/ Award Description</u></b>				
U.S. Department of Commerce: Economic Adjustment Assistance	11.307	Not applicable	\$ 1,259,225	\$ -
U.S. Department of Transportation: Passed through Wisconsin Department of Transportation Public Transportation Transit Aids	20.509	1245-2016-2	185,256	83,643
U.S. Department of Housing and Urban Development: Passed through Wisconsin Department of Administration Community Development Block Grant	14.228	Not available	500,000	-
<b>Total Federal Awards</b>			<b>\$ 1,944,481</b>	<b>\$ 83,643</b>

REPORTS AND SCHEDULES ISSUED UNDER  
THE UNIFORM GUIDANCE AND GOVERNMENT AUDITING STANDARDS

See notes to schedules of expenditures of awards.

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE OF WISCONSIN AWARDS**  
**Year Ended December 31, 2019**

Award Description	State ID Number	Pass-Through Entity ID Number	Disbursements/Expenditures	Expenditures Provided to	
				Subrecipients	Subrecipients
<b>Wisconsin Department of Transportation:</b>					
Public transportation transit aids	395.104	1245-2016-2	\$ 111,401	\$	49,651
<b>Total State Awards</b>			<u>\$ 111,401</u>	<u>\$</u>	<u>49,651</u>

Administering Agency/Pass-Through Agency/  
Award Description

**CITY OF VIROQUA, WISCONSIN**  
**NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS**  
**Year Ended December 31, 2019**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State of Wisconsin Awards include all of the grant activity of the City of Viroqua, Wisconsin and are presented on the full accrual basis of accounting for grants within the Enterprise funds and on the modified accrual basis of accounting for grants within the Governmental funds. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State Single Audit Guidelines. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2. FEDERAL AND STATE AGENCIES**

The City's oversight agency for the audit is the U.S. Department of Commerce.

**NOTE 3. INDIRECT COST RATE**

The City does not use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance.

See notes to schedules of expenditures of awards.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Viroqua, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 14, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Viroqua, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Viroqua, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, and 2019-003 that we consider to be material weaknesses.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Viroqua, Wisconsin's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**City's Response to Findings**

The City of Viroqua, Wisconsin's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Viroqua, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on them.

**Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
October 14, 2020





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE  
STATE SINGLE AUDIT GUIDELINES**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the City of Viroqua, Wisconsin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State Single Audit Guidelines that could have a direct and material effect on each of the City of Viroqua, Wisconsin's major federal and state programs for the year ended December 31, 2019. The City of Viroqua, Wisconsin's major federal and state programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to each of its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Viroqua, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Guidelines. Those standards, the Uniform Guidance and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Viroqua, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the City of Viroqua, Wisconsin's compliance.

**Opinion on Each Major Program**

In our opinion, the City of Viroqua, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2019.



**Report on Internal Control Over Compliance**

Management of the City of Viroqua, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Viroqua, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Viroqua, Wisconsin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004 that we consider to be a material weakness.

The City of Viroqua, Wisconsin's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Viroqua, Wisconsin's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
October 14, 2020



**CITY OF VIROQUA, WISCONSIN  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2019**

There were two findings in the previous year that are required to be reported.

**2018-001**

**Condition and Cause:** The size of the City of Viroqua's staff precludes a proper separation of functions to assure adequate internal control. Due to the limited number of staff, management has decided to accept certain risks related to the lack of segregation of duties and relies on the City of Viroqua's Council to assist in monitoring matters relating to City of Viroqua's operations. During our review of internal control procedures, we noted the following areas that are weaknesses in internal control and should be compensated through oversight by the City of Viroqua's Council:

- Payroll record keeping, calculation and review and approval
- Accounts payable disbursements, review and approval
- Billing, collection and receivable maintenance

**Criteria:** Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

**Effect:** Failure to properly segregate duties may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

**Auditor's Recommendation:** We recommend that the Common Council take an active part in monitoring matters related to the City's operations.

**Management Response:** This finding has been discussed with the City's management and they will discuss with their auditors what positive changes can be made. The City has determined that hiring additional staff is not cost effective. The Common Council does monitor/approve all disbursements for payroll and accounts payable on a monthly basis.

**Current Status:** The finding is repeated. See 2019-001.

**CITY OF VIROQUA, WISCONSIN  
SCHEDULE OF PRIOR YEAR FINDINGS  
(CONTINUED)  
For the Year Ended December 31, 2019**

**2018-002**

**Condition:** The City has not presented financial records that are free of material misstatement and has not prepared financial statements and related notes in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the City's financial statements.

**Criteria:** Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

**Cause:** Management relies on the auditor to assist with the preparation of the financial statements. In addition, material audit adjustments were required during the audit process.

**Effect:** Since management relies on the auditor to assist with the preparation of the financial statements, the City's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

**Auditor's Recommendation:** The auditor will continue to work with the City, providing information and training where needed, to make the City's personnel more knowledgeable about its responsibility for the financial statements.

**Management Response:** This finding has been discussed with the City's management and they acknowledge their responsibility for the financial statements.

**Current Status:** The finding is repeated. See 2019-002.

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2019**

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued:

- Internal control over financial reporting:
- Material weakness(es) identified?
  - Significant deficiency(ies) identified?
  - Noncompliance material to financial statements noted?

**Federal Awards**

- Internal Control over major programs:
- Material weakness(es) identified?
  - Significant deficiency(ies) identified?

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

Identification of major programs:

**Federal Program ID#** 11.307      **Name** U.S. Department of Commerce – Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

**State Awards**

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines?

Identification of major programs:

**State Program ID#** 395.104      **Name** Wisconsin Department of Transportation – Public Transportation Transit Aids

Unmodified

Yes  
None reported  
No

Yes  
None reported

Unmodified

Yes

\$750,000

No

Yes  
None reported

Unmodified

Yes

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2019**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

Three material weaknesses were reported.

**2019-401**

**Condition:** The size of the City's staff precludes a proper separation of functions to assure adequate internal control. Due to the limited number of staff, management has decided to accept certain risks related to the lack of segregation of duties and relies on the City Council to assist in monitoring matters relating to the City of Viroqua's operations. During our review of internal control procedures, we noted the following areas that are weaknesses in internal control and should be compensated through oversight by the City Council.

- Cash, reconciliation
- Utility billing, collection and receivable maintenance
- Purchasing, accounts payable
- Payroll

**Criteria:** Proper segregation of duties should be in place assure adequate internal control and to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected and to prevent the instances of fraud.

**Effect:** Since management relies on the City Council to provide additional knowledge and monitoring of the City's operations, the lack of segregation of duties may not prevent, detect, or correct misstatements in the financial statements and may not prevent the instances of fraud.

**Auditor's Recommendation:** The auditor will continue to work with the City, providing information and training where needed, to make the City Council more knowledgeable about its responsibility in taking an active part in monitoring matters relating to City of Viroqua's operations due to the lack of segregation of duties.

**Grantee Response:** The control deficiency has been discussed with the City's management and they acknowledge their responsibility for providing compensating controls due to the lack of segregation of duties. The City has implemented compensating controls to mitigate the risks of not adequately segregating accounting responsibilities. The City Council will continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

**2019-402**

**Condition:** The City does not have management personnel with the necessary expertise to prepare the financial statements and related notes in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the City's financial statements.

**Criteria:** Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2019**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)**

**2019-002 (Continued)**

**Effect:** Because management relies on the auditor to assist with the preparation of the financial statements, the City's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

**Auditor's Recommendation:** The auditor will continue to work with the City, providing information and training where needed, to make the City's personnel more knowledgeable about its responsibility for the financial statements.

**Grantee Response:** This finding has been discussed with the City's management and they acknowledge their responsibility for the financial statements.

**2019-003**

**Condition:** Material audit adjustments were required to adjust several account balances.

**Criteria:** Material adjusting journal entries not prepared by the City prior to the audit or not otherwise provided by the City are considered an internal control weakness.

**Cause:** There were several adjusting entries proposed and many were deemed material in relation to the financial statements.

**Effect:** Financial reports generated by the accounting system may not provide an accurate reflection of the City's financial position or activities. Not reconciling accounts on a timely basis could lead to errors or other problems not being recognized and resolved in a timely manner.

**Auditor's Recommendation:** The auditor will continue to work with the City, providing information and training where needed, to make the City's personnel more knowledgeable about its responsibility for the financial statements.

**Grantee Response:** The City will work to establish policies and procedures to reduce the number of adjusting journal entries proposed by the auditor.

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2019**

**C. FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS**

There was one finding required to be reported under the Uniform Guidance.

**2019-004**

**Condition:** The City does not have management personnel with the necessary expertise to prepare the schedules of expenditures of federal and State of Wisconsin financial awards and related notes in accordance with the Uniform Guidance and the State Single Audit Guidelines. Due to limited resources, management has decided to accept certain risks relevant to single audit reporting and relies on the auditor to assist with the preparation of the City's schedules of expenditures of federal and State of Wisconsin financial awards.

**Criteria:** Internal controls over preparation of the schedules of expenditures of federal and State of Wisconsin financial awards, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the schedules of expenditures of federal and State of Wisconsin financial awards would be prevented or detected.

**Cause:** Management relies on the auditor to assist with the preparation of the schedules of expenditures of federal and State of Wisconsin financial awards.

**Effect:** The City's system of internal control may not prevent, detect, or correct misstatements in the schedules of expenditures of federal and State of Wisconsin financial awards.

**Auditor's Recommendation:** The auditor will continue to work with the City, providing information and training where needed, to make personnel more knowledgeable about its responsibility for the schedules of expenditures of federal and State of Wisconsin financial awards.

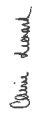
**Grantee Response:** Due to the technical nature of preparing the schedules of expenditures of federal and State of Wisconsin financial awards, the City has requested the assistance of the auditor to draft the schedules of expenditures of federal and State of Wisconsin awards and the required disclosures. The City accepts responsibility for the schedules of expenditures of federal and State of Wisconsin financial awards.

**D. FINDINGS AND QUESTIONED COSTS – STATE PROGRAMS**

See federal finding 2019-004.

**CITY OF VIROQUA, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2019**

**E. OTHER ISSUES**

- |    |   |   |
|----|---|---|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No  |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines: | <div style="display: flex; flex-direction: column; gap: 5px;"> <div>Department of Corrections</div> <div>Department of Health Services</div> <div>Department of Workforce Development</div> <div>Department of Transportation</div> <div>Department of Administration</div> </div> <div style="display: flex; justify-content: flex-end; gap: 10px; margin-top: 10px;"> <div>N/A</div> <div>N/A</div> <div>N/A</div> <div>Yes</div> <div>Yes</div> </div> |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | <div style="display: flex; flex-direction: column; gap: 5px;"> <div>Yes</div> <div>An Audit Communication Letter was submitted to the oversight body</div> </div>   |
| 4. | Name and signature of partner   | <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;"> <br/> Carrie Leonard, CPA </div> </div>   |
| 5. | Date of report:   | October 14, 2020  |

## **APPENDIX B**

### **FORM OF LEGAL OPINION**

(See following pages)

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

February 11, 2021

Re: City of Viroqua, Wisconsin ("Issuer")  
\$1,510,000\* General Obligation Corporate Purpose Bonds, Series 2021A,  
dated February 11, 2021 ("Bonds")

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

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

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
August 1, 2022	\$25,000	____%
August 1, 2023	35,000	____
August 1, 2024	35,000	____
August 1, 2025	35,000	____
August 1, 2026	75,000	____
August 1, 2027	75,000	____
August 1, 2028	75,000	____
August 1, 2029	75,000	____
August 1, 2030	80,000	____
August 1, 2031	75,000	____
August 1, 2032	70,000	____
August 1, 2033	70,000	____
August 1, 2034	75,000	____
August 1, 2035	75,000	____
August 1, 2036	75,000	____
August 1, 2037	105,000	____
August 1, 2038	110,000	____
August 1, 2039	110,000	____
August 1, 2040	115,000	____
February 1, 2041	120,000	____

Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2022.

The Bonds maturing on August 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on August 1, 2029 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

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

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

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

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

QUARLES & BRADY LLP



### 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](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Viroqua, Vernon County, Wisconsin (the "Issuer") in connection with the issuance of \$1,510,000\* General Obligation Corporate Purpose Bonds, Series 2021A, dated February 11, 2021 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on December 8, 2020 and January 12, 2021 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated January 13, 2021 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer" means the City of Viroqua, Vernon County, Wisconsin, which is the obligated person with respect to the Securities.

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

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

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

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections

of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

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

#### Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this



Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 11th day of February, 2021.

(SEAL)

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Karen Mischel  
Mayor

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Lori Polhamus  
City Clerk-Treasurer

## APPENDIX E

### NOTICE OF SALE

#### **\$1,510,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021A CITY OF VIROQUA, WISCONSIN**

Bids for the purchase of \$1,510,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds") of the City of Viroqua, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 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 7:30 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 of the City are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of financing the construction of a police station and street improvement projects. 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 February 11, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature as follows:

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
08/01/2022	\$25,000	08/01/2029	\$75,000	08/01/2036	\$75,000
08/01/2023	35,000	08/01/2030	80,000	08/01/2037	105,000
08/01/2024	35,000	08/01/2031	75,000	08/01/2038	110,000
08/01/2025	35,000	08/01/2032	70,000	08/01/2039	110,000
08/01/2026	75,000	08/01/2033	70,000	08/01/2040	115,000
08/01/2027	75,000	08/01/2034	75,000	02/01/2041	120,000
08/01/2028	75,000	08/01/2035	75,000		

#### **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 February 1 and August 1 of each year, commencing February 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

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

## **PAYING AGENT**

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

## **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after August 1, 2030 shall be subject to optional redemption prior to maturity on August 1, 2029 or any date thereafter, at a price of par plus accrued interest.

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

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

## **DELIVERY**

On or about February 11, 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 MATTERS

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

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

## SUBMISSION OF BIDS

Bids must not be for less than \$1,491,880 plus accrued interest on the principal sum of \$1,510,000 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](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 11:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> 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 \$30,200 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 (5<sup>th</sup>) 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 (5<sup>th</sup>) 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](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

City of Viroqua, Wisconsin



# BID FORM

The Common Council  
City of Viroqua, Wisconsin

January 12, 2021

RE: **\$1,510,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds")**  
DATED: **February 11, 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 \$1,491,880) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035		

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

**The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$30,200 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 February 11, 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: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 11, 2021 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

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The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Viroqua, Wisconsin, on January 12, 2021.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_