

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 23, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Bonds is included in gross income for federal income tax purposes. See "TAXABILITY OF INTEREST" herein. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

New Issue

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

CITY OF ST. FRANCIS, WISCONSIN (Milwaukee County)

\$10,065,000* TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A

BID OPENING: March 2, 2021, 10:00 A.M., C.T.

CONSIDERATION: March 2, 2021, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$10,065,000* Taxable General Obligation Refunding Bonds, Series 2021A (the "Bonds") are authorized pursuant to Section 67.04, Wisconsin Statutes, by the City of St. Francis, Wisconsin (the "City"), for the purpose of refunding certain outstanding general obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: March 24, 2021

MATURITY: March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$595,000	2027	\$775,000	2032	\$685,000
2023	730,000	2028	795,000	2033	700,000
2024	740,000	2029	655,000	2034	510,000
2025	740,000	2030	660,000	2035	515,000
2026	760,000	2031	675,000	2036	530,000

***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: September 1, 2021 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on March 1, 2029 and thereafter are subject to call for prior optional redemption on March 1, 2028 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$9,939,187.

MAXIMUM BID: \$10,668,900.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$201,300 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT & ESCROW AGENT: Associated Trust Company, National Association.

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).

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 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.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

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 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 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 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 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 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 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 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 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 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 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 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; and (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.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT. 1</p> <p>THE BONDS. 1</p> <p style="padding-left: 20px;">GENERAL. 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION. 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE. 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES. 4</p> <p style="padding-left: 20px;">SECURITY. 4</p> <p style="padding-left: 20px;">RATING. 4</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE. 5</p> <p style="padding-left: 20px;">LEGAL MATTERS. 5</p> <p style="padding-left: 20px;">TAXABILITY OF INTEREST. 5</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT. 6</p> <p style="padding-left: 20px;">BOND PREMIUM. 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR. 7</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES. . . 7</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS. 7</p> <p style="padding-left: 20px;">RISK FACTORS. 7</p> <p>VALUATIONS. 11</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES. 11</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS. 12</p> <p style="padding-left: 20px;">2020 EQUALIZED VALUE BY CLASSIFICATION. . . 12</p> <p style="padding-left: 20px;">TREND OF VALUATIONS. 12</p> <p style="padding-left: 20px;">LARGER TAXPAYERS. 13</p> <p>DEBT. 14</p> <p style="padding-left: 20px;">DIRECT DEBT. 14</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT. . . . 15</p> <p style="padding-left: 20px;">DEBT LIMIT. 17</p> <p style="padding-left: 20px;">OVERLAPPING DEBT. 17</p> <p style="padding-left: 20px;">DEBT RATIOS. 18</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY. 18</p> <p style="padding-left: 20px;">FUTURE FINANCING. 18</p>	<p>TAX LEVIES AND COLLECTIONS. 19</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS. 19</p> <p style="padding-left: 20px;">PROPERTY TAX RATES. 20</p> <p style="padding-left: 20px;">LEVY LIMITS. 20</p> <p>THE ISSUER. 22</p> <p style="padding-left: 20px;">CITY GOVERNMENT. 22</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS. 22</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS. 23</p> <p style="padding-left: 20px;">LITIGATION. 24</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY. 25</p> <p style="padding-left: 20px;">FUNDS ON HAND. 25</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS. 26</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION. 27</p> <p>GENERAL INFORMATION. 28</p> <p style="padding-left: 20px;">LOCATION. 28</p> <p style="padding-left: 20px;">LARGER EMPLOYERS. 28</p> <p style="padding-left: 20px;">BUILDING PERMITS. 29</p> <p style="padding-left: 20px;">U.S. CENSUS DATA. 30</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA. 30</p> <p>FINANCIAL STATEMENTS. A-1</p> <p>FORM OF LEGAL OPINION. B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM. C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE. D-1</p> <p>NOTICE OF SALE. E-1</p> <p>BID FORM</p>
---	---

CITY OF ST. FRANCIS COMMON COUNCIL

		<u>Term Expires</u>
Ken Tutaj	Mayor	April 2024
Donald Brickner	Council President	April 2022
Sarah Calderon	Aldersperson	April 2024
Matt Damon	Aldersperson	April 2024
Shawn Feirer	Aldersperson	April 2024
Debbie Fliss	Aldersperson	April 2022
Steve Wattawa	Aldersperson	April 2022

ADMINISTRATION

Mark Johnsrud, City Administrator
Anne Uecker, City Clerk/Treasurer

PROFESSIONAL SERVICES

Paul Alexy, City Attorney, Waukesha, Wisconsin

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

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of St. Francis, Wisconsin (the "City") and the issuance of its \$10,065,000* Taxable General Obligation Refunding Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Authorizing Resolution") to be adopted by the Common Council on March 2, 2021.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 24, 2021. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing September 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The City has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). 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 March 1, 2029 shall be subject to optional redemption prior to maturity on March 1, 2028 or any date thereafter, at a price of par plus accrued interest.

*Preliminary, subject to change

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

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

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, for the purpose of refunding the City's Taxable General Obligation Community Development Bonds, Series 2013C, dated February 26, 2013 (the "Series 2013C Bonds"), the State Trust Fund Loan, dated December 27, 2018 (the "2018 STF Loan"), the State Trust Fund Loan, dated September 10, 2019 (the "September STF Loan (9/10/19)"), the State Trust Fund Loan, dated September 19, 2019 (the "September STF Loan (9/19/19)") and the State Trust Fund Loan, dated December 9, 2019 (the "December STF Loan") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity	Interest Rates	Principal to be Refunded	CUSIP Base 789483
Series 2013C Bonds	2/26/13	2/1/22	Par	2023	2.45%	\$ 130,000	DY7
				2024	2.65%	135,000	DZ4
				2025	2.80%	140,000	EA8
				2026	2.95%	145,000	EB6
				2027	3.10%	160,000	EC4
				2028	3.25%	175,000	ED2
				2029	3.35%	185,000	EE0
				2030	3.45%	190,000	EF7
				2031	3.55%	200,000	EG5
				2032	3.65%	205,000	EH3
				2033	3.70%	<u>215,000</u>	EJ9

Total Series 2013C Bonds Being Refunded \$1,880,000

The Bonds are being sold in advance of the February 1, 2022 call date of the Series 2013C Bonds. Acceptance of a bid is dependent upon a satisfactory escrow account being established in an amount sufficient to pay interest on the callable portion of the Series 2013C Bonds from March 24, 2021 through February 1, 2022 and to pay the principal being refunded on the Series 2013C Bonds on February 1, 2022. The City will establish an escrow account with direct obligations of the U.S. Government. Actuarial services necessary to ensure adequacy of the escrow account to provide timely payment of the Series 2013C Bonds to be refunded on the call date will be performed by a certified public accountant.

The City will continue to pay the principal of and interest due on the non-callable Series 2013C Bonds through February 1, 2022.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
2018 STF Loan	12/27/18	4/6/21	Par	2022-2028	4.25%	\$ <u>1,032,348</u>
Total 2018 STF Loan Being Refunded						\$ <u>1,032,348</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above. The City will pay the principal and interest payment due on March 15, 2021 from the Debt Service Fund for the 2018 STF Loan.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
September STF Loan (9/10/19)	9/10/19	4/6/21	Par	2022-2036	4.00%	\$ <u>812,714</u>
Total September STF Loan (9/10/19) Being Refunded						\$ <u>812,714</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above. The City will pay the principal and interest payment due on March 15, 2021 from the Debt Service Fund for the September STF Loan (9/10/19).

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
September STF Loan (9/19/19)	9/19/19	4/6/21	Par	2022-2036	4.00%	\$ 718,271
Total September STF Loan (9/19/19) Being Refunded						\$ <u>718,271</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above. The City will pay the principal and interest payment due on March 15, 2021 from the Debt Service Fund for the September STF Loan (9/19/19) Loan.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
December STF Loan	12/9/19	4/6/21	Par	2022-2036	4.00%	\$ 5,326,415
Total December STF Loan Being Refunded						\$ <u>5,326,415</u>

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above. The City will pay the principal and interest payment due on March 15, 2021 from the Debt Service Fund for the December STF Loan.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$10,065,000	
Transfers from Prior Issue Debt Service Funds	<u>18,749</u>	
Total Sources		\$10,083,749

Uses

Estimated Underwriter's Discount	\$125,813	
Costs of Issuance	106,760	
Deposit to Current Refunding Fund	7,908,926	
Deposit to Net Cash Escrow Fund	1,939,576	
Rounding Amount	<u>2,674</u>	
Total Uses		\$10,083,749

*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 "A1" by Moody's Investors Service, Inc. ("Moody's").

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

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

CONTINUING DISCLOSURE

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

TAXABILITY OF INTEREST

Interest on the Bonds is included in gross income for present Federal income tax purposes. Interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the stated principal amount payable at maturity, such Bonds will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis." The amount of original issue discount with respect to a Note will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a Note is considered "de minimis," then the amount of original issue discount with respect to the Note will be zero. In that case, owners of those Bonds will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the Note is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to a Note is more than "de minimis," then the Bonds will contain original issue discount and owners of the Bonds will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (the "Code") contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues ratably over the life of the debt instrument. In the case of a Note with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a Note will increase the holder's tax basis in the Note.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Bonds. Owners who do not purchase Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Bonds.

Owners who purchase Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the Bonds.

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

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds ("Premium Bonds") is more than the principal amount payable at maturity, the Premium Bonds will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

Owners of the Premium Bonds who do not purchase such Premium Bonds in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Premium Bonds.

Owners of Premium Bonds should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Bonds.

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.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019 have been audited by Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP, Milwaukee, 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 review 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. 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.

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 \$152,512. 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. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through March 20, 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	\$697,326,800
2020 Equalized Value Reduced by Tax Increment Valuation	\$633,238,100
2020 Assessed Value	\$701,411,612

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 469,385,900	67.312%
Commercial	202,519,700	29.042%
Manufacturing	19,375,400	2.779%
Personal Property	6,045,800	0.867%
Total	<u>\$ 697,326,800</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2016	\$ 570,184,000	\$ 579,648,800	-3.62%
2017	573,147,300	598,710,800	3.29%
2018	573,072,722	607,386,500	1.45%
2019	581,214,722	651,881,800	7.33%
2020	701,411,612	697,326,800	6.97%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2020 Equalized Value ¹	Percent of City's Total Equalized Value
PH St. Francis, LLC	FBI Building	\$ 19,371,747	2.78%
Bear St. Francis 1, LLC	Apartments	18,661,105	2.68%
TCB-Whitnall, LLC	Shopping Center	10,156,299	1.46%
ARHC WISTFW101, LLC	Medical Offices	9,831,995	1.41%
Fred-Ridge View Apartments, LLC	Apartments	9,564,048	1.37%
Raymond Perry	Apartments	8,436,201	1.21%
Plaza IV Properties, LLC	Apartments	6,666,316	0.96%
Howard Village	Senior Assisted Living	6,571,723	0.94%
Robert Denton	Apartments	6,418,881	0.92%
Baierl Family, LLC	Apartments	5,143,966	0.74%
Total		\$ 100,822,281	14.46%
City's Total 2020 Equalized Value ²		\$697,326,800	

Source: The City.

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

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$ 18,561,427</u>
---	----------------------

*Preliminary, subject to change.

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

City of St. Francis, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/24/2021)

Dated Amount	Fire and Police Safety Building Bonds Series 2013A		Promissory Notes Series 2013B		Taxable Community Development Bonds Series 2013C		Promissory Note		Refunding Bonds Series 2016A		
	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
	02/26/2013	\$5,995,000		02/26/2013	\$2,595,000	02/26/2013	\$2,560,000	09/01/2015	\$1,500,000	12/29/2016	\$3,120,000
	02/01			02/01		02/01		03/01 & 09/01		03/01	
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021		0	57,621	0	4,566	0	32,041	107,143	4,591	0	40,094
2022		140,000	113,843	270,000	6,973	130,000	1,593	214,284	4,593	160,000	77,788
2023		140,000	111,043	275,000	2,406					165,000	72,913
2024		425,000	105,393							170,000	67,888
2025		435,000	96,793							175,000	62,713
2026		440,000	87,823							180,000	57,388
2027		450,000	78,253							185,000	51,913
2028		460,000	68,013							195,000	46,213
2029		470,000	57,200							200,000	40,288
2030		485,000	45,736							205,000	33,956
2031		495,000	33,484							210,000	27,213
2032		510,000	20,543							220,000	19,950
2033		525,000	6,956							225,000	12,163
2034										235,000	4,113
2035											
2036		4,975,000	882,698	545,000	13,945	130,000	33,634	321,427	9,184	2,525,000	614,588

--Continued on next page

**City of St. Francis, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 03/24/2021)**

**Taxable Refunding Bonds
Series 2021A**

Dated Amount	03/24/2021 \$10,065,000*	Maturity 03/01	Estimated Interest	Principal	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
				0	107,143	199,778	306,921	18,454,284	.58%	2021
			60,865	595,000	1,509,284	342,715	1,851,999	16,945,000	8.71%	2022
			137,926	730,000	1,310,000	320,461	1,630,461	15,635,000	15.77%	2023
			134,100	740,000	1,335,000	302,785	1,637,785	14,300,000	22.96%	2024
			129,505	740,000	1,350,000	283,645	1,633,645	12,950,000	30.23%	2025
			124,140	760,000	1,380,000	262,970	1,642,970	11,570,000	37.67%	2026
			117,760	775,000	1,410,000	240,514	1,650,514	10,160,000	45.26%	2027
			110,349	795,000	1,450,000	214,819	1,664,819	8,710,000	53.07%	2028
			100,594	655,000	1,325,000	187,078	1,512,078	7,385,000	60.21%	2029
			89,590	660,000	1,350,000	158,433	1,508,433	6,035,000	67.49%	2030
			78,740	675,000	1,380,000	127,751	1,507,751	4,655,000	74.92%	2031
			67,055	685,000	1,415,000	94,965	1,509,965	3,240,000	82.54%	2032
			54,473	700,000	1,450,000	60,084	1,510,084	1,790,000	90.36%	2033
			40,965	510,000	745,000	32,723	777,723	1,045,000	94.37%	2034
			28,610	515,000	515,000	17,590	532,590	530,000	97.14%	2035
			17,590	530,000	530,000	5,963	535,963	0	100.00%	2036
			1,298,224	10,065,000	18,561,427	2,852,272	21,413,699			

* Preliminary, subject to change.

DEBT LIMIT

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

Equalized Value	\$ 697,326,800
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 34,866,340
Less: General Obligation Debt (includes the Bonds)*	<u>(18,561,427)</u>
Unused Debt Limit*	<u>\$ 16,304,913</u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Milwaukee County	\$ 70,916,861,100	0.9833%	\$496,443,109	\$ 4,881,525
Milwaukee Area Technical College	88,345,375,521	0.7893%	104,170,000	822,214
St. Francis School District	697,326,800	100.0000%	7,283,029	7,283,029
Milwaukee Metropolitan Sewerage District	69,616,173,600	1.0017%	751,978,446	<u>7,532,568</u>
City's Share of Total Overlapping Debt				<u>\$20,519,336</u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$697,326,800	Debt/ Per Capita 9,658¹
Total General Obligation Debt (includes the Bonds)*	\$ 18,561,427	2.66%	\$ 1,921.87
City's Share of Total Overlapping Debt	<u>20,519,336</u>	<u>2.94%</u>	<u>2,124.59</u>
Total*	\$ 39,080,763	5.60%	\$ 4,046.47

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

¹ Estimated 2020 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2016/17	\$6,011,723	100%	\$11.05
2017/18	6,059,348	100%	10.45
2018/19	6,097,649	100%	10.46
2019/20	6,097,649	100%	9.71
2020/21	6,326,921	In Process	9.99

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 provided that for property taxes payable in 2020, a taxation district could, 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 was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. Milwaukee County adopted such a resolution but the City did not adopt such a resolution. The

City cannot predict whether any similar legislation may be adopted in the future or 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:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2016/17	\$14.17	\$5.10	\$11.05	\$1.93	\$32.25
2017/18	13.38	5.05	10.45	1.73	30.61
2018/19	13.28	4.90	10.46	1.69	30.33
2019/20	13.15	4.79	9.71	1.65	29.30
2020/21	13.37	4.61	9.99	1.58	29.55

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

LEVY LIMITS

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

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

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

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

(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 adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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 1951 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to four-year terms. The appointed City Clerk/Treasurer and City Administrator are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 58 full-time and 31 part-time 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 \$565,571, \$580,333 and \$562,134, 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 \$1,753,600 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 0.04929048% 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 IV.A. 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 units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Firefighters Local 2717	December 31, 2022
Police Local 217	December 31, 2021

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. Membership of the plan consisted of 22 retirees receiving benefits and 50 active plan members as of January 1, 2018, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statements No. 74 and No. 75 of the Governmental Accounting Standards Board ("GASB 74/75"). An actuarial study for the plan prepared in accordance with GASB 74/75 was most recently completed by J. Richard Hogue, F.S.A. in

May 2019 with an actuarial valuation date of January 1, 2018. The City will have a new actuarial study prepared in 2021. Since the last actuarial study, the City has made a change in its OPEB; specifically, firefighters hired on and after January 1, 2020, are no longer eligible for OPEB but instead receive HRA contributions from the City during active service.

For Fiscal Year 2019, benefit payments for the plan totaled \$340,368. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

Under GASB 74/75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of December 31, 2019, the plan's total OPEB liability was \$14,310,073 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$14,310,073.

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. For more detailed information, see Note IV.E. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

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

For Fiscal Year 2019, the City's portion of contributions to the LRLIF totaled \$1,810. For Fiscal Year 2019, the City reported a liability of \$242,441 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 0.009395700% 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 IV.E. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of December 31, 2020)

Fund	Total Cash and Investments
Operating Funds	\$ 7,841,877
Investment Funds	6,943,594
Sewer Replacement Funds	1,167,135
 Total Funds on Hand	 <u><u>\$ 15,952,606</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	2020 Unaudited
Sewer				
Total Operating Revenues	\$ 509,542	\$ 852,134	\$ 839,022	\$ 692,906
Less: Operating Expenses	<u>(832,926)</u>	<u>(833,432)</u>	<u>(820,704)</u>	<u>(866,569)</u>
Operating Income	\$ (323,384)	\$ 18,702	\$ 18,318	\$ (173,663)
Plus: Depreciation	25,117	25,117	25,469	25,117
Interest Income	<u>2,834</u>	<u>12,145</u>	<u>23,893</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ (295,433)</u></u>	<u><u>\$ 55,964</u></u>	<u><u>\$ 67,680</u></u>	<u><u>\$ (148,546)</u></u>
Stormwater				
Total Operating Revenues	\$ 229,821	\$ 308,132	\$ 312,901	\$ 235,962
Less: Operating Expenses	<u>(280,405)</u>	<u>(338,937)</u>	<u>(314,266)</u>	<u>(354,485)</u>
Operating Income	\$ (50,584)	\$ (30,805)	\$ (1,365)	\$ (118,523)
Plus: Depreciation	33,416	34,038	36,723	28,628
Interest Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ (17,168)</u></u>	<u><u>\$ 3,233</u></u>	<u><u>\$ 35,358</u></u>	<u><u>\$ (89,895)</u></u>

SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Unaudited ¹	2021 Adopted Budget ²
Revenues					
Taxes and special assessments	\$ 4,214,382	\$ 4,225,665	\$ 4,324,960	\$ 4,202,178	\$ 6,326,921
Intergovernmental	2,984,605	3,417,525	3,039,657	4,911,441	2,265,764
Licenses and permits	269,490	563,169	529,605	431,772	246,407
Fines, forfeitures and penalties	276,140	285,006	270,564	238,769	272,000
Public charges for services	294,175	354,212	400,120	300,015	393,662
Intergovernmental charges for services	0	0	0	0	803,083
Investment income	133,180	166,801	237,148	64,751	140,000
Miscellaneous general revenues	99,300	87,858	52,606	340,683	197,302
Total Revenues	\$ 8,271,272	\$ 9,100,236	\$ 8,854,660	\$ 10,489,609	\$ 10,645,139
Expenditures					
Current:					
General government	\$ 1,301,528	\$ 1,343,754	\$ 1,318,045	\$ 1,422,385	\$ 1,312,415
Public safety	5,303,426	5,455,754	5,860,088	6,009,349	5,921,266
Public works	1,181,187	1,393,495	1,349,253	1,082,545	1,178,503
Health and human services	174,536	183,813	188,832	92,769	88,644
Culture, recreation and education	20,704	36,480	47,805	28,737	44,500
Conservation and development	21,807	40,047	33,023	48,095	910,133
Conservation and development	0	0	0	0	274,145
Total Expenditures	\$ 8,003,188	\$ 8,453,343	\$ 8,797,046	\$ 8,683,880	\$ 9,729,606
Excess of revenues over (under) expenditures	\$ 268,084	\$ 646,893	\$ 57,614	\$ 1,805,729	\$ 915,533
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	
Proceeds of long-term debt	0	0	0	0	
Transfers in	55,000	0	0	0	
Transfers out	(3,384)	0	0	0	(915,533)
Total Other Financing Sources (Uses)	\$ 51,616	\$ 0	\$ 0	\$ 0	\$ (915,533)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 319,700	\$ 646,893	\$ 57,614	\$ 1,805,729	\$ 0
General Fund Balance January 1	4,220,306	4,540,006	5,186,899	5,244,513	
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance December 31	\$ 4,540,006	\$ 5,186,899	\$ 5,244,513	\$ 7,050,242	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	2,484,274	2,405,921	2,494,197	2,494,197	
Assigned	959,499	956,704	761,460	761,460	
Unassigned	1,096,233	1,824,274	1,988,856	3,794,585	
Total	\$ 4,540,006	\$ 5,186,899	\$ 5,244,513	\$ 7,050,242	

¹ Unaudited data is as of December 31, 2020.

² The 2021 budget was adopted on December 1, 2020.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 9,365 and a current estimated population of 9,658 comprises an area of 2.8 square miles and is located between Milwaukee and Cudahy, near Lake Michigan and the Milwaukee airport; and is accessible from Interstate 794.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
IBCC Industries	Castings manufacturer	400
Wixon Inc.	Flavoring extract manufacturer	206
Archdiocese of Milwaukee	Religious organization	200
Mega Pick N Save	Grocery store	160
Federal Bureau of Investigation	Government domestic intelligence and security service	136
St. Francis School District	School district	117
Sisters of St. Francis-Assisi	Convent	100
The City	Municipal government and services	89
Good Source Foods LLC (Buddy Squirrel)	Wholesale nuts	75
Straight Shot Express	Delivery service	60

Source: *ReferenceUSA, written and telephone survey (January 2021), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	0	3	4	2	0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	11	0	1	0
<u>New Commercial/Industrial</u>					
No. of building permits	0	0	5	2	0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	572	645	603	687	27

Source: The City.

¹ As of January 22, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	8,662
2010 U.S. Census	9,365
2020 Estimated Population	9,658
Percent of Change 2000 - 2010	8.12%

Income and Age Statistics

	The City	Milwaukee County	State of Wisconsin	United States
2019 per capita income	\$31,606	\$29,270	\$33,375	\$34,103
2019 median household income	\$44,426	\$50,606	\$61,747	\$62,843
2019 median family income	\$69,700	\$65,002	\$78,679	\$77,263
2019 median gross rent	\$751	\$880	\$856	\$1,062
2019 median value owner occupied units	\$152,000	\$158,300	\$180,600	\$217,500
2019 median age	47.4 yrs.	34.9 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	94.70%	92.68%
City % of 2019 median family income	88.59%	90.21%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	4,828	5,019	3.96%

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>	
	Milwaukee County	Milwaukee County	State of Wisconsin	State of Wisconsin
2016	453,685	5.0%	4.0%	
2017	456,025	4.0%	3.3%	
2018	451,475	3.6%	3.0%	
2019	448,251	4.0%	3.3%	
2020, December ¹	433,773	7.1%	5.3%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

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

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

CITY OF ST. FRANCIS

St. Francis, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF ST. FRANCIS

TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xiii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Fiduciary Net Position - Fiduciary Fund	15
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 58
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	59 - 62
Schedule of Changes in the Total OPEB Liability and Related Ratios - Health Insurance	63
Schedule of Proportionate Share of the Net OPEB Liability and Employer Contributions - Wisconsin Life Insurance	64
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System	65
Notes to Required Supplementary Information	66
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	67 - 68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	69 - 70

INDEPENDENT AUDITORS' REPORT

To the City Council
City of St. Francis
St. Francis, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Francis, 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 St. Francis' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Francis, 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.

To the City Council
City of St. Francis

Emphasis of Matters

As discussed in Note I, City of St. Francis adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, City of St. Francis adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
August 24, 2020

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

The management of the City of St. Francis (the "city"), offers all persons interested in the financial position of the city this narrative overview and analysis of the city's financial performance during the fiscal year ended December 31, 2019. You are invited to read this narrative in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of resources of the City of St. Francis exceeded its liabilities and deferred inflows of resources by \$10,486,791 (net position). Of this amount, (\$13,185,243) is considered an unrestricted net position deficit, \$4,500,418 is restricted for specific purposes (restricted net position), and \$19,171,616 is the net investment in capital assets.
- > The city's total net position decreased \$4,252,426. Governmental activities net position decreased by \$4,331,343, while business-type activities net position increased by \$76,917.
- > On December 31, 2019, the city's governmental funds reported combined fund balances of \$8,862,544, an increase of \$3,964,410 from 2018.

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

The two government-wide statements report the city's net position and how they have changed. Net Position – the difference between the city's assets and deferred outflows and liabilities and deferred inflows – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city, you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's roads and other infrastructure.

The statement of activities presents information showing how the government'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 the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The government-wide financial statements include the City of St. Francis (primary government).

FUND FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the city:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.
- > The remaining statements are fund financial statements that focus on individual parts of the city government, reporting the city's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

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

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The city maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, Tax Incremental District No. 3, Tax Incremental District No. 4 and Tax Incremental District No. 5, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The city maintains two different types of proprietary funds (sewer and stormwater utilities), which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

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

Notes to 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.

Other Information – In addition to the basis financial statements and accompanying notes, *required supplementary information* presents a detailed budget comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

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

A summary of the city's Statement of Net Position is presented below in Table 1.

**Table 1
Condensed Statements of Net Position**

	Business-Type Activities			Totals	
	2019	2018	2019	2018	2018*
Governmental Activities					
Current and other assets	\$ 18,855,834	\$ 16,109,349	\$ 2,469,330	\$ 2,405,584	\$ 18,694,913
Capital assets	30,745,677	31,068,894	1,698,402	1,608,583	32,677,477
Total Assets	49,601,511	47,268,243	4,167,732	4,104,167	51,372,390
Deferred Outflows of Resources	6,393,991	2,692,675	202,802	1,151,153	2,807,828
Long-term liabilities	36,852,471	26,367,588	692,655	562,823	26,930,391
Other liabilities	1,552,269	2,216,600	169,565	180,406	2,397,006
Total Liabilities	38,417,740	28,584,188	862,220	743,238	29,327,406
Total Deferred Inflows of Resources	10,485,662	9,953,307	113,623	160,288	10,599,285
Net Investment in Capital Assets	17,473,214	17,326,500	1,698,402	1,608,583	18,935,083
Restricted	4,324,962	2,963,712	175,456	245,655	4,500,418
Unrestricted (Deficit)	(14,706,076)	(6,866,769)	1,520,633	(1,461,536)	(13,185,243)
Total Net Position	\$ 7,092,100	\$ 11,423,443	\$ 3,394,691	\$ 3,315,774	\$ 14,739,217

*The total columns include a capital debt adjustment.

One portion of the city's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any 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.

An additional portion of the city's net position represents sources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the city reported positive balances in two of the three categories of net position for the city as a whole, as well as for its separate governmental activities. The business-type activities had positive balances in all three categories of net position.

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

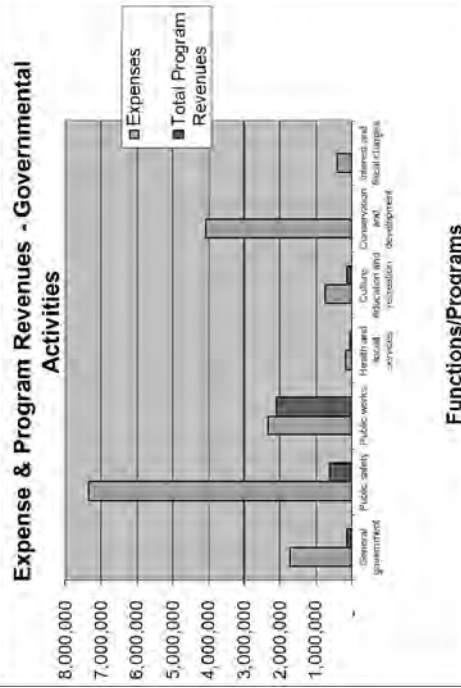
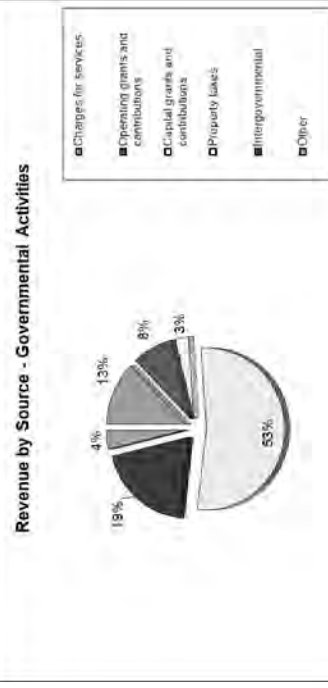
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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

As previously noted, the Statement of Net Position shows the net position for 2019 and 2018. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown above in Table 2.

Table 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for services	\$ 1,594,419	\$ 1,667,325	\$ 1,151,923	\$ 1,160,266	\$ 2,746,342	\$ 2,827,591
Operating grants and contributions	1,042,005	971,141	-	-	1,042,005	971,141
Capital grants and contributions	345,483	194,692	-	-	345,483	194,692
General Revenues						
Property taxes	6,554,205	6,360,176	-	-	6,554,205	6,360,176
Other taxes	45,052	25,386	-	-	45,052	25,386
Intergovernmental	2,370,713	2,570,465	-	-	2,370,713	2,570,465
Other	4,178,979	4,178,979	61,064	12,145	4,240,043	4,191,124
Total Revenues	12,466,847	12,230,941	1,213,887	1,172,411	13,680,734	13,453,352
Expenses:						
General government	1,736,762	1,909,162	-	-	1,736,762	1,909,162
Public safety	7,350,629	6,234,696	-	-	7,350,629	6,234,696
Public works	2,322,549	2,078,836	-	-	2,322,549	2,078,836
Health and social services	171,200	202,195	-	-	171,200	202,195
Culture, education and recreation	742,796	714,024	-	-	742,796	714,024
Conservation and development	4,077,980	650,077	-	-	4,077,980	650,077
Sewer	-	-	820,704	833,432	820,704	833,432
Stormwater	-	-	314,266	338,937	314,266	338,937
Interest and fiscal charges	396,274	332,863	-	-	396,274	332,863
Total Expenses	16,798,190	12,121,873	1,134,970	1,172,369	17,933,160	13,294,242
Transfers	-	-	-	-	-	-
Changes in Net Position	(4,331,343)	159,068	78,917	42	(4,252,426)	159,110
Beginning Net Position (as restated)	11,423,443	11,264,375	3,315,774	3,315,732	14,739,217	14,580,107
Ending Net Position	\$ 7,092,100	\$ 11,423,443	\$ 3,394,691	\$ 3,315,774	\$ 10,486,791	\$ 14,739,217



CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

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

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the city's net position by \$4,331,343.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net position by \$78,917. This increase is a result of the following items:

- > The sewer utility had an increase in net position of \$42,211 as compared to a decrease in 2018 of \$30,847. In 2018, it was primarily due to the city changing how utilities are billed.
- > The stormwater utility had an increase in net position of \$36,706.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2019, the city's governmental funds reported combined fund balances of \$8,862,544. Of this amount, \$2,504,675 constitutes nonspendable amounts that are not in spendable form or are required to remain intact by legal or contractual requirements. An additional \$4,692,452 is restricted by constraints placed on fund balance usage. \$945,955 is committed, or constrained, for specific purposes internally imposed by the council. An additional \$761,460 is assigned for specific purposes as authorized by the Council. The remaining deficit of (\$41,988) is unassigned as a result of expenditures exceeding amounts restricted, committed or assigned in the governmental funds.

General Fund

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased \$57,614 or 1% to \$5,244,513. Nonspendable fund balance was \$2,494,197 which consists of an advance to TID No. 3 of \$2,349,992, delinquent personal property taxes of \$19,294, and prepaids of \$124,911. Assigned fund balance is \$761,460 and detailed in Note III, H.

The city evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2019, unassigned fund balance is \$1,988,856 and the 2020 general fund expenditure budget is \$10,532,276 resulting in an unassigned fund balance of 19% of 2020 budgeted general fund expenditures.

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

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

GOVERNMENTAL FUNDS (cont.)

Debt Service Fund

The city's debt service fund accounts for resources that are restricted to expenditure for the payment of general long-term debt principal, interest, and related costs. Total fund balance in the debt service fund is \$502,800 which is a decrease of \$44,852 from the prior year. This is primarily due to principal payments exceeding tax revenues for the year.

Capital Projects Fund

The city's capital projects fund accounts for proceeds from long-term borrowing and other resources is committed for capital improvement projects. Total fund balance in the capital projects fund is \$867,469 which is an increase of \$443,845 from the prior year. This is primarily due to special assessment revenue in the current year.

Tax Incremental Financing District (TID) No. 3

The tax incremental financing district No. 3 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is \$(2,030,854), which is an increase to the beginning of the year deficit of \$74,385 from the prior year.

Tax Incremental Financing District (TID) No. 4

The tax incremental financing district No. 4 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is \$800,237, which is a decrease of \$257,955 from the prior year. This is due to debt issued in the current year. At year end, the entire fund balance is restricted.

Tax Incremental Financing District (TID) No. 5

The tax incremental financing district No. 5 fund accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TIF is \$2,728,367, which is an increase of \$3,660,484 from the prior year. This is primarily due to debt issued in the current year.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$750,012. Of that amount, \$3,020 is nonspendable, \$661,048 is restricted for the recycling, library, library donations, library reciprocal borrowing, and garbage special revenue funds and \$85,944 is committed for police community relations.

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

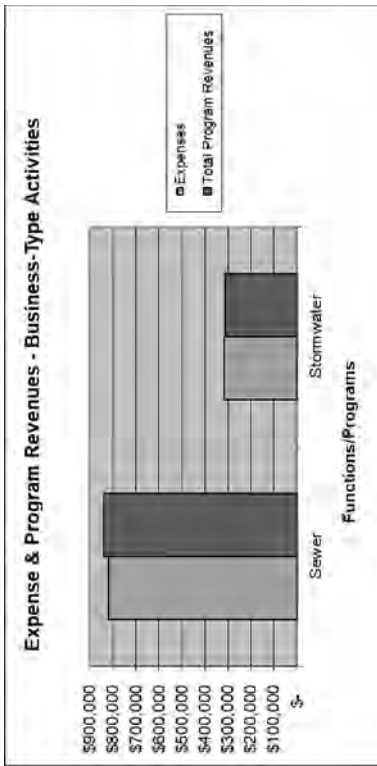
As of and for the Year Ended December 31, 2019

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

GOVERNMENTAL FUNDS (cont.)

Proprietary Funds

The City of St. Francis' proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. 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 General Fund budget had total appropriations of \$8,505,316 and the budget was not amended during the year.

Actual expenditures were \$8,797,046 as compared to the original budget of \$8,505,316 which is \$291,730 more than the budget. This was primarily due to unfavorable variances in public safety and public works.

Total revenues and other sources were \$8,854,660, which was \$349,344 more than the budget.

CITY OF ST. FRANCIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As of and for the Year Ended December 31, 2019

CAPITAL ASSETS

At the end of 2019, the city had invested a total of \$32,444,079 in capital assets net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment and infrastructure. This investment does not include infrastructure acquired prior to 2004 which the city is not required to record.

**Table 3
Capital Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 9,516,182	\$ 9,516,182	\$ -	\$ -	\$ 9,516,182	\$ 9,516,182
Intangibles	43,941	43,941	-	-	43,941	43,941
Buildings	14,565,723	14,565,723	-	-	14,565,723	14,565,723
Machinery and equipment	5,492,513	5,509,486	-	-	5,492,513	5,509,486
Infrastructure	10,416,683	9,941,821	-	-	10,416,683	9,941,821
Construction in progress	-	44,411	-	-	-	-
Utility plant	-	-	5,253,893	5,101,882	5,253,893	5,101,882
Total Capital Assets	40,035,042	39,621,564	5,253,893	5,101,882	45,288,935	44,723,446
Less: Accumulated Depreciation	(9,289,365)	(8,552,670)	(3,555,491)	(3,483,299)	(12,844,856)	(12,045,969)
Net Capital Assets	\$ 30,745,677	\$ 31,068,894	\$ 1,698,402	\$ 1,608,583	\$ 32,444,079	\$ 32,677,477

Additional information on the city's capital assets can be found in Note III. D.

LONG-TERM DEBT

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2019 was \$32,594,090. Total general obligation debt outstanding at year end was \$20,412,856. Therefore, the city was at 63% of its legal debt limit.

Additional information on the city's long-term debt can be found in Notes III. F. and III. G.

**Table 4
Long-term Debt**

	Governmental Activities	
	2019	2018
General obligation debt	\$ 20,412,856	\$ 14,162,142

CITY OF ST. FRANCIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2019

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2020 city budget. None of these conditions are anticipated to change the overall financial position of the city.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report, or need additional financial information, contact the City Clerk/Treasurer.

CITY OF ST. FRANCIS

STATEMENT OF NET POSITION
As of December 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,716,750	\$ 1,905,040	\$ 11,621,790
Receivables (net)			
Taxes	7,207,665	123,172	7,330,837
Delinquent personal property taxes	19,294	-	19,294
Accounts	211,875	265,662	477,537
Special assessments	793,857	-	793,857
Loans	120,313	-	120,313
Prepaid items	135,389	-	135,389
Restricted assets			
Cash and investments	-	175,456	175,456
Assets held for resale	650,691	-	650,691
Capital Assets			
Land	9,516,182	-	9,516,182
Other capital assets, net of depreciation/amortization	<u>21,229,495</u>	<u>1,698,402</u>	<u>22,927,897</u>
Total Assets	<u>49,601,511</u>	<u>4,167,732</u>	<u>53,769,243</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	4,678,713	129,170	4,807,883
OPEB related amounts	<u>1,715,278</u>	<u>73,632</u>	<u>1,788,910</u>
Total Deferred Outflows of Resources	<u>6,393,991</u>	<u>202,802</u>	<u>6,596,793</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,474,199	169,565	1,643,764
Deposits	91,070	-	91,070
Noncurrent Liabilities			
Due within one year	1,152,191	4,885	1,157,076
Due in more than one year	<u>35,700,280</u>	<u>687,770</u>	<u>36,388,050</u>
Total Liabilities	<u>38,417,740</u>	<u>862,220</u>	<u>39,279,960</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	7,192,203	-	7,192,203
Pension related amounts	2,343,369	72,585	2,415,954
OPEB related amounts	<u>950,090</u>	<u>41,038</u>	<u>991,128</u>
Total Deferred Inflows of Resources	<u>10,485,662</u>	<u>113,623</u>	<u>10,599,285</u>
NET POSITION			
Net investment in capital assets	17,473,214	1,698,402	19,171,616
Restricted for			
Recycling	252,010	-	252,010
Garbage	106,823	-	106,823
Library	302,215	-	302,215
Debt service	294,074	-	294,074
Equipment replacement	-	175,456	175,456
TID purposes	3,369,840	-	3,369,840
Unrestricted (deficit)	<u>(14,706,076)</u>	<u>1,520,833</u>	<u>(13,185,243)</u>
TOTAL NET POSITION	<u>\$ 7,092,100</u>	<u>\$ 3,394,691</u>	<u>\$ 10,486,791</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,736,762	\$ 128,535	\$ -	\$ -
Public safety	7,350,629	566,690	41,347	-
Public works	2,322,549	809,446	951,933	345,483
Health and human services	171,200	10,134	-	-
Culture, education and recreation	742,796	79,614	48,725	-
Conservation and development	4,077,980	-	-	-
Interest and fiscal charges	396,274	-	-	-
Total Governmental Activities	<u>16,798,190</u>	<u>1,594,419</u>	<u>1,042,005</u>	<u>345,483</u>
Business-type Activities				
Sewer Utility	820,704	839,022	-	-
Stormwater Utility	314,266	312,901	-	-
Total Business-type Activities	<u>1,134,970</u>	<u>1,151,923</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,933,160</u>	<u>\$ 2,746,342</u>	<u>\$ 1,042,005</u>	<u>\$ 345,483</u>

General Revenues

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for TIF district

 Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,608,227)	\$ -	\$ (1,608,227)
(6,742,592)	-	(6,742,592)
(215,687)	-	(215,687)
(161,066)	-	(161,066)
(614,457)	-	(614,457)
(4,077,980)	-	(4,077,980)
(396,274)	-	(396,274)
<u>(13,816,283)</u>	<u>-</u>	<u>(13,816,283)</u>
-	18,318	18,318
-	(1,365)	(1,365)
-	<u>16,953</u>	<u>16,953</u>
<u>(13,816,283)</u>	<u>16,953</u>	<u>(13,799,330)</u>
5,809,708	-	5,809,708
744,497	-	744,497
45,052	-	45,052
2,413,713	-	2,413,713
29,805	-	29,805
210,775	23,893	234,668
<u>231,390</u>	<u>38,071</u>	<u>269,461</u>
<u>9,484,940</u>	<u>61,964</u>	<u>9,546,904</u>
(4,331,343)	78,917	(4,252,426)
<u>11,423,443</u>	<u>3,315,774</u>	<u>14,739,217</u>
<u>\$ 7,092,100</u>	<u>\$ 3,394,691</u>	<u>\$ 10,486,791</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

				<u>Capital Projects</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TID No. 3</u>
ASSETS				
Cash and investments	\$ 3,532,419	\$ 502,800	\$ 1,148,574	\$ 320,639
Receivables (net)				
Ensuing year levy	4,183,811	820,314	463,413	338,281
Delinquent personal property taxes	19,294	-	-	-
Accounts	47,021	-	121,129	-
Special assessments	-	-	740,693	53,164
Loans	-	-	-	-
Prepaid items	124,911	-	7,458	-
Advances to other funds	<u>2,349,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,257,448</u>	<u>\$ 1,323,114</u>	<u>\$ 2,481,267</u>	<u>\$ 712,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ 85,382	\$ -	\$ 409,692	\$ 1,501
Accrued liabilities	668,134	-	-	-
Deposits	91,070	-	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,349,992</u>
Total Liabilities	<u>844,586</u>	<u>-</u>	<u>409,692</u>	<u>2,351,493</u>
Deferred Inflows of Resources				
Unearned revenues	4,168,349	820,314	463,413	338,281
Unavailable revenues	<u>-</u>	<u>-</u>	<u>740,693</u>	<u>53,164</u>
Total Deferred Inflows of Resources	<u>4,168,349</u>	<u>820,314</u>	<u>1,204,106</u>	<u>391,445</u>
Fund Balances (Deficit)				
Nonspendable	2,494,197	-	7,458	-
Restricted	-	502,800	-	-
Committed	-	-	860,011	-
Assigned	761,460	-	-	-
Unassigned (deficit)	<u>1,988,856</u>	<u>-</u>	<u>-</u>	<u>(2,030,854)</u>
Total Fund Balances (Deficit)	<u>5,244,513</u>	<u>502,800</u>	<u>867,469</u>	<u>(2,030,854)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	<u>\$ 10,257,448</u>	<u>\$ 1,323,114</u>	<u>\$ 2,481,267</u>	<u>\$ 712,084</u>

See accompanying notes to financial statements.

<u>Capital Projects</u>		Nonmajor Governmental Funds	<u>Totals</u>
<u>TID No. 4</u>	<u>TID No. 5</u>		
\$ 686,974	\$ 2,764,057	\$ 761,287	\$ 9,716,750
9,897	358,523	1,033,426	7,207,665
-	-	-	19,294
-	-	43,725	211,875
-	-	-	793,857
120,313	-	-	120,313
-	-	3,020	135,389
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,349,992</u>
<u>\$ 817,184</u>	<u>\$ 3,122,580</u>	<u>\$ 1,841,458</u>	<u>\$ 20,555,135</u>
\$ 7,050	\$ 35,690	\$ 41,828	\$ 581,143
-	-	16,192	684,326
-	-	-	91,070
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,349,992</u>
<u>7,050</u>	<u>35,690</u>	<u>58,020</u>	<u>3,706,531</u>
9,897	358,523	1,033,426	7,192,203
<u>-</u>	<u>-</u>	<u>-</u>	<u>793,857</u>
<u>9,897</u>	<u>358,523</u>	<u>1,033,426</u>	<u>7,986,060</u>
-	-	3,020	2,504,675
800,237	2,728,367	661,048	4,692,452
-	-	85,944	945,955
-	-	-	761,460
<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,998)</u>
<u>800,237</u>	<u>2,728,367</u>	<u>750,012</u>	<u>8,862,544</u>
<u>\$ 817,184</u>	<u>\$ 3,122,580</u>	<u>\$ 1,841,458</u>	<u>\$ 20,555,135</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

Total Fund Balances - Governmental Funds	\$ 8,862,544
--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

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

Land	9,516,182
Intangibles	43,941
Buildings	14,565,723
Machinery and equipment	5,492,513
Infrastructure	10,416,683
Less: Accumulated depreciation	(9,289,365)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	793,857
--	---------

Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	4,678,713
--	-----------

Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	(2,343,369)
---	-------------

Deferred outflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	1,715,278
--	-----------

Deferred inflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	(950,090)
---	-----------

Land held for resale	650,691
----------------------	---------

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

Bonds and notes payable	(20,412,856)
Compensated absences	(686,818)
Accrued interest	(208,730)
Unamortized debt premium	(118,371)
Net pension liability	(1,678,822)
Other post-employment benefits	<u>(13,955,604)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,092,100</u>
--	----------------------------

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

For the Year Ended December 31, 2019

	<u>Capital Projects</u>			
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TID No. 3</u>
REVENUES				
Taxes	\$ 4,324,960	\$ 721,448	\$ 261,594	\$ 360,713
Intergovernmental	3,039,657	-	167,195	16,233
Licenses and permits	529,605	-	-	-
Fines, forfeitures and penalties	270,564	-	-	-
Public charges for services	400,120	-	-	-
Intergovernmental charges for services	-	-	121,129	-
Special assessments	-	-	472,487	77,023
Investment income	237,148	-	33,782	3,966
Miscellaneous revenues	<u>52,606</u>	<u>-</u>	<u>83,332</u>	<u>-</u>
Total Revenues	<u>8,854,660</u>	<u>721,448</u>	<u>1,139,519</u>	<u>457,935</u>
EXPENDITURES				
Current				
General government	1,318,045	-	-	-
Public safety	5,860,088	-	-	-
Public works	1,349,253	-	-	-
Health and human services	188,832	-	-	-
Culture, recreation and education	47,805	-	-	-
Conservation and development	33,023	-	-	23,567
Capital Outlay	-	-	695,674	13,894
Debt Service				
Principal	-	604,286	-	145,000
Interest and fiscal charges	<u>-</u>	<u>162,014</u>	<u>-</u>	<u>159,959</u>
Total Expenditures	<u>8,797,046</u>	<u>766,300</u>	<u>695,674</u>	<u>342,420</u>
Excess (deficiency) of revenues over expenditures	<u>57,614</u>	<u>(44,852)</u>	<u>443,845</u>	<u>115,515</u>
OTHER FINANCING SOURCES				
Debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,930)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,930)</u>
Net Change in Fund Balances	57,614	(44,852)	443,845	74,585
FUND BALANCES (DEFICIT) - Beginning of Year	<u>5,186,899</u>	<u>547,652</u>	<u>423,624</u>	<u>(2,105,439)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 5,244,513</u>	<u>\$ 502,800</u>	<u>\$ 867,469</u>	<u>\$ (2,030,854)</u>

See accompanying notes to financial statements.

<u>Capital Projects</u>			
<u>TID No. 4</u>	<u>TID No. 5</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 84,502	\$ 299,282	\$ 546,758	\$ 6,599,257
-	29,420	82,084	3,334,589
-	-	-	529,605
-	-	-	270,564
-	-	480,254	880,374
-	-	-	121,129
-	-	-	549,510
4,322	-	-	279,218
-	<u>9,053</u>	<u>30,123</u>	<u>175,114</u>
<u>88,824</u>	<u>337,755</u>	<u>1,139,219</u>	<u>12,739,360</u>
-	-	-	1,318,045
-	-	26,095	5,886,183
-	-	496,905	1,846,158
-	-	-	188,832
-	-	585,530	633,335
81,927	3,777,271	-	3,915,788
134,000	-	-	843,568
100,000	-	-	849,286
<u>71,782</u>	<u>-</u>	<u>-</u>	<u>393,755</u>
<u>387,709</u>	<u>3,777,271</u>	<u>1,108,530</u>	<u>15,874,950</u>
<u>(298,885)</u>	<u>(3,439,516)</u>	<u>30,689</u>	<u>(3,135,590)</u>
-	7,100,000	-	7,100,000
40,930	-	-	40,930
-	-	-	(40,930)
<u>40,930</u>	<u>7,100,000</u>	<u>-</u>	<u>7,100,000</u>
(257,955)	3,660,484	30,689	3,964,410
<u>1,058,192</u>	<u>(932,117)</u>	<u>719,323</u>	<u>4,898,134</u>
<u>\$ 800,237</u>	<u>\$ 2,728,367</u>	<u>\$ 750,012</u>	<u>\$ 8,862,544</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

Net change in fund balances - total governmental funds	\$	3,964,410
--	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		843,568
Some items reported as capital outlay were not capitalized		(341,799)
Depreciation is reported in the government-wide financial statements		(824,986)

Land reported as an expenditure in the fund financial statements is reclassified as land held for resale in the government-wide financial statements		86,600
--	--	--------

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments		(204,027)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(7,100,000)
Principal repaid		849,286

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium		8,355

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Vested compensated absences		(152,494)
Other postemployment benefits		(1,444,215)
Accrued interest on debt		(80,266)
Net pension liability		(3,078,870)
Deferred outflows of resources related to pension		2,033,522
Deferred inflows of resources related to pension		387,786
Deferred outflows of resources related to OPEBs		1,667,794
Deferred inflows of resources related to OPEBs		(946,007)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(4,331,343)</u>
--	-----------	---------------------------

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 797,603	\$ 1,107,437	\$ 1,905,040
Receivables			
Ensuuing year levy	123,172	-	123,172
Accounts	192,094	73,568	265,662
Total Current Assets	<u>1,112,869</u>	<u>1,181,005</u>	<u>2,293,874</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	175,456	-	175,456
Capital Assets			
Property and equipment	2,664,257	2,589,636	5,253,893
Less: Accumulated depreciation	<u>(2,276,169)</u>	<u>(1,279,322)</u>	<u>(3,555,491)</u>
Total Noncurrent Assets	<u>563,544</u>	<u>1,310,314</u>	<u>1,873,858</u>
Total Assets	<u>1,676,413</u>	<u>2,491,319</u>	<u>4,167,732</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	44,413	84,757	129,170
OPEB related amounts	<u>23,187</u>	<u>50,445</u>	<u>73,632</u>
Total Deferred Outflows of Resources	<u>67,600</u>	<u>135,202</u>	<u>202,802</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities			
Accounts payable	29,563	140,002	169,565
Compensated absences	2,003	2,882	4,885
Total Current Liabilities	<u>31,566</u>	<u>142,884</u>	<u>174,450</u>
Noncurrent Liabilities			
Long-Term Debt			
Net pension liability	32,940	41,838	74,778
Compensated absences	6,594	9,488	16,082
Total OPEB liability	182,843	402,714	585,557
Net OPEB liability	4,699	6,654	11,353
Total Noncurrent Liabilities	<u>227,076</u>	<u>460,694</u>	<u>687,770</u>
Total Liabilities	<u>258,642</u>	<u>603,578</u>	<u>862,220</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	26,022	46,563	72,585
OPEB related amounts	13,202	27,836	41,038
Total Deferred Inflows of Resources	<u>39,224</u>	<u>74,399</u>	<u>113,623</u>
NET POSITION			
Net investment in capital assets	388,088	1,310,314	1,698,402
Restricted for			
Equipment replacement	175,456	-	175,456
Unrestricted	882,603	638,230	1,520,833
TOTAL NET POSITION	<u>\$ 1,446,147</u>	<u>\$ 1,948,544</u>	<u>\$ 3,394,691</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 839,022	\$ 312,901	\$ 1,151,923
Total Operating Revenues	<u>839,022</u>	<u>312,901</u>	<u>1,151,923</u>
OPERATING EXPENSES			
Operation and maintenance	795,235	277,543	1,072,778
Depreciation expense	25,469	36,723	62,192
Total Operating Expenses	<u>820,704</u>	<u>314,266</u>	<u>1,134,970</u>
Operating Income (Loss)	<u>18,318</u>	<u>(1,365)</u>	<u>16,953</u>
NONOPERATING REVENUES			
Intergovernmental	-	38,071	38,071
Investment income	23,893	-	23,893
Total Nonoperating Revenues	<u>23,893</u>	<u>38,071</u>	<u>61,964</u>
Income (Loss)	<u>42,211</u>	<u>36,706</u>	<u>78,917</u>
Change in Net Position	42,211	36,706	78,917
NET POSITION - Beginning of Year	<u>1,403,936</u>	<u>1,911,838</u>	<u>3,315,774</u>
NET POSITION - END OF YEAR	<u>\$ 1,446,147</u>	<u>\$ 1,948,544</u>	<u>\$ 3,394,691</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 847,571	\$ 370,567	\$ 1,218,138
Paid to suppliers for goods and services	(817,383)	21,882	(795,501)
Paid to employees for services	(92,196)	(130,214)	(222,410)
Net Cash Flows From Operating Activities	<u>(62,008)</u>	<u>262,235</u>	<u>200,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	23,893	-	23,893
Net Cash Flows From Investing Activities	<u>23,893</u>	<u>-</u>	<u>23,893</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(17,620)	(134,391)	(152,011)
Net Cash Flows From Capital and Related Financing Activities	<u>(17,620)</u>	<u>(134,391)</u>	<u>(152,011)</u>
Net Change in Cash and Cash Equivalents	(55,735)	127,844	72,109
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,028,794</u>	<u>979,593</u>	<u>2,008,387</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 973,059</u>	<u>\$ 1,107,437</u>	<u>\$ 2,080,496</u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 18,318	\$ (1,365)	\$ 16,953
Nonoperating revenue	-	38,071	38,071
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	25,469	36,723	62,192
Changes in assets, liabilities and deferred outflows/inflows			
Customer accounts receivable	10,725	(2,109)	8,616
Accounts payable	(134,519)	130,719	(3,800)
Taxes receivable	(2,176)	21,704	19,528
Compensated absences	(5,426)	(7,809)	(13,235)
Pension related amounts	6,772	3,891	10,663
Other postemployment benefits	18,829	42,410	61,239
	<u>18,829</u>	<u>42,410</u>	<u>61,239</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (62,008)</u>	<u>\$ 262,235</u>	<u>\$ 200,227</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position	\$ 797,603	\$ 1,107,437	\$ 1,905,040
Restricted cash and investments - statement of net position	<u>175,456</u>	<u>-</u>	<u>175,456</u>
CASH AND CASH EQUIVALENTS	<u>\$ 973,059</u>	<u>\$ 1,107,437</u>	<u>\$ 2,080,496</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

	<u>Custodial Fund</u> <u>Tax Collection</u>
ASSETS	
Cash and investments	\$ 9,699,802
Tax roll receivable	<u>2,595,344</u>
Total Assets	<u>12,295,146</u>
LIABILITIES	
Due to other governments	<u>12,295,146</u>
Total Liabilities	<u>12,295,146</u>
NET POSITION	
TOTAL NET POSITION	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

	<u>Custodial Fund</u> <u>Tax Collection</u>
ADDITIONS	
Tax collections	\$ 11,589,093
Total Additions	<u>11,589,093</u>
DEDUCTIONS	
Property taxes distributed to other governments	<u>11,589,093</u>
Total Deductions	<u>11,589,093</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF ST. FRANCIS

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

NOTE	Page
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	21
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	23
1. Deposits and Investments	23
2. Receivables	24
3. Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	26
6. Deferred Outflows of Resources	26
7. Compensated Absences	27
8. Long-Term Obligations	27
9. Deferred Inflows of Resources	27
10. Equity Classifications	28
11. Pension	29
12. Postemployment Benefits Other Than Pensions (OPEB)	30
II Stewardship, Compliance, and Accountability	30
A. Budgetary Information	30
B. Excess Expenditures Over Appropriations	30
C. Deficit Balances	31
D. Limitations on the City's Tax Levy	31
III Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	33
C. Restricted Assets	34
D. Capital Assets	35
E. Interfund Advances and Transfers	37
F. Long-Term Obligations	38
G. Net Position/Fund Balances	40
IV Other Information	42
A. Employees' Retirement System	42
B. Risk Management	42
C. Commitments and Contingencies	48
D. Joint Ventures	49
E. Other Postemployment Benefits	50
F. Effect of New Accounting Standards on Current-Period Financial Statements	58

CITY OF ST. FRANCIS

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF ST. FRANCIS

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority of the City of St. Francis

The government-wide financial statements include the Community Development Authority of the City of St. Francis ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. The Community Development Authority of the City of St. Francis is part of the reporting entity of the City of St. Francis. However, the CDA had no financial transactions during 2019 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

CITY OF ST. FRANCIS

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

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

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvements program.
- Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.
- Tax Incremental District (TID) No. 4 Capital Projects Fund-used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

CITY OF ST. FRANCIS

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

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

Tax Incremental District (TID) No. 5 Capital Projects Fund-used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

Sewer Utility - accounts for operations of the sewer system.
Stormwater Utility - accounts for operations of the stormwater system.

The city reports the following nonmajor governmental funds:

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

Recycling
Library
Library Donations
Library Reciprocal Borrowing
Police Community Relations
Garbage

In addition, the city reports the following fund type:

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

CITY OF ST. FRANCIS

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

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

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

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

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

CITY OF ST. FRANCIS

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

The city has adopted an investment policy. That policy follows the state statute for allowable investments.

The city will minimize credit risk by limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603, approving by resolution the public depositories that are deemed appropriate for use under Wisconsin and Federal law, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual investor will be minimized. Investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer, industry or business sector, excluding US Treasury obligations, investing in securities with varying maturities, and continuously investing a portion of the investment portfolio in readily available funds such as local government investment pools, money market accounts.

CITY OF ST. FRANCIS

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

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

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

1. Deposits and Investments (cont.)

The city will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to see securities on the open market prior to maturity.

The city will minimize custodial credit risk by maintaining a list of public depositories, financial institutions and broker/dealers authorized to provide deposit and investment services. Authorized public depositories which do not meet certain standards of capitalization, deposits, profitability and earnings, and quality of assets shall fully collateralize all certificates of deposits or other time deposits of the city by obligations of the US government or its agencies (if principal is guaranteed by the United States). The market value of the collateral shall at all times be equal to or exceed 102% of the principal amount of the time deposit.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. 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 as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

CITY OF ST. FRANCIS

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

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

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

2. Receivables (cont.)

Property tax calendar - 2019 tax roll:

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

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

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

3. Prepaid Items

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

4. 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.

CITY OF ST. FRANCIS

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

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

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

Buildings	10-60	Years
Intangibles	5-10	Years
Machinery and Equipment	3-40	Years
Utility System	75-85	Years
Infrastructure	30	Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

CITY OF ST. FRANCIS

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

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

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used.

Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

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

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

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

9. Deferred Inflows of Resources

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

CITY OF ST. FRANCIS

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

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

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

10. Equity Classifications

Government-Wide Statements

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

CITY OF ST. FRANCIS

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

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The city has a practice of authorizing the Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. G. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions 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 ST. FRANCIS

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

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

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

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the city OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, debt service, library, recycling, garbage special revenue funds and TID No. 3, TID No. 4, and TID No. 5 capital projects funds. A budget has not been formally adopted for library donations, library reciprocal borrowing and the police community relations special revenue funds and the capital projects fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 721,448	\$ 766,300	\$ 44,852
Capital Projects - TID No. 3	251,573	383,350	131,777
Capital Projects - TID No. 4	206,694	387,709	181,015
Special Revenue Fund -			
Garbage	287,941	288,570	629
Special Revenue Fund - Recycling	191,825	208,335	16,510

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

CITY OF ST. FRANCIS

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2019, the following individual fund held a deficit balance:

Fund	Amount	Reason
Capital Projects - TID No. 3	\$ (2,030,854)	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF ST. FRANCIS

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 13,939,046	\$ 13,749,193	Custodial credit
LGIP	7,554,312	7,554,312	Credit
Petty cash	3,690	-	N/A
	<u>\$ 21,497,048</u>	<u>\$ 21,303,505</u>	

Total Deposits and Investments

Reconciliation to financial statements

Per statement of net position

Unrestricted cash and investments \$ 11,621,790

Restricted cash and investments 175,456

Per statement of fiduciary net position - fiduciary funds

Cash and investments 9,699,802

Total Deposits and Investments \$ 21,497,048

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

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

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$16,506,972 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

CITY OF ST. FRANCIS

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2019, \$469,326 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 469,326
Total	<u>\$ 469,326</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds, nonmajor funds and fiduciary funds are detailed on the governmental funds balance sheet, proprietary funds statement of net position and fiduciary funds statement of net position. The General Fund has an allowance for uncollectible accounts in the amount of \$130,193. All amounts are expected to be collected within one year except for \$19,294 of delinquent personal property taxes reported in the General Fund and \$740,693 and \$53,164 of special assessments reported in the Capital Projects Fund and Capital Projects Fund - TID No. 3.

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 7,192,203	\$ -
Special assessments not yet due	-	<u>793,857</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 7,192,203</u>	<u>\$ 793,857</u>

CITY OF ST. FRANCIS

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

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2019:

Equipment replacement account	<u>\$ 175,456</u>
Total	<u>\$ 175,456</u>

Restricted Assets

\$ 175,456

\$ 175,456

Equipment replacement account

Total

CITY OF ST. FRANCIS

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

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

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 9,516,182	\$ -	\$ -	\$ 9,516,182
Construction in progress	44,411	-	44,411	-
Total Capital Assets Not Being Depreciated/Amortized	<u>9,560,593</u>	<u>-</u>	<u>44,411</u>	<u>9,516,182</u>
Capital assets being depreciated/amortized				
Intangibles	43,941	-	-	43,941
Building and improvements	14,565,723	71,318	88,291	14,565,723
Machinery and equipment	5,509,466	474,862	-	5,492,513
Infrastructure	9,941,821	-	-	10,416,683
Total Capital Assets Being Depreciated/Amortized	<u>30,060,971</u>	<u>546,180</u>	<u>88,291</u>	<u>30,518,860</u>
Total Capital Assets	<u>39,621,564</u>	<u>546,180</u>	<u>132,702</u>	<u>40,035,042</u>
Less: Accumulated depreciation/amortization for				
Intangibles	(43,943)	-	-	(43,943)
Building and improvements	(3,205,033)	(307,173)	-	(3,512,206)
Machinery and equipment	(3,243,997)	(247,735)	88,291	(3,403,441)
Infrastructure	(2,059,697)	(270,078)	-	(2,329,775)
Total Accumulated Depreciation/Amortization	<u>(8,552,670)</u>	<u>(824,986)</u>	<u>88,291</u>	<u>(9,289,365)</u>
Net Capital Assets Being Depreciated/Amortized	<u>21,508,301</u>	<u>(278,806)</u>	<u>-</u>	<u>21,229,495</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 31,068,894</u>	<u>\$ (278,806)</u>	<u>\$ 44,411</u>	<u>\$ 30,745,677</u>

CITY OF ST. FRANCIS

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

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
General government	\$ -	-	-	\$ 247,489
Public safety	-	-	-	154,890
Public works	-	-	-	356,089
Culture, education and recreation	-	-	-	65,943
Health and human services	-	-	-	595
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 824,986</u>
Business-type Activities				
Capital assets being depreciated				
Sewer mains	\$ 2,646,637	\$ 17,620	\$ -	\$ 2,664,257
Stormwater mains	2,452,245	134,391	-	2,589,636
Total Capital Assets Being Depreciated	<u>5,101,882</u>	<u>152,011</u>	<u>-</u>	<u>5,253,893</u>
Less: Accumulated depreciation for				
Sewer mains	(2,250,700)	(25,469)	-	(2,276,169)
Stormwater mains	(1,242,599)	(36,723)	-	(1,279,322)
Total Accumulated Depreciation	<u>(3,493,299)</u>	<u>(62,192)</u>	<u>-</u>	<u>(3,555,491)</u>
Net Capital Assets Being Depreciated	<u>1,608,583</u>	<u>89,819</u>	<u>-</u>	<u>1,698,402</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,608,583</u>	<u>\$ 89,819</u>	<u>\$ -</u>	<u>\$ 1,698,402</u>
Depreciation/amortization expense was charged to functions as follows:				
Business-type Activities				
Sewer	-	-	-	\$ 25,469
Stormwater	-	-	-	36,723
Total Business-type Activities Depreciation Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,192</u>

CITY OF ST. FRANCIS

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

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

E. INTERFUND ADVANCES AND TRANSFERS

Advances

The general fund is advancing funds to Capital Projects Fund - TID No. 3. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the TID interest on the advance based on the average outstanding advance balance during the year at a rate of 3%. No repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Capital Projects Fund - TID No. 3	\$ 2,349,992	\$ 2,349,992
Total - Fund Financial Statements		2,349,992	
Less: Fund eliminations		(2,349,992)	
Total - Interfund Advances		\$ -	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital projects - TID No. 4	Capital projects - TID No. 3	\$ 40,930	Move expenditures
Total - Fund Financial Statements		40,930	
Less: Fund eliminations		(40,930)	
Total Transfers - Government-Wide Statement of Activities		\$ -	

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

CITY OF ST. FRANCIS

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

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

F. LONG-TERM OBLIGATIONS

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable	\$ 12,040,000	\$ -	\$ 635,000	\$ 11,405,000	\$ 670,000
General obligation debt					
General obligation notes from					
other drawings and direct	2,122,142	7,100,000	214,266	9,007,856	322,495
placements	126,726	-	8,355	118,371	-
(Discoun)s/Premiums	14,288,888	7,100,000	857,841	20,531,227	992,495
Sub-totals					
Other Liabilities					
Vested compensated absences	534,324	189,911	37,417	686,818	159,696
Total OPEB liability	12,221,600	1,502,916	-	13,724,516	-
Net pension liability	289,789	1,678,822	-	1,678,822	-
Net OPEB liability	13,045,713	3,371,649	58,701	231,088	-
Total Other Liabilities			96,118	16,321,244	159,696
Total Governmental Activities Long-Term Liabilities	\$ 27,334,581	\$ 10,471,649	\$ 953,759	\$ 36,652,471	\$ 1,152,191
Business-type Activities					
Other Liabilities					
Total OPEB liability	\$ 521,434	\$ 64,123	\$ -	\$ 585,557	\$ -
Net pension liability	-	74,778	-	74,778	-
Net OPEB liability	14,237	-	2,894	11,353	-
Vested compensated absences	34,202	-	13,235	20,967	4,885
Total Other Liabilities	569,873	138,901	16,119	692,655	4,885
Total Business-type Activities Long-Term Liabilities	\$ 569,873	\$ 138,901	\$ 16,119	\$ 692,655	\$ 4,885

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019, was \$32,594,090. Total general obligation debt outstanding at year end was \$20,412,856.

CITY OF ST. FRANCIS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation Debt					
G.O. Bonds	02/26/13	02/01/33	2.00 - 2.65%	\$ 5,995,000	\$ 5,245,000
G.O. Notes	02/26/13	02/01/23	0.25 - 1.75%	2,585,000	1,070,000
Taxable G.O. Bonds	02/26/13	02/01/33	2.25 - 3.70%	2,560,000	2,260,000
Promissory Note - direct	09/01/15	09/01/22	2.84%	1,500,000	642,856
Refunding G.O. Bonds	11/29/16	03/01/34	1.35 - 3.40%	3,120,000	2,830,000
State Trust Fund Loan - direct	12/27/18	03/15/28	4.25%	1,265,000	1,265,000
State Trust Fund Loan - direct	09/10/19	03/15/36	4.00%	7,100,000	7,100,000
Totals					\$ 20,412,856

Debt service requirements to maturity are as follows:

Years	Governmental Activities	
	Principal	Interest
2020	\$ 670,000	\$ 289,084
2021	680,000	275,581
2022	700,000	261,093
2023	710,000	245,666
2024	730,000	245,666
2025-2029	3,995,000	860,626
2030-2034	3,920,000	264,589
Totals	\$ 11,405,000	\$ 2,442,305

CITY OF ST. FRANCIS

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Governmental Activities

Years	Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	\$ 322,495	\$ 82,234
2021	581,329	434,148
2022	686,592	322,764
2023	491,524	298,954
2024	510,759	279,719
2025-2029	2,712,979	1,065,807
2030-2034	2,538,761	545,596
2035-2036	1,163,417	70,325
Totals	\$ 9,007,856	\$ 3,099,547

The City's outstanding notes from direct borrowings and/or direct placements related to governmental activities of \$642,856 contain a provision that in an event of default, outstanding amounts become immediately due and payable.

Other Debt Information

Estimated payments of compensated absences, other postemployment benefits and net pension liability are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation and net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

G. NET POSITION/FUND BALANCES

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

Governmental Activities	
Net Investment in Capital Assets	\$
Land	9,516,182
Other capital assets, net of accumulated depreciation/amortization	21,229,495
Less: Long-term debt outstanding	(20,412,856)
Plus: Unspent capital related debt proceeds	158,764
Plus: Noncapital debt proceeds	7,100,000
Less: Unamortized debt premium	(118,371)
Total Net Investment in Capital Assets	\$ 17,473,214

CITY OF ST. FRANCIS

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

CITY OF ST. FRANCIS

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

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

	General Fund	Debt Service	Capital Projects	Capital Projects			TID No.5	Nonmajor Governmental Funds	Totals
				TID No. 3	TID No.4	TID No.5			
Fund Balances									
Nonspendable:									
Delinquent personal property taxes	\$ 19,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,020	\$ 19,294	
Prepaid items	124,911	-	-	-	-	-	-	135,389	
Advances	2,349,992	-	7,458	-	-	-	-	2,349,992	
Restricted for:									
Recycling	-	-	-	-	-	-	252,010	252,010	
Library	-	-	-	-	-	-	302,215	302,215	
Garbage	-	-	-	-	-	-	106,823	106,823	
Debt service	-	502,800	-	-	-	-	-	502,800	
TID activities	-	-	-	800,237	-	2,728,367	-	3,528,604	
Committed to:									
Police community relations	-	-	-	-	-	-	85,944	85,944	
Capital projects	-	-	860,011	-	-	-	-	860,011	
Assigned to:									
General sick leave	92,613	-	-	-	-	-	-	92,613	
Health department grants	34,980	-	-	-	-	-	-	34,980	
EMS fund	5,383	-	-	-	-	-	-	5,383	
Police evidence fund	5,907	-	-	-	-	-	-	5,907	
Weights and measures	1,549	-	-	-	-	-	-	1,549	
Health insurance/post retirement	535,000	-	-	-	-	-	-	535,000	
Fire wages and benefits	75,000	-	-	-	-	-	-	75,000	
Veterans memorial fund	872	-	-	-	-	-	-	872	
Fire department	10,156	-	-	-	-	-	-	10,156	
Unassigned (deficit):	1,988,856	-	-	(2,030,854)	-	-	750,012	(41,998)	
Total Fund Balances (Deficit)	\$ 5,244,513	\$ 502,800	\$ 867,469	\$ (2,030,854)	\$ 800,237	\$ 2,728,367	\$ 750,012	\$ 8,662,544	

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

Vested participants may retire at 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 ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$517,837 in contributions from the city.

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

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

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

At December 31, 2019, the city reported a liability of \$1,753,600 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.04929048%, which was a decrease of 0.00022750% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$1,278,775.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,365,789	\$ 2,414,224
Changes in assumptions	295,593	-
Net differences between projected and actual earnings on pension plan investments	2,561,013	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,354	1,730
Employer contributions subsequent to the measurement date	562,134	-
Totals	<u>\$ 4,807,883</u>	<u>\$ 2,415,954</u>

\$562,134 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 660,787
2021	172,039
2022	292,506
2023	704,463

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

* 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 ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7

Variable Fund Asset Class

U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

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

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

City's proportionate share of the net pension liability (asset)	1% Decrease to Discount Rate (6.00%)		1% Increase to Discount Rate (8.00%)	
	Discount Rate	Current Discount Rate (7.00%)	Discount Rate	Current Discount Rate (8.00%)
	\$6,968,993	\$1,753,600		\$(2,124,447)

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

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

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The city has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

TID No. 3 Guaranteed Revenue

The city has entered into a development agreement with Asset Control, LLC relating to TID No. 3. The agreement guarantees that Asset Control, LLC will receive a payment equal to 80% of the tax increment revenue generated by the improved property, beginning in 2007 (or the first year of the increment increases) and ending in 2017 (or the 10th year after the tax increment revenue from the project was received by the city). Payments began during the year ended December 31, 2013. The payment made during 2019 was \$13,894 and cumulative payments totaled \$99,473.

TID No. 5 Developer Agreements

The CDA, a component unit of the city, has entered into an agreement with a developer relating to TID No. 5. The agreement states that the CDA will reimburse the developer for an amount not to exceed 27.5% of the \$9 million of value increment assigned to the TID. The CDA will continue reimbursing the developer until one of the following occur: the CDA pays 27.5% of \$9 million, the city terminates TID No. 5, the property becomes exempt from taxation, any termination or diminution of the tenant's occupancy of the property, the property fails to generate positive tax increment, or the developer defaults on any of its obligations under the development agreement. The developer guarantees to maintain at least a minimum equalized value as specified in the agreement. No payments have been made as of December 31, 2019.

The City has entered into a developer agreement with Bear St. Francis 1, LLC relating to TID No. 5. The agreement states the City will provide the Developer with a loan totaling \$7.1 million disbursed in eleven installments related to developer having obtained occupancy permits for the apartment buildings. Payments made during 2019 totaled \$3,276,923.

D. JOINT VENTURES

Milwaukee Area Domestic Animal Control Commission

The city is a member of the Milwaukee Area Domestic Animal Control Commission (MADACC) along with eighteen other communities within Milwaukee County. MADACC was created by an agreement signed in 1997 pursuant to the provisions of Section 66.0301 of the Wisconsin Statutes. MADACC was established to provide a jointly-operated animal control services facility for dogs and cats. MADACC is governed by an nineteen member board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 1997, MADACC borrowed \$2.5 million at 4.40-5.00% due annually from 1998 through 2013, for the purchase of land and the construction of the facility. The city's share of operations in 2019 was \$22,599, which is accounted for in the general fund. The city does not have an equity interest in MADACC.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The plan provides health insurance benefits for up to 12 years for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The city's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general employees of the city. RBP is a single-employer defined benefit OPEB plan administered by the city. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The city makes the monthly health insurance contribution on behalf of the retiree as determined at the time of retirement. The city contributes approximately 80% of the current year premiums for a family and a single plan for the eligible retired plan members and their spouses. Plan members receiving benefits contribute approximately 20% of their premium costs for a family plan and a single plan.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Active plan members	60
	82

TOTAL OPEB LIABILITY

The city's total OPEB liability of \$14,310,073 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.30%
Salary increases	2.67%
Healthcare cost trend rates	9.0% ultimately decreasing to 4.7%

The discount rate was based on the December 2017 Bond Buyer 20-Bond General Obligation Index.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Mortality rates were based on the RP-2014 Mortality Table projected to 2024 with Scale BB.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period 2012 - 2014.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ 12,743,034
Changes for the year:	
Service cost	406,038
Interest	503,690
Prior year adjustment	(863,939)
Differences between expected and actual experience	(137,262)
Changes in assumptions or other inputs	1,988,880
Benefit payments	(340,368)
Net changes	1,567,039
Balances at December 31, 2019	<u>\$ 14,310,073</u>

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

Differences between expected and actual experience	Deferred Inflows of Resources
	\$ - \$ 261,686
Changes in assumptions	<u>1,749,020</u> <u>647,955</u>
Total	<u>\$ 1,749,020</u> <u>\$ 909,641</u>

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 101,113
2021	101,113
2022	101,113
2023	101,113
Thereafter	333,817

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Net OPEB liability	\$ 16,203,295	\$ 14,310,073	\$ 12,738,826

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the city, as well as what the city's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 3.7 percent) or 1-percentage-point higher (10.0 percent decreasing to 5.7 percent) than the current healthcare cost trend rates:

	1% Decrease (8.0%) Decreasing to 3.7%	Healthcare Cost Trend Rates (9.0%) Decreasing to 4.7%	1% Increase (10.0%) Decreasing to 5.7%
Net OPEB liability	\$ 13,030,752	\$ 14,310,073	\$ 15,826,940

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the city recognized OPEB expense of \$1,010,840.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Local Retiree Life Insurance Fund (LRLIF)

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

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

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and 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. 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.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

Life Insurance Employee Contribution Rates For the Plan Year

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

During the reporting period, the LRLIF recognized \$1,810 in contributions from the employer.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

At December 31, 2019, the city reported a liability of \$242,441 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net OPEB liability 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 0.09395700%, which was an decrease of 0.00709600% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized OPEB expense of \$47,614.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,299
Net differences between projected and actual earnings on OPEB plan investments	5,794	-
Changes in assumptions	23,133	52,552
Changes in proportion and differences between employer contributions and proportionate share of contributions	729	16,636
Employer contributions subsequent to the measurement date	10,234	-
Total	<u>\$ 39,890</u>	<u>\$ 81,487</u>

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$10,234 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (7,344)
2021	(7,344)
2022	(7,344)
2023	(8,158)
2024	(8,996)
Thereafter	(12,645)

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	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	3.00%
Inflation	0.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securitan, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance 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.

Local OPEB Life Insurance
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. 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.

CITY OF ST. FRANCIS

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the city's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the city's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the city's proportionate share of the net OPEB liability 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	\$344,888	\$242,441	\$163,426

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/cafr.htm>.

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

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

CITY OF ST. FRANCIS

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

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	\$ 4,279,908	\$ 4,279,908	\$ -
Interest and penalties on taxes	25,000	37,828	12,828
Payments in lieu of taxes	20,000	7,224	(12,776)
Total Taxes	<u>4,324,908</u>	<u>4,324,960</u>	<u>52</u>
INTERGOVERNMENTAL			
Federal aid - law enforcement	2,000	-	(2,000)
State shared revenues	2,188,378	2,176,111	(12,267)
Fire insurance tax (2% fire dues)	24,000	26,269	2,269
Other state shared taxes	48,833	10,758	(38,075)
State aid - law enforcement improvement	33,100	-	(33,100)
State aid - other public safety	17,900	15,078	(2,822)
State aid - general transportation aids	704,422	704,099	(323)
State aid - other highway aid	48,402	48,402	-
Other state payments	-	19,700	19,700
County aid - Milwaukee County	30,000	39,240	9,240
Total Intergovernmental	<u>3,097,035</u>	<u>3,039,657</u>	<u>(57,378)</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	16,000	16,470	470
Operators' license	5,000	4,397	(603)
Cigarette licenses	500	600	100
Vending Machine Tags	-	120	120
Amusement device licenses	5,000	7,000	2,000
Sundry Licenses	1,000	2,160	1,160
Cable television franchise fees	110,000	117,782	7,782
Alarm Licenses	375	-	(375)
Bicycle licenses	30	42	12
Dog and cat licenses	2,700	3,898	1,198
Peeders permits	100	300	200
Rummage sale licenses	125	-	(125)
Building permits	105,088	277,983	172,895
Electrical permits	20,000	18,669	(1,331)
Plumbing permits	30,000	17,947	(12,053)
Dance Hall permits	175	200	25
Street excavation/hauling permits	5,000	14,462	9,462
Parking Permits	30,000	47,100	17,100
Sundry Permits	300	475	175
Total Licenses and Permits	<u>331,393</u>	<u>529,605</u>	<u>198,212</u>
FINES, FORFEITURES AND PENALTIES			
Law and ordinance violations	272,000	270,564	(1,436)

REQUIRED SUPPLEMENTARY INFORMATION

See independent auditors' report and accompanying notes to required supplementary information.
59

CITY OF ST. FRANCIS

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

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	\$ 4,000	\$ 12,746	\$ 8,746
Publication fees	400	210	(190)
Photocopies	1,000	1,159	159
Public safety	2,400	2,853	453
Law enforcement fees	25,000	2,880	(22,120)
Fire protection fees	-	16,320	16,320
Ambulance fees	260,000	274,073	14,073
County highway maintenance and construction	1,500	503	(997)
Other health services	-	10,134	10,134
Culture, recreation and education	2,000	3,500	1,500
Park rental	5,500	60,500	55,000
Refuse and garbage collection	500	1,122	622
Weed and nuisance control	10,000	14,120	4,120
Total Public Charges for Services	<u>312,300</u>	<u>400,120</u>	<u>87,820</u>
INVESTMENT INCOME			
Interest on investments	114,500	237,148	122,648
MISCELLANEOUS REVENUES			
Workers Comp/Witness Fees	5,000	-	(5,000)
Rent	30,180	31,658	1,478
Other miscellaneous	18,000	20,948	2,948
Total Miscellaneous Revenues	<u>53,180</u>	<u>52,606</u>	<u>(574)</u>
Total Revenues	<u>\$ 8,505,316</u>	<u>\$ 8,854,660</u>	<u>\$ 349,344</u>

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

CITY OF ST. FRANCIS

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

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
Common council	\$ 63,007	\$ 62,419	\$ 588
Municipal court	76,632	62,733	13,899
Attorney	120,000	118,556	1,444
Mayor	16,600	12,677	3,923
Administrator	89,707	93,705	(3,998)
Clerk/Treasurer	168,800	166,019	2,781
Property taxes	2,000	1,349	651
Elections	12,100	4,701	7,399
Data processing	50,100	51,385	(1,285)
General administration	112,544	109,317	3,227
Treasury	-	52	(52)
Audit	32,000	29,345	2,655
Custodian/Civic center	211,628	233,970	(22,342)
Insurance	353,563	347,496	6,067
Town of Lake Pension	2,750	-	2,750
Assessor	28,000	24,321	3,679
Contingency	40,000	-	40,000
Total General Government	<u>1,379,431</u>	<u>1,318,045</u>	<u>61,386</u>
PUBLIC SAFETY			
Police	3,338,704	3,636,855	(298,151)
Fire protection	2,169,061	2,152,688	16,373
Ambulance	200	-	200
Building inspection	42,238	67,911	(25,673)
Sealer of weights and measures	2,600	2,366	234
Emergency government	200	268	(68)
Total Public Safety	<u>5,553,003</u>	<u>5,860,088</u>	<u>(307,085)</u>
PUBLIC WORKS			
Engineering	203,624	288,233	(84,609)
Traffic control	25,000	31,799	(6,799)
Highway and street maintenance for local	692,867	638,813	54,054
Snow and ice control	70,000	79,543	(9,543)
Bridges, culvers and rivers	100	92	8
Garages and sheds	32,100	24,807	7,293
City Mechanic	81,598	74,377	7,221
Street lighting	190,000	189,600	400
Refuse and garbage collection	7,000	7,331	(331)
Weed and nuisance control	12,000	14,658	(2,658)
Total Public Works	<u>1,314,289</u>	<u>1,349,253</u>	<u>(34,964)</u>

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

CITY OF ST. FRANCIS

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS -
HEALTH INSURANCE**
For the Year Ended December 31, 2019

	2019	2018
Total OPEB Liability		
Service Cost	\$ 406,038	\$ 450,198
Interest	503,690	441,133
Prior year adjustment	(863,939)	-
Difference between expected and actual experience	(137,262)	-
Changes in assumptions	1,998,880	-
Benefit payments	(340,368)	(484,563)
Net change in Total OPEB Liability	1,567,039	406,768
Total OPEB Liability - beginning	<u>12,743,034</u>	<u>12,336,266</u>
Total OPEB Liability - ending	\$ 14,310,073	\$ 12,743,034
Covered-employee payroll	\$ 4,150,517	\$ 4,150,517
Total OPEB liability as a percentage of covered-employee payroll	344.78%	307.02%

Notes to schedule:
The City implemented GASB Statements No. 75 in 2018. Information prior to 2018 is not available.

CITY OF ST. FRANCIS

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

	Original and Final Budget	Actual	Variance with Final Budget
HEALTH AND HUMAN SERVICES			
Public health services	\$ 155,810	\$ 166,233	\$ (10,423)
Animal control	19,833	22,599	(2,766)
Total Health and Human Services	<u>175,643</u>	<u>188,832</u>	<u>(13,189)</u>
CULTURE, EDUCATION AND RECREATION			
Parks	18,200	17,441	759
Recreation programs and events	28,300	30,364	(2,064)
Total Culture, Education and Recreation	<u>46,500</u>	<u>47,805</u>	<u>(1,305)</u>
CONSERVATION AND DEVELOPMENT			
Zoning	950	676	274
Industrial development	500	6,432	(5,932)
Other conservation and development	35,000	25,915	9,085
Total Conservation and Development	<u>36,450</u>	<u>33,023</u>	<u>3,427</u>
Total Expenditures	<u>8,505,316</u>	<u>8,797,046</u>	<u>(291,730)</u>
Excess (deficiency) of revenues over (under) expenditures	-	57,614	57,614
Net Change in Fund Balance	\$ -	57,614	\$ 57,614
FUND BALANCE - Beginning of Year		5,186,899	
FUND BALANCE - END OF YEAR		\$ 5,244,513	

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

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

CITY OF ST. FRANCIS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
WISCONSIN LIFE INSURANCE PLAN
For the Year Ended December 31, 2019

ETF Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.10105300%	\$ 304,026	\$ 4,249,568	7.15%	44.81%
12/31/18	0.09395700%	242,441	4,480,000	5.41%	48.69%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN LIFE INSURANCE PLAN
For the Year Ended December 31, 2019

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 16,321	\$ 16,321	\$ -	\$ 4,480,000	0.36%
12/31/19	10,234	10,234	-	4,822,550	0.21%

See independent auditors' report and accompanying notes to the required supplementary information.
64

CITY OF ST. FRANCIS

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

WRS Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.05089090%	\$ 826,967	\$ 5,103,921	16.20%	98.20%
12/31/16	0.04965754%	409,297	4,675,875	8.75%	99.12%
12/31/17	0.04951798%	(1,470,247)	4,811,050	30.96%	102.93%
12/31/18	0.04929048%	1,753,600	4,853,074	36.13%	96.45%

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

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 474,958	\$ 474,958	\$ -	\$ 4,675,875	10.16%
12/31/17	565,571	565,571	-	4,811,050	11.76%
12/31/18	580,333	580,333	-	4,853,074	11.96%
12/31/19	562,134	562,134	-	4,822,550	11.66%

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

CITY OF ST. FRANCIS

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

BUDGETARY INFORMATION

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

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

Changes in benefit terms. There were no changes of benefit terms for any anticipating employees in Wisconsin Retirement System.

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

LOCAL RETIREE LIFE INSURANCE FUND

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

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

SUPPLEMENTARY INFORMATION

CITY OF ST. FRANCIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of December 31, 2019

CITY OF ST. FRANCIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of December 31, 2019

	Special Revenue Fund			
	Recycling	Library	Library Donations	Library Reciprocal Borrowing
ASSETS				
Cash and investments	\$ 263,365	\$ 74,533	\$ 16,621	\$ 187,654
Accounts	-	-	-	43,725
Tax roll receivable	190,350	552,256	-	-
Prepaid items	-	3,020	-	-
TOTAL ASSETS	<u>\$ 453,715</u>	<u>\$ 629,809</u>	<u>\$ 16,621</u>	<u>\$ 231,379</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 10,881	\$ 2,044	\$ 53	\$ 2,503
Accrued liabilities	474	15,718	-	-
Total Liabilities	<u>11,355</u>	<u>17,762</u>	<u>53</u>	<u>2,503</u>
Deferred Inflows of Resources				
Unearned revenues	190,350	552,256	-	-
Fund Balances				
Nonspendable	-	3,020	-	-
Restricted	252,010	56,771	16,568	228,876
Committed	-	-	-	-
Total Fund Balances	<u>252,010</u>	<u>59,791</u>	<u>16,568</u>	<u>228,876</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 453,715</u>	<u>\$ 629,809</u>	<u>\$ 16,621</u>	<u>\$ 231,379</u>

	Special Revenue Fund			Total Nonmajor Governmental Funds
	Police Community Relations	Garbage		
	\$ 88,195	\$ 130,919	\$	\$ 761,287
	-	-	-	43,725
	-	290,820	-	1,033,426
	-	-	-	3,020
	<u>\$ 88,195</u>	<u>\$ 421,739</u>	<u>\$</u>	<u>\$ 1,841,458</u>
	\$ 2,251	\$ 24,096	\$	\$ 41,828
	-	-	-	16,192
	<u>2,251</u>	<u>24,096</u>	<u></u>	<u>58,020</u>
	-	290,820	-	1,033,426
	-	-	-	3,020
	-	106,823	-	661,048
	85,944	-	-	85,944
	<u>85,944</u>	<u>106,823</u>	<u></u>	<u>750,012</u>
	\$ 88,195	\$ 421,739	\$	\$ 1,841,458

CITY OF ST. FRANCIS

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

	Special Revenue Fund				Total Nonmajor Governmental Funds	
	Recycling	Library	Library Donations	Library Reciprocal Borrowing	Police Community Relations	Garbage
REVENUES						
Taxes	\$ -	\$ 546,758	\$ -	\$ -	\$ -	\$ -
Intergovernmental	33,359	5,000	-	43,725	-	546,758
Public charges for services	176,699	15,614	-	-	-	82,084
Miscellaneous revenues	-	376	4,274	-	25,473	480,254
Total Revenues	<u>210,058</u>	<u>567,748</u>	<u>4,274</u>	<u>43,725</u>	<u>25,473</u>	<u>30,123</u>
					<u>287,941</u>	<u>1,139,219</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	26,095	26,095
Public works	208,335	-	-	-	-	496,905
Culture, recreation and education	-	566,485	1,925	17,120	-	585,530
Total Expenditures	<u>208,335</u>	<u>566,485</u>	<u>1,925</u>	<u>17,120</u>	<u>26,095</u>	<u>1,108,530</u>
Net Change in Fund Balances	1,723	1,263	2,349	26,605	(622)	30,689
FUND BALANCES - Beginning of Year	250,287	58,528	14,219	202,271	86,566	719,323
FUND BALANCES - END OF YEAR	<u>\$ 252,010</u>	<u>\$ 59,791</u>	<u>\$ 16,568</u>	<u>\$ 228,876</u>	<u>\$ 85,944</u>	<u>\$ 750,012</u>

FORM OF LEGAL OPINION

(See following pages)

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

March 24, 2021

Re: City of St. Francis, Wisconsin ("Issuer")
\$10,065,000 Taxable General Obligation Refunding Bonds, Series 2021A,
dated March 24, 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 March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$595,000	___%
2023	730,000	___
2024	740,000	___
2025	740,000	___
2026	760,000	___
2027	775,000	___
2028	795,000	___
2029	655,000	___
2030	660,000	___
2031	675,000	___
2032	685,000	___
2033	700,000	___
2034	510,000	___
2035	515,000	___
2036	530,000	___

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

The Bonds maturing on March 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of St. Francis, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$10,065,000 Taxable General Obligation Refunding Bonds, Series 2021A, dated March 24, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on March 2, 2021 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated March 3, 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 St. Francis, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Administrator of the Issuer who can be contacted at 3400 East Howard Avenue, St. Francis, Wisconsin 53235, phone (414) 481-2300, fax (414) 481-6483.

"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 24th day of March, 2021.

(SEAL)

Ken Tutaj
Mayor

Anne Uecker
City Clerk

NOTICE OF SALE

**\$10,065,000* TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A
CITY OF ST. FRANCIS, WISCONSIN**

Bids for the purchase of \$10,065,000* Taxable General Obligation Refunding Bonds, Series 2021A (the "Bonds") of the City of St. Francis, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on March 2, 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 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, by the City of St. Francis, Wisconsin (the "City"), for the purpose of refunding certain outstanding general obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated March 24, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$595,000	2027	\$775,000	2032	\$685,000
2023	730,000	2028	795,000	2033	700,000
2024	740,000	2029	655,000	2034	510,000
2025	740,000	2030	660,000	2035	515,000
2026	760,000	2031	675,000	2036	530,000

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

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The City has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). 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 March 1, 2029 shall be subject to optional redemption prior to maturity on March 1, 2028 or any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about March 24, 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 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 will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the City. 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 \$9,939,187, nor more than \$10,668,900 plus accrued interest on the principal sum of \$10,065,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

A good faith deposit ("Deposit") in the amount of \$201,300 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.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

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.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Anne Uecker, City Clerk/Treasurer
City of St. Francis, Wisconsin

BID FORM

The Common Council
City of St. Francis, Wisconsin

March 2, 2021

RE: \$10,065,000* Taxable General Obligation Refunding Bonds, Series 2021A (the "Bonds")
DATED: March 24, 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 \$9,939,187, nor more than \$10,668,900) 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 2027	_____ % due 2032
_____ % due 2023	_____ % due 2028	_____ % due 2033
_____ % due 2024	_____ % due 2029	_____ % due 2034
_____ % due 2025	_____ % due 2030	_____ % due 2035
_____ % due 2026	_____ % due 2031	_____ % due 2036

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

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$201,300 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 March 24, 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 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: ____.

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 March 24, 2021 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of St. Francis, Wisconsin, on March 2, 2021.

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