

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 15, 2021

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

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

New Issue

Rating: Moody's Investors Service, Inc. "Aa3"

CITY OF CUDAHY, WISCONSIN (Milwaukee County)

\$4,865,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A

BID OPENING: June 22, 2021, 10:30 A.M., C.T.

CONSIDERATION: June 22, 2021, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,865,000* General Obligation Promissory Notes, Series 2021A (the "Notes") of the City of Cudahy, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purpose of financing capital projects and current refunding certain obligations of the City. The Notes are general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Husch Blackwell LLP, Milwaukee, Wisconsin.

DATE OF NOTES: July 7, 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	\$405,000	2026	\$450,000	2030	\$300,000
2023	725,000	2027	585,000	2031	410,000
2024	580,000	2028	410,000		
2025	540,000	2029	460,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Notes 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: March 1, 2022 and semiannually thereafter.

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

MINIMUM BID: \$4,816,350.

MAXIMUM BID: \$5,156,900.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$97,300 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Husch Blackwell 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 sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Notes, 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 Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, 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 Notes, (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 Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF CUDAHY COMMON COUNCIL

		<u>Term Expires</u>
Thomas Pavlic	Mayor	April 2022
Mike Johnson	Aldersperson	April 2022
Miranda Levy	Aldersperson	April 2024
Paul Marifke	Aldersperson	April 2024
Jill Recely	Aldersperson	April 2022
Michele St. Marie-Boelkow	Aldersperson	April 2022

ADMINISTRATION

James Williamson, Comptroller
Dennis Broderick, City Clerk/Treasurer
Kelly Sobieski, Director of Office Services

PROFESSIONAL SERVICES

Eric J. Larson, City Attorney, Waukesha, Wisconsin
Husch Blackwell LLP, Bond Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Cudahy, Wisconsin (the "City") and the issuance of its \$4,865,000* General Obligation Promissory Notes, Series 2021A (the "Notes"). Any descriptions or summaries of the Notes, 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 Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Award Resolution") to be adopted by the Common Council on June 22, 2021.

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

THE NOTES

GENERAL

The Notes 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 July 7, 2021. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Notes 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 Notes 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 Notes 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 Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes 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 Notes shall be payable as provided in the Award Resolution.

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

OPTIONAL REDEMPTION

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

*Preliminary, subject to change

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purpose of financing capital projects and current refunding the City's General Obligation Refunding Bonds, Series 2013B (the "Series 2013B Bonds") and General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 229759
Series 2013B Bonds	5/23/13	10/1/21	Par	2022	3.00%	120,000	VT9
				2023	3.00%	120,000	VU6
				2026 ¹	3.00%	380,000	VX0
				2029 ¹	3.25%	<u>400,000</u>	WA9
Total Series 2013B Bonds Being Refunded						<u>\$1,020,000</u>	

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 229759
Series 2015A Bonds	6/2/15	7/22/21	Par	2023 ¹	2.00%	\$310,000	XM2
				2025 ¹	2.25%	355,000	XP5
				2026	2.50%	215,000	XQ3
				2027	2.75%	<u>220,000</u>	XR1
Total Series 2015A Bonds Being Refunded						<u>\$1,100,000</u>	

Proceeds of the Notes will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The City will pay the 2021 maturity for the 2013B Bonds with funds on hand.

¹ Includes term bonds

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$4,865,000	
Transfers from Prior Issue Debt Service Funds	754,331	
Estimated Interest Earnings	<u>878</u>	
Total Sources		\$5,620,209

Uses

Estimated Underwriter's Discount	\$48,650	
Costs of Issuance	64,850	
Deposit to Project Construction Fund	2,635,026	
Deposit to Current Refunding Fund	2,871,557	
Rounding Amount	<u>127</u>	
Total Uses		\$5,620,209

*Preliminary, subject to change

SECURITY

For the prompt payment of the Notes 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 Notes when it becomes due and also to pay and discharge the principal on the Notes 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 "Aa3" by Moody's Investors Service, Inc. ("Moody's"). The City has received a rating of "Aa3" on the Notes 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 Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, 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 Notes 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 Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission,

pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

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

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

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

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

THE ABOVE DISCUSSION IS ONLY A BRIEF SUMMARY OF THE EFFECTS OF THE CODE, AND EACH PROSPECTIVE PURCHASER OF THE NOTES SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING THE TAX EFFECT ON THE ECONOMIC VALUE OF THE NOTES.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Notes. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the Notes) issued prior to enactment.

ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019 have been audited by Baker Tilly US, 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 Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Notes 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 Notes. 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 Notes for resale prior to maturity.

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

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. 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 Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes 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 Notes.

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 Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes 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 Notes. 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 Notes 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. On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines. 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 \$293,790. 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 March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic. The State's final allocation and the subsequent allocations to individual municipalities are not yet available, but the City currently expects an allocation of approximately \$1.79 million.

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 April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

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

CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$1,332,631,900
2020 Equalized Value Reduced by Tax Increment Valuation	\$1,091,502,700
2020 Assessed Value	\$1,261,923,000

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 903,445,600	67.794%
Commercial	335,786,900	25.197%
Manufacturing	70,239,900	5.271%
Agricultural	1,000	0.000%
Personal Property	23,158,500	1.738%
Total	<u><u>\$ 1,332,631,900</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2016	\$ 1,123,193,900	\$ 1,089,420,200	-0.58%
2017	1,122,486,300	1,136,690,600	4.34%
2018	1,149,245,100	1,164,035,000	2.41%
2019	1,213,553,100	1,233,560,900	5.97%
2020	1,261,923,000	1,332,631,900	8.03%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2020 Equalized Value¹	Percent of City's Total Equalized Value
OCP Milwaukee MT, LLC	Commercial	\$ 17,210,290	1.29%
Smithfield Packaged Meats Corp.	Manufacturing	14,605,720	1.10%
LST Limited Partnership	Commercial	12,526,560	0.94%
ATI Ladish LLC	Manufacturing	11,825,960	0.89%
5201 International Drive Dev LLC	Commercial	10,904,330	0.82%
5235 International Drive LLC	Commercial	10,799,480	0.81%
Phoenix JCR Cudahy Industrial Investors, LLC	Manufacturing	9,362,420	0.70%
OCP Milwaukee Building J LLC	Manufacturing	7,688,500	0.58%
MRC I LLC	Commercial	7,087,190	0.53%
1900 College Ave LLC	Commercial	6,972,900	0.52%
Total		\$ 108,983,350	8.18%
City's Total 2020 Equalized Value ²		\$1,332,631,900	

Source: The City.

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

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Notes)*

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u>\$ 16,205,000</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer and water revenues	<u>\$ 3,745,000</u>
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Total revenue debt secured by storm water revenues	<u>\$ 3,530,000</u>
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*Preliminary, subject to change.

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

City of Cudahy, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 07/07/2021)

Dated Amount	Refunding Bonds Series 2012A		Promissory Notes Series 2014A		Street Improvement Bonds Series 2014B		Refunding Bonds Series 2016A		Promissory Notes Series 2016B	
	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
	04/12/2012	\$5,255,000	04/15/2014	\$865,000	04/15/2014	\$2,380,000	04/19/2016	\$2,150,000	04/19/2016	\$1,550,000
	06/01		04/01		04/01		04/01		04/01	
	Principal	95,000	Principal	230,000	Principal	2,100,000	Principal	570,000	Principal	810,000
	Interest	1,188	Interest	7,590	Interest	685,900	Interest	43,519	Interest	39,790
Calendar Year Ending										
2021		0		0		0		0		0
2022		95,000		100,000		50,000		80,000		155,000
2023				130,000		110,000		75,000		160,000
2024						120,000		80,000		160,000
2025						150,000		80,000		165,000
2026						140,000		85,000		170,000
2027						150,000		90,000		
2028						160,000		80,000		
2029						180,000				
2030						180,000				
2031						190,000				
2032						215,000				
2033						225,000				
2034						230,000				
		95,000		230,000		2,100,000		570,000		810,000
		2,375		7,590		685,900		43,519		39,790

-Continued on next page

City of Cudahy, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 07/07/2021)

Dated Amount	Refunding Bonds Series 2016D		Promissory Notes Series 2018A		Corporate Purpose Bonds Series 2018B		Promissory Notes Series 2021A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal				
	09/01/2016	18,205	0	13,785	0	74,280	0	0	823,374	15,540,000	4.10%	2021
	03/07/2018	23,110	130,000	25,620	715,000	137,835	405,000	56,917	2,172,803	13,710,000	15.40%	2022
	03/07/2018	21,110	130,000	21,720	500,000	119,610	725,000	45,622	2,228,041	11,780,000	27.31%	2023
	03/07/2018	19,110	135,000	17,745	500,000	104,610	580,000	40,960	1,944,599	10,100,000	37.67%	2024
	03/07/2018	16,905	140,000	13,620	425,000	90,735	540,000	36,378	1,837,192	8,495,000	47.58%	2025
	03/07/2018	14,543	145,000	9,708	430,000	77,910	450,000	31,734	1,724,836	6,970,000	56.99%	2026
	03/07/2018	12,023	145,000	6,010	390,000	65,610	585,000	26,163	1,638,256	5,500,000	66.06%	2027
	03/07/2018	9,218	150,000	2,063	395,000	53,835	410,000	20,284	1,442,449	4,195,000	74.11%	2028
	03/07/2018	6,303	150,000		410,000	41,760	460,000	14,575	1,267,938	3,035,000	81.27%	2029
	03/07/2018	3,278			410,000	29,460	300,000	9,220	1,084,958	2,030,000	87.47%	2030
	03/07/2018				420,000	17,010	410,000	3,485	1,071,095	1,010,000	93.77%	2031
	03/07/2018				170,000	8,033	170,000	30,533	415,533	625,000	96.14%	2032
	03/07/2018				170,000	2,678	170,000	16,378	411,378	230,000	98.58%	2033
	03/07/2018							4,600	234,600	0	100.00%	2034
		143,803	975,000	110,270	4,935,000	823,365	4,865,000	285,337	18,296,948			
		1,625,000										

* Preliminary, subject to change.

**City of Cudahy, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer and Water Revenues
(As of 07/07/2021)**

**Water & Sewer System Revenue
Bonds
Series 2014C**

Dated 05/06/2014
Amount \$4,435,000

Maturity 05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	0	60,263	0	60,263	60,263	3,745,000	.00%	2021
2022	280,000	116,325	280,000	116,325	396,325	3,465,000	7.48%	2022
2023	290,000	107,775	290,000	107,775	397,775	3,175,000	15.22%	2023
2024	295,000	99,000	295,000	99,000	394,000	2,880,000	23.10%	2024
2025	230,000	91,125	230,000	91,125	321,125	2,650,000	29.24%	2025
2026	240,000	84,075	240,000	84,075	324,075	2,410,000	35.65%	2026
2027	245,000	76,800	245,000	76,800	321,800	2,165,000	42.19%	2027
2028	255,000	69,300	255,000	69,300	324,300	1,910,000	49.00%	2028
2029	255,000	61,491	255,000	61,491	316,491	1,655,000	55.81%	2029
2030	275,000	53,038	275,000	53,038	328,038	1,380,000	63.15%	2030
2031	285,000	43,759	285,000	43,759	328,759	1,095,000	70.76%	2031
2032	295,000	33,788	295,000	33,788	328,788	800,000	78.64%	2032
2033	300,000	23,375	300,000	23,375	323,375	500,000	86.65%	2033
2034	500,000	9,063	500,000	9,063	509,063	0	100.00%	2034
	3,745,000	929,175	3,745,000	929,175	4,674,175			

**City of Cudahy, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Stormwater Revenues
(As of 07/07/2021)**

		Storm Water System Revenue				Storm Water Utility Refunding					
		Bonds		Bonds		Bonds		Bonds			
		Series 2014D		Series 2016E		Series 2016E		Series 2016E			
Dated Amount	Maturity	05/06/2014	05/01	09/01/2016	05/01	09/01/2016	05/01	09/01/2016	05/01		
		\$1,890,000		\$2,790,000		\$2,790,000		\$2,790,000			
		Series 2014D		Series 2016E		Series 2016E		Series 2016E			
Calendar Year Ending		Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021		0	23,828	0	20,550	0	44,378	44,378	3,530,000	.00%	2021
2022		80,000	46,456	240,000	38,700	320,000	85,156	405,156	3,210,000	9.07%	2022
2023		80,000	44,056	250,000	33,800	330,000	77,856	407,856	2,880,000	18.41%	2023
2024		75,000	41,731	255,000	28,750	330,000	70,481	400,481	2,550,000	27.76%	2024
2025		75,000	39,481	260,000	23,600	335,000	63,081	398,081	2,215,000	37.25%	2025
2026		80,000	37,156	265,000	18,350	345,000	55,506	400,506	1,870,000	47.03%	2026
2027		75,000	34,831	275,000	12,950	350,000	47,781	397,781	1,520,000	56.94%	2027
2028		125,000	31,831	510,000	5,100	635,000	36,931	671,931	885,000	74.93%	2028
2029		130,000	27,844	130,000	27,844	130,000	27,844	157,844	755,000	78.61%	2029
2030		135,000	23,538	135,000	23,538	135,000	23,538	158,538	620,000	82.44%	2030
2031		140,000	18,981	140,000	18,981	140,000	18,981	158,981	480,000	86.40%	2031
2032		145,000	14,172	145,000	14,172	145,000	14,172	159,172	335,000	90.51%	2032
2033		150,000	9,100	150,000	9,100	150,000	9,100	159,100	185,000	94.76%	2033
2034		185,000	3,238	185,000	3,238	185,000	3,238	188,238	0	100.00%	2034
		1,475,000	396,244	2,055,000	181,800	3,530,000	578,044	4,108,044			

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	\$ 1,332,631,900
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 66,631,595
Less: General Obligation Debt (includes the Notes)*	<u>(16,205,000)</u>
Unused Debt Limit*	<u><u>\$ 50,426,595</u></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	1.8791%	\$ 430,829,778	\$ 8,095,722
Milwaukee Area Technical College District	88,345,375,521	1.5084%	77,360,000	1,166,898
Cudahy School District	1,332,631,900	100.0000%	12,629,607	12,629,607
Milwaukee Metropolitan Sewerage District	69,616,173,600	1.9143%	848,718,143	<u>16,247,011</u>
City's Share of Total Overlapping Debt				<u><u>\$ 38,139,239</u></u>

¹ Overlapping debt is as of the dated date of the Notes. 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 \$1,332,631,900	Debt/ Per Capita 18,007¹
Total General Obligation Debt (includes the Notes)*	\$ 16,205,000	1.22%	\$ 899.93
City's Share of Total Overlapping Debt	<u>38,139,239</u>	<u>2.86%</u>	<u>2,118.02</u>
Total*	\$ 54,344,239	4.08%	\$ 3,017.95

*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	\$8,868,593	100%	\$9.80
2017/18	8,948,594	100%	9.48
2018/19	9,303,024	100%	9.68
2019/20	9,809,297	100%	9.50
2020/21	9,457,837	In Process	8.66

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. The County and the City did not adopt such resolutions. 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 Notes.

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	\$13.26	\$5.10	\$9.80	\$1.38	\$29.54
2017/18	12.75	5.05	9.48	1.73	29.01
2018/19	12.31	4.90	9.68	1.69	28.58
2019/20	11.48	4.79	9.50	1.65	27.42
2020/21	10.88	4.61	8.66	1.58	25.73

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

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.

by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other 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 Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1906 and is governed by a Mayor and a five-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed City Clerk-Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 118 full-time, 35 part-time, and six seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$830,068, \$837,085 and \$878,644 respectively.

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

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

As of December 31, 2018, the total pension liability of the WRS was calculated as \$100.23 billion and the fiduciary net position of the WRS was calculated as \$96.7 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 \$2,882,295 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 0.08101600% of the aggregate WRS net pension liability as of December 31, 2019.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
International Association of Firefighters AFL-CIO, Local 1801	December 31, 2021
Cudahy Professional Police Association	December 31, 2021

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$14,681,145 as of December 31, 2020. The City has been funding these obligations on a pay-as-you-go basis.

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 Notes or otherwise questioning the validity of the Notes.

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 Notes 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 Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes 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 Notes.

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 Notes would not occur.

FUNDS ON HAND (as of March 31, 2021)

Fund	Total Cash and Investments
General	\$ 10,418,409
Special Revenue	14,246,691
Debt Service	1,246,798
Capital Projects	3,469,012
Enterprise Funds	11,063,019
Total Funds on Hand	<u><u>\$ 40,443,929</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:

	2018	2019	2020 Unaudited
Water			
Total Operating Revenues	\$ 3,179,807	\$ 3,060,929	\$ 3,035,327
Less: Operating Expenses	<u>(2,319,685)</u>	<u>(2,473,419)</u>	<u>(2,425,433)</u>
Operating Income	\$ 860,122	\$ 587,510	\$ 609,894
Plus: Depreciation	521,274	526,694	519,329
Interest Income	<u>6,828</u>	<u>6,969</u>	<u>4,039</u>
Revenues Available for Debt Service	<u><u>\$ 1,388,224</u></u>	<u><u>\$ 1,121,173</u></u>	<u><u>\$ 1,133,262</u></u>
Sewer			
Total Operating Revenues	\$ 3,459,991	\$ 3,378,453	\$ 3,400,900
Less: Operating Expenses	<u>(2,639,902)</u>	<u>(2,931,241)</u>	<u>(2,618,870)</u>
Operating Income	\$ 820,089	\$ 447,212	\$ 782,030
Plus: Depreciation	131,510	138,308	138,291
Interest Income	<u>36,973</u>	<u>36,890</u>	<u>25,649</u>
Revenues Available for Debt Service	<u><u>\$ 988,572</u></u>	<u><u>\$ 622,410</u></u>	<u><u>\$ 945,970</u></u>
Storm Water			
Total Operating Revenues	\$ 1,424,497	\$ 1,498,669	\$ 1,376,495
Less: Operating Expenses	<u>(780,597)</u>	<u>(712,905)</u>	<u>(501,044)</u>
Operating Income	\$ 643,900	\$ 785,764	\$ 875,451
Plus: Depreciation	277,707	285,882	287,503
Interest Income	<u>33,719</u>	<u>34,359</u>	<u>17,298</u>
Revenues Available for Debt Service	<u><u>\$ 955,326</u></u>	<u><u>\$ 1,106,005</u></u>	<u><u>\$ 1,180,252</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	\$ 6,213,508	\$ 6,279,724	\$ 6,381,954	\$ 6,549,934	\$ 6,985,495
Intergovernmental	4,892,749	4,527,845	4,889,542	5,302,152	4,972,248
Licenses and permits	538,551	500,129	488,252	539,058	438,604
Fines, forfeitures and penalties	1,001,132	978,499	894,015	858,375	933,350
Public charges for services	170,278	163,732	147,960	187,259	124,879
Intergovernmental charges for services	34,554	32,050	65,100	65,340	65,350
Investment income	43,691	161,529	266,413	103,708	135,650
Commercial revenues	88,152	132,498	70,164	89,912	61,500
Total Revenues	\$ 12,982,615	\$ 12,776,006	\$ 13,203,400	\$ 13,695,738	\$ 13,717,076
Expenditures					
Current:					
General government	\$ 3,027,191	\$ 2,973,753	\$ 2,028,448	\$ 1,955,643	\$ 2,307,784
Protection of persons and property	7,438,317	7,517,403	8,375,096	8,360,740	8,736,966
Public works	1,489,729	1,577,436	1,574,826	1,455,845	1,653,915
Health and sanitation	870,575	912,504	1,007,122	1,013,309	1,085,235
Parks and recreation	322,714	325,618	340,833	322,538	378,177
Conservation and development	0	0	0	0	0
Capital outlay	10,831	32,024	21,878	17,153	0
Total Expenditures	\$ 13,159,357	\$ 13,338,738	\$ 13,348,203	\$ 13,125,228	\$ 14,162,077
Excess of revenues over (under) expenditures	\$ (176,742)	\$ (562,732)	\$ (144,803)	\$ 570,510	\$ (445,001)
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	449,462	452,087	434,099	416,590	445,000
Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 449,462	\$ 452,087	\$ 434,099	\$ 416,590	\$ 445,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 272,720	\$ (110,645)	\$ 289,296	\$ 987,100	\$ (1)
General Fund Balance January 1	4,880,581	5,153,301	5,042,656	5,331,952	6,319,052
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 5,153,301	\$ 5,042,656	\$ 5,331,952	\$ 6,319,052	\$ 6,319,051
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	804,366	697,648	368,363		
Assigned	520,772	179,184	176,826		
Unassigned	3,828,163	4,165,824	4,786,763		
Total	\$ 5,153,301	\$ 5,042,656	\$ 5,331,952		

¹ Unaudited data is as of 12/31/20.

² The 2021 budget was adopted on 11/19/2020.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 18,267 and a current estimated population of 18,007 comprises an area of 3.75 square miles and is located just south of the City of Milwaukee in Milwaukee County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Patrick Cudahy, Inc. (Smithfield Foods)	Manufacturer of bacon and sausage products	1,200
ATI Ladish Co.	Forging manufacturer	1,000
Aurora St. Lukes South Shore	Hospital	615
School District of Cudahy	Elementary and secondary education	354
Lucas-Milhaupt, Inc.	Corporate headquarters, producer of metal joining products	300
Pioneer Commercial Cleaning, Inc.	Janitor service	285
Vilter Manufacturing	Manufacture industrial compressors	200
WM Berg Inc.	Manufacture components	200
Stearns	Electric disk brake & DC clutch manufacturer	200
City of Cudahy	Municipal government and services	159

Source: *Data Axle Reference Solutions, written and telephone survey (April 2021), Wisconsin Manufacturers Register, 2020-2021 Milwaukee Business Journal Book of Lists 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	1	0	1	0	0
Valuation	\$150,000	\$0	\$297,141	\$0	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$285,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	0	1	0	0
Valuation	\$6,600,000	\$0	\$75,000	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	184	1,244	1,345	1,558	508
Valuation	\$16,012,699	\$6,664,930	\$3,856,135	\$2,854,911	\$307,650

Source: The City.

¹ As of April 30, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	18,429
2010 U.S. Census	18,267
2020 Estimated Population	18,007
Percent of Change 2000 - 2010	-0.88%

Income and Age Statistics

	The City	Milwaukee County	State of Wisconsin	United States
2019 per capita income	\$29,557	\$29,270	\$33,375	\$34,103
2019 median household income	\$56,795	\$50,606	\$61,747	\$62,843
2019 median family income	\$67,740	\$65,002	\$78,679	\$77,263
2019 median gross rent	\$815	\$880	\$856	\$1,062
2019 median value owner occupied units	\$152,900	\$158,300	\$180,600	\$217,500
2019 median age	42.6 yrs.	34.9 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	88.56%	86.67%
City % of 2019 median family income	86.10%	87.67%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	8,490	8,249	-2.84%

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	
2017	456,025	4.0%	3.3%	
2018	451,475	3.6%	3.0%	
2019	448,251	4.0%	3.3%	
2020	425,483	8.2%	6.3%	
2021, April ¹	432,505	6.3%	4.3%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary County.

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 Notes, 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 CUDAHY

Cudahy, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF CUDAHY

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CITY OF CUDAHY

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Cudahy
Cudahy, 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 Cudahy, 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 Cudahy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matters

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

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
September 8, 2020



Management's Discussion and Analysis (Unaudited)

As management of the City of Cudahy, we offer readers of the City of Cudahy's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended December 31, 2019. This narrative should be read in conjunction with the City's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City of Cudahy exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60.0 million (net position). The unrestricted net position of the City is a deficit of \$11.5 million.

Restricted net position principally represent amounts held in the City's tax increment districts for future expenditures and amounts held in reserve funds for debt service.

As of the close of the current fiscal year, the City of Cudahy's governmental funds reported combined ending fund balances of \$16.2 million, a decrease of \$1.5 million in comparison with the prior year. Approximately 21.6 percent of this total amount, \$3.5 million, is available for spending at the government's discretion (unassigned fund balance). At year-end, management had set aside all of the assigned fund balance for specific purposes.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4.8 million, or 35.8 percent of total general fund expenditures. In accordance with City of Cudahy policy, management has set aside \$3.4 million of this unassigned fund balance for working capital and future contingencies based on 25 percent of the 2020 general fund budget.

The City of Cudahy's total long-term obligations (governmental & business type) decreased by \$7.9 million during the current fiscal year.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Cudahy's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cudahy is improving or deteriorating.

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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cudahy that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Cudahy include general government, protection of persons and property, public works, health and sanitation, parks and recreation, library, and conservation and development. The business-type activities of the City of Cudahy include a Water Utility, a Sewer Utility and a Storm Water Utility.

The government-wide financial statements include not only the City of Cudahy itself (known as the *primary government*), but also a legally separate Community Development Authority for which the City of Cudahy is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The Water, Sewer and Storm Water Utilities function for all practical purposes as departments of the City of Cudahy, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cudahy, 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 of Cudahy can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Cudahy maintains eighteen 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, the tax increment district #1 tax levy special revenue fund, the debt service fund, and the capital improvements fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

The City of Cudahy adopts an annual appropriated budget for the general fund and various other funds as required by state statute. A budgetary comparison statement, found on page 81, has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary funds. The City of Cudahy maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Cudahy uses enterprise funds to account for its Water, Sewer and Storm Water Utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Cudahy uses an internal service fund to account for its liability insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Water Utilities, all of which are considered to be major funds of the City of Cudahy. Individual fund data for the internal service fund is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20 - 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Cudahy's own programs. The only fiduciary fund maintained by the City of Cudahy is the Tax Roll Fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Cudahy. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 25 - 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 80 of this report.

Other information. The required supplementary information can be found on pages 81 - 85 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 86 - 89 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cudahy, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60.0 million and \$55.8 million at December 31, 2019 and 2018, respectively, as presented in the following table.

CITY OF CUDAHY'S NET POSITION						
December 31,						
(In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 39,345	\$ 42,410	\$ 13,129	\$ 12,866	\$ 52,474	\$ 55,276
Capital assets	44,683	46,131	34,527	34,045	79,210	80,176
Total assets	84,028	88,541	47,656	46,911	131,684	135,452
Deferred Outflows of Resources	7,953	4,527	798	503	8,751	5,030
Current and other liabilities	1,324	1,054	997	710	2,321	1,764
Long-term liabilities	45,364	49,083	11,749	12,342	57,113	61,425
Total liabilities	46,688	50,137	12,746	13,052	59,434	63,189
Deferred Inflows of Resources	20,640	21,121	343	376	20,983	21,497
Net Position	38,972	36,152	27,520	26,233	63,947	62,385
Net investment capital assets	6,088	8,138	1,445	1,625	7,533	9,763
Restricted	(20,407)	(22,480)	6,400	6,118	(11,462)	(16,362)
Unrestricted (Deficit)	\$ 24,653	\$ 21,810	\$ 35,365	\$ 33,976	\$ 60,018	\$ 55,786

The City of Cudahy's governmental activities investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding, is reported at \$38.9 million. The City of Cudahy uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Cudahy'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 of Cudahy's governmental activities net position, \$6.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$20.4 million.

The City of Cudahy's net position increased by \$4,232,061 during the current fiscal year. The current year amount related to the governmental activities was an increase in net position of \$2,842,897, while the business-type activities had an increase in net position of \$1,389,164.

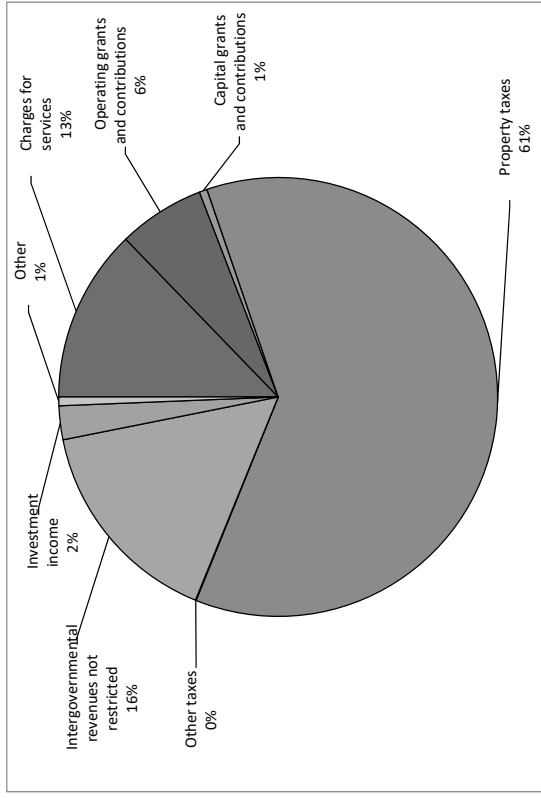
The Governmental Activities deficit of \$20.4 million principally represents utility capital assets contributed by the Governmental Activities (Tax Increment Financing (TIF) Program) to the Business-Type Activities and other noncapital development costs financed with TIF debt and the OPEB obligations.

Statement of activities. The following is a more detailed review of the City's 2019 and 2018 operations.

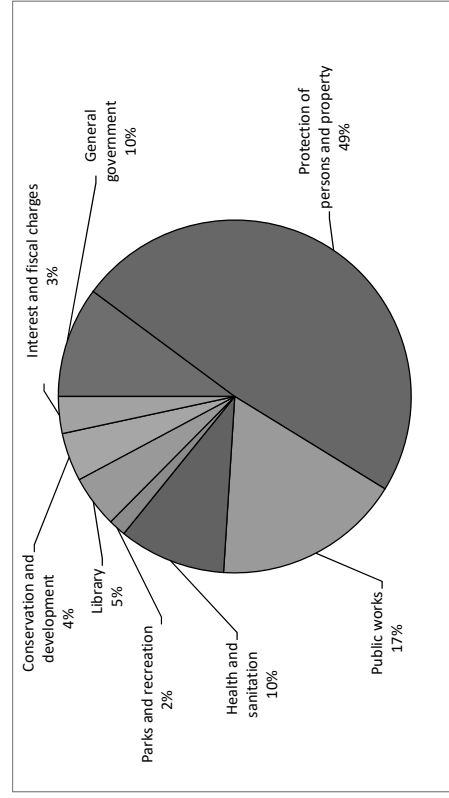
CITY OF CUDAHY'S CHANGES IN NET POSITION					
For the year ending December 31,					
	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	2019
Revenues					
Program revenues					
Charges for services	\$ 3,147	\$ 3,295	\$ 7,938	\$ 8,064	\$ 11,085
Operating grants and contributions	1,572	1,537	-	-	1,572
Capital grants and contributions	143	66	143	-	286
General revenues					
Property taxes	15,113	14,436	-	-	15,113
Other taxes	13	26	-	-	13
Intergovernmental revenues not restricted	3,871	3,452	-	-	3,871
Investment income	613	435	85	82	698
Other	158	673	140	191	298
Total revenues	24,630	23,920	8,306	8,337	32,257
Expenses					
General government	2,259	3,163	-	-	2,259
Protection of persons and property	10,802	9,056	-	-	10,802
Public works	3,831	3,700	-	-	3,831
Health and sanitation	2,180	1,740	-	-	2,180
Parks and recreation	353	356	-	-	353
Library	1,060	855	-	-	1,060
Conservation and development	985	284	-	-	985
Interest and fiscal charges	751	1,103	-	-	751
Water	-	-	2,515	2,377	2,515
Sewer	-	-	3,090	2,814	3,090
Storm Water	-	-	878	965	878
Total expenses	22,221	20,257	6,483	6,156	28,704
Increase (decrease) in net assets before transfers	2,409	3,663	1,823	2,181	4,232
Transfers	434	452	(434)	(452)	-
Increase (decrease) in net position	2,843	4,115	1,389	1,729	5,844
Net position - January 1,	21,810	26,509	33,976	32,451	55,766
Restatement - GASB 75	-	(6,814)	-	(204)	(9,018)
Net position - January 1, restated	21,810	17,695	33,976	32,247	55,766
Net position - December 31,	\$ 24,653	\$ 21,810	\$ 35,365	\$ 33,976	\$ 60,018

The significant changes between the 2019 governmental activities data compared to the 2018 data include an increase in property taxes of \$677,000, a decrease of general government expenses of \$904,000, and an increase of protection of persons and property expenses of \$1.7 million. This change is mainly due to a reallocation of retiree benefit costs as well as an overall increase in costs.

Program and General Revenues by Source – Governmental Activities

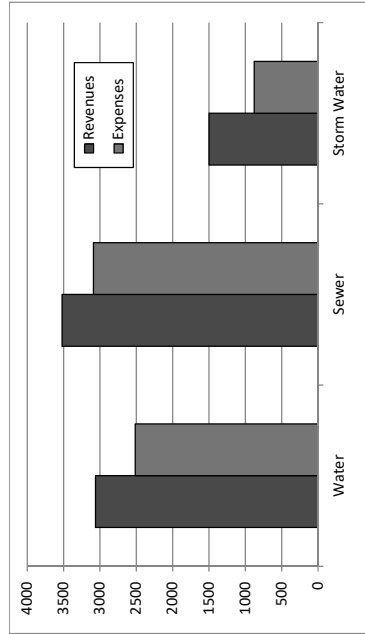


Expenses by Function – Governmental Activities

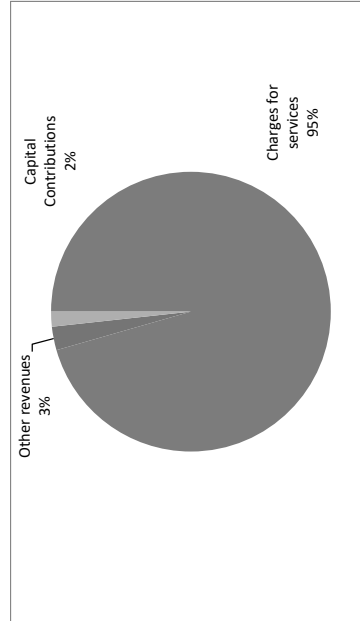


Business-type activities. The significant changes between the 2019 business-type activities compared to the 2018 data include an increase capital contributions of \$143,000 and an increase in expenses before transfers of \$327,000.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the City of Cudahy's governmental funds reported combined ending fund balances of \$16.2 million, a decrease of \$1.5 million in comparison with the prior year. Approximately 21.6 percent of this total amount (\$3.6 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. Management has set aside \$3.4 million of unassigned fund balance to provide working capital per the City's policy. In addition, the deficit fund balance for the non-major funds (\$1,009,620) and restricted amounts in excess of available fund balance (\$180,603) reduces the unassigned fund balance amount. The City has nonspendable fund balance (\$366,363) for prepaid items (\$10,046), the Cudahy Family Library's children endowment fund (\$100,000), and the advance to other funds (\$358,317). Restricted fund balance (\$6.4 million) includes amounts that will be used to pay tax increment district project costs (\$593,000), debt service (\$3.9 million), tax increment district bond funds (\$368,000), the Cudahy Family Library's endowment fund (\$361,000), CDA Project costs of (\$733,000) and other library activities (\$404,697). The City has also committed fund balance (\$2.2 million) for specific purposes. Lastly, the assigned fund balance (\$3.6 million) includes amounts for capital project funding (\$3.4 million) and for a variety of general fund activities (\$177,000).

The general fund is the chief operating fund of the City of Cudahy. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4.8 million, while total fund balance amounted to \$5.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (\$4.8 million), which includes the fund balance set aside for working capital (\$3.4 million), to total general fund expenditures. Unassigned fund balance represents 36 percent of total general fund expenditures, while total fund balance represents 40 percent of that same amount.

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

Unrestricted net position of the Water Utility at the end of the year amounted to \$843,566, for the Sewer Utility amounted to \$2.4 million and for the Storm Water Utility amounted to \$3.2 million. The change in net position for these funds included an increase of \$164,515 in the Water Utility, an increase of \$460,798 in the Sewer Utility and an increase \$763,851 in the Storm Water Utility.

General Fund Budgetary Highlights

Actual revenues and other financing sources were less than budget by \$62,501. Budgetary expenditures were less than budget by \$371,797 on a total budget of \$13.7 million. In total, the General Fund results were an increase to fund balance of \$289,296. Accordingly, on a budgetary basis the General Fund experienced a total favorable budget variance of \$289,296.

Capital Asset and Debt Administration

Capital assets. The City of Cudahy's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2019 and 2018 amounts to \$79.2 million and \$80.2 million, respectively. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, utility infrastructure, street infrastructure constructed during the year and library books.

CITY OF CUDAHY'S CAPITAL ASSETS (net of accumulated depreciation)					
December 31, (In Thousands)					
	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	2019
Land & improvements	\$ 6,886	\$ 9,860	\$ 283	\$ 282	\$ 9,169
Construction in progress	119	92	44	34	163
Buildings	9,438	9,438	233	183	9,655
Machinery and equipment	2,458	2,615	1,282	1,182	3,740
Infrastructure	23,190	23,679	32,685	32,364	55,875
Library books	408	447	-	-	408
Total	\$ 44,683	\$ 46,131	\$ 34,527	\$ 34,045	\$ 79,210
					\$ 80,176

Additional information on the City of Cudahy's capital assets can be found in Note III D. on pages 49 - 51 of this report

Long-term debt. At the end of the current and prior fiscal years, the City of Cudahy had total long-term obligations outstanding of \$57.1 million and \$61.3 million, respectively. Of these amounts, debt backed by the full faith and credit of the government comprised \$23.1 million in 2019 and \$27.6 million in 2018. The remainder of the City of Cudahy's bonds represents debt secured solely by specified revenue sources (i.e., revenue bonds).

The City's total debt decreased by \$4.3 million during the current fiscal year.

CITY OF CUDAHY'S OUTSTANDING DEBT December 31, (In Thousands)					
	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	2019
General obligation bonds and notes	\$ 20,326	\$ 24,510	\$ 2,740	\$ 3,105	\$ 23,066
Revenue bonds	4,671	7,497	8,230	8,690	12,901
Compensated absences	1,163	1,103	-	-	1,163
Other post-employment benefits	16,042	15,383	356	347	16,388
Net pension liability	2,642	-	240	-	2,882
Other	520	590	183	200	703
Total	\$ 45,364	\$ 49,083	\$ 11,749	\$ 12,342	\$ 57,113
					\$ 61,425

The City's most recent Moody's ratings were: an Aa3 bond rating for general obligation debt and an A1 rating for the Community Development Authority debt, Water and Sewer revenue bonds and Storm Water Utility Revenue Bonds. Standard and Poor's rating of the City stayed at AA- in 2020.

While these ratings are for 2019, the reviews were requested this year in part because of the COVID-19 pandemic. Even with strict revenue constraints, the City was able to manage both revenue and expenditures that enabled a surplus for 2019 which was considered in the ratings review. Thus we were able to maintain our rating during this crisis and trying time.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City of Cudahy is \$61.7 million which is significantly in excess of the City of Cudahy's outstanding general obligation debt of \$23.1 million.

Additional information on the City of Cudahy's long-term debt can be found in Note III F. on pages 53 - 59 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Cudahy is located in Milwaukee County, WI. The unemployment rate for Milwaukee County at December 31, 2019, was 3.1 which was lower than the prior year. The City has a higher percentage of low to moderate income population than Milwaukee County as a whole. However, the number of jobs available to the City of Cudahy has been increasing in the previous 12 months at several employers.

The City's population trend has also been very stable the past few years.

As disclosed in Note II (D) to the financial statements, legislation exists that limits the City's future tax levies. For taxes levied in 2019 and collected in 2020, the limit will be 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.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City of Cudahy. The City of Cudahy's evaluation of the effects of these events is ongoing; however we anticipate this situation could impact:

- Investment valuations and decreased investment income
- Declines in revenues such as room tax, sales tax, state aids, fines or tickets, and delinquent tax revenue.
- Decline in demand for services such as permits & licenses.
- Increase in delinquencies or uncollectible accounts receivable, court fines, and parking tickets.
- Increase in demand for services such as Special Collections, Grass/Weed cutting, and Refuse Services.
- Increased costs related to pensions, OPEBs, insurance, labor (sick time or overtime), etc.
- Increased cost to building and vehicle maintenance and janitorial/cleaning supplies.
- Increased costs for election related management (postage, cleaning supplies, envelopes, labor, etc.).

The extent of the impact of COVID-19 on the City of Cudahy's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Requests for Information

This financial report is designed to provide a general overview of the City of Cudahy's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Comptroller, City of Cudahy, 5050 South Lake Drive, Cudahy, Wisconsin 53110.

CITY OF CUDAHY
STATEMENT OF NET POSITION
As of December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 15,398,434	\$ 5,610,399	\$ 21,008,833
Taxes receivable	16,901,647	-	16,901,647
Accounts receivable, net of allowance of \$50,094	205,697	1,689,732	1,895,429
Accrued investment income	-	-	-
Special assessments receivable	452,088	158,765	610,853
Other receivables	151,702	176,274	327,976
Internal balances	(411,806)	411,806	-
Prepaid items	10,046	-	10,046
Deposit with Cities and Villages			
Mutual Insurance Company	722,170	-	722,170
Advances	445,690	(445,690)	-
Materials and supply inventory	-	36,944	36,944
Restricted assets			
Cash and investments	1,527,782	5,491,312	7,019,094
Land held for resale	3,941,592	-	3,941,592
Capital assets			
Land	7,810,881	282,469	8,093,350
Other capital assets, net of depreciation	36,752,910	34,199,777	70,952,687
Construction in progress	119,231	44,329	163,560
Total Assets	<u>84,028,064</u>	<u>47,656,117</u>	<u>131,684,181</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	335,808	139,531	475,339
Deferred outflows related to OPEB (LRLIF)	46,176	4,188	50,364
Deferred outflows related to OPEB (Health)	373,779	8,180	381,959
Deferred outflows related to pension	7,197,883	645,950	7,843,833
Total Deferred Outflows of Resources	<u>7,953,646</u>	<u>797,849</u>	<u>8,751,495</u>
LIABILITIES			
Accounts payable and other current liabilities	1,181,591	937,374	2,118,965
Accrued interest payable	142,352	59,178	201,530
Noncurrent liabilities			
Net OPEB liability - LRLIF	350,075	31,789	381,864
Total OPEB liability	15,692,164	324,282	16,016,446
Net Pension liability	2,642,118	240,177	2,882,295
Due within one year	5,702,221	830,000	6,532,221
Due in more than one year	20,977,711	10,323,182	31,300,893
Total Liabilities	<u>46,688,232</u>	<u>12,745,982</u>	<u>59,434,214</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	16,317,312	-	16,317,312
Deferred inflows related to OPEB (LRLIF)	94,106	8,547	102,653
Deferred inflows related to OPEB (Health)	572,931	12,307	585,238
Deferred inflows related to pension	3,656,000	322,006	3,978,006
Total Deferred Inflows of Resources	<u>20,640,349</u>	<u>342,860</u>	<u>20,983,209</u>
NET POSITION			
Net investment in capital assets	38,971,555	27,519,982	63,946,660
Restricted for			
Debt service	3,107,860	302,257	3,410,117
TID activities	2,391,659	-	2,391,659
Library endowment	100,000	-	100,000
Library capital improvements	361,443	-	361,443
Library operations	404,697	-	404,697
Equipment replacement	-	1,143,108	1,143,108
Unrestricted (Deficit)	<u>(20,684,085)</u>	<u>6,399,777</u>	<u>(11,739,431)</u>
TOTAL NET POSITION	<u>\$ 24,653,129</u>	<u>\$ 35,365,124</u>	<u>\$ 60,018,253</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 2,259,365	\$ 359,034	\$ -	\$ -	\$ (1,900,331)	\$ -	\$ (1,900,331)
Protection of persons and property	10,801,509	1,628,637	157,771	-	(9,015,101)	-	(9,015,101)
Public works	3,830,741	236,471	972,879	143,048	(2,478,343)	-	(2,478,343)
Health and sanitation	2,179,716	870,937	211,395	-	(1,097,384)	-	(1,097,384)
Parks and recreation	353,154	-	-	-	(353,154)	-	(353,154)
Library	1,059,820	52,374	229,800	-	(777,646)	-	(777,646)
Conservation and development	985,544	-	-	-	(985,544)	-	(985,544)
Interest and fiscal charges	751,173	-	-	-	(751,173)	-	(751,173)
Total Governmental Activities	22,221,022	3,147,453	1,571,845	143,048	(17,358,676)	-	(17,358,676)
Business-type Activities							
Water	2,515,116	3,060,929	-	-	-	545,813	545,813
Sewer	3,090,385	3,378,453	-	143,055	-	431,123	431,123
Storm Water	878,155	1,498,669	-	-	-	620,514	620,514
Total Business-type Activities	6,483,656	7,938,051	-	143,055	-	1,597,450	1,597,450
Totals	\$ 28,704,678	\$ 11,085,504	\$ 1,571,845	\$ 286,103	\$ (17,358,676)	\$ 1,597,450	\$ (15,761,226)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					7,512,575	-	7,512,575
Property taxes, levied for debt service					1,790,450	-	1,790,450
Property taxes, levied for tax increment districts					5,810,404	-	5,810,404
Other taxes					12,930	-	12,930
Intergovernmental revenues not restricted to specific programs					3,870,671	-	3,870,671
Investment income					612,671	85,592	698,263
Miscellaneous					157,773	140,221	297,994
Transfers					434,099	(434,099)	-
Total General Revenues and Transfers					20,201,573	(208,286)	19,993,287
Change in Net Position					2,842,897	1,389,164	4,232,061
NET POSITION - Beginning of Year					21,810,232	33,975,960	55,786,192
NET POSITION - END OF YEAR					\$ 24,653,129	\$ 35,365,124	\$ 60,018,253

See accompanying notes to financial statements.

CITY OF CUDAHY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Special Revenue Fund	Tax Increment District #1 Tax Levy	Debt Service Fund Debt Service	Capital Projects Fund Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 4,237,113	\$ -	\$ -	\$ 3,250,212	\$ 3,388,281	\$ 3,897,679	\$ 14,773,285
Accounts receivable (net of allowance uncollectibles of \$50,094)	-	-	-	-	-	172,540	172,540
Taxes receivable	7,130,746	5,223,637	-	2,226,906	-	2,320,358	16,901,647
Special assessments receivable	-	-	-	-	-	452,088	452,088
Other receivables	109,975	41,727	-	-	-	-	151,702
Due from other funds	1,098,466	-	-	-	-	-	1,098,466
Advance to other funds	445,690	-	-	-	-	100,000	545,690
Restricted cash and investments	-	-	-	698,728	-	829,054	1,527,782
Prepaid items	10,046	-	-	-	-	-	10,046
Total Assets	\$ 13,032,036	\$ 5,265,364	\$ -	\$ 6,175,846	\$ 3,388,281	\$ 7,771,719	\$ 35,633,246

See accompanying notes to financial statements.

CITY OF CUDAHY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Tax Increment District #1 Tax Levy	Debt Service Fund Debt Service	Capital Projects Fund Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES						
Accounts payable	\$ 310,763	\$ 33,007	\$ -	\$ 118,750	\$ 66,327	\$ 528,847
Accrued liabilities	431,104	-	-	-	72,185	503,289
Due to other funds	411,806	189,323	-	-	909,143	1,510,272
Advance from other funds	-	-	-	-	100,000	100,000
Total Liabilities	<u>1,153,673</u>	<u>222,330</u>	<u>-</u>	<u>118,750</u>	<u>1,147,655</u>	<u>2,642,408</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenues	6,546,411	5,223,637	2,226,906	-	2,320,358	16,317,312
Unavailable revenues	-	-	-	-	451,863	451,863
Total Deferred Inflows of Resources	<u>6,546,411</u>	<u>5,223,637</u>	<u>2,226,906</u>	<u>-</u>	<u>2,772,221</u>	<u>16,769,175</u>
FUND BALANCES (DEFICITS)						
Nonspendable	368,363	-	-	-	100,000	468,363
Restricted	-	-	3,948,940	-	2,459,071	6,408,011
Committed	-	-	-	-	2,162,223	2,162,223
Assigned	176,826	-	-	3,269,531	140,169	3,586,526
Unassigned (Deficit)	4,786,763	(180,603)	-	-	(1,009,620)	3,596,540
Total Fund Balances (Deficits)	<u>5,331,952</u>	<u>(180,603)</u>	<u>3,948,940</u>	<u>3,269,531</u>	<u>3,851,843</u>	<u>16,221,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 13,032,036</u>	<u>\$ 5,265,364</u>	<u>\$ 6,175,846</u>	<u>\$ 3,388,281</u>	<u>\$ 7,771,719</u>	<u>\$ 35,633,246</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2019

Fund balance - total governmental funds	\$ 16,221,663
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land held for resale	3,941,592
Land	7,810,881
Construction in progress	119,231
Other capital assets	72,305,662
Less: Accumulated depreciation	(35,552,752)
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments	451,863
Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.	
	1,231,021
Deferred outflows of resources related to pension and OPEB's do not relate to current financial resources and are not reported in the governmental funds	
	7,617,838
Deferred inflows of resources related to pension and OPEB's do not relate to current financial resources and are not reported in the governmental funds	
	(4,323,037)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds and notes payable	(24,996,242)
Unamortized loss on refunding	335,808
Unamortized debt premium	(520,399)
Compensated absences	(1,163,291)
Accrued interest	(142,352)
Net Pension Liability	(2,642,118)
Net OPEB liability - LRLIF	(350,075)
Total OPEB liability	<u>(15,692,164)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 24,653,129</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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

	General	Special Revenue Fund		Debt Service Fund Debt Service	Capital Projects Fund Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
		Tax Increment District #1 Tax Levy					
REVENUES							
Taxes	\$ 6,381,954	\$ 5,578,370	\$ 1,790,450	\$ -	\$ -	\$ 1,368,014	\$ 15,118,788
Other taxes	-	-	-	-	-	7,571	7,571
Intergovernmental	4,889,542	70,633	-	-	-	388,707	5,348,882
Licenses and permits	488,252	-	-	-	-	-	488,252
Fines, forfeitures and penalties	894,015	-	-	-	-	21,171	915,186
Public charges for services	147,960	-	-	-	-	1,433,967	1,581,927
Interdepartmental charges for services	65,100	-	-	-	-	-	65,100
Public improvement revenues	-	-	-	-	-	325,948	325,948
Investment income	266,413	35,799	32,826	18,813	18,813	44,853	398,704
Commercial revenues	70,164	30	-	8	-	181,208	251,410
Total Revenues	<u>13,203,400</u>	<u>5,684,832</u>	<u>1,823,276</u>	<u>18,821</u>	<u>18,821</u>	<u>3,771,439</u>	<u>24,501,768</u>
EXPENDITURES							
Current							
General government	2,028,448	-	-	-	-	-	2,028,448
Protection of persons and property	8,375,096	-	-	-	-	505,912	8,881,008
Public works	1,574,826	-	-	136,253	-	19,744	1,730,823
Health and sanitation	1,007,122	-	-	-	-	1,145,673	2,152,795
Park and recreation	340,833	-	-	-	-	-	340,833
Library	-	-	-	-	-	774,552	774,552
Conservation and development	-	49,234	-	-	-	33,818	83,052
Capital Outlay	21,878	-	-	1,699,843	-	948,562	2,670,283
Debt Service	-	-	7,125,000	-	-	-	7,125,000
Principal retirement	-	-	745,743	-	-	-	745,743
Interest and other charges	-	-	7,870,743	-	-	-	7,870,743
Total Expenditures	<u>13,348,203</u>	<u>49,234</u>	<u>7,870,743</u>	<u>1,836,096</u>	<u>1,836,096</u>	<u>3,428,261</u>	<u>26,532,537</u>
Excess (deficiency) of revenues over expenditures	<u>(144,803)</u>	<u>5,635,598</u>	<u>(6,047,467)</u>	<u>(1,817,275)</u>	<u>(1,817,275)</u>	<u>343,178</u>	<u>(2,030,769)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	125,500	-	-	125,500
Transfers in	434,099	-	5,963,041	-	-	90,134	6,487,274
Transfers out	-	(5,721,507)	-	-	-	(331,668)	(6,053,175)
Total Other Financing Sources (Uses)	<u>434,099</u>	<u>(5,721,507)</u>	<u>5,963,041</u>	<u>125,500</u>	<u>125,500</u>	<u>(241,534)</u>	<u>559,599</u>
Net change in fund balances	289,296	(85,909)	(84,426)	(1,691,775)	(1,691,775)	101,644	(1,471,170)
FUND BALANCES (DEFICIT) - Beginning of Year	5,042,656	(94,694)	4,033,366	4,961,306	4,961,306	3,750,199	17,692,833
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 5,331,952</u>	<u>\$ (180,603)</u>	<u>\$ 3,948,940</u>	<u>\$ 3,269,531</u>	<u>\$ 3,269,531</u>	<u>\$ 3,851,843</u>	<u>\$ 16,221,663</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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	\$ (1,471,170)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities 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 reported in the government-wide financial statements as capital or other assets	2,670,283
Some items reported as capital outlay were not capitalized	(991,343)
Depreciation is reported in the government-wide statements	(2,189,538)
Net book value of assets retired	(937,661)

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.	88,713
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(125,500)
Principal repaid	7,125,000
Payments on tax increment revenue bonds	11,212

Some expenses reported 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	(60,253)
Net OPEB liability - LRLIF	55,551
Total OPEB liability	(714,565)
Accrued interest on debt	27,699
Net pension liability	(4,841,034)
Deferred outflows related to OPEB Life	(314)
Deferred inflows related to OPEB Life	(87,841)
Deferred outflows related to OPEB Health	373,779
Deferred inflows related to OPEB Health	86,413
Deferred outflows related to pension	3,155,351
Deferred inflows related to pension	670,180

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other additions 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.	
Amortization of loss on refunding	(102,633)
Amortization of debt premium	69,504

Internal service funds are used by management to charge self insurance costs to individual funds.	31,064
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,842,897</u>
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See accompanying notes to financial statements.

CITY OF CUDAHY

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility	
ASSETS				
Current Assets				
Cash and investments	\$ 1,072,770	\$ 1,802,290	\$ 2,735,339	\$ 5,610,399
Accounts receivable	557,617	810,707	321,408	1,689,732
Special assessment receivables	10,924	147,841	-	158,765
Other receivables	77,685	-	98,589	176,274
Due from other funds	155,745	189,018	67,043	411,806
Materials and supply inventory	36,944	-	-	36,944
Restricted assets - cash and investments	20,700	117,954	202,492	341,146
Total Current Assets	1,932,385	3,067,810	3,424,871	8,425,066
Non-Current Assets				
Restricted assets				
Cash and investments	39,327	4,065,128	1,045,711	5,150,166
Capital Assets				
Land	30,444	-	252,025	282,469
Property and equipment	22,349,811	10,492,872	19,310,623	52,153,306
Less: Accumulated depreciation	(12,122,048)	(2,588,063)	(3,243,418)	(17,953,529)
Construction in progress	-	44,329	-	44,329
Total Capital Assets, Net of Depreciation	10,258,207	7,949,138	16,319,230	34,526,575
Investment in Cities and Villages Mutual Insurance Company	-	-	-	722,170
Total Non-Current Assets	10,297,534	12,014,266	17,364,941	39,676,741
Total Assets	12,229,919	15,082,076	20,789,812	48,101,807
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	-	-	139,531	139,531
Deferred outflows related to life insurance	2,497	740	951	4,188
Deferred outflows related to OPEB Health	8,180	-	-	8,180
Deferred outflows related to pensions	389,953	104,621	151,376	645,950
Total Deferred Outflows of Resources	400,630	105,361	291,858	797,849

See accompanying notes to financial statements.

CITY OF CUDAHY

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 149,938	\$ 570,716	\$ 11,829	\$ 732,483
Accrued payroll	49,463	15,953	15,102	80,518
Accrued compensated absences	124,373	-	-	124,373
Accrued interest on general obligation debt	1,778	7,398	11,113	20,289
Current portion of advance from municipality	87,373	-	-	87,373
Current portion of general obligation debt	120,000	130,000	120,000	370,000
Current Liabilities Payable from Restricted Assets				
Accrued interest on revenue bonds	700	21,288	16,901	38,889
Current portion of revenue bonds	30,000	145,000	285,000	460,000
Total Current Liabilities	563,625	890,355	459,945	1,913,925
Noncurrent Liabilities				
Total OPEB liability	324,282	-	-	324,282
Net OPEB liability - LRLIF	18,966	5,610	7,213	31,789
Net Pension liability	143,297	42,590	54,290	240,177
Advance from municipality	358,317	-	-	358,317
Long-term debt, net of current maturities				
General obligation debt	250,000	835,000	1,387,709	2,472,709
Revenue bonds payable	112,735	3,917,738	3,820,000	7,850,473
Total Noncurrent Liabilities	1,207,597	4,800,938	5,269,212	11,277,747
Total Liabilities	1,771,222	5,691,293	5,729,157	13,191,672
				149,455
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to life insurance	5,099	1,509	1,939	8,547
Deferred inflows related to OPEB	12,307	-	-	12,307
Deferred inflows related to pensions	193,556	53,630	74,820	322,006
Total Deferred Inflows of Resources	210,962	55,139	76,759	342,860
NET POSITION				
Net investment in capital assets	9,784,799	6,364,568	11,370,615	27,519,982
Restricted for debt service	20,000	96,666	185,591	302,257
Restricted for equipment replacement	-	621,960	521,148	1,143,108
Unrestricted	843,566	2,357,811	3,198,400	6,399,777
TOTAL NET POSITION	\$ 10,648,365	\$ 9,441,005	\$ 15,275,754	\$ 35,365,124
				\$ 1,231,021

See accompanying notes to financial statements.

CITY OF CUDAHY

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

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
OPERATING REVENUES					
Charges for services and sales	\$ 2,868,877	\$ 3,377,191	\$ 1,498,669	\$ 7,744,737	\$ -
Other operating revenues	192,052	1,262	-	193,314	-
Total Operating Revenues	<u>3,060,929</u>	<u>3,378,453</u>	<u>1,498,669</u>	<u>7,938,051</u>	<u>-</u>
OPERATING EXPENSES					
Operation and maintenance	1,946,725	2,792,933	427,023	5,166,681	8,275
Depreciation	526,694	138,308	285,882	950,884	-
Total Operating Expenses	<u>2,473,419</u>	<u>2,931,241</u>	<u>712,905</u>	<u>6,117,565</u>	<u>8,275</u>
Operating Income (Loss)	<u>587,510</u>	<u>447,212</u>	<u>785,764</u>	<u>1,820,486</u>	<u>(8,275)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	6,969	36,890	34,359	78,218	39,339
Interest on special assessments	537	6,837	-	7,374	-
Grant Revenue	-	-	98,589	98,589	-
Amortization of debt premium	442	6,401	10,389	17,232	-
DNR grant revenue	24,400	-	-	24,400	-
DNR grant expense	(24,400)	-	-	(24,400)	-
Interest expense	(17,297)	(159,144)	(148,506)	(324,947)	-
Amortization of loss on refunding	-	-	(16,744)	(16,744)	-
Total Nonoperating Revenues (Expenses)	<u>(9,349)</u>	<u>(109,016)</u>	<u>(21,913)</u>	<u>(140,278)</u>	<u>39,339</u>
Income Before Contributions and Transfers	<u>578,161</u>	<u>338,196</u>	<u>763,851</u>	<u>1,680,208</u>	<u>31,064</u>
CONTRIBUTIONS TRANSFERS OUT					
Total Contributions and Transfers	-	143,055	-	143,055	-
	<u>(413,646)</u>	<u>(20,453)</u>	<u>-</u>	<u>(434,099)</u>	<u>-</u>
	<u>(413,646)</u>	<u>122,602</u>	<u>-</u>	<u>(291,044)</u>	<u>-</u>
Change in Net Position	164,515	460,798	763,851	1,389,164	31,064
NET POSITION – Beginning of Year	<u>10,483,850</u>	<u>8,980,207</u>	<u>14,511,903</u>	<u>33,975,960</u>	<u>1,199,957</u>
NET POSITION – END OF YEAR	<u>\$ 10,648,365</u>	<u>\$ 9,441,005</u>	<u>\$ 15,275,754</u>	<u>\$ 35,365,124</u>	<u>\$ 1,231,021</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,082,454	\$ 3,439,005	\$ 1,670,766	\$ 8,192,225	\$ -
Cash received from (paid to) city	56,510	(56,510)	-	-	(5,770)
Cash paid to suppliers for goods and services	(1,227,480)	(2,347,512)	(198,199)	(3,773,191)	(8,275)
Cash payments to employees for services	(643,409)	(211,200)	(237,918)	(1,092,527)	-
Net Cash Flows From Operating Activities	<u>1,268,075</u>	<u>823,783</u>	<u>1,234,649</u>	<u>3,326,507</u>	<u>(14,045)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash payments from (to) city	(413,646)	(20,453)	-	(434,099)	-
Advances (to) from other funds	(86,508)	-	-	(86,508)	-
Net Cash Flows From Non-capital Financing Activities	<u>(500,154)</u>	<u>(20,453)</u>	<u>-</u>	<u>(520,607)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(740,259)	(308,521)	(310,448)	(1,359,228)	-
Special assessments received	1,561	60,323	-	61,884	-
Principal paid on debt	(155,000)	(270,000)	(400,000)	(825,000)	-
Interest paid on debt	(17,810)	(160,093)	(149,931)	(327,834)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(911,508)</u>	<u>(678,291)</u>	<u>(860,379)</u>	<u>(2,450,178)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	7,506	43,727	34,359	85,592	39,339
Net Cash Flows From Investing Activities	<u>7,506</u>	<u>43,727</u>	<u>34,359</u>	<u>85,592</u>	<u>39,339</u>
Net Change in Cash and Cash Equivalents	<u>(136,081)</u>	<u>168,766</u>	<u>408,629</u>	<u>441,314</u>	<u>25,294</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,268,878</u>	<u>5,816,606</u>	<u>3,574,913</u>	<u>10,660,397</u>	<u>599,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,132,797</u>	<u>\$ 5,985,372</u>	<u>\$ 3,983,542</u>	<u>\$ 11,101,711</u>	<u>\$ 625,149</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION					
Unrestricted	\$ 1,072,770	\$ 1,802,290	\$ 2,735,339	\$ 5,610,399	\$ 625,149
Restricted - current	20,700	117,954	202,492	341,146	-
Restricted - non-current	39,327	4,065,128	1,045,711	5,150,166	-
	<u>\$ 1,132,797</u>	<u>\$ 5,985,372</u>	<u>\$ 3,983,542</u>	<u>\$ 11,101,711</u>	<u>\$ 625,149</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 587,510	\$ 447,212	\$ 785,764	\$ 1,820,486	\$ (8,275)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	526,694	138,308	285,882	950,884	-
Depreciation charged to other accounts	56,510	-	-	56,510	-
Non-operating income	-	-	98,589	98,589	-
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows					
Accounts receivable	21,525	60,552	73,508	155,585	(5,770)
Materials and supplies inventory	(1,987)	-	-	(1,987)	-
Accounts payable	(13,640)	156,477	(29,551)	113,286	-
Accrued expenses	33,280	5	-	33,285	-
OPEB related deferrals and liabilities	6,751	(886)	(1,185)	4,680	-
Pension related deferrals and liabilities	51,432	14,510	12,816	78,758	-
Other Current liabilities	-	6,197	7,005	13,202	-
Deferred inflows of resources	-	1,408	1,810	3,218	-
Deferred outflow of resources	-	-	11	11	-
	<u>\$ 1,268,075</u>	<u>\$ 823,783</u>	<u>\$ 1,234,649</u>	<u>\$ 3,326,507</u>	<u>\$ (14,045)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES					
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Capital related accounts payable	\$ 130,021	-	-	\$ 130,021	-
Amortization of premium	442	6,401	10,389	17,232	-
Amortization of loss on advance refunding	-	-	16,744	16,744	-

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF FIDUCIARY NET POSITION
As of December 31, 2019

	<u>Custodial Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 18,527,620
Taxes receivable	6,065
	<u>18,533,685</u>
LIABILITIES	
Accounts payable	38,407
Due to other taxing units	18,495,278
	<u>18,533,685</u>
NET POSITION	
Total Net Position	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ADDITIONS	
Tax collections	\$ <u>18,439,731</u>
DEDUCTIONS	
Payments to overlying districts	<u>18,439,731</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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

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CITY OF CUDAHY

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

A. REPORTING ENTITY

This report includes all of the funds of the City of Cudahy. The reporting entity for the City consists of the primary government and its component units. 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 CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Units

The Community Development Authority of the City of Cudahy ("Authority") is governed by a seven member board appointed by the Mayor and confirmed by the City Common Council. Although it is legally separate from the City, the Authority is reported as a blended component unit, as if it were part of the primary government, because its sole purpose is to finance and construct the City's projects located within the City of Cudahy Tax Incremental Financing Districts. The Authority does not issue separate financial statements.

The Cudahy Family Library Endowment Fund Inc., a nonprofit corporation, is considered a component unit of the Cudahy Family Library because of its financial relationship with the Library. The financial transactions of the Cudahy Family Library Endowment Fund Inc. are accounted for in the Library Fund. Separate statements were not issued for the Cudahy Family Library Endowment Fund Inc.

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. 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 CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- a. Total assets/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 fund 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.

Tax Increment District (TID) #1 Tax Levy Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the TID #1 program.

Debt Service Fund – used to account for and report financial resources for 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 Improvements 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 improvement program.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Sewer Utility – accounts for operations of the sanitary sewer system.
- Storm Water Utility – accounts for operations of the storm water system.

The City reports the following non-major 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)
 - Library Fund
 - Ambulance Fund
 - Grant Fund
 - Health Grant Fund
 - Recycling Fund
 - Special Collections Fund
 - Special Assessment Fund
 - Environmental Tax Increment District Fund #1
 - Environmental Tax Increment District Fund #2
 - K-9 Fund
 - Hotel & Motel Tax Fund
 - Rental Property Inspection Fund

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

- Community Development Authority Fund
- Road and Equipment Improvements Fund

In addition, the City reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City accounts for its self-insured activities in the Internal Service Fund.

Custodial funds are used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for its tax collections in the Tax Collection Custodial Fund.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and storm water 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.

CITY OF CUDAHY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

All Financial Statements

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

CITY OF CUDAHY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments, and addresses credit risk and interest rate risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. 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.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar – 2019 tax roll:	
Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Personal property taxes in full	January 31, 2020
Final settlement with County	On or before August 15, 2020
Tax deed by county – 2019 delinquent real estate taxes	October 2022

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

The City provides water, sewer, and storm water service to customers primarily within its municipal boundaries. Sales to the two largest customers are billed monthly, all other customers are billed on a tri-annual cycle basis, payable in 20 days, for all classes of customers for service rendered during the previous tri-annual period. Water rates are approved by the Public Service Commission. Sewer service charges to consumers are computed at rates established by the City's Common Council. Certified commercial and industrial customers are billed for sewer service charges at amounts determined by the Milwaukee Metropolitan Sewerage District plus local maintenance and equipment replacement charges. Storm water rates are established by the City's Common Council. Unbilled revenues from the last billing to the end of the year are estimated and recorded as accrued utility revenues. Delinquent balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

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

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

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

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at lower of cost or market on a first in, first out basis, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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.

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 one year. The Water Utility defines a capital asset as an asset with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

Government-Wide Statements (continued)

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

Buildings and improvements	20-40	Years
Land improvements	20-30	Years
Machinery and equipment	2-25	Years
Library books	10	Years
Utility system	18-100	Years
Infrastructure	15-40	Years
Intangible assets	3-5	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. Land Held for Resale

During prior years, the City purchased certain parcels of land for economic development purposes with an aggregate cost of \$6,450,821. In addition, during this time period, the City sold or disposed of land valued at \$2,509,229. These properties are included in the City's Tax Increment District No. 1 and are part of the City's redevelopment plan. It is the intent of management to sell these properties at market value. The carrying value of the land held for resale of \$3,941,592 is at the lower of cost or market.

7. Other Assets

The City's investment in the Cities and Villages Mutual Insurance Company is recorded at cost.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

9. Compensated Absences

Employees earn varying amounts of vacation based on length of service. Vacation is not cumulative. Sick pay benefits may be accumulated by employees in accordance with the provisions of union contracts and administrative policies to specified maximums. Accumulated sick leave benefits are payable in cash in accordance with the terms of the applicable contract or policies upon an employee's retirement or death.

10. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefit liability 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 or effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$1,455,871 made up of one issue.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. 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.

12. 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 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 definition of "restricted" or "net investment" in capital assets.

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

	Activities	Activities	Adjustment	Total
Net Investment in capital assets	\$ 38,971,555	\$ 27,519,982	\$ (2,544,877)	\$ 63,946,660
Unrestricted (deficit)	(20,684,085)	6,399,777	2,544,877	(11,739,431)

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 Financial Statements

Governmental fund equity is classified as fund balance and 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.

CITY OF CUDAHY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Equity Classifications (continued)

Fund Financial Statements (continued)

- 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. 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 that originally created the commitment.
- 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. Fund balance may be assigned through the following: 1) The City has adopted a financial policy authorizing the City Mayor and Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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 exceeds amounts restricted, committed or assigned for those purposes.

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

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

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of subsequent years general fund revenues. The balance at year end was \$3,443,570 and is included in the general fund unassigned fund balance.

CITY OF CUDAHY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Basis for Existing Rates

Current water rates were approved by the Public Service Commission of Wisconsin on December 21, 2015, effective January 1, 2016.

Current storm water rates were approved by the Common Council on November 11, 2017, effective January 1, 2018.

Current sewer rates were approved by the Common Council on November 7, 2018, effective January 1, 2019.

14. Pension

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

15. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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.

CITY OF CUDAHY

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the following funds in accordance with Wisconsin Statute 65.90.

General Fund	Hotel & Motel Tax Fund
Special Revenue Funds	Grant Fund
Library Operating Fund	K-9 Fund
Ambulance Fund	Special Assessments Fund
Health Grant Fund	Environmental Tax Incremental District #1 Fund
Recycling Fund	Environmental Tax Incremental District #2 Fund
Special Collections Fund	
Rental Property Inspection Fund	
Debt Service Fund	
Capital Projects Fund	
Capital Improvements Fund	
Road and Equipment Improvements Fund	
Community Development Authority Fund	

Budgets have not been formally adopted for remaining City funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Actual expenditures exceeded budgeted appropriations in the following governmental funds:

Fund	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Fund - Ambulance	\$ 337,307	\$ 372,638	\$ 35,331
Special Revenue Fund - Special Collections	255,460	312,701	57,241
Special Revenue Fund - Library	881,000	929,915	48,915
Special Revenue Fund - Recycling	670,953	675,153	4,200
Special Revenue Fund - Rental Property Inspection	83,126	131,939	48,813
Special Revenue Fund - Health Grant	50,000	157,849	107,849
Special Revenue Fund - Special Assessment	250,000	386,624	136,624
Debt Service Fund	7,763,491	7,870,743	107,252
Capital Projects Fund - Capital Improvements	-	1,817,275	1,817,275

CITY OF CUDAHY

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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 funds held a deficit balance:

Fund	Amount
Special Revenue Fund - Health Grant Fund	\$ 477
Special Revenue Fund - Environmental TIF #2 Fund	641,532
Special Revenue Fund - TID #1 Tax Levy	180,603

The TIF district deficit is anticipated to be funded with future incremental taxes levied over the life of the district. The deficits in the remaining funds will be funded by future grants, general tax revenues or long-term borrowing.

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 CUDAHY

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 cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits	\$ 25,638,489	\$ 19,342,913	Custodial credit
LGIP	15,552,665	15,552,665	Credit
Money market	6,822	6,822	Custodial credit
Mutual funds	1,066,340	1,066,340	Credit, Interest Rate
Certificates of deposit - negotiable	3,021,330	3,021,330	Credit, Custodial Credit, Interest Rate, Concentration of Credit
US Agencies	1,266,321	1,266,321	Credit, Custodial Credit, Interest Rate, Concentration of Credit
Petty cash	3,580	n/a	
Total Cash and Investments	\$ 46,555,547	\$ 40,256,391	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 21,008,833		
Restricted cash and investments	7,019,094		
Per statement of fiduciary net position			
Custodial fund	18,527,620		
Total Cash and Investments	\$ 46,555,547		

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 deposits (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. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions 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's investment policy states that funds placed in any one depository above the FDIC insurance coverage amount must be collateralized with securities that are obligations of the U.S. Government or its agencies that are fully guaranteed by the U.S. Government. Securities held as collateral shall be delivered for safekeeping to a custodial bank. The City maintains a collateral agreement with one of its banks. At December 31, 2019, the bank had pledged various government securities in the amount of \$17.1 million to secure the City's deposits.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation method for recurring fair value measurements is as follows:

Investment Type	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 1,066,340	-	-	\$ 1,066,340
Certificates of deposit - negotiable	-	3,021,330	-	3,021,330
US Agencies	976,057	290,264	-	1,266,321
Total	\$ 2,042,397	\$ 3,311,594	\$ -	\$ 5,353,991

Custodial Credit Risk

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

As of December 31, 2019 \$17,448,296 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 325,366
Uninsured and collateral held by the pledging financial institution	17,122,930
Total	\$ 17,448,296

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2019, the City's carrying value of U.S. Government Agency Securities and certificates of deposit - negotiable subject to custodial credit risk was \$4,287,651. Of this investment balance, all amounts were covered by securities held by an agency in the City's name.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City's investment policy addresses credit risk by 1) limiting investments to the safest type of securities; 2) pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the City will do business; and 3) diversifying the investment portfolio so that potential losses on individual securities are minimized.

As of December 31, 2019 the City's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Bank	
			Aaa-mf	Balance
Mutual funds	AAA	Not Rated		\$ 1,066,340
Certificates of deposit - negotiable	Not Rated	Not Rated		3,021,330
LGP	Not Rated	Not Rated		15,562,665
US Agencies	Not Rated	AAA		1,266,321

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City's investment policy addresses interest rate risk by 1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity; and 2) investing operating funds primarily in shorter-term securities.

As of December 31, 2019 the City's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Mutual funds	\$ 1,066,340	24
Certificates of deposit - negotiable	3,021,330	259
US Agencies	1,266,321	157
Total Fair Value	\$ 5,353,991	

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk for Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer.
At December 31, 2019, the City's investment portfolio had concentration of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. government agency notes and mortgage backed securities	9.34%
Federal Farm Credit	U.S. government agency notes and mortgage backed securities	5.42%

B. RECEIVABLES

Special assessments of \$452,088 are not expected to be collected within one year. All other receivables are expected to be collected within one year.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 16,317,312	\$ -
Special assessments receivable	-	451,863
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 16,317,312	\$ 451,863

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

Long Term Debt Accounts

The City's Water, Sewer and Storm Water Utility created Special Redemption Funds to additionally secure the payment of principal and interest on revenue bonds. The City ordinances which required the creation of Special Redemption Funds also required the establishment of a separate "Reserve Fund" within the Special Redemption Fund. The Construction Fund consists of unspent bond proceeds required to be used for future water, sewer and storm water improvements. Restricted assets consist of the following:

	Water Utility	Sewer Utility	Storm Water Utility	Total
Revenue Bond Funds				
Reserve Fund	\$ 15,898	\$ 386,227	\$ 478,488	\$ 880,613
Construction Fund	-	3,056,941	46,075	3,103,016
Special Redemption Fund	20,700	117,954	202,492	341,146
BALANCES - December 31, 2019	\$ 36,598	\$ 3,561,122	\$ 727,055	\$ 4,324,775

The City of Cudahy Community Development Authority has issued Redevelopment Lease Revenue bonds to finance certain expenditures within the City of Cudahy Tax Increment Districts. In connection therewith, certain debt service reserve and redemption accounts have been placed with an escrow agent. These deposits amount to \$1,066,339 at December 31, 2019.

Library Accounts

The City of Cudahy Library Fund has certain amounts that are restricted for purposes of supporting activities, programs and capital improvements at the Library. These deposits amount to \$461,443 at December 31, 2019.

Equipment Replacement Account

In accordance with the City's ordinance enacting a sewer user charge system and Department of Natural Resources' regulations, the Sewer Utility has, as part of the rate structure, incorporated an equipment replacement charge. Revenues generated from this charge are to be accumulated and used for the replacement of mechanical equipment. The balance in this reserve as of December 31, 2019 is \$621,960. In addition, the City set aside funds in the Storm Water Utility for equipment replacement funds. The balance in this reserve as of December 31, 2019 is \$521,148.

Depreciation Account

The City's Water Utility created a depreciation account to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account. The balance in this reserve as of December 31, 2019 is \$23,429.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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				
Land	\$ 8,748,542	\$ -	\$ 937,661	\$ 7,810,881
Construction in progress	91,789	114,270	86,828	119,231
Total Capital Assets	8,840,331	114,270	1,024,489	7,930,112
Not Being Depreciated				

Capital assets being depreciated

Land improvements	1,246,636	-	-	1,246,636
Buildings	14,150,999	416,480	-	14,567,479
Machinery and equipment	8,013,376	360,585	31,200	8,342,761
Intangible assets	89,665	-	-	89,665
Library books	929,022	89,472	-	1,018,494
Infrastructure	46,269,035	784,961	13,369	47,040,627
Total Capital Assets	70,698,733	1,651,498	44,569	72,305,662
Being Depreciated				

Less: Accumulated depreciation for

Land improvements	(135,539)	(65,618)	-	(171,157)
Buildings	(4,712,698)	(233,034)	-	(4,945,732)
Machinery and equipment	(5,398,526)	(518,200)	31,200	(5,885,526)
Intangible assets	(89,665)	-	-	(89,665)
Library books	(481,441)	(128,495)	-	(609,936)
Infrastructure	(22,589,914)	(1,274,191)	13,369	(23,850,736)
Total Accumulated Depreciation	(33,407,783)	(2,189,538)	44,569	(35,552,752)

Net Capital Assets Being Depreciated

	37,290,950	(538,040)	-	36,752,910
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 46,131,281	\$ (423,770)	\$ 1,024,489	\$ 44,683,022

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities			
General government	\$ 153,703		
Protection of persons and property	283,422		
Public works, which includes the depreciation of infrastructure	1,524,976		
Health and sanitation	6,660		
Library	208,455		
Park and recreation	12,322		
Total Governmental Activities Depreciation Expense	\$ 2,189,538		

Business-type Activities
Capital assets not being depreciated

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 282,469	\$ -	\$ -	\$ 282,469
Construction in progress	33,892	10,437	-	44,329
Total Capital Assets	316,361	10,437	-	326,798
Not Being Depreciated				
Capital assets being depreciated				
Water utility buildings and structures	2,721,167	136,400	55,000	2,802,567
Water utility machinery and equipment	5,923,596	376,320	348,942	5,950,974
Water utility infrastructure	13,242,928	357,561	4,219	13,596,270
Storm Water Utility infrastructure	19,399,193	359,335	447,905	19,310,623
Sewer Utility infrastructure	10,196,288	299,961	3,377	10,492,872
Total Capital Assets	51,483,172	1,529,577	859,443	52,153,306
Being Depreciated				

Less: Accumulated depreciation for

Water utility buildings and structures	(2,538,125)	(86,561)	55,000	(2,569,706)
Water utility machinery and equipment	(4,741,508)	(275,982)	348,942	(4,668,549)
Water utility infrastructure	(4,667,371)	(220,641)	4,219	(4,883,793)
Storm Water Utility infrastructure	(3,356,555)	(285,882)	399,019	(3,243,418)
Sewer Utility infrastructure	(2,451,255)	(138,308)	1,500	(2,588,063)
Total Accumulated Depreciation	(17,754,814)	(1,007,394)	808,679	(17,953,529)
Net Capital Assets Being Depreciated	33,728,358	522,183	50,764	34,199,777
Total Business-type Activities Capital Assets, Net of Depreciation	\$ 34,044,719	\$ 532,620	\$ 50,764	\$ 34,526,575

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	\$ 526,694
Sewer	138,308
Storm Water	285,882
	<u> </u>
Total Business-type Activities Depreciation Expense	\$ 950,884

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, costs of removal, internal allocations, or costs associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General	155,745
Sewer Utility	General	189,018
Storm Water Utility	General	67,043
General	TIF #1 Tax Levy	189,323
General	Special Revenue Fund - Environmental TIF #2	909,143
Sub-total		<u>1,510,272</u>
Less: Fund eliminations		<u>(1,098,466)</u>
Total Internal Balances - Government-Wide		<u> </u>
Statement of Net Position		\$ 411,806

The principal purposes of these interfunds are the collection of delinquent utility bills on the tax roll and the allocation of commingled cash between funds. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (continued)

The general fund is advancing funds to the Water Utility. The amount advanced is determined by the cost associated with the water tower painting and the cash flow deficiency from inception of the project. The general fund is charging the Water Utility interest on the advance based on the average outstanding advance balance during the year at a rate of 1%.

Repayment schedule for the advance follows:

Year	Principal	Interest	Total
2020	\$ 87,373	\$ 4,457	\$ 91,830
2021	88,247	3,583	91,830
2022	89,129	2,701	91,830
2023	90,020	1,809	91,829
2024	90,921	909	91,830
	<u>\$ 445,690</u>	<u>\$ 13,459</u>	<u>\$ 459,149</u>

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General	Water Utility	\$ 413,646	Tax equivalent
General	Sewer Utility	20,453	Tax equivalent
Debt Service Fund - Debt Service	Special Revenue Fund - Tax Incremental District #1	5,721,507	Debt service
Debt Service Fund - Debt Service	Special Revenue Fund - Environmental Tax Incremental District Fund #1	143,250	Debt service
Special Revenue Fund - Environmental	Special Revenue Fund - Environmental Tax Incremental District Fund #2	90,134	Revenue sharing
Debt Service Fund - Debt Service	Special Revenue Fund - Environmental Tax Incremental District Fund #2	<u>98,284</u>	<u>Debt service</u>
	Subtotal - Fund financial statements	6,487,274	
	Less: Fund eliminations	<u>(6,053,175)</u>	
	Total Transfers - Government-wide	<u>\$ 434,099</u>	
	Statement of Activities		
	Governmental Activities	\$ 434,099	
	Business-type Activities	<u>-</u>	
	Total	<u>\$ 434,099</u>	

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)

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.

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Debt	\$ 11,260,000	\$ 125,500	\$ 1,115,000	\$ 10,270,500	\$ 1,165,500
Bonds	13,250,000	-	3,195,000	10,055,000	3,125,000
Refunding bonds	-	-	-	-	-
Total General Obligation Debt	24,510,000	125,500	4,310,000	20,325,500	4,290,500
Redevelopment Lease Revenue Bonds	6,940,000	-	2,815,000	4,125,000	1,025,000
Tax Increment Revenue Bonds	556,954	-	11,212	545,742	-
Total Bonds and Notes Payable	32,006,954	125,500	7,136,212	24,996,242	5,315,500
Add: Unamortized debt premium	589,903	-	69,504	520,399	-
Total Governmental Activities Bonds and Notes Payable	32,596,857	125,500	7,205,716	25,516,641	5,315,500
Other Liabilities					
Vested compensated absences	1,103,038	427,808	367,555	1,163,291	386,721
Total OPEB liability	14,977,599	714,565	-	15,692,164	-
Net OPEB liability (LRLIF)	405,626	-	55,551	350,075	-
Net pension liability	-	2,642,118	-	2,642,118	-
Total Other Liabilities	16,486,263	3,784,491	423,106	19,847,648	386,721
Total Governmental Activities Long-Term Liabilities	\$ 49,083,120	\$ 3,909,991	\$ 7,628,822	\$ 45,364,289	\$ 5,702,221

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Revenue Bonds Payable	\$ 8,690,000	\$ -	\$ 460,000	\$ 8,230,000	\$ 460,000
General Obligation Bonds Payable	3,105,000	-	365,000	2,740,000	370,000
Add: Unamortized debt premium	200,412	-	17,230	183,182	-
Total Business-type Activities Bonds Payable	11,995,412	-	842,230	11,153,182	830,000
Other Liabilities					
Total OPEB liability	309,749	14,533	-	324,282	-
Net OPEB liability (LRLIF)	36,918	-	5,129	31,789	-
Net pension liability	-	240,177	-	240,177	-
Total Other Liabilities	346,667	254,710	5,129	596,248	-
Total Business-type Activities Long-Term Liabilities	\$ 12,542,079	\$ 254,710	\$ 847,359	\$ 11,749,430	\$ 830,000

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. Business-type activities debt is payable by revenues from user fees of those funds.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019, was \$61,678,045. Total general obligation debt outstanding at year end was \$23,065,500.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Governmental Activities					
General Obligation Debt					
Refunding Bonds	4/12/2012	4/1/2022	.5 - 3.125%	\$ 1,825,000	\$ 865,000
	4/12/2012	6/1/2022	2.0 - 2.5	5,255,000	1,870,000
	5/23/2013	10/1/2029	2.0 - 3.25	3,575,000	1,140,000
	6/2/2015	3/1/2027	2.0 - 2.75	5,195,000	2,955,000
	4/19/2016	4/1/2028	1.0 - 2.07	1,360,000	965,000
	9/1/2016	10/1/2030	2.0 - 2.85	3,720,000	2,260,000
					<u>10,055,000</u>
General Obligation Bonds	4/15/2014	4/1/2023	2.0 - 2.15	865,000	430,000
	4/15/2014	4/1/2034	2.0 - 4.0	2,380,000	2,185,000
	4/19/2016	4/1/2026	1.7 - 2.0	1,550,000	1,115,000
	3/7/2018	3/1/2028	2.5 - 3.0	1,335,000	1,220,000
	3/7/2018	4/1/1931	3.0 - 3.15	3,870,000	3,305,000
	3/7/2018	4/1/2033	3.0 - 3.15	2,020,000	1,890,000
	12/18/2019	8/17/2020	3.25	125,500	125,500
					<u>10,270,500</u>
Total Governmental Activities					\$ 20,325,500
General Obligation Debt					

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Business-type Activities					
General Obligation Bonds	5/23/2013	10/1/2029	2.0 - 3.25%	\$ 1,045,000	\$ 660,000
Storm Water Utility	5/23/2013	10/1/2029	2.0 - 3.25	1,015,000	620,000
Sewer Utility	4/19/2016	4/1/2021	1.0 - 2.125	560,000	220,000
Water Utility	4/19/2016	4/1/2021	1.0 - 2.125	230,000	90,000
Sewer Utility	3/7/2018	4/1/2031	3.0 - 3.15	795,000	745,000
Storm Water Utility	3/7/2018	4/1/2031	3.0 - 3.15	160,000	150,000
Sewer Utility	3/7/2018	4/1/2031	3.0 - 3.15	270,000	255,000
Total Business-type Activities					\$ 2,740,000
Activities General Obligation Debt					

Debt service requirements to maturity are as follows:

	Principal	Interest	Principal	Interest
2020	\$ 4,290,500	\$ 494,167	\$ 370,000	\$ 75,259
2021	4,370,000	390,889	390,000	66,894
2022	2,350,000	294,061	200,000	58,725
2023	1,275,000	248,406	205,000	52,650
2024	1,180,000	226,454	210,000	46,575
2025-2029	4,760,000	669,742	1,140,000	134,525
2030-2034	2,100,000	163,033	225,000	6,825
Totals	\$ 20,325,500	\$ 2,486,752	\$ 2,740,000	\$ 441,453

Revenue Debt

The Community Development Authority (CDA) of the City of Cudahy (City) issued Redevelopment Lease Revenue Bonds pursuant to Sections 66.4325, 66.431 and 66.436 of the Wisconsin Statutes for the purpose of financing project costs associated with the City's Tax Incremental District #1. The bonds are not general obligations of the CDA or the City, and do not constitute an indebtedness within any constitutional or statutory limitation or provision. The bonds are payable solely out of the revenues and income derived by the CDA pursuant to a lease agreement between the City and the CDA.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Revenue Debt (continued)

In conjunction with the issuance of the bonds, the CDA and City entered into a lease agreement which generally provides for payments by the City to the CDA in amounts sufficient to pay the principal and interest payments on the bonds as they come due. It is the City's intent to annually budget the rental payments under the lease, and finance such payments with tax increments generated by Tax Incremental District #1.

The CDA is part of the primary government for financial reporting purposes. Accordingly, the CDA's debt and assets are reported as part of the City's debt and assets. The City has reported the proceeds of debt issued for construction in its capital projects funds. Debt service activity is reported in the City's Debt Service Fund. Lease arrangements between the City and CDA have been eliminated for reporting purposes.

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

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Governmental Activities					
Lease Development Revenue Bonds	10/13/2011	6/1/2022	.75 - 3.25%	\$ 3,200,000	\$ 1,135,000
	3/14/2012	6/1/2022	.6 - 2.6	3,580,000	1,910,000
	11/1/2012	6/1/2027	1.25 - 4.3	1,430,000	1,080,000
Total Governmental Activities Revenue Debt					\$ 4,125,000
Business-type Activities					
Water and Sewer System Revenue Bonds	5/6/2014	5/1/2034	3.0 - 3.625	\$ 4,175,000	\$ 3,985,000
Sewer Utility	5/6/2014	5/1/2034	3.0 - 3.625	260,000	140,000
Water Utility	5/6/2014	5/1/2034	3.0 - 3.50	1,890,000	1,590,000
Storm Water Utility	9/1/2016	5/1/2028	2.0	2,790,000	2,515,000
Total Business-type Activities Revenue Debt					\$ 8,230,000

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Revenue Debt (continued)

Debt service requirements to maturity are as follows:

	Governmental Activities Revenue Debt		Business-type Activities Revenue Debt	
	Principal	Interest	Principal	Interest
2020	\$ 1,025,000	\$ 111,146	\$ 460,000	\$ 227,556
2021	1,015,000	84,673	495,000	215,531
2022	1,130,000	54,718	600,000	201,481
2023	175,000	35,174	620,000	185,631
2024	195,000	20,524	625,000	169,481
2025-2029	585,000	37,196	3,020,000	613,934
2030-2034	-	-	2,410,000	232,050
Totals	\$ 4,125,000	\$ 343,431	\$ 8,230,000	\$ 1,845,664

The Water, Sewer and Storm Water Utilities have pledged future revenues, net of specified operating expenses, to repay \$8,230,000 of revenue bonds issued in 2014 and 2016. Proceeds from the bonds provided financing for the Water, Sewer and Storm Water Utilities. The bonds are payable solely from utility revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require 27% of net revenues. Total principal and interest remaining to be paid on the bonds is \$10.1 million. Principal and interest paid for the current year and total customer net revenues were \$699,106 and \$2,629,277 respectively.

Other Debt Information

Estimated payments of vested compensated absences, net pension liability and the total and net OPEB liabilities are not included in the debt service requirement schedules. The vested compensated absences, net pension liability and the total and net OPEB liabilities attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Tax Increment Project Revenue Bonds

The City has authorized the issuance of Tax Incremental Project Revenue Bonds for the purpose of financing certain projects to eliminate blight and encourage development. The principal on the bonds is solely payable from tax increments in Tax Increment District No. 1 after certain developments have met established thresholds of equalized value to the City. In conjunction with the authorization of this debt issue, the City entered into a developer agreement for the sale of the debt issue to local businesses to provide development incentives to assist the developer in undertaking the project. The details related to the debt issue is:

TID No.	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
1	08/26/02	11/1/2022	None	\$ 702,576	\$ 545,742

The bonds have no established repayment terms. Any obligation for repayment will expire on the maturity date shown above.

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES

Governmental Activities

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

Net Investment in Capital Assets	
Land	\$ 7,810,881
Construction in progress	119,231
Other capital assets, net of accumulated depreciation	36,752,910
Less: long-term debt outstanding	(24,996,242)
Plus: non-capital long-term debt	16,396,618
Plus: unspent capital related debt proceeds	3,144,030
Less: unamortized debt premium of capital debt	(517,224)
Plus: loss on refunding of capital debt	261,351
Total Net Investment in Capital Assets	<u>38,971,555</u>
Restricted for	
Debt service	3,107,860
TID activities	2,391,659
Library endowment	100,000
Library capital improvements	361,443
Library operations	404,697
Total Restricted	<u>6,365,659</u>
Unrestricted (deficit)	<u>(20,694,085)</u>
Total Governmental Activities Net Position	<u>\$ 24,653,129</u>

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

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

Nonspendable	
Major Funds	
General Fund	
Prepaid items	\$ 10,046
Advance to other funds (Due after 2020)	358,317
Total Major Funds	<u>368,363</u>
Nonmajor Fund	
Special Revenue Fund	100,000
Library Fund – Library Children’s Endowment	
Total Nonspendable	<u>\$ 468,363</u>
Restricted	
Major Fund	
Debt Service Fund - Debt service	\$ 3,948,940
Nonmajor Funds	
Special Revenue Funds	
Library Fund - Library Endowment Fund	361,443
Library Fund - Library activities	404,697
Environmental Tax Incremental District Fund #1 - Project costs	592,499
Environmental Tax Incremental District Fund #2 - Bond funds	367,611
Capital Projects Fund	
Community Development Authority Fund - Project costs	<u>732,821</u>
Total Nonmajor Funds	<u>2,459,071</u>
Total Restricted	<u>\$ 6,408,011</u>

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

Committed	
Nonmajor Funds	
Special Revenue Funds	\$ 77,586
Library Fund	228,903
Ambulance Fund	7,764
Grant Fund	246,754
Recycling Fund	209,655
Special Collections Fund	1,184,604
Special Assessment Fund	5,778
K-9 Fund	1,449
Hotel & Motel Tax Fund	<u>199,730</u>
Rental Property Inspection Fund	
Total Nonmajor Funds/Committed	<u>\$ 2,162,223</u>

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

Assigned

Major Funds		
General Fund		
Equipment acquisition - Computer equipment and software	\$	122,759
Voting machines		20,454
State Asset forfeiture		2,067
Safety grant		280
Police department		31,286
Sub-Total		<u>176,826</u>
Capital Improvements Fund - subsequent years expenditures		<u>3,269,531</u>

Nonmajor Fund

Capital Projects Fund		140,169
Road & Equipment Improvements Fund		
Total Assigned	\$	<u>3,586,526</u>

Unassigned (deficits)

Major Funds		
General Fund	\$	4,786,763
Special Revenue Fund - Tax Increment District #1		<u>(180,603)</u>
Total Major Funds		<u>4,606,160</u>

Nonmajor Funds

Special Revenue Funds		
Environmental TIF #2		(1,009,143)
Health Grant Fund		<u>(477)</u>
Total Nonmajor Funds		<u>(1,009,620)</u>
Total Unassigned	\$	<u>3,596,540</u>

CITY OF CUDAHY

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

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Business-Type Activities

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

Net Investment in Capital Assets		
Land	\$	282,469
Construction in progress		44,329
Other capital assets, net of accumulated depreciation		34,199,777
Less: related long-term debt outstanding		<u>(10,970,000)</u>
Less: unamortized premium on long-term debt		(183,182)
Add: unamortized loss on refunding		139,531
Add: Unspent proceeds of long-term debt		<u>4,007,058</u>
Total Net Investment in Capital Assets		<u>27,519,982</u>
Restricted		
Equipment replacement		1,143,108
Debt service		<u>302,257</u>
Total Restricted		<u>1,445,365</u>
Unrestricted		<u>6,399,777</u>
Total Business-Type Activities Net Position	\$	<u>35,365,124</u>

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and 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. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$832,819 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%

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

At December 31, 2019, the City reported a liability of \$2,882,295 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 0.08101600%, which was an increase of 0.00081298% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$1,931,346.

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	\$ 2,244,871	\$ 3,968,125
Changes in assumption	485,849	-
Net differences between project and actual earnings on pension plan investments	4,209,394	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,075	9,881
Employer contributions subsequent to the measurement date	878,644	-
Total	\$ 7,843,833	\$ 3,978,006

\$878,644, 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 and 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	\$ 1,089,543
2021	274,808
2022	471,747
2023	1,151,085

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CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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	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%
Salary increases	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments	1.9%

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

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

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

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CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

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.

Self Insurance

In 1992, the City issued \$702,926 taxable General Obligation Refunding Bonds to provide financing of the City's participation in the Wisconsin Municipal Insurance Commission ("WMIC"). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company ("CVMIC"). The CVMIC is a separate and distinct entity independent of the WMIC and is owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988.

In prior years, the CVMIC paid dividends to the City based on a schedule designed to enable the City to partially or totally finance the City's debt service requirements on its related debt. As of December 31, 2007, the City's debt and the WMIC's debt were paid in full. The WMIC has no assets, liabilities, equity or financial activity for the year ended December 31, 2019.

The CVMIC provides the City with \$5 million of liability coverage for losses over its self-insurance retention level of \$100,000 or \$125,000 per occurrence with a \$450,000 aggregate stop loss. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

The City's annual cost is its annual premium, claims and other operating expenses. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among participating municipalities based on payroll and loss history. The City and other participating cities and villages are subject to cover loss experiences, which exceed predictions through retrospective assessments.

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

Percentage participation can be affected by acceptance of new members to WMIC and CVMIC. The City's percentage participation in WMIC and CVMIC at December 31, 2019, was 1.67%. Upon withdrawal, expulsion or dissolution, the City would be entitled to a lump sum payment which at December 31, 2019, would approximate \$450,000.

Complete financial statements for CVMIC can be obtained directly from CVMIC's offices.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Variable Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US 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, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 7.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City proportionate share of the net pension liability (asset)	\$ 11,454,543	\$ 2,882,295	\$ (3,491,836)

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://efr.wi.gov/publications/cafr.htm>.

At December 31, 2019, the City reported debt payable to the pension plan of \$115,206, which represents a contractual arrangement for contribution to the pension plan related to past service cost.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

Self Insurance (continued)

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported.

	Beginning Balance	Claims and Changes in		Ending Balance
		Estimates	Payments	
2018 \$	149,738	\$ 6,375	\$ (6,658)	\$ 149,455
2019	149,455	6,222	(6,222)	149,455

At December 31, 2019, the Liability Insurance Fund has net position of approximately \$1.23 million.

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. There were no significant claims or judgments at year end.

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.

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.

D. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The City administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The plan provides health insurance benefits for eligible retirees and their spouses through the City's self-insured group medical insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and other City agreements. The eligibility requirements and the amount of the benefit vary based on retiree's position, years of service and age at retirement.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

If eligible, the retiree may receive medical insurance benefits until they are Medicare eligible. The City does not issue a separate financial report for the retiree healthcare plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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	59
Active plan members	115
	174

Total OPEB Liability

The City's total OPEB liability of \$16,016,446 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	9.69% decreasing to an ultimate rate of 3.90%

The discount rate was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2015-17.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

Balances at December 31, 2018	Total OPEB Liability	\$ 15,287,348
Changes for the year		
Service cost	636,683	
Interest	633,149	
Changes in assumptions or other inputs	431,758	
Benefit payments	(972,492)	
Net Changes	729,098	
Balances at December 31, 2019	<u>\$ 16,016,446</u>	

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 (1.74 percent) or 1-percentage-point higher (3.74 percent) than the current discount rate:

Total OPEB liability	\$ 17,177,331	1% Decrease (1.74%)	Discount Rate (2.74%)	\$ 16,016,446	1% Increase (3.74%)	\$ 14,936,416
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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. 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 healthcare cost trend rates that are 1-percentage-point lower (8.7 percent decreasing to 2.8 percent) or 1-percentage-point higher (10.7 percent decreasing to 4.8 percent) than the current healthcare cost trend rates:

Total OPEB liability	\$ 14,306,573	1% Decrease (8.7% Decreasing to 2.8%)	Healthcare Cost Trend Rates (9.7% Decreasing to 3.8%)	\$ 16,016,446	1% Increase (10.7% Decreasing to 4.8%)	\$ 18,016,237
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CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

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 \$1,231,889. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Changes of assumptions or other inputs	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>\$ 381,959</u>	<u>\$ 585,238</u>

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

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (37,943)
2021	(37,943)
2022	(37,943)
2023	(37,943)
2024	(37,943)
Thereafter	(13,564)

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.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Local Retiree Life Insurance Fund (LRLIF) (continued)

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

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

Employers are required to pay the following 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 \$2,851 in contributions from the City.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Local Retiree Life Insurance Fund (LRLIF) (continued)

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 \$381,864 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 .14799000%, which was an increase of .00089600% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$38,353.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,372
Changes in assumptions	36,436	82,773
Net differences between projected and actual earnings in OPEB plan investments	9,126	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,101	508
Employer contributions subsequent to the measurement date	2,701	-
Total	\$ 50,364	\$ 102,653

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Local Retiree Life Insurance Fund (LRLIF) (continued)

\$2,701 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	\$ (7,265)
2021	(7,265)
2022	(7,265)
2023	(8,547)
2024	(9,867)
Thereafter	(14,781)

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 CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Local Retiree Life Insurance Fund (LRLIF) (continued)

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 guarantee 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 CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Local Retiree Life Insurance Fund (LRLIF) (continued)

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-LRLIF	\$543,227	\$381,964	\$257,409

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://ef.wi.gov/publications/cafr.htm>.

CITY OF CUDAHY

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

NOTE IV – OTHER INFORMATION (continued)

E. MAJOR CUSTOMERS

The Water Utility derived approximately 23% of its user charge revenue from two major customers. The Sewer Utility derived approximately 37% of its user charge revenue from two major customers. The Storm Water Utility derived approximately 8% of its user charge revenue from two major customers.

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

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

- 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
- Statement No. 96, Subscription-Based Information Technology Arrangements
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

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 CUDAHY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 6,836,594	\$ 6,391,094	\$ 6,381,954	\$ (9,140)
Intergovernmental	4,766,442	4,841,442	4,889,542	48,100
Licenses and permits	497,655	527,655	488,252	(39,403)
Fines, forfeitures and penalties	1,120,769	1,038,169	894,015	(144,154)
Public charges for services	183,940	156,540	147,960	(8,580)
Interdepartmental revenues	65,100	65,100	65,100	-
Investment income	162,000	162,000	266,413	104,413
Commercial revenues	87,500	88,000	70,164	(17,836)
Total Revenues	13,720,000	13,270,000	13,203,400	(66,600)
EXPENDITURES				
Current				
General government	2,150,482	2,183,608	2,028,448	155,160
Protection of persons and property	8,460,588	8,460,956	8,375,096	85,860
Public works	1,661,238	1,661,238	1,574,826	86,412
Health and sanitation	1,024,985	1,015,591	1,007,122	8,469
Parks and recreation	378,507	378,507	340,833	37,674
Capital Outlay	24,200	20,100	21,878	(1,778)
Contingency	40,000	-	-	-
Total Expenditures	13,720,000	13,720,000	13,348,203	371,797
Excess (Deficiency) of Revenues over Expenditures	-	(450,000)	(144,803)	305,197
OTHER FINANCING SOURCES				
Transfers in	-	450,000	434,099	(15,901)
Net change in fund balance - budgetary basis	\$ -	\$ -	\$ 289,296	\$ 289,296
FUND BALANCE - Beginning of Year			5,042,656	
FUND BALANCE - END OF YEAR			<u>\$ 5,331,952</u>	

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

CITY OF CUDAHY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB HEALTH INSURANCE LIABILITY
AND RELATED RATIOS**

For the year ended December 31, 2019

	2019	2018
Service Cost	\$ 636,683	\$ 688,335
Interest on total OPEB Liability	633,149	547,499
Effect of Assumption Changes or Inputs	431,758	(760,722)
Benefit Payments	(972,492)	(823,197)
Net Change in Total OPEB Liability	729,098	(348,085)
Total OPEB-Health Liability Beginning	15,287,348	15,635,433
Total OPEB-Health Liability Ending	\$ 16,016,446	\$ 15,287,348
Covered Employee Payroll	\$ 8,717,736	\$ 8,580,753
Total OPEB Liability as a Percentage of Covered Payroll	183.72%	178.16%

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

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LOCAL RETIREE LIFE INSURANCE FUND
For the Year Ended December 31, 2019**

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
				Percentage of Covered Payroll	Percentage of Covered Payroll	
12/31/17	0.14709400%	\$ 442,544	6,185,723	7.15%	44.81%	
12/31/18	0.14799000%	381,864	8,452,000	4.52%	48.69%	

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND
For the Year Ended December 31, 2019**

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
				Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 2,860	\$ 2,860	-	\$ 8,500,850	0.03%
12/31/19	2,701	2,701	-	8,638,396	0.03%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2019

NOTE 1 – BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments or from contingency. Certain transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. Budgetary control is exercised at the individual fund level for all funds.

NOTE 2 – WISCONSIN RETIREMENT SYSTEM AND LOCAL RETIREE LIFE INSURANCE FUND

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

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

Changes of benefit terms – There were no changes of benefit terms for any participating employer in Wisconsin Retirement System or Local Retiree Life Insurance Fund.

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

NOTE 3 – OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTHCARE PLAN

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

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

Changes of benefit terms-OPEB Health. There were no changes of benefit terms

Changes of assumptions. Reflects a change in the discount rate from 4.10 percent to 2.74 percent.

See independent auditors' report.
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CITY OF CUDAHY

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

Plan Fiscal Year Ending	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 the Total Pension Liability	
			Payroll	Contributions	Payroll	Contributions
12/31/14	0.08164949%	\$ (2,005,535)	\$ 8,367,637	23.97%	102.74%	
12/31/15	0.09038862%	1,306,299	8,349,793	15.64%	98.20%	
12/31/16	0.07986622%	658,288	8,548,445	7.70%	99.12%	
12/31/17	0.08020302%	(2,381,322)	8,421,798	28.28%	102.93%	
12/31/18	0.08101600%	2,882,295	8,580,753	33.79%	96.45%	

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM

For the Year Ended December 31, 2019

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
				Covered Payroll	Contributions
12/31/15	\$ 757,176	\$ 757,176	\$ -	8,349,793	9.07%
12/31/16	762,701	762,701	-	8,548,445	8.92%
12/31/17	830,068	830,068	-	8,421,798	9.86%
12/31/18	837,085	837,085	-	8,580,753	9.76%
12/31/19	878,644	878,644	-	8,717,736	10.08%

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

CITY OF CUDAHY
COMBINING BALANCE SHEET
NON-DEPARTMENTAL FUNDS
 As of December 31, 2019

	Special Revenue Funds							
	Library Fund	Ambulance Fund	Grant Fund	Health Care Fund	Recycling Fund	Special Assessments Fund	Special Account Fund	Environmental Tax Incremental Fund
ASSETS								
Cash and investments	\$ 530,278	\$ 166,168	\$ 7,764	\$ 6,518	\$ 266,511	\$ 205,162	\$ 1,206,451	\$ 482,489
Accounts receivable - net of allowance for uncollectibles of \$(50,094)	655	88,539	-	2,500	-	4,649	-	-
Prepaid expenses	685,980	-	-	-	601,740	235,800	159,227	286,516
Supplies	-	-	-	-	-	-	-	-
Due to other funds - less than one year	-	-	-	-	-	-	452,088	-
Advance to other funds	-	-	-	-	-	-	-	100,000
Retiree cash and investments	461,443	-	-	-	-	-	-	-
Total Assets	\$ 1,679,206	\$ 254,707	\$ 7,764	\$ 9,018	\$ 868,251	\$ 445,711	\$ 1,817,766	\$ 879,015
LIABILITIES								
Accounts payable	\$ 32,527	\$ 9,001	\$ -	\$ 6,743	\$ 10,968	\$ 156	\$ -	\$ -
Due to other funds	16,053	-	-	752	9,189	-	22,072	-
Advance from other funds	-	-	-	-	-	-	-	-
Total Liabilities	48,580	25,804	-	9,495	19,757	156	22,072	-
DEFERRED INFLOWS OF RESOURCES								
Unearned revenues	685,980	-	-	-	601,740	235,800	159,227	286,516
Total Deferred Inflows of Resources	685,980	-	-	-	601,740	235,800	159,227	286,516
FUND BALANCES (DEFICITS)								
Nonspendable	100,000	-	-	-	-	-	-	592,499
Restricted	77,596	228,903	7,764	-	246,754	209,655	1,184,604	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	943,726	(228,903)	(7,764)	(487)	(246,754)	(209,655)	(1,184,604)	(592,499)
Total Fund Balance (Deficit)	\$ 1,679,206	\$ 254,707	\$ 7,764	\$ 9,018	\$ 868,251	\$ 445,711	\$ 1,817,766	\$ 879,015

CITY OF CUDAHY

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

	Special Revenue Funds							Environmental Tax Incremental District #1 Fund
	Library Fund	Ambulance Fund	Grant Fund	Health Grant Fund	Recycling Fund	Special Collections Fund	Special Assessment Fund	
ASSETS								
Cash and investments	\$ 530,278	\$ 166,168	\$ 7,764	\$ 6,518	\$ 266,511	\$ 205,162	\$ 1,206,451	\$ 492,499
Accounts receivable (net of allowance for uncollectibles of \$50,094)	565	88,539	-	2,500	-	4,649	-	-
Taxes receivable	685,980	-	-	-	601,740	235,900	159,227	286,516
Special assessments receivable - due in more than one year	-	-	-	-	-	-	452,088	-
Advance to other funds	-	-	-	-	-	-	-	100,000
Restricted cash and investments	461,443	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,678,266</u>	<u>\$ 254,707</u>	<u>\$ 7,764</u>	<u>\$ 9,018</u>	<u>\$ 868,251</u>	<u>\$ 445,711</u>	<u>\$ 1,817,766</u>	<u>\$ 879,015</u>
LIABILITIES								
Accounts payable	\$ 32,527	\$ 9,001	\$ -	\$ 8,743	\$ 10,568	\$ 156	\$ -	\$ -
Accrued liabilities	16,033	16,803	-	752	9,189	-	22,072	-
Due to other funds	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>48,560</u>	<u>25,804</u>	<u>-</u>	<u>9,495</u>	<u>19,757</u>	<u>156</u>	<u>22,072</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unearned revenues	685,980	-	-	-	601,740	235,900	159,227	286,516
Unavailable revenues	-	-	-	-	-	-	451,863	-
Total Deferred Inflows of Resources	<u>685,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601,740</u>	<u>235,900</u>	<u>611,090</u>	<u>286,516</u>
FUND BALANCES (DEFICITS)								
Nonspendable	100,000	-	-	-	-	-	-	-
Restricted	766,140	-	-	-	-	-	-	592,499
Committed	77,586	228,903	7,764	-	246,754	209,655	1,184,604	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(477)	-	-	-	-
Total Fund Balance (Deficit)	<u>943,726</u>	<u>228,903</u>	<u>7,764</u>	<u>(477)</u>	<u>246,754</u>	<u>209,655</u>	<u>1,184,604</u>	<u>592,499</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 1,678,266</u>	<u>\$ 254,707</u>	<u>\$ 7,764</u>	<u>\$ 9,018</u>	<u>\$ 868,251</u>	<u>\$ 445,711</u>	<u>\$ 1,817,766</u>	<u>\$ 879,015</u>

CITY OF CUDAHY

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

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Environmental Tax Incremental District Fund #2	K-9 Fund	Hotel & Motel Tax Fund	Rental Property Inspection Fund	Community Development Authority Fund	Road & Equipment Improvements Fund			
ASSETS									
Cash and investments	\$ -	\$ 5,778	\$ 1,449	\$ 126,354	\$ 733,016	\$ 149,731	\$	\$ 3,897,679	
Accounts receivable (net of allowance for uncollectibles of \$50,094)	-	-	-	76,287	-	-	-	172,540	
Taxes receivable	995	-	-	-	-	350,000	-	2,320,358	
Special assessments receivable - due in more than one year	-	-	-	-	-	-	-	452,088	
Advance to other funds	-	-	-	-	-	-	-	100,000	
Restricted cash and investments	367,611	-	-	-	-	-	-	829,054	
Total Assets	\$ 368,606	\$ 5,778	\$ 1,449	\$ 202,641	\$ 733,016	\$ 499,731	\$	\$ 7,771,719	
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 25	\$ 195	\$ 5,112	\$	\$ 66,327	
Accrued liabilities	-	-	-	2,886	-	4,450	-	72,185	
Due to other funds	909,143	-	-	-	-	-	-	909,143	
Advance from other funds	100,000	-	-	-	-	-	-	100,000	
Total Liabilities	1,009,143	-	-	2,911	195	9,562	-	1,147,655	
DEFERRED INFLOWS OF RESOURCES									
Unearned revenues	995	-	-	-	-	350,000	-	2,320,358	
Unavailable revenues	-	-	-	-	-	-	-	451,863	
Total Deferred Inflows of Resources	995	-	-	-	-	350,000	-	2,772,221	
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	100,000	
Restricted	367,611	-	-	-	732,821	-	-	2,459,071	
Committed	-	5,778	1,449	199,730	-	-	-	2,162,223	
Assigned	-	-	-	-	-	140,169	-	140,169	
Unassigned (deficit)	(1,009,143)	-	-	-	-	-	-	(1,009,620)	
Total Fund Balance (Deficit)	(641,532)	5,778	1,449	199,730	732,821	140,169	-	3,851,843	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 368,606	\$ 5,778	\$ 1,449	\$ 202,641	\$ 733,016	\$ 499,731	\$	\$ 7,771,719	

CITY OF CUDAHY

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

	Special Revenue Funds									
	Library Fund	Ambulance Fund	Grant Fund	Health Grant Fund	Recycling Fund	Special Collections Fund	Special Assessment Fund	Special Assessment Fund	Environmental Tax Incremental District #1 Fund	Environmental Tax Incremental District #1 Fund
REVENUES										
Taxes	\$ 685,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,034
Other taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	138,192	39,120	-	144,447	66,948	-	-	-	-	-
Fines, forfeitures and penalties	21,171	-	-	-	-	-	-	-	-	-
Public charges for services	31,203	364,850	-	-	585,988	245,334	-	-	-	-
Public improvement revenue	-	-	-	-	-	-	325,948	-	-	-
Investment income	3,764	411	-	32	2,757	1,784	27,142	-	3,688	-
Commercial revenues	91,609	367	-	-	5,918	5,210	-	-	-	-
Total Revenues	971,919	404,748	-	144,479	661,611	252,328	353,090	-	235,722	-
EXPENDITURES										
Current										
Protection of persons and property	-	366,138	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	157,819	675,153	312,701	-	-	-	-
Library	774,552	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	5,106	-
Capital Outlay	177,557	6,500	-	-	-	-	-	-	386,624	-
Total Expenditures	952,109	372,638	-	157,819	675,153	312,701	-	-	386,624	5,106
Excess (deficiency) of revenues over expenditures	19,810	32,110	-	(13,340)	(13,542)	(60,373)	(33,534)	-	230,616	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(233,384)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	(233,384)	-
Net change in fund balances	19,810	32,110	-	(13,340)	(13,542)	(60,373)	(33,534)	-	(2,768)	-
FUND BALANCES (DEFICIT) - Beginning of Year	923,916	196,793	7,764	12,863	260,296	270,028	1,218,138	-	595,267	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 943,726	\$ 228,903	\$ 7,764	\$ (477)	\$ 246,754	\$ 209,655	\$ 1,184,604	\$ -	\$ 592,499	\$ -

CITY OF CUDAHY

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

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Environmental Tax Incremental District Fund #2	K-9 Fund	Hotel & Motel Tax Fund	Rental Property Inspection Fund	Community Development Authority Fund	Road & Equipment Improvements Fund		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ -	\$ 1,368,014
Other taxes	-	-	7,571	-	-	-	-	7,571
Intergovernmental	-	-	-	-	-	-	-	388,707
Fines, forfeitures and penalties	-	-	-	-	-	-	-	21,171
Public charges for services	-	-	-	206,592	-	-	-	1,433,967
Public improvement revenue	-	-	-	-	-	-	-	325,948
Investment income	634	-	-	-	3,287	1,354	-	44,853
Commercial revenues	49,250	2,029	-	-	-	26,825	-	181,208
Total Revenues	<u>49,884</u>	<u>2,029</u>	<u>7,571</u>	<u>206,592</u>	<u>3,287</u>	<u>478,179</u>	<u>-</u>	<u>3,771,439</u>
EXPENDITURES								
Current								
Protection of persons and property	-	7,835	-	131,939	-	-	-	505,912
Public works	-	-	-	-	-	19,744	-	19,744
Health and sanitation	-	-	-	-	-	-	-	1,145,673
Library	-	-	-	-	-	-	-	774,552
Conservation and development	28,517	-	-	-	195	-	-	33,818
Capital Outlay	-	-	-	-	-	377,881	-	948,562
Total Expenditures	<u>28,517</u>	<u>7,835</u>	<u>-</u>	<u>131,939</u>	<u>195</u>	<u>397,625</u>	<u>-</u>	<u>3,428,261</u>
Excess (deficiency) of revenues over expenditures	<u>21,367</u>	<u>(5,806)</u>	<u>7,571</u>	<u>74,653</u>	<u>3,092</u>	<u>80,554</u>	<u>-</u>	<u>343,178</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	90,134	-	-	-	-	-	-	90,134
Transfers out	(98,284)	-	-	-	-	-	-	(331,668)
Total Other Financing Sources (Uses)	<u>(8,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,534)</u>
Net change in fund balances	13,217	(5,806)	7,571	74,653	3,092	80,554	-	101,644
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(654,749)</u>	<u>11,584</u>	<u>(6,122)</u>	<u>125,077</u>	<u>729,729</u>	<u>59,615</u>	<u>-</u>	<u>3,750,199</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (641,532)</u>	<u>\$ 5,778</u>	<u>\$ 1,449</u>	<u>\$ 199,730</u>	<u>\$ 732,821</u>	<u>\$ 140,169</u>	<u>\$ -</u>	<u>\$ 3,851,843</u>

FORM OF LEGAL OPINION

(See following pages)

July 7, 2021

\$4,865,000*
City of Cudahy
Milwaukee County, Wisconsin
General Obligation Promissory Notes, Series 2021A

We have acted as bond counsel in connection with the issuance by the City of Cudahy, Milwaukee County, Wisconsin (the “City”), of its \$4,865,000 General Obligation Promissory Notes, Series 2021A, dated July 7, 2021 (the “Notes”). We have examined the law and a certified copy of the proceedings of record of the City preliminary to and in connection with the issuance of the Notes, as well as other documents and records which we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of officers of the City and other public officials furnished to us, without undertaking to verify the same by independent investigation. The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Based on the foregoing, we are of the opinion and hereby certify that, as of the date hereof:

1. The Notes are valid and binding general obligations of the City, payable from a nonrepealable, direct annual tax levied upon all the taxable property of the City for the express purpose of paying interest on the Notes as it falls due and also to pay and discharge the principal thereof at maturity.

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

* Preliminary; subject to change.

set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

3. The City has properly designated the Notes as “qualified tax-exempt obligations” under Section 265 of the Code.

Very truly yours,

HUSCH BLACKWELL 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 AGREEMENT

(See following pages)

\$4,865,000*
City of Cudahy
Milwaukee County, Wisconsin
General Obligation Promissory Notes, Series 2021A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is executed and delivered by the City of Cudahy, Milwaukee County, Wisconsin (the “City”), in connection with the issuance of \$4,865,000 General Obligation Promissory Notes, Series 2021A (the “Notes”). The Notes are being issued pursuant to the resolutions adopted by the Common Council on May 4, 2021 and June 15, 2021 (the “Resolutions”). The City covenants and agrees as follows:

Section 1. Purpose of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the City for the benefit of the Noteholders and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” shall mean the City’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 City intends to continue to prepare in substantially the same form.

“City Contact” shall mean the Clerk of the City, 5050 South Lake Drive, Cudahy, Wisconsin 53110.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the City which has filed with the City a written acceptance of such designation.

“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

* Preliminary; subject to change.

“Fiscal Year” shall mean the fiscal year of the City, currently ending on December 31 of each year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The sole National Repository is the MSRB, through the operation of EMMA, as provided in Section 3(e) hereof.

“Noteholder” shall mean the registered owner or beneficial owner of any of the Notes.

“Official Statement” shall mean the final official statement dated June 16, 2021 delivered in connection with the Notes, which is available from the MSRB.

“Participating Underwriter” shall mean the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the City’s Fiscal Year in each year, commencing with the Fiscal Year ending December 31, 2020 provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Continuing Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent, if any. In each case, 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 Continuing Disclosure Agreement; provided that the Audited Financial Statements of the City 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 each Repository as soon as received by the City.

(b) If the City is unable or fails to provide an Annual Report to the Repositories by the date required above, the City shall, in a timely manner, send a notice of that fact to the National Repositories, the MSRB and any State Repository.

(c) The City shall determine each year prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any.

(d) The Dissemination Agent, if any, shall:

- (1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (2) file a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) The Securities and Exchange Commission has approved the submission of continuing disclosure filings with the Electronic Municipal Market Access (“EMMA”) system established by the MSRB until EMMA shall no longer be the sole National Repository recognized by the Securities and Exchange Commission for purposes of the Rule. All continuing disclosure filings under this Continuing Disclosure Agreement may thereafter be filed solely by transmitting such filings to EMMA at www.emma.msrb.org.

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

Current Property Valuations
Direct Debt
Debt Limit
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 with respect to which the City is an “obligated person” (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment 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 Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee, or the change of the name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) The City shall file a notice of the occurrence of any of the Listed Events in a timely manner not in excess of ten business days after the occurrence of the event with the MSRB in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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

Section 7. City Contact/Dissemination Agent. Information may be obtained from the City Contact. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in

carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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

Section 10. Default. In the event of a failure of the City to comply with any provision of this Continuing Disclosure Agreement, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the Resolutions, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Participating Underwriters, and the Noteholders from time to time of the Notes and shall create no rights in any other person or entity.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, we have executed this Continuing Disclosure Agreement in our official capacities effective July _____, 2021.

**CITY OF CUDAHY,
MILWAUKEE COUNTY, WISCONSIN**

[SEAL]

By: _____
Thomas Pavlic, Mayor

By: _____
Dennis Broderick, City Clerk

NOTICE OF SALE

**\$4,865,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A
CITY OF CUDAHY, WISCONSIN**

Bids for the purchase of \$4,865,000* General Obligation Promissory Notes, Series 2021A (the "Notes") of the City of Cudahy, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on June 22, 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 Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purpose of financing capital projects and current refunding certain obligations of the City. The Notes are general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Notes will be dated July 7, 2021, will be issued as fully registered Notes 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	\$405,000	2026	\$450,000	2030	\$300,000
2023	725,000	2027	585,000	2031	410,000
2024	580,000	2028	410,000		
2025	540,000	2029	460,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Notes 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 Notes 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 March 1, 2022, to the registered owners of the Notes 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

Notes 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 Notes 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 Notes, 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 Notes. So long as Cede & Co. is the registered owner of the Notes, 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 Notes.

PAYING AGENT

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

OPTIONAL REDEMPTION

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

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

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

DELIVERY

On or about July 7, 2021, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$4,816,350, nor more than \$5,156,900, plus accrued interest on the principal sum of \$4,865,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of \$97,300 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 Notes 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 Notes 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 Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes 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 Notes 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 Notes 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 Notes 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 Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

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

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

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

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

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

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

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

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

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

establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

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

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

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

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),

- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes 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

Dennis Broderick, City Clerk-Treasurer
City of Cudahy, Wisconsin

BID FORM

The Common Council
City of Cudahy, Wisconsin

June 22, 2021

RE: \$4,865,000* General Obligation Promissory Notes, Series 2021A (the "Notes")
DATED: July 7, 2021

For all or none of the above Notes, 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 \$4,816,350, nor more than \$5,156,900) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2026	_____ % due	2030
_____ % due	2023	_____ % due	2027	_____ % due	2031
_____ % due	2024	_____ % due	2028		
_____ % due	2025	_____ % due	2029		

* The City reserves the right to increase or decrease the principal amount of the Notes 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 Notes 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 \$97,300 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 Notes 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 Notes 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 Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about July 7, 2021.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

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 Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Notes.

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 July 7, 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 Cudahy, Wisconsin, on June 22, 2021.

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