

**ADDENDUM DATED JULY 22, 2021  
TO PRELIMINARY OFFICIAL STATEMENT DATED JULY 15, 2021**

**New Issue**

**CITY OF PRESCOTT, WISCONSIN**

**\$4,465,000\*  
TAXABLE GENERAL OBLIGATION REFUNDING NOTES, SERIES 2021A**

**PROPOSAL OPENING: July 26, 2021, 10:30 A.M.**

The Independent Auditor, Enterprise Funds, General Fund Information and Continuing Disclosure (Appendix D) sections of the Preliminary Official Statement have been revised. Following is the revised Preliminary Official Statement dated July 15, 2021.

## PRELIMINARY OFFICIAL STATEMENT DATED JULY 15, 2021

Interest on the Notes is includable in gross income of the recipient for United States and State of Wisconsin income tax purposes according to present federal and Wisconsin laws, regulations, rulings and decisions.

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

**New Issue**

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

### CITY OF PRESCOTT, WISCONSIN (Pierce County)

## \$4,465,000\* TAXABLE GENERAL OBLIGATION REFUNDING NOTES, SERIES 2021A

**BID OPENING:** July 26, 2021, 10:30 A.M., C.T.

**CONSIDERATION:** July 26, 2021, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$4,465,000\* Taxable General Obligation Refunding Notes, Series 2021A (the "Notes") of the City of Prescott, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the purposes of effecting current refundings of certain outstanding general obligations of the City as more fully described herein. 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 Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

**DATE OF NOTES:** August 17, 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	\$160,000	2025	\$565,000	2028	\$525,000
2023	560,000	2026	570,000	2029	530,000
2024	560,000	2027	455,000	2030	540,000

**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:** \$4,411,420.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$89,300 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation

**BOND COUNSEL:** Fryberger, Buchanan, Smith & Frederick, P.A.

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

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

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

## 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.

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## **CITY OF PRESCOTT COMMON COUNCIL**

		<u>Term Expires</u>
David Hovel	Mayor	April 2022
Robert Daugherty	Alderman	April 2022
Darlyn Hintz	Alderman	April 2023
Pat Knox	Alderman	April 2024
Thomas Oss	Alderman	April 2023
Maureen Otwell	Alderman	April 2022
Bailey Ruona	Alderman	April 2024

## **ADMINISTRATION**

Jayne Brand, City Administrator  
Elizabeth Lansing, Deputy Clerk/Treasurer

## **PROFESSIONAL SERVICES**

Phillip A. Helgeson, City Attorney, Prescott, Wisconsin  
Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota  
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Prescott, Wisconsin (the "City") and the issuance of its \$4,465,000\* Taxable General Obligation Refunding 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 July 26, 2021.

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

## THE 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 August 17, 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.

\*Preliminary, subject to change.

## 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.

## AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the purposes of effecting current refundings of the City's \$1,500,000 Taxable General Obligation Refunding Bonds, Series 2010A (the "Series 2010A Bonds") and the \$3,750,000 Taxable Promissory Note of 2021 (the "2021 Note").

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 740805
Series 2010A Bonds	7/20/10	9/1/21	Par	2022 (term)	4.50%	\$105,000	HK5
				2024 (term)	5.00%	225,000	HM1
				2026 (term)	5.25%	<u>250,000</u>	HP4
Total Series 2010A Bonds Being Refunded						<u>\$580,000</u>	

A portion of the 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.

<b>Issue Being Refunded</b>	<b>Date of Refunded Issue</b>	<b>Call Date</b>	<b>Call Price</b>	<b>Maturity Being Refunded</b>	<b>Interest Rates</b>	<b>Principal to be Refunded</b>	<b>CUSIP Base N/A</b>
2021 Note	6/18/21	9/1/21	Par	2022	3.75%	<u>\$3,750,000</u>	
Total 2021 Note Being Refunded						<u>\$3,750,000</u>	

A portion of the 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.

## ESTIMATED SOURCES AND USES\*

<b>Sources</b>		
Par Amount of Notes	\$4,465,000	
<b>Total Sources</b>		<b>\$4,465,000</b>
<b>Uses</b>		
Total Underwriter's Discount (1.200%)	\$53,580	
Costs of Issuance	56,500	
Deposit to Current Refunding Fund	4,353,828	
Rounding Amount	<u>1,092</u>	
<b>Total Uses</b>		<b>\$4,465,000</b>

\*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, irrepealable 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, with the exception of any outstanding credit enhanced issues, is currently rated "Aa3" by Moody's Investors Service, Inc. ("Moody's").

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

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

A Financial Obligation incurred June 2021 was not filed timely in accordance with a disclosure undertaking and was filed on EMMA on July 8, 2021. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

An opinion as to the validity of the Notes will be furnished by Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, Minnesota, bond counsel to the City. 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 Bonds 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 BOND COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the "Form of Legal Opinion" found in the Appendix B and has not performed any investigation as to its accuracy, completeness or sufficiency).

## **NON-QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **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, 2020 have been audited by Johnson Block & Company, Inc., Middleton, 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.

**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 \$68,330. 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 \$420,000.

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	\$410,648,500
2020 Equalized Value Reduced by Tax Increment Valuation	\$338,006,800
2020 Assessed Value	\$367,618,900

## 2020 EQUALIZED VALUE BY CLASSIFICATION

	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 309,976,300	75.485%
Commercial	80,634,500	19.636%
Manufacturing	15,710,300	3.826%
Agricultural	25,600	0.006%
Undeveloped	2,400	0.001%
Ag Forest	145,800	0.036%
Personal Property	4,153,600	1.011%
Total	<u>\$ 410,648,500</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2016	\$ 334,614,900	\$ 352,177,600	0.52%
2017	360,862,600	385,394,300	9.43%
2018	363,191,700	366,807,000	-4.82%
2019	364,011,800	398,453,900	8.63%
2020	367,618,900	410,648,500	3.06%

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

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

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
United Natural Foods Inc.	Distribution Center	\$ 28,982,034	7.06%
Markid Properties II LLC	Industrial	7,376,044	1.80%
Ptacek Real Estate	Grocery Store/Banquet Center	4,639,934	1.13%
Henkel Real Estate LLC	Manufacturing	4,505,221	1.10%
Orion Properties Seventeen LLC	Property management company	2,553,725	0.62%
SS Realty LLC	Commercial/Tractor Supply	2,231,130	0.54%
Skluzacek Properties	Manufacturing/Kasco Marine	1,979,762	0.48%
Prescott Townhomes Ltd. DBA Marty's T's	Multi-family rental units	1,784,927	0.43%
Miss Croix Yacht Harbor	Marina	1,775,056	0.43%
Cramer Prescott Heights LLC	Apartments	1,718,523	0.42%
<b>Total</b>		<b>\$ 57,546,356</b>	<b>14.01%</b>
City's Total 2020 Equalized Value <sup>2</sup>		\$410,648,500	

**Source:** The City.

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

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



## DEBT

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

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

Total General Obligation Debt (includes the Notes)*	<u>\$11,515,000</u>
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\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Notes.

City of Prescott, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 08/17/2021)

Dated Amount  Maturity	Corporate Purpose Bonds Series 2012A		Community Development Bonds Series 2014A		Taxable Promissory Notes Series 2014B		Corporate Purpose Bonds Series 2015A	
	10/09/2012 \$3,895,000	03/01	06/05/2014 \$840,000	12/01	06/05/2014 \$1,755,000	12/01	09/03/2015 \$3,755,000	12/01
								Final Maturity 06/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	0	16,675	335,000	8,226	100,000	1,300	375,000	14,372
2022	290,000	30,450	400,000	9,753			180,000	21,244
2023	300,000	24,550	105,000	2,153			180,000	17,644
2024	130,000	20,250					275,000	14,044
2025	125,000	17,700					240,000	8,544
2026	130,000	14,988					145,000	1,722
2027	140,000	11,950						
2028	145,000	8,563						
2029	135,000	5,063						
2030	135,000	1,688						
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
2040	1,530,000	151,875	840,000	20,131	100,000	1,300	1,395,000	77,569

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**City of Prescott, Wisconsin**  
**Schedule of Bonded Indebtedness continued**  
**General Obligation Debt Secured by Taxes**  
**(As of 08/17/2021)**

Street Improvement Bonds Series 2018A			Corporate Purpose Bonds Series 2020A			Taxable Refunding Notes 1) Series 2021A		
Dated	06/27/2018		05/20/2020			08/17/2021		
Amount	\$1,370,000		\$1,975,000			\$4,465,000*		
Maturity	04/01		10/01			03/01		
	Final Maturity 04/01		Final Maturity 04/01		Final Maturity 04/01		Final Maturity 04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Principal	Interest
2021	0	20,648	155,000	20,322	0	0	0	0
2022	60,000	40,095	145,000	37,544	160,000	55,175	160,000	55,175
2023	60,000	37,695	155,000	34,644	560,000	51,155	560,000	51,155
2024	65,000	35,195	160,000	31,544	560,000	47,655	560,000	47,655
2025	65,000	32,595	165,000	28,344	565,000	43,153	565,000	43,153
2026	65,000	29,995	165,000	25,044	570,000	37,190	570,000	37,190
2027	75,000	27,570	165,000	21,744	455,000	30,585	455,000	30,585
2028	75,000	25,320	60,000	18,444	525,000	23,200	525,000	23,200
2029	60,000	23,295	60,000	17,244	530,000	14,495	530,000	14,495
2030	65,000	21,420	60,000	16,044	800,000	4,995	800,000	4,995
2031	65,000	19,438	60,000	14,844	125,000		125,000	
2032	70,000	17,345	65,000	13,644	135,000		135,000	
2033	70,000	15,105	65,000	12,263	135,000		135,000	
2034	80,000	12,630	65,000	10,881	145,000		145,000	
2035	80,000	9,990	70,000	9,500	150,000		150,000	
2036	80,000	7,310	70,000	8,013	150,000		150,000	
2037	85,000	4,505	70,000	6,525	155,000		155,000	
2038	90,000	1,530	70,000	4,950	160,000		160,000	
2039			75,000	3,375	75,000		75,000	
2040			75,000	844	75,000		75,000	
	1,210,000	381,680	1,975,000	335,753	4,465,000	307,603	11,515,000	1,275,911
							12,790,911	

\* Preliminary, subject to change.

- 1) A portion of this issue will refund the 2022 maturity of the City's \$3,750,000 Taxable Promissory Note, dated June 18, 2021.  
A portion of this issue will refund the 2022 through 2026 maturities of the City's \$1,500,000 Taxable General Obligation Refunding Bonds, Series 2010A, dated July 20, 2010.

## 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	\$ 410,648,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 20,532,425
Less: General Obligation Debt (includes the Notes)*	<u>(11,515,000)</u>
Unused Debt Limit*	<u><u>\$ 9,017,425</u></u>

\*Preliminary, subject to change.

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

Taxing District	2020 Equalized Value <sup>2</sup>	% In City	Total G.O. Debt <sup>3</sup>	City's Proportionate Share
Pierce County	\$ 3,876,262,000	10.5939%	\$ 21,680,000	\$ 2,296,758
School District of Prescott	966,255,688	42.4989%	35,260,000	14,985,112
Chippewa Valley Technical College District	29,206,225,452	1.4060%	79,230,000	1,113,974
City's Share of Total Overlapping Debt				<u><u>\$ 18,395,843</u></u>

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<sup>1</sup> 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.

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

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$410,648,500</b>	<b>Debt/ Per Capita 4,217<sup>1</sup></b>
Total General Obligation Debt (includes the Notes)*	\$ 11,515,000	2.80%	\$ 2,730.61
City's Share of Total Overlapping Debt	<u>18,395,843</u>	<u>4.48%</u>	<u>4,362.31</u>
Total*	\$ 29,910,843	7.28%	\$ 7,092.92

\*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.

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

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Tax Year</b>	<b>Levy for City Purposes Only</b>	<b>% Collected</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2016/17	\$2,204,375	100%	\$7.23
2017/18	2,212,068	100%	7.15
2018/19	2,212,068	100%	7.26
2019/20	2,238,372	100%	6.77
2020/21	2,178,372	In Process	6.44

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:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2016/17	\$12.62	\$5.44	\$7.23	\$0.20	\$25.49
2017/18	13.25	6.00	7.15	0.00	26.40
2018/19	11.78	5.76	7.26	0.00	24.80
2019/20	11.57	5.52	6.77	0.00	23.86
2020/21	11.63	5.18	6.44	0.00	23.25

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

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

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

## LEVY LIMITS

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

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

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

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other 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 1857 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. The Mayor is elected to a two-year term and all Council Members are elected to three-year terms. The appointed City Administrator and Deputy Clerk/Treasurer are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 23 full-time, five part-time, and seven 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 \$114,082, \$113,117 and \$115,616 respectively.

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

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

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

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability of the pension plan. Accordingly, for Fiscal Year 2018, the City reported a liability of \$399,491 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2017 based on the City's share of contributions to the pension plan relative to the contributions

of all participating employers. The City's proportion was 0.01122897% of the aggregate WRS net pension liability as of December 31, 2017.

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

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Wisconsin Professional Police Association	December 31, 2021

### **OTHER POST EMPLOYMENT BENEFITS**

The City does not provide any other post employment benefits.

### **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the 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 May 31, 2021)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$ 3,272,753
Fire	124,202
Impact Fees	10,768
Cable	74,464
Capital Projects	293,735
Library	140,646
Prescott Daze	22,012
TID #3	103,892
Affordable Housing Fund	309,946
Freedom Park	21,282
Debt Service	274,042
TID #4	566,387
TID #5	637,143
Water	1,392,454
Sewer	3,482,700
Storm Sewer	207,541
EMS	20,491
Tax Fund	473,443
Total Funds on Hand	<u><u>\$11,427,900</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
<b>Water</b>			
Total Operating Revenues	\$497,887	\$486,681	\$ 506,641
Less: Operating Expenses	<u>(383,332)</u>	<u>(436,738)</u>	<u>(442,011)</u>
Operating Income	\$114,555	\$ 49,943	\$ 64,630
Plus: Depreciation	129,972	113,803	138,895
Interest Income	<u>11,389</u>	<u>19,492</u>	<u>9,569</u>
Revenues Available for Debt Service	<u><u>\$255,916</u></u>	<u><u>\$183,238</u></u>	<u><u>\$ 213,094</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$877,809	\$924,955	\$ 1,049,729
Less: Operating Expenses	<u>(691,981)</u>	<u>(609,015)</u>	<u>(671,492)</u>
Operating Income	\$185,828	\$315,940	\$ 378,237
Plus: Depreciation	194,299	198,355	200,699
Interest Income	<u>30,688</u>	<u>41,310</u>	<u>20,386</u>
Revenues Available for Debt Service	<u><u>\$410,815</u></u>	<u><u>\$555,605</u></u>	<u><u>\$ 599,322</u></u>
<b>Storm Water</b>			
Total Operating Revenues	\$133,824	\$141,665	\$ 158,463
Less: Operating Expenses	<u>(100,470)</u>	<u>(141,599)</u>	<u>(132,691)</u>
Operating Income	\$ 33,354	\$ 66	\$ 25,772
Plus: Depreciation	41,271	56,124	62,119
Interest Income	<u>1,219</u>	<u>1,944</u>	<u>1,435</u>
Revenues Available for Debt Service	<u><u>\$ 75,844</u></u>	<u><u>\$ 58,134</u></u>	<u><u>\$ 89,326</u></u>

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2021 Adopted Budget <sup>1</sup>
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	
Revenues					
Taxes	\$1,420,832	\$1,416,978	\$1,411,957	\$1,356,001	\$1,491,374
Special assessments	39,563	53,292	39,309	45,821	30,847
Intergovernmental	548,967	613,211	670,240	779,600	709,883
Licenses and permits	32,263	31,856	34,524	33,282	29,300
Fines, forfeits and penalties	116,453	96,929	102,037	85,954	85,000
Public charges for services	307,417	314,352	372,467	445,683	429,850
Interest income	33,843	53,657	155,029	33,059	40,000
Miscellaneous income	45,676	41,284	47,854	59,980	34,188
<b>Total Revenues</b>	<b>\$2,545,014</b>	<b>\$2,621,559</b>	<b>\$2,833,417</b>	<b>\$2,839,380</b>	<b>\$2,850,442</b>
Expenditures					
Current:					
General government	\$405,716	\$443,267	\$451,371	\$500,622	\$513,433
Public safety	1,176,290	1,257,589	1,686,811	1,379,378	1,135,842
Public works	681,805	739,847	926,067	702,463	762,878
Health and human services	1,856	1,512	400	1,168	2,000
Culture, recreation and education	100,702	102,224	102,337	176,598	188,122
Conservation and development	304	309	315	315	315
Capital outlay	0	0	0	483	0
Debt service	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$2,366,673</b>	<b>\$2,544,748</b>	<b>\$3,167,301</b>	<b>\$2,761,027</b>	<b>\$2,602,589</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$178,341</b>	<b>\$76,811</b>	<b>(\$333,884)</b>	<b>\$78,353</b>	<b>\$247,853</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	\$116,797	\$109,071	\$113,231	\$117,040	\$60,320
Operating transfers out	(285,315)	(170,146)	(278,710)	(74,376)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(168,518)</b>	<b>(61,075)</b>	<b>(165,479)</b>	<b>42,664</b>	<b>60,320</b>
<b>Net changes in Fund Balances</b>	<b>\$9,823</b>	<b>\$15,736</b>	<b>(\$499,363)</b>	<b>\$121,017</b>	<b>\$308,173</b>
General Fund Balance January 1	\$3,334,794	\$3,344,617	\$3,360,353	\$2,860,990	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$3,344,617	\$3,360,353	\$2,860,990	\$2,982,007	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$1,333,931	\$625,316	\$86,226	\$46,233	
Assigned	173,303	497,898	802,783	145,923	
Unassigned	1,837,383	2,237,139	1,971,981	2,789,851	
<b>Total</b>	<b>\$3,344,617</b>	<b>\$3,360,353</b>	<b>\$2,860,990</b>	<b>\$2,982,007</b>	

<sup>1</sup> The 2021 budget was adopted on November 23, 2020.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 4,258 and a current estimated population of 4,217 comprises an area of 2.33 square miles and is located approximately 25 miles southeast of the Minneapolis-St. Paul metropolitan area.

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

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
TCLAD, Inc. <sup>2</sup>	Electronics manufacturing	280
School District of Prescott	Elementary and secondary education	237
UNFI	Distribution center	200
DMC (Diversified Manufacturing Corp.)	Contract manufacturer	175
Ptacek's IGA	Grocery store	120
Prescott Nursing & Rehabilitation	Nursing home	60
General Plastic Extrusions, Inc.	Polyethylene product manufacturing	60
Kasco Marine, Inc.	Floating aerators & fountain manufacturer	51 <sup>3</sup>
Cernohous Chevrolet, Inc.	Auto dealership	47
No Name Saloon	Bar	45
City of Prescott	Municipal government and services	14

**Source:** *Data Axle Reference Solutions, written and telephone survey (June 2021), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

<sup>2</sup> Previously listed as Berquist Company.

<sup>3</sup> Total number of employees is as of January 2020.



## BUILDING PERMITS

	2017	2018	2019	2020	2021 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	2	12	18	11	30
Valuation	\$502,000	\$2,740,000	\$3,597,000	\$2,502,000	\$5,921,800
<u>New Commercial/Industrial</u>					
No. of building permits	2	4	6	5	1
Valuation	\$5,806,631	\$127,900	\$1,311,493	\$1,746,000	\$53,000
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	95	80	64	53	51
Valuation	\$7,687,556	\$4,681,800	\$5,649,412	\$5,076,745	\$6,277,368

**Source:** The City.

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<sup>1</sup> As of June 2021.

## U.S. CENSUS DATA

### Population Trend: The City

2000 U.S. Census	3,776
2010 U.S. Census	4,258
2020 Estimated Population	4,217
Percent of Change 2000 - 2010	+ 12.76%

### Income and Age Statistics

	The City	Pierce County	State of Wisconsin	United States
2019 per capita income	\$33,363	\$33,061	\$33,375	\$34,103
2019 median household income	\$75,603	\$72,323	\$61,747	\$62,843
2019 median family income	\$84,333	\$89,940	\$78,679	\$77,263
2019 median gross rent	\$958	\$874	\$856	\$1,062
2019 median value owner occupied units	\$186,500	\$208,700	\$180,600	\$217,500
2019 median age	38.3 yrs.	36.8 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	99.96%	97.83%
City % of 2019 median family income	107.19%	109.15%

### Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	1,938	1,803	-6.97%

**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>	
	Pierce County	Pierce County	State of Wisconsin
2017	24,381	3.4%	3.3%
2018	24,503	3.2%	3.0%
2019	24,504	3.4%	3.3%
2020	23,054	7.0%	6.3%
2021, May <sup>1</sup>	24,046	3.3%	3.9%

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

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<sup>1</sup> Preliminary.

### **FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the 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.

**JBC**

**JOHNSON BLOCK**

**CPAs**

**CITY OF PRESCOTT**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**December 31, 2020**

# CITY OF PRESCOTT

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December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Prescott  
Prescott, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page iii through xiii, and budgetary comparison information and the Wisconsin Retirement System schedules on pages 53-55 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.

#### ***Other Information***

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

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
July 21, 2021

## CITY OF PRESCOTT, WISCONSIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Prescott is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements and footnotes, which begin on page 1.

#### FINANCIAL HIGHLIGHTS

- The City of Prescott has total assets and deferred outflows of \$45.3 million, liabilities of \$8.5 million and deferred inflows of \$5.0 million, resulting in net position of \$31.8 million at the end of 2020. Of the net position, \$23.3 million represents the City's investment in capital assets, net of related debt, \$1.4 million is held for restricted purposes, and \$7.1 million is available to meet the City's ongoing obligations to its citizens and creditors.
- The City of Prescott has three tax incremental districts. TID #3 is designed to promote the location and expansion of industry and provide new public infrastructure in the north portion of the community. TID #4 is a blight elimination district designed to promote economic development and revitalize the downtown. TID #5 was created in 2006 and is located at the northeastern edge of the community and will be used to provide new public infrastructure and to promote the location and expansion of industry and development of new commercial business.
- In 2020, the City of Prescott's General Fund increased its unassigned fund balance by \$817,870 for a total of \$2.79 million. Unassigned fund balance may be used for any purpose for the respective fund.
- In taxable year 2020 the City of Prescott had a net new construction value of \$2,356,300, increasing the total equalized value by 0.59%.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Prescott's basic financial statements. The basic financial statements for the City are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

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#### Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position increased from 2019 to 2020 with the City's net position increasing by almost \$2.0 million. The government-wide financial statements can be found on pages 1-2 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Prescott include general government, public safety, public works, health and human services, culture, education and recreation, conservation and development, and other miscellaneous activities. The business-type activities of the City include the water, sewer and storm water utilities.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. These component units are the Fire and EMS Association. These entities are described in Note 3J following the financial statements.

#### 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 Prescott, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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## 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 statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds. Of these, the General fund, TIF #5 Capital Projects fund, and Capital Improvements fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net position and Statement of Activities*.

## Proprietary Funds

Proprietary funds maintained by the City of Prescott include enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities. The proprietary fund financial statements begin on page 7 of this report.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Prescott uses a fiduciary fund to account for taxes collected for the benefit of overlapping tax jurisdictions and to account for funds raised by the Prescott Daze Committee. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the fiduciary funds is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on pages 12-13 of this report.

## Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 14 of this report.

## Additional Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes is the supplemental information. A schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General fund, detailed budgetary comparison schedules for the General fund, and combining statements for the non-major governmental funds are included in the supplementary information.

## FINANCIAL ANALYSIS OF THE CITY OF PRESCOTT AS A WHOLE

The *Statement of Net position* for the City of Prescott is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$31.8 million at the close of 2020. The majority of these net position reflect the City's investment in capital assets, including land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Prescott Net Position				
	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	2019
Current and Other Assets	\$ 9,933,226	\$ 8,595,782	\$ 4,392,143	\$ 3,572,137	\$14,325,369
Capital Assets	18,359,043	18,295,924	11,764,875	11,015,186	30,123,918
Total Assets	28,292,269	26,891,706	16,157,018	14,587,323	44,449,287
Deferred Outflows	738,128	930,248	124,706	148,297	862,834
Long-term Liabilities Outstanding	5,534,238	5,465,495	1,156,390	639,489	6,690,628
Other Liabilities	1,647,646	1,973,735	201,458	221,322	1,849,104
Total Liabilities	7,181,884	7,439,230	1,357,848	860,811	8,539,732
Deferred Inflows	4,806,467	4,331,717	158,410	76,488	4,964,877
Net Position:					
Net Investment in Capital Assets	12,695,078	12,360,659	10,564,893	10,246,073	23,259,971
Restricted	1,409,234	847,954	-	-	1,409,234
Unrestricted	2,937,734	2,842,394	4,200,573	3,552,248	7,138,307
Total Net Position	\$ 17,042,046	\$ 16,051,007	\$14,765,466	\$13,798,321	\$31,807,512
Total Net Position as a % of Total Liabilities and Deferred Inflows	142.2%	136.4%	973.8%	1472.1%	235.5%
					234.9%

\$1.4 million of the City's net position represents resources that are subject to other restrictions as to how they may be used. Governmental activities have \$2.9 million of unrestricted net position to fund future activities. An additional \$4.2 million of unrestricted net position are related to the City's business-type activities and may not be used to fund governmental activities.

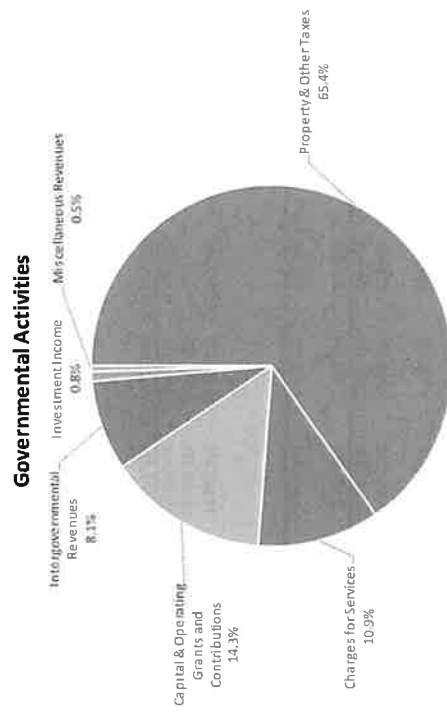
vii

An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

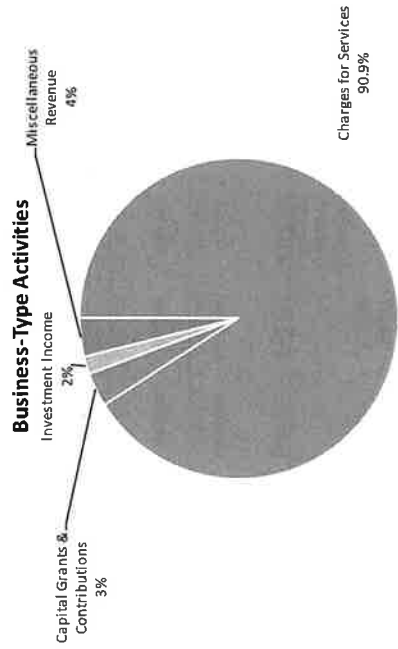
	City of Prescott's Change in Net Position				
	Governmental Activities		Business-Type Activities		Totals
Revenues:	2020	2019	2020	2019	2019
Program Revenues:					
Charges for services	\$ 667,861	\$ 581,442	\$ 1,651,874	\$ 1,553,301	\$ 2,319,735
Operating grants and contributions	459,584	337,865	-	-	459,584
Capital grants and contributions	418,444	77,077	62,958	129,151	481,402
General Revenues:					
Property taxes	3,850,554	3,750,191	-	-	3,850,554
Other taxes	164,188	136,043	-	-	136,043
Intergovernmental revenues	496,140	477,664	-	-	496,140
Investment income	51,706	196,434	31,395	62,746	83,101
Miscellaneous	33,615	21,806	70,449	65,926	104,064
Gain (Loss) on disposal of assets	(123,249)	(1,636)	(7,404)	-	(130,653)
Total Revenues	6,018,843	5,576,886	1,809,272	1,811,124	7,828,115
Expenses:					
General Government	579,799	524,368	-	-	579,799
Public Safety	1,442,597	1,446,854	-	-	1,442,597
Public Works	1,254,445	1,469,288	-	-	1,254,445
Health & Human Services	1,168	400	-	-	1,168
Culture, Education and Recreation	581,858	504,726	-	-	581,858
Conservation and Development	417,121	95,811	-	-	417,121
Interest on long-term debt	196,235	274,739	-	-	196,235
Water Utility	-	-	584,702	558,821	584,702
Sewer Utility	-	-	661,674	610,738	661,674
Storm Water Utility	-	-	150,332	151,089	150,332
Total Expenses	4,473,223	4,316,186	1,396,708	1,320,648	5,869,931
Increase (decrease) in net position before transfers	1,545,620	1,260,700	412,564	490,476	1,958,184
Transfers	(554,581)	(440,360)	554,581	73,600	-
Change in Net Position	991,039	820,340	967,145	564,076	1,958,184
Net Position - January 1	16,051,007	15,230,667	13,798,321	13,234,245	29,849,328
Net Position - December 31	\$17,042,046	\$16,051,007	\$14,765,466	\$13,798,321	\$31,807,512
					\$29,849,328

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The chart below illustrates how governmental activities are funded. Real and personal property taxes provide about 65.4% of the revenue for governmental activities. Charges for Services provide 10.9% while Capital and Operating Grants comprise of 14.3% and Intergovernmental Revenues comprise of another 8.1% of the revenue. All other sources are equal to 1.3% of revenues.



Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph below, 90.9% of revenues are generated from user charges.



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of December 31, 2020, the City's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$5.3 million, an increase of \$1.1 million. The increase is primarily due to proceeds from long-term debt in the TIF 5 capital projects fund and capital improvements fund. Of the ending fund balances total, \$46,233 is classified as non-spendable mainly for advances from the General Fund to other funds or for prepaid items, \$1,554,085 is restricted for TIF 3, TIF 4, TIF 5, Debt Service, Capital Improvements, Library, and Impact Fees. \$68,592 is committed for the Cable Commission. \$846,575 is assigned for Capital Projects, accrued vacation and sick pay and Freedom Park. \$2,789,851 is unassigned fund balance.

The General fund is the primary operating fund used to account for the governmental operations of the City of Prescott. The largest revenue sources for the General fund are taxes and intergovernmental revenues, together accounting for 75% of revenues. Public Safety and Public Works are the primary operations of the General Fund. 50% of the General fund expenditures or nearly \$1.4 Million is allocated to the Public Safety sector. Another 25% of the General fund costs are derived from the operations of Public Works totaling \$702,000.

The General fund has a fund balance of \$2,982,000, an increase of \$121,000 from 2019. The unassigned portion of the fund balance of \$2.79 million, an increase of \$818,000 from 2019, is available to be used for any purpose with no spending restraints. Such uses include one-time capital expenses, repayment of debt and covering budget short-falls.

The fund balance for TIF #5 is \$223,000 an increase of \$74,000, mainly due to the tax increment and long-term debt proceeds being sufficient to cover expenditures.

The Capital Improvements fund has a fund balance of \$922,000, an increase of \$695,000 from 2019, mainly due to long-term debt proceeds being sufficient to cover expenditures.

The Non-major Governmental Funds column in the balance sheet includes various special revenue, debt service, and capital projects funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In 2020, TIF 3, TIF 4, Debt Service, the Cable TV Fund, Library, Freedom Park, Public Water Impact Fees, Municipal Building Impact Fees, Public Streets Impact Fees, and Public Parks Impact Fees were classified as Non-Major funds. The total ending fund balance of these funds was \$1.2 million.

### Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from page 7 to page 11. The net position of the proprietary funds at the end of 2020 totaled \$14.8 million, an increase of \$1.0 million from 2019.

## GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual for the General Fund* on page 53, the final 2020 General fund budgets authorized expenditures and other financing uses of \$2,785,421 funded by anticipated revenues and other financing sources of \$2,710,921.

The City ended the year with expenditures in excess of budgeted amount in the public safety department, public works department, conservation and development, and capital outlay. Major components of the negative variance include additional and unbudgeted expenses related to COVID-19.

## CAPITAL ASSETS AND DEBT

### Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of December 31, 2020 totaled \$49.7 million. 62.6% of this total cost was related to governmental capital assets, with the City's street network comprising the most significant component. Total accumulated depreciation was calculated to be \$19.6 million, or approximately 39.4% of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$30.1 million.

City of Prescott Capital Assets, Net of Depreciation						
	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2020	2019
Land and Improvements	\$ 3,052,164	\$ 3,039,664	\$ -	\$ -	\$ 3,052,164	\$ 3,039,664
Building and Improvements	5,357,907	5,380,407	-	-	5,357,907	5,380,407
Infrastructure	20,246,367	19,840,710	-	-	20,246,367	19,840,710
Machinery and Equipment	2,459,982	2,365,978	-	-	2,459,982	2,365,978
Water Utility	-	-	7,431,364	6,816,178	7,431,364	6,816,178
Sewer Utility	-	-	9,586,729	9,344,770	9,586,729	9,344,770
Storm Water Utility	-	-	1,543,256	1,343,957	1,573,256	1,343,957
Construction in Progress	41,731	71,037	-	-	41,731	71,037
Subtotal	31,158,151	30,697,796	18,591,349	17,504,905	49,749,500	48,202,701
Less: Accumulated Depreciation	(12,799,108)	(12,401,872)	(6,826,474)	(6,489,719)	(19,625,582)	(18,891,591)
Total	\$ 18,359,043	\$ 18,295,924	\$ 11,764,875	\$ 11,015,186	\$ 30,123,918	\$ 29,311,110

Additional information about the City's capital assets can be found in Note 3D of this report.

### Long-Term Debt

On December 31, 2020, the City had \$8.0 million of bond and long-term note principal outstanding, as summarized in the following table:

City of Prescott Notes and Bonds Outstanding					
	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	2020
General Obligation Bonds & Notes	\$ 6,747,000	\$ 6,610,000	\$ 1,213,000	\$ 680,000	\$ 7,960,000
Total	\$ 6,747,000	\$ 6,610,000	\$ 1,213,000	\$ 680,000	\$ 7,960,000

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City totaled \$8,080,000, which is 39.4% of the maximum legal limit. The Prescott Fire & Ambulance Association is responsible for \$120,000 of the total debt. In 2020, the City was given an Aa3 rating by Moody's Investor Service, which was no change from the Aa3 it was given in 2019. Additional information about the City's long-term debt can be found in Note 3F of this report.

### CURRENTLY KNOWN FACTS

In 2021, the City acquired land within a half-mile of TIF 5 for \$3,750,360. The land will be used for future development. The purchase was financed with a short-term general obligation note which will be refinanced with \$4,465,000 taxable general obligation refunding notes in July 2021.

In 2021, the City will begin the Courtesy Dock and Ramp Project for \$390,000.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If anyone has any questions about this report or needs additional financial information about the City of Prescott, please contact the City Clerk/Treasurer at 800 Borner Street North, Prescott, Wisconsin, 54021. City staff can also be reached at (715) 262-5544.

**City of Prescott**

**Statement of Net Position  
December 31, 2020**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Fire and EMS Association</b>
<b>ASSETS</b>				
Cash and Investments	\$ 6,297,040	\$ 3,848,966	\$ 10,146,006	\$ 103,455
Taxes Receivable	2,777,427	-	2,777,427	-
Special Assessments Receivable	91,832	28,256	120,088	-
Other Receivables, Net of Allowance for Doubtful Accounts	256,620	428,286	684,906	12,297
Internal Balances	42,012	(42,012)	-	-
Inventories and Prepays	571	15,787	16,358	-
Total Current Assets	<u>9,465,502</u>	<u>4,279,283</u>	<u>13,744,785</u>	<u>115,752</u>
Restricted Assets:				
Restricted Cash and Investments	155,619	60,130	215,749	-
Net Pension Asset	312,105	52,730	364,835	-
Total Restricted Assets	<u>467,724</u>	<u>112,860</u>	<u>580,584</u>	<u>-</u>
Capital Assets:				
Land and Construction in Progress	2,302,849	144,333	2,447,182	-
Other Capital Assets, Net of Depreciation	16,056,194	11,620,542	27,676,736	1,109,109
Total Capital Assets	<u>18,359,043</u>	<u>11,764,875</u>	<u>30,123,918</u>	<u>1,109,109</u>
Total Assets	<u>28,292,269</u>	<u>16,157,018</u>	<u>44,449,287</u>	<u>1,224,861</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	738,128	124,706	862,834	-
Total Deferred Outflows of Resources	<u>738,128</u>	<u>124,706</u>	<u>862,834</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,030,397</u>	<u>\$ 16,281,724</u>	<u>\$ 45,312,121</u>	<u>\$ 1,224,861</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 140,646	\$ 28,973	\$ 169,619	\$ 2,309
Accrued Liabilities	52,188	28,710	80,898	4,639
Accrued Interest	51,933	11,288	63,221	-
Due to Other Governmental Agencies	6,460	-	6,460	-
Long-term Liabilities				
Due Within One Year				
Bonds	1,302,000	98,000	1,400,000	15,000
Compensated Absences	94,419	34,487	128,906	-
Due in More Than One Year				
Bonds	5,470,806	1,120,100	6,590,906	105,000
Compensated Absences	63,432	36,290	99,722	-
Total Liabilities	<u>7,181,884</u>	<u>1,357,848</u>	<u>8,539,732</u>	<u>126,948</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Tax Levy	3,867,691	-	3,867,691	-
Deferred Pension Inflows	937,625	158,410	1,096,035	-
Other	1,151	-	1,151	120
Total Deferred Inflows of Resources	<u>4,806,467</u>	<u>158,410</u>	<u>4,964,877</u>	<u>120</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	12,695,078	10,564,893	23,259,971	989,109
Restricted:				
Debt Service	84,655	-	84,655	-
Impact Fees	10,768	-	10,768	-
Library	76,463	-	76,463	-
TIF #3	282,226	-	282,226	-
TIF #4	627,713	-	627,713	-
TIF #5	174,547	-	174,547	-
Land Purchase	152,862	-	152,862	-
Unrestricted	<u>2,937,734</u>	<u>4,200,573</u>	<u>7,138,307</u>	<u>108,684</u>
Total Net Position	<u>17,042,046</u>	<u>14,765,466</u>	<u>31,807,512</u>	<u>1,097,793</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 29,030,397</u>	<u>\$ 16,281,724</u>	<u>\$ 45,312,121</u>	<u>\$ 1,224,861</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Activities  
For the Year Ended December 31, 2020**

Net (Expense) Revenue and Changes in Net Position							Component Unit
Functions/Programs	Program Revenue			Primary Government			Fire and EMS Association
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 579,799	\$ 80,487	\$ -	\$ 700	\$ (498,612)	\$ -	\$ (498,612)
Public Safety	1,442,597	93,567	30,852	-	(1,318,178)	-	(1,318,178)
Public Works	1,254,445	376,008	355,549	414,719	(108,169)	-	(108,169)
Health, Welfare and Sanitation	1,168	1,339	-	-	171	-	171
Culture and Recreation	581,858	110,694	73,183	3,025	(394,956)	-	(394,956)
Conservation and Development	417,121	5,766	-	-	(411,355)	-	(411,355)
Interest on Long-Term Debt	196,235	-	-	-	(196,235)	-	(196,235)
Total Governmental Activities	4,473,223	667,861	459,584	418,444	(2,927,334)	-	(2,927,334)
Business-Type Activities:							
Water	584,702	505,382	-	1,258	-	(78,062)	(78,062)
Sewer	661,674	988,029	-	61,700	-	388,055	388,055
Storm Sewer	150,332	158,463	-	-	-	8,131	8,131
Total Business-Type Activities	1,396,708	1,651,874	-	62,958	-	318,124	318,124
Total Primary Government	\$ 5,869,931	\$ 2,319,735	\$ 459,584	\$ 481,402	(2,927,334)	318,124	(2,609,210)
Component Unit							
Fire and EMS Association	\$ 571,851	\$ 444,514	\$ 96,239	\$ 11,300			(19,798)
Total Component Unit	\$ 571,851	\$ 444,514	\$ 96,239	\$ 11,300			(19,798)
General revenues:							
Taxes:							
Property taxes, levied for general purposes							
Property taxes, levied for debt service							
Property taxes, tax increment							
Other taxes							
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings							
Miscellaneous							
Special item - gain (loss) on disposal of infrastructure and other assets							
Transfers							
Total general revenues, special items, and transfers							
Change in net position							
Net Position - Beginning							
Net Position - Ending							

See accompanying notes to the basic financial statements

**City of Prescott**

**Balance Sheet  
Governmental Funds  
December 31, 2020**

	<b>General Fund</b>	<b>TIF #5 Capital Projects Fund</b>	<b>Capital Improvements Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,335,175	\$ 478,167	\$ 841,928	\$ 1,641,770	\$ 6,297,040
Restricted Cash	-	48,300	96,551	10,768	155,619
Receivables:					
Taxes	973,965	699,648	107,197	992,967	2,773,777
Delinquent Personal Property Taxes	3,650	-	-	-	3,650
Special Assessments	87,908	-	-	3,924	91,832
Accounts	104,239	-	-	47	104,286
Other, Net of Allowance for Doubtful Accounts	151,858	-	-	476	152,334
Prepaid Expenses	571	-	-	-	571
Advances to Other Funds	1,076,167	-	90,188	-	1,166,355
Total Assets	5,733,533	1,226,115	1,135,864	2,649,952	10,745,464
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Debt Service	-	1,034,155	-	15,188	1,049,343
Total Deferred Outflows of Resources	-	1,034,155	-	15,188	1,049,343
Total Assets and Deferred Outflows of Resources	\$ 5,733,533	\$ 2,260,270	\$ 1,135,864	\$ 2,665,140	\$ 11,794,807
<b>LIABILITIES</b>					
Accounts Payable	\$ 62,376	\$ 27,695	\$ 49,223	\$ 1,352	\$ 140,646
Accrued Liabilities	46,151	-	-	6,037	52,188
Due to Other Governments	6,460	-	-	-	6,460
Advances Payable	-	1,034,155	-	90,188	1,124,343
Total Liabilities	114,987	1,061,850	49,223	97,577	1,323,637
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Tax Levy	1,358,074	975,573	149,473	1,384,571	3,867,691
Deferred Special Assessments	91,866	-	-	3,924	95,790
Other	1,186,599	-	15,188	566	1,202,353
Total Deferred Inflows of Resources	2,636,539	975,573	164,661	1,389,061	5,165,834
<b>FUND BALANCES</b>					
Nonspendable	46,233	-	-	-	46,233
Restricted	-	222,847	249,413	1,081,825	1,554,085
Committed	-	-	-	68,592	68,592
Assigned	145,923	-	672,567	28,085	846,575
Unassigned (Deficit)	2,789,851	-	-	-	2,789,851
Total Fund Balances	2,982,007	222,847	921,980	1,178,502	5,305,336
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,733,533	\$ 2,260,270	\$ 1,135,864	\$ 2,665,140	\$ 11,794,807

See accompanying notes to the basic financial statements



**City of Prescott**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2020**

Total fund balance, governmental funds	\$	5,305,336
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		18,359,043
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Some receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Position. They are reported as deferred inflows on the fund financial statements to the extent they are not available.

Special assessments	95,791	
Deferred court receivables	<u>151,858</u>	
		247,649

The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements		312,105
--	--	---------

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.

Deferred outflows of resources		738,128
Deferred inflows of resources		(937,625)

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General obligation debt	(6,747,000)	
Unamortized debt discount and premium	(25,806)	
Compensated absences	(157,851)	
Accrued interest	<u>(51,933)</u>	
		(6,982,590)

Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>17,042,046</u></u>
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City of Prescott

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2020

	General Fund	TIF #5 Capital Projects Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 1,356,001	\$ 964,587	\$ 262,830	\$ 1,316,900	\$ 3,900,318
Special Assessments	45,821	-	-	-	45,821
Intergovernmental	779,600	70,331	410,898	100,585	1,361,414
License and Permits	33,282	-	-	42,158	75,440
Fines, Forfeits and Penalties	85,954	-	-	-	85,954
Public Charges for Services	445,683	-	-	1,193	446,876
Interest Income	33,059	2,053	2,740	10,379	48,231
Miscellaneous Income	59,980	-	-	30,799	90,779
Total Revenues	2,839,380	1,036,971	676,468	1,502,014	6,054,833

**EXPENDITURES**

Current:

General Government	500,622	150	-	9,300	510,072
Public Safety	1,379,378	-	38,931	-	1,418,309
Public Works	702,463	-	-	-	702,463
Health and Human Services	1,168	-	-	-	1,168
Culture, Recreation and Education	176,598	-	21,576	306,120	504,294
Conservation and Development	315	363,124	-	67,115	430,554
Capital Outlay	483	671,708	668,385	9,598	1,350,174
Debt Service:					
Principal	-	554,000	-	793,926	1,347,926
Interest and Fiscal Charges	-	100,642	-	104,809	205,451
Total Expenditures	2,761,027	1,689,624	728,892	1,290,868	6,470,411
Excess (Deficiency) of Revenues Over Expenditures	78,353	(652,653)	(52,424)	211,146	(415,578)

**OTHER FINANCING SOURCES (USES)**

Proceeds from Long-Term Debt	-	720,000	764,936	-	1,484,936
Premium on Issuance of Debt	-	22,392	-	8,310	30,702
Other Uses	-	-	(17,819)	-	(17,819)
Transfers In	117,040	-	-	258,760	375,800
Transfers Out	(74,376)	(16,126)	-	(250,000)	(340,502)
Total Other Financing Sources and Uses	42,664	726,266	747,117	17,070	1,533,117
Net Change in Fund Balances	121,017	73,613	694,693	228,216	1,117,539
Fund Balances - Beginning	2,860,990	149,234	227,287	950,286	4,187,797
Fund Balances - Ending	\$ 2,982,007	\$ 222,847	\$ 921,980	\$ 1,178,502	\$ 5,305,336

See accompanying notes to the basic financial statements

**City of Prescott**

**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, 2020**

Net change in fund balances - total governmental funds: \$ 1,117,539

Amounts reported for Governmental Activities in the Statement of Activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Capital asset additions	919,635	
Depreciation expenses reported in the Statement of Activities	(733,092)	
Gain (Loss) on asset disposition	(123,424)	

Amount by which capital outlays are greater (less) than depreciation and loss on asset disposals in the current period.		63,119
---	--	--------

Compensated absences are reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

Change in compensated absences		(29,135)
--------------------------------	--	----------

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

Debt proceeds for the year		(1,484,926)
The amount of long-term debt principal payments in the current year		1,347,926

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.

Change in accrued interest on debt		(12,541)
------------------------------------	--	----------

In governmental funds, court penalties and fines are reported as revenue when measurable and available. In the Statements of Activities, this revenue is reported as revenue when earned.

7,613

In governmental funds, special assessments are reported as revenue when measurable and available. In the Statements of Activities, special assessment revenue is reported as revenue when earned.

Special assessments		(34,615)
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Debt discounts and premiums are reported when paid on governmental fund statements but deferred and amortized on Statement of Activities.

8,874

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset / liability from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan.	119,490	
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Actuarially determined change in net pension asset / liability between years, with adjustments.	(112,305)	7,185
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Change in net position of governmental activities

	\$ 991,039	
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**City of Prescott**

**Statement of Net Position  
Proprietary Funds  
December 31, 2020**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 913,722	\$ 2,935,244	\$ -	\$ 3,848,966
Receivables				
Accounts	124,374	260,034	43,878	428,286
Special Assessments	-	28,256	-	28,256
Due from Other Funds	-	26,111	-	26,111
Inventories	13,041	2,746	-	15,787
Total Current Assets	<u>1,051,137</u>	<u>3,252,391</u>	<u>43,878</u>	<u>4,347,406</u>
Restricted Assets:				
Restricted Cash	60,130	-	-	60,130
Net Pension Asset	21,350	25,278	6,102	52,730
Total Restricted Assets	<u>81,480</u>	<u>25,278</u>	<u>6,102</u>	<u>112,860</u>
Capital Assets:				
Land	10,570	-	133,763	144,333
Plant in Service	7,420,794	9,586,729	1,439,493	18,447,016
Less Accumulated Depreciation	(2,401,276)	(4,168,993)	(256,205)	(6,826,474)
Net Capital Assets	<u>5,030,088</u>	<u>5,417,736</u>	<u>1,317,051</u>	<u>11,764,875</u>
Total Assets	<u>6,162,705</u>	<u>8,695,405</u>	<u>1,367,031</u>	<u>16,225,141</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	<u>50,494</u>	<u>59,783</u>	<u>14,429</u>	<u>124,706</u>
Total Deferred Outflows of Resources	<u>50,494</u>	<u>59,783</u>	<u>14,429</u>	<u>124,706</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 6,213,199</u></u>	<u><u>\$ 8,755,188</u></u>	<u><u>\$ 1,381,460</u></u>	<u><u>\$ 16,349,847</u></u>

**City of Prescott**

**Statement of Net Position  
Proprietary Funds  
December 31, 2020**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 1,737	\$ 26,072	\$ 1,164	\$ 28,973
Accrued Liabilities	22,479	5,007	1,224	28,710
Due to Other Funds	-	-	26,111	26,111
Accrued Interest	6,479	148	4,661	11,288
Current Portion of Long Term Debt	50,000	15,000	33,000	98,000
Compensated Absences	15,160	16,364	2,963	34,487
Total Current Liabilities	<u>95,855</u>	<u>62,591</u>	<u>69,123</u>	<u>227,569</u>
Non-Current Liabilities:				
Long-Term Debt				
General Obligation (GO) Bonds	595,100	45,000	480,000	1,120,100
Total Long-Term Debt	<u>595,100</u>	<u>45,000</u>	<u>480,000</u>	<u>1,120,100</u>
Other Liabilities				
Compensated Absences	16,417	17,460	2,413	36,290
Advances from Other Funds	42,012	-	-	42,012
Total Other Liabilities	<u>58,429</u>	<u>17,460</u>	<u>2,413</u>	<u>78,302</u>
Total Non-Current Liabilities	<u>653,529</u>	<u>62,460</u>	<u>482,413</u>	<u>1,198,402</u>
Total Liabilities	<u>749,384</u>	<u>125,051</u>	<u>551,536</u>	<u>1,425,971</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	64,139	75,941	18,330	158,410
Total Deferred Inflows of Resources	<u>64,139</u>	<u>75,941</u>	<u>18,330</u>	<u>158,410</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,403,106	5,357,736	804,051	10,564,893
Unrestricted	996,570	3,196,460	7,543	4,200,573
Total Net Position	<u>5,399,676</u>	<u>8,554,196</u>	<u>811,594</u>	<u>14,765,466</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 6,213,199</u>	<u>\$ 8,755,188</u>	<u>\$ 1,381,460</u>	<u>\$ 16,349,847</u>

**City of Prescott**

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2020**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
<b>REVENUES</b>				
Charges for Services	\$ 492,117	\$ 979,588	\$ 154,785	\$ 1,626,490
Other Operating Revenues	14,524	70,141	3,678	88,343
Total Operating Revenues	<u>506,641</u>	<u>1,049,729</u>	<u>158,463</u>	<u>1,714,833</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	303,116	470,793	70,572	844,481
Depreciation	138,895	200,699	62,119	401,713
Total Operating Expenses	<u>442,011</u>	<u>671,492</u>	<u>132,691</u>	<u>1,246,194</u>
Operating Income (Loss)	<u>64,630</u>	<u>378,237</u>	<u>25,772</u>	<u>468,639</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	9,569	20,386	1,435	31,390
Miscellaneous Non-Operating Revenue	66,906	5,535	2,630	75,071
Interest Expense	(28,266)	(1,432)	(17,640)	(47,338)
Gain (Loss) on Sale of Assets	1,118	(7,788)	(734)	(7,404)
Amortization Revenue (Expense)	6,630	-	-	6,630
Total Non-Operating Revenues (Expenses)	<u>55,957</u>	<u>16,701</u>	<u>(14,309)</u>	<u>58,349</u>
Income (Loss) Before Contributions and Transfers	<u>120,587</u>	<u>394,938</u>	<u>11,463</u>	<u>526,988</u>
Capital Contributions - TIF Contributions	282,616	165,466	27,373	475,455
Transfers In	74,376	4,750	-	79,126
Transfers Out	(114,424)	-	-	(114,424)
Total Contributions and Transfers	<u>242,568</u>	<u>170,216</u>	<u>27,373</u>	<u>440,157</u>
Change in Net Position	363,155	565,154	38,836	967,145
Total Net Position - Beginning	5,036,521	7,989,042	772,758	13,798,321
Total Net Position - Ending	<u>\$ 5,399,676</u>	<u>\$ 8,554,196</u>	<u>\$ 811,594</u>	<u>\$ 14,765,466</u>

**City of Prescott**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
<b><u>Cash Flows From Operating Activities:</u></b>				
Receipts from customers	\$ 543,701	\$ 1,108,295	\$ 161,006	\$ 1,813,002
Other receipts	66,906	-	-	66,906
Payments (to) from other funds	-	-	(34,131)	(34,131)
Payments to suppliers	(119,762)	(241,132)	(18,425)	(379,319)
Payments to employees	(143,217)	(193,704)	(48,153)	(385,074)
Tax equivalent paid	(40,048)	-	-	(40,048)
Net cash provided (used) by operating activities	<u>307,580</u>	<u>673,459</u>	<u>60,297</u>	<u>1,041,336</u>
<b><u>Cash Flows From Capital and Related</u></b>				
<b><u>Financing Activities:</u></b>				
Acquisition and construction of plant assets	(371,302)	(108,833)	(204,334)	(684,469)
Proceeds from long-term debt	425,000	-	185,000	610,000
Advance from other funds for capital assets	(40,981)	-	-	(40,981)
Principal payments on long-term debt	(35,000)	(15,000)	(27,000)	(77,000)
Interest and fiscal charges	(22,956)	(1,480)	(15,398)	(39,834)
Loss on disposal	-	1,117	-	1,117
Net cash provided (used) for capital and related financing activities	<u>(45,239)</u>	<u>(124,196)</u>	<u>(61,732)</u>	<u>(231,167)</u>
<b><u>Cash Flows From Non-Capital and Related</u></b>				
<b><u>Financing Activities:</u></b>				
Municipal contributions	-	4,750	-	4,750
Net cash provided (used) for non-capital and related financing activities	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>4,750</u>
<b><u>Cash Flows From Investing Activities:</u></b>				
Reinvestment in non-cash equivalents	-	(67,629)	-	(67,629)
Sale of non-cash equivalents	-	66,202	-	66,202
Interest on investments	4,459	11,912	1,435	17,806
Net cash provided (used) for investing activities	<u>4,459</u>	<u>10,485</u>	<u>1,435</u>	<u>16,379</u>
Net increase (decrease) in cash and equivalents	266,800	564,498	-	831,298
Cash and equivalents - beginning of year	308,573	1,811,028	-	2,119,601
Cash and equivalents - end of year	<u>\$ 575,373</u>	<u>\$ 2,375,526</u>	<u>\$ -</u>	<u>\$ 2,950,899</u>

**City of Prescott**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 64,630	\$ 378,237	\$ 25,772	\$ 468,639
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other revenues (expenses)	66,906	5,535	2,630	75,071
Tax equivalent transfer	(40,048)	-	-	(40,048)
Amortization	5,610	-	-	5,610
Depreciation	150,279	189,315	62,119	401,713
Pension Expense	(587)	(2,814)	1,297	(2,104)
Changes in Assets and Liabilities:				
Receivables	37,060	77,135	2,543	116,738
Due to/from other funds	-	34,131	(34,131)	-
Inventories	3,276	-	-	3,276
Accounts payable	(363)	(10,908)	(229)	(11,500)
Other accrued liabilities	20,817	2,828	296	23,941
Net cash provided (used) by operating activities	<u>\$ 307,580</u>	<u>\$ 673,459</u>	<u>\$ 60,297</u>	<u>\$ 1,041,336</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 913,722	\$ 2,935,244	\$ -	\$ 3,848,966
Restricted cash	60,130	-	-	60,130
Total Cash and Investments	973,852	2,935,244	-	3,909,096
less: non-cash equivalents	(398,479)	(559,718)	-	(958,197)
Cash and cash equivalents- End of year	<u>\$ 575,373</u>	<u>\$ 2,375,526</u>	<u>\$ -</u>	<u>\$ 2,950,899</u>
<u>Non-cash capital and related financing activities:</u>				
Contributed capital	\$ 282,616	\$ 165,466	\$ 27,373	\$ 475,455
Plant additions	(282,616)	(165,466)	(27,373)	(475,455)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Prescott**

**Statement of Net Position  
Fiduciary Funds  
December 31, 2020**

	<b>Custodial Funds</b>		
	<b>Municipal Court</b>	<b>Prescott Daze</b>	<b>Tax Collection</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 24,512	\$ 1,620,191
Taxes Receivable	-	-	4,109,725
Other Receivables	106,153	-	-
Total Assets	<u>\$ 106,153</u>	<u>\$ 24,512</u>	<u>\$ 5,729,916</u>
<b>LIABILITIES</b>			
Due to Other Governments	\$ 106,153	\$ -	\$ 5,729,916
Total Liabilities	<u>106,153</u>	<u>-</u>	<u>5,729,916</u>
<b>NET POSITION</b>			
Restricted	-	24,512	-
Total Net Position	-	24,512	-
Total Liabilities and Net Position	<u>\$ 106,153</u>	<u>\$ 24,512</u>	<u>\$ 5,729,916</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020**

	<b>Custodial Funds</b>		
	<b>Municipal Court</b>	<b>Prescott Daze</b>	<b>Tax Collection</b>
<b>ADDITIONS</b>			
Property tax collections for other governments	\$ 31,127	\$ -	\$ 3,495,238
Charges for services	-	250	-
Total Additions	31,127	250	3,495,238
<b>DEDUCTIONS</b>			
Payments of taxes to other governments	31,127	-	3,495,238
Operating expenses	-	6,861	-
Total Deductions	31,127	6,861	3,495,238
Net increase (decrease) in fiduciary net position	-	(6,611)	-
Total Net Position - Beginning	-	31,123	-
Total Net Position - Ending	\$ -	\$ 24,512	\$ -

See accompanying notes to the basic financial statements

CITY OF PRESCOTT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

1. Summary of Significant Accounting Policies

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

Prescott Fire and EMS Association

The government-wide financial statements include the Prescott Fire and EMS Association (Association) as a component unit. The Association is a legally separate organization. The board is appointed by the participating entities. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Association, and also create a potential financial benefit to or burden on the City. As a component unit, the Association's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2020. The Association does not issue separate financial statements. See Note 3 J.

CITY OF PRESCOTT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)  
B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the reporting entity 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, liabilities, deferred inflows, net position/fund equity, revenues, and expenditure/expenses.

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 proprietary funds are reported as separate columns in the fund financial statements.

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:

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

1. **Summary of Significant Accounting Policies (Continued)**  
B. **Government-Wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

Governmental Funds

The City of Prescott reports the following major governmental funds:

**General Fund** – accounts for the City of Prescott's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

**TIF District #5 Capital Projects Fund** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

**Capital Improvements Fund** – used to account for financial resources used for the acquisition or construction of equipment and/or major capital facilities.

The City of Prescott reports the following non-major governmental funds:

**TIF Capital Project Funds** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing. The City currently has two non-major TIF capital project funds, the TIF District #3 Capital Projects Fund and TIF District #4 Capital Projects Fund.

**Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Special Revenue Funds** – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City reports the following non-major special revenue funds: Cable TV, Library, Public Parks Impact Fees, Public Streets Impact Fees, Municipal Building Impact Fees, Public Water Impact Fees, and Freedom Park.

Proprietary Funds

Proprietary funds are used to account or operations that a) are financed and operated in a manner where the intent is that costs of providing goods or services to the general public on an continuing basis be financed or recovered through user charges or b) where the government has decided that periodic determination of the revenues earned, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following proprietary funds:

**Water Utility – Major Fund** – accounts for the City of Prescott's water utility.

**Sewer Utility – Major Fund** – accounts for the City of Prescott's sewer utility.

**Storm Water Utility – Major Fund** – accounts for the City of Prescott's storm water utility.

Fiduciary Funds

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

1. **Summary of Significant Accounting Policies (Continued)**  
B. **Government-Wide and Fund Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity. The City of Prescott reports the following fiduciary fund types:

**Custodial Funds** - used to account for assets held by the City of Prescott in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units (Tax Collection, Prescott Daze, and Municipal Court).

**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 inflow. 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 of Prescott's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**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 of Prescott 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.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**1. Summary of Significant Accounting Policies (Continued)**  
**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fund Financial Statements (Continued)**

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

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 deferred inflows.

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

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

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. Custodial funds follow the accrual basis of accounting, and do not have a measurement focus.

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

**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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity**

**1) Deposits and Investments**

For purposes of the statement of cash flows, the City of Prescott 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 state statutes. Available investments are limited to:

1. Deposits in any credit union, bank, savings bank, trust company or savings and loan which is authorized to transact business in this State;
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
3. Bonds or securities of any county, drainage district, VTAE district, village, city, town or school district of this State;
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
5. Bonds or securities issued under the authority of the municipality;
6. The local government pooled-investment fund as established under W1 Statute Section 25.50.
7. Agreements in which a public depository agrees to repay funds advanced to it by the City, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
8. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
9. Repurchase agreements with public depositories, with certain conditions.
10. Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

The City's investment policy invests public funds to meet the daily needs of cash flow demands and maximize return with the highest security on investments of funds not immediately needed while conforming to state and local statutes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See Note 3. A. for further information.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**2) Receivables**

An allowance for doubtful accounts for the municipal court receivables has been established to provide an estimate of receivables that are expected to be uncollectible. These receivables are shown net of an allowance of \$109,879.

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

Property tax calendar – 2020 tax roll:

Lien date and levy date	December, 2020
Tax bills mailed	December, 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale – 2020 delinquent and real estate taxes	October, 2023

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

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

**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 for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**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 Financial Statements**

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

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types. The original cost was estimated.

The estimated cost and accumulated depreciation of infrastructure built prior to 1999 was recorded as one unit in 2004. Streets were being depreciated over 35 years and only 15 years of depreciation was retroactively applied. Although many of these streets were much older than 15 years at the time of implementation, only 19 years of depreciation was recorded and can now be retired. As a result, the current year street retirements were under depreciated. Going forward, streets built prior to 1999 that are retired will result in a loss, but as these roads continue to depreciate the loss will decrease until all streets prior to 1999 have been retired.

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. Net interest related to current year capital asset additions was not material. 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.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**5) Capital Assets (Continued)**

**Government-Wide Financial Statements (Continued)**

The range of estimated useful lives by type of asset is as follows:

Buildings	15-75 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-20 Years
Infrastructure	15-60 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) Other Assets**

In governmental funds, debt discounts and premiums are recognized as expenditures/revenue in the current period. For the government-wide and the proprietary fund type financial statements, debt discounts and premiums are deferred and amortized over the term of the debt issue.

**7) Compensated Absences**

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related payments.

**8) Pensions**

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**9) Deferred Outflows and Inflows of Resources**

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**10) Long-Term Obligations**

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

**11) Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized when the liability is liquidated. 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.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12) Equity Classifications**

**Government-Wide Financial 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net position – Consists of net position with constraints placed on its use either by
  - 1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments or;
  - 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

- 1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12) Equity Classifications (Continued)**

When restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**City’s Policy**

**Minimum Fund Balance** - The unassigned fund balance of the general fund shall be maintained as of December 31 of each year as a minimum of 15% of the next year’s general fund expenditures.

**Replenishment and Annual Review** - If it is anticipated at the completion of any fiscal year that the projected amount of unrestricted fund balance will be less than the minimum requirement, the City Administrator should prepare and submit in conjunction with the proposed budget, a plan for the expenditure reductions and/or revenue increases necessary to restore the minimum requirements in the subsequent budget year. Compliance with the provisions of this policy should be reviewed as part of the annual budget adoption process, or as stated within this policy.

**13) Basis for Existing Rates**

**Sewer Utility**

Current rates were approved by the City Council and were effective as of January 1, 2020.

**Water Utility**

Current water rates were authorized by the Public Service Commission with order 4850-WQ-105, which is effective for services rendered on or after September 1, 2015.

The Public Service Commission authorized an increase in rates that goes into effect January 1, 2021.

**Storm Water Utility**

On February 8, 2010, the City adopted Resolution 03-10 establishing a storm water utility. The utility was established to provide funding for operations, maintenance and improvements to its storm water system.

The utility rate charges are computed based on an equivalent runoff unit as defined in the storm water utility ordinance and are \$13.30 per equivalent runoff unit per quarter. Current rates were approved by the City Council and were effective as of September 1, 2020.



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**2. Stewardship, Compliance, and Accountability**  
**A. Budgetary Information**

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

A budget has been adopted for the general fund, special revenue funds, the debt service fund, and capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The City Council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditure.

The City controls expenditures at the departmental level. The detail of those items can be found in the City's year-end budget to actual report.

**B. Limitations on the City Tax Levy**

The State has passed current legislation that 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 0% for the 2019-2020 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds**  
**A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City of Prescott's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits	\$ 9,685,162	\$ 9,897,020	Custodial Credit Risk
Certificates of Deposit	1,661,139	1,661,139	Interest rate risk
LGIP	763,237	763,237	Credit risk, interest rate risk
Petty cash	375	-	N/A
Less: Fire/EMS commingled cash	(103,455)	-	
Total Cash and Investments	\$ 12,006,458	\$ 12,321,396	

**Reconciliation to financial statements**

Per statement of net position

Unrestricted cash and investments	\$ 10,146,006
Restricted cash and investments	215,749
Per fiduciary statement of net position	
Prescott Daze	24,512
Tax Collection	1,620,191
Total Cash and Investments	\$ 12,006,458

**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. This risk applies when the City has deposits that are not covered by depository insurance and are uncollateralized.

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Custodial Credit Risk (Continued)**

As of December 31, 2020, the City had \$11,558,159 on deposit with financial institutions. Of this amount the City had deposits in excess of federal and state deposit insurance limits that were exposed to custodial credit risk as follows:

Collateralized – held by Financial Institution	\$ 7,921,854
Uninsured and Uncollateralized	58,578
Total	<u>\$ 7,980,432</u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

**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.

The City's investment policy requires all investments to be fully insured or collateralized.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The City held investments in the local government investment pool, an external pool which is not rated.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates.

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Interest Rate Risk (Continued)**

The Wisconsin Local Government Investment Pool is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The investment in the LGIP was not rated as of December 31, 2020. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateInvestmentLGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements. Information on derivatives was not available to the City.

Investment allocation in the LGIP as of December 31, 2020 was: 86.76% in U.S. Government Securities, 2.39% in Certificates of Deposit, Bankers' Acceptances and Time Deposits, and 10.85% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis. As of December 31, 2020, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1 year	1 - 5 Years	More Than 5	
External Investment Pools	\$ 763,237	\$ 763,237	\$ -	\$ -	-
Certificates of Deposit	1,661,139	210,981	1,450,158	-	-
Total	<u>\$ 2,424,376</u>	<u>\$ 974,218</u>	<u>\$ 1,450,158</u>	<u>\$ -</u>	<u>-</u>

**Cash Equivalents vs. Non-Cash Equivalents**

The following is a schedule of cash and non-cash equivalents for the purposes of the statement of cash flows:

	Water	Sewer	Storm Water	Total
Cash	\$ 913,722	\$ 2,935,244	\$ -	\$ 3,848,966
Restricted Cash	60,130	-	-	60,130
Total	<u>\$ 973,852</u>	<u>\$ 2,935,244</u>	<u>\$ -</u>	<u>\$ 3,909,096</u>
Cash & Cash Equivalents	\$ 575,373	\$ 2,375,526	\$ -	\$ 2,950,899
Non-Cash Equivalents	398,479	559,718	-	958,197
Total	<u>\$ 973,852</u>	<u>\$ 2,935,244</u>	<u>\$ -</u>	<u>\$ 3,909,096</u>

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**B. Receivables and Deferred Inflows**

All of the City's receivables are expected to be collected within one year except for \$72,707 in the general fund, \$2,948 in TIF #3, and \$23,329 in the sewer utility.

At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 3,867,691	\$ 3,867,691
Special assessments not yet due	95,790	-	95,790
Other			
Court Receivable	151,858	-	151,858
Interest - Debt Service - TIF Advances	232,767	-	232,767
Principal - Debt Service - TIF Advances	801,389	-	801,389
Interest - Advance	15,188	-	15,188
Other miscellaneous revenues	-	1,151	1,151
Subtotal Other	1,201,202	1,151	1,202,353
Total Deferred Inflows	\$ 1,296,992	\$ 3,868,842	\$ 5,165,834
For Governmental Funds			

**C. Restricted Assets**

The following represent the balances of the restricted assets.

Impact Fee Accounts

The City has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Unspent Bond Proceeds

The City issued debt during the year ended 2020 for street and other capital projects. As of December 31, 2020, not all proceeds had been spent.

Following is a list of restricted assets discussed above at December 31, 2020:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Impact Fee Accounts	\$ 10,768	\$ -	\$ 10,768
Unspent Bond Proceeds	204,981	(204,981)	-
Totals	\$ 215,749	\$ (204,981)	\$ 10,768

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Construction in progress	\$ 71,037	\$ 41,731	\$ 71,037	\$ 41,731
Land	2,261,118	-	-	2,261,118
Total Capital Assets	2,332,155	41,731	71,037	2,302,849
Not Being Depreciated				
Capital Assets being depreciated				
Land improvements	778,546	12,500	-	791,046
Buildings	5,380,407	-	22,500	5,357,907
Machinery and equipment	2,365,978	132,174	38,170	2,459,982
Infrastructure	19,840,710	804,267	398,610	20,246,367
Total Capital Assets	28,365,641	948,941	459,280	28,855,302
Being Depreciated				
Accumulated depreciation for				
Land improvements	(450,511)	(33,560)	-	(484,071)
Buildings	(1,555,563)	(111,758)	16,875	(1,650,446)
Machinery and equipment	(1,458,434)	(132,448)	8,297	(1,582,585)
Infrastructure	(8,937,364)	(455,326)	310,684	(9,082,006)
Total Accumulated Depreciation	(12,401,872)	(733,092)	335,856	(12,799,108)
Capital Assets,				
Net of Depreciation	\$ 18,295,924	\$ 257,580	\$ 194,461	\$ 18,359,043

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 44,105
Public safety	67,760
Public works	548,122
Culture, recreation and education	73,105
Total Governmental Activities Depreciation Expense	\$ 733,092

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

<b>3. Detailed Notes On All Funds (Continued)</b>				
<b>D. Capital Assets (Continued)</b>				
Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<b>Water</b>				
Capital assets not being depreciated				
Land and land rights	\$ 10,570	\$ -	\$ -	\$ 10,570
Total Capital Assets				
Not Being Depreciated	10,570	-	-	10,570
Capital assets being depreciated				
Source of supply	342,826	-	-	342,826
Pumping	459,661	-	-	459,661
Water treatment	26,800	-	-	26,800
Transmission and distribution	5,713,255	651,777	26,680	6,338,352
Administrative and general assets	263,066	3,259	13,170	253,155
Total Capital Assets				
Being Depreciated	6,805,608	655,036	39,850	7,420,794
Total Capital Assets	6,816,178	655,036	39,850	7,431,364
Less: Accumulated depreciation	(2,290,847)	(150,279)	39,850	(2,401,276)
Net Water Plant	\$ 4,525,331	\$ 504,757	\$ -	\$ 5,030,088

<b>3. Detailed Notes On All Funds (Continued)</b>				
<b>D. Capital Assets (Continued)</b>				
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets being depreciated				
Plant	\$ 1,843,501	\$ -	\$ -	\$ 1,843,501
New Plant	5,616,771	25,110	18,875	5,623,006
Collecting Mains	1,535,478	211,096	-	1,746,574
Laterals	292,340	34,836	6,880	320,296
General	56,680	3,257	6,585	53,352
Total Capital Assets				
Being Depreciated	9,344,770	274,299	32,340	9,586,729
Total Capital Assets	9,344,770	274,299	32,340	9,586,729
Less: Accumulated depreciation	(4,003,113)	(189,315)	23,435	(4,168,903)
Net Sewer Plant	\$ 5,341,657	\$ 84,984	\$ 8,905	\$ 5,417,736
<b>Storm Water</b>				
Capital assets not being depreciated				
Land and land rights	\$ 133,763	\$ -	\$ -	\$ 133,763
Total Capital Assets Not Being Depreciated	133,763	-	-	133,763
Capital assets being depreciated				
Plant	1,077,647	231,707	-	1,309,354
Equipment	132,547	-	2,408	130,139
Total Capital Assets				
Being Depreciated	1,210,194	231,707	2,408	1,439,493
Total Capital Assets	1,343,957	231,707	2,408	1,573,256
Less: Accumulated depreciation	(195,759)	(62,119)	1,673	(256,205)
Net Storm Water Plant	\$ 1,148,198	\$ 169,588	\$ 735	\$ 1,317,051

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 138,895
Sewer	200,699
Storm Water	62,119
Total Business-type Activities	
Depreciation Expense	\$ 401,713

Depreciation expense charged is differently from additions to accumulated depreciation because of joint metering, salvage cost of removal and cost associated with the disposal of assets.

**E. Interfund Receivables/Payables, Advances and Transfers**

Amounts due from the TIFs are not expected to be paid in one year. The balances are expected to be paid when increments become available. These amounts are shown in the general fund as deferred inflows. Balances result 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.

For the Statement of Activities, interfund balances which are owed within the governmental or business-type activities are netted and eliminated.

At December 31, 2020, the Storm Water Fund owed \$26,111 to the Sewer Fund for a deficit cash balance.

Individual long-term advances at December 31, 2020 were as follows:

Receivable Fund	Payable Fund	Amount	Principal Purpose
General Fund	Water Fund	\$ 42,012	Capital Purchase
General Fund	TIF #5	1,034,155	Debt Payments
Capital Improvements	TIF #4	90,188	Capital Purchase
Total Advances		\$ 1,166,355	
Less: Fund eliminations		(1,124,343)	
Total - Government-Wide Statement of Activities		\$ 42,012	

Capital Purchase Advance

In 2017, General Fund advanced \$200,000 to the Water Fund to cover the capital purchase of new meters. The advance was set up for repayment to the General Fund over 5 years with a 2.5% interest rate. The current balance outstanding is \$42,012.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**E. Interfund Receivables/Payables, Advances and Transfers (Continued)**

The repayment schedule is as follows:

Year	Principal	Interest	Total
2021	\$ 42,012	\$ 789	\$ 42,801
Total	\$ 42,012	\$ 789	\$ 42,801

TIF #5 Cash Flow and Debt Payment Advances

Due to insufficient tax increment in the TIF Districts in previous years, the General Fund has covered principal and interest payments and operating shortfalls for #5. Interest is charged and added to the balance of the advance annually. There is currently no set repayment plan in place. Advances are expected to be repaid in future years when there is sufficient increment.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Per Government-Wide Statements	Per Fund Statements	Principal Purpose
General Fund	Water Utility		\$ 114,424	Tax Equivalent
TIF #4	TIF #3	Eliminated	250,000	Increment Sharing
General Fund	TIF #5	Eliminated	2,616	Impact Fees
Water Impact Fees	TIF #5	Eliminated	2,000	Impact Fees
Municipal Impact Fees	TIF #5	Eliminated	2,800	Impact Fees
Streets Impact Fees	TIF #5	Eliminated	1,160	Impact Fees
Parks Impact Fees	TIF #5	Eliminated	2,800	Impact Fees
Subtotal Governmental Funds - Transfer In			375,800	
Less: Net Transfers to Proprietary Funds			(35,298)	
Subtotal Governmental Funds - Transfer Out			\$ 340,502	
Water Utility	TIF #5	\$ 282,616	\$ 282,616	Contributed Capital
Sewer Utility	TIF #5	165,466	165,466	Contributed Capital
Storm Water Utility	TIF #5	4,750	4,750	Contributed Capital
Water Utility	TIF #5	27,373	27,373	Contributed Capital
General Fund	General Fund	74,376	74,376	Property Tax Forgiven
Subtotal Proprietary Funds	Water Utility	-	(114,424)	Tax Equivalent
Total Transfers - Government-Wide Statement of Activities		\$ 554,581	\$ 440,157	

For the Statement of Activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

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

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**F. Short-Term Obligations**

Short-term debt activity consisted of the following for the year ended December 31, 2020:

	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020
Promissory note, issued September 10, 2020, interest at 4.00% due December 9, 2020.	\$ -	\$ 119,936	\$ 119,936	\$ -
Total	\$ -	\$ 119,936	\$ 119,936	\$ -

Total interest expense on the short-term note for the year totaled \$1,036. The note was issued for cash flow purposes for capital improvements and capital purchases.

**G. Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 6,610,000	\$ 1,365,000	\$ 1,228,000	\$ 6,747,000	\$ 1,302,000
Notes from Direct Borrowing	-	119,926	119,926	-	-
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	34,680	-	8,874	25,806	-
Sub-Total	6,644,680	1,484,926	1,356,800	6,772,806	1,302,000
Other Liabilities					
Vested Compensated Absences	128,716	29,135	-	157,851	94,419
Total Governmental Activities	\$ 6,773,396	\$ 1,514,061	\$ 1,356,800	\$ 6,930,657	\$ 1,396,419
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable					
General Obligation Debt	\$ 680,000	\$ 610,000	\$ 77,000	\$ 1,213,000	\$ 98,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	6,120	-	1,020	5,100	-
Sub-Total	686,120	610,000	78,020	1,218,100	98,000
Other Liabilities					
Vested Compensated Absences	68,568	2,209	-	70,777	34,487
Total Business-type Activities	\$ 754,688	\$ 612,209	\$ 78,020	\$ 1,288,877	\$ 132,487
<b>COMPONENT UNIT</b>					
Bonds and Notes Payable	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000
General Obligation Debt	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000
Total Component Unit Long-Term Liabilities					

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**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**G. Long-Term Obligations (Continued)**

**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 and TIF capital project funds. Business-type activities debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

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, 2020, was \$20,532,425. Total general obligation debt outstanding at year end was \$8,080,000.

Governmental Activities General Obligation Debt	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2020
Refunding Bonds Payable	2010	2026	1.5-5.25%	\$ 1,500,000	\$ 680,000
Refunding Bonds Payable	2012	2030	2.0-2.5%	3,375,000	1,527,000
Bonds Payable	2014	2023	1.9-2.05%	840,000	840,000
Bonds Payable	2014	2021	1.2-2.6%	1,755,000	100,000
Bonds Payable	2015	2026	2.0-2.375%	3,100,000	1,170,000
Bonds Payable	2018	2038	3.0-4.0%	1,135,000	1,065,000
Bonds Payable	2020	2040	2.0-2.25%	1,365,000	1,365,000
Total Governmental Activities – General Obligation Debt					\$ 6,747,000
Business-type Activities General Obligation Debt	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2020
Refunding Bonds Payable	2012	2030	2.0-2.5%	\$ 310,000	\$ 173,000
Bonds Payable	2015	2026	2.0-2.375%	655,000	225,000
Bonds Payable	2018	2038	3.0-4.0%	235,000	205,000
Bonds Payable	2020	2040	2.0-2.25%	610,000	610,000
Total Business-type Activities – General Obligation Debt					\$ 1,213,000
Component Unit General Obligation Debt	Date Of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2020
Refunding Bonds Payable	2012	2028	2.0-2.5%	\$ 210,000	\$ 120,000
Total Component Unit – General Obligation Debt					\$ 120,000

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**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

3. Detailed Notes On All Funds (Continued)  
G. Long-Term Obligations (Continued)

**General Obligation Debt (Continued)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,302,000	\$ 178,356	\$ 98,000	\$ 32,568
2022	1,062,000	138,054	103,000	25,669
2023	797,000	113,151	98,000	23,359
2024	626,000	94,444	104,000	21,089
2025	596,000	77,249	104,000	18,709
2026-2030	1,454,000	206,434	311,000	65,456
2031-2035	500,000	97,651	190,000	37,988
2036-2040	410,000	23,696	205,000	12,905
Totals	\$ 6,747,000	\$ 929,035	\$ 1,213,000	\$ 237,743

Years	Component Unit	
	Principal	Interest
2021	\$ 15,000	\$ 2,400
2022	15,000	2,100
2023	15,000	1,800
2024	15,000	1,500
2025	15,000	1,200
2026-2028	45,000	1,612
Total	\$ 120,000	\$ 10,612

**Other Debt Information**

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

**H. Lease Disclosures**

**Lessor – Operating Leases**

The City is lessor on a 12-year lease with up to three, six year extensions, ending December 31, 2030 for leasing riverfront property. The terms of the lease provide for annual lease payments with provisions for lease payment increases. The rent received per this agreement in 2020 was \$7,200.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

3. Detailed Notes On All Funds (Continued)  
H. Lease Disclosures (Continued)

The City is party as lessor and/or lessee on various other leases renegotiated annually. The other leases in whole and individually are not material to the financial statements of the City. Other rental income received totaled \$26,200 in 2020.

**I. Fund Balances/Net Position**

In accordance with the City's policy and GASB 54, fund balances reported on the fund financial statements at December 31, 2020 include the following:

<b>Nonspendable Fund Balance</b>	
General Fund	
Delinquent Personal Property Taxes	\$ 3,650
Prepaid Expenses	571
Advances to Other Funds	42,012
Total Nonspendable Fund Balance	\$ 46,233
<b>Restricted Fund Balance</b>	
TIF District #3	
Debt Service	\$ 282,226
TIF District #4	
Debt Service	627,713
TIF District #5	
Unspent Bond Proceeds	48,300
Capital Projects	174,547
Total TIF District #5	222,847
<b>Debt Service Fund</b>	
Future Debt Service	84,655
<b>Impact Fee Funds</b>	
Public Water Impact Fees	2,500
Municipal Building Impact Fees	3,500
Public Streets Impact Fees	1,450
Public Parks Impact Fees	3,318
Total Impact Fee Funds	10,768
<b>Capital Improvements</b>	
City Land	152,862
Unspent Bond Proceeds	96,551
Total Capital Improvements	249,413
<b>Library Fund</b>	
Library Expenditures	76,463
Total Restricted Fund Balance	\$ 1,554,085

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**I. Fund Balances/Net Position (Continued)**

<b>Committed Fund Balance</b>	
Cable TV Fund	\$ 68,592
Cable Commission Expenditures	\$ 68,592
Total Committed Fund Balance	
<b>Assigned Fund Balance</b>	\$ 145,923
General Fund	
Vacation and Sick Leave	
Capital Improvements	
Retaining Wall Replacement Program	10,000
Future Capital Improvements	662,567
Total Capital Improvements	672,567
Freedom Park	
Future Capital Improvements	28,085
Total Assigned Fund Balance	\$ 846,575
<b>Unassigned Fund Balance</b>	
General Fund	\$ 2,789,851
Total Unassigned Fund Balance	\$ 2,789,851
Total Fund Balance	\$ 5,305,336

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**I. Fund Balances/Net Position (Continued)**

<b>Governmental Activities</b>	
Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:	
Capital Assets	\$ 18,359,043
Less: Long-term debt outstanding	(6,747,000)
Plus: Bonds not used for governmental capital assets	963,990
Plus: Unspent capital related debt proceeds	144,851
Plus: Unamortized debt discount (premium)	(25,806)
Total Net Investment in Capital Assets	12,695,078
Restricted	
Debt service	84,655
Impact fees	10,768
Library	76,463
TIF #3	282,226
TIF #4	627,713
TIF #5	174,547
Land purchase	152,862
Total Restricted	1,409,234
Unrestricted	2,937,734
Total Governmental Activities Net Position	\$ 17,042,046
<b>Business-Type Activities</b>	
Capital Assets	\$ 11,764,875
Less: Related long-term debt outstanding	(1,213,000)
Less: Related advances payable	(42,012)
Plus: Unspent bond proceeds	60,130
Plus: Unamortized debt discount (premium)	(5,100)
Net Investment in Capital Assets	10,564,893
Unrestricted	4,200,573
Total Business-Type Activities Net Position	\$ 14,765,466



**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**J. Component Unit**

**Prescott Fire and EMS Association**

This report contains the Prescott Fire and EMS Association (Association), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The Association follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

As of December 31, 2020, the Association's carrying amount of deposits was \$82,894 and is part of the City's commingled cash. See Note 3. A.

At year end, the Association also had separate deposits in the amount of \$20,561, which was exposed to custodial credit risk.

Receivables

Accounts receivable for Fire and EMS at December 31, 2020 were \$12,297 and \$0, respectively.

Capital Assets

	Beginning Balance	Additions	Adjustments/Deletions	Ending Balance
Equipment in Progress	\$ 272,117	\$ -	\$ 272,117	\$ -
Equipment	774,546	663,589	12,561	1,425,574
Total Assets Being Depreciated	1,046,663	663,589	284,678	1,425,574
Less: Accumulated Depreciation	(285,267)	(42,503)	11,305	(316,465)
Assets Net of Depreciation	\$ 761,396	\$ 706,092	\$ 273,373	\$ 1,109,109

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**J. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Debt	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000
Total	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 15,000

Interfund Agreement with General Fund

The City has approved a resolution authorizing interfund borrowing between the General Fund and the Prescott Fire and EMS Association to cover cash shortfalls as needed. An interest rate of 2.5% is applied to any balance borrowed. As of December 31, 2020, there was no interfund borrowing outstanding.

Payments for Services

The City of Prescott makes yearly payments to the Fire and EMS Association for services rendered. Contributions to the Fire and EMS in 2020 were \$106,253 and \$129,636, respectively.

Net Position

Net Investment in Capital Assets

Capital Assets, Net	\$ 1,109,109
Less: Long-Term Debt	120,000
Total	\$ 989,109

**CITY OF PRESCOTT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**3. Detailed Notes On All Funds (Continued)**  
**J. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Employee Retirement System

Eligible employees of the Association participate in the Wisconsin Retirement System. Wage and contribution totals are included as part of the City's totals in Note 4A.

Contracted Ambulance Services

In November 2014, the Prescott Fire and EMS Association entered into an agreement with the City of River Falls for additional ambulance services for the calendar year starting in 2015. As part of this agreement the Association has agreed to donate an ambulance, one defibrillator/monitor and two power cots to the City of River Falls. All EMS assets have been removed from the financial statements.

The Association agreed to pay the City of River Falls an annual per capita rate of \$18 during the initial term of the contract. Contract renewals for a successive two-year period after the initial term of the contract may include an increase per capita rate no greater than 10%.

As a result of this agreement, starting in 2015, the Association no longer recognizes payroll expenses and user fees in the form of charges for services. The City of River Falls assumes the day to day management of EMS services including staffing and collections.

**4. Other Information**  
**A. Employees' Retirement System**

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

ETF issues a WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

**CITY OF PRESCOTT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

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

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

The WRS also provides death and disability benefits for employees.

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 %
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
2019	0.0	(10.0)

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

During the reporting period, the WRS recognized \$120,725 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with social security	6.75%	11.65%
Protective without social security	6.75%	16.25%

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

At December 31, 2020, the City reported a liability (asset) of (\$364,835) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.01131464%, which was an increase of 0.00008567% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$135,621.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 692,542	\$ (346,569)
Changes of assumptions	28,430	-
Net difference between projected and actual earnings on pension plan investments	-	(745,853)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	3,119	(3,613)
Employer contributions subsequent to the measurement date	138,744	-
Total	\$ 862,834	\$ (1,096,035)

\$138,744 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ (111,462)
2022	(81,816)
2023	12,838
2024	(191,504)
Thereafter	-
Total	\$ (371,944)

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

**Actuarial Assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric real rates of return for each major asset class are summarized in the following table:

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**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

Asset Allocation Targets and Expected Returns  
As of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0	7.5	4.6
Variable Fund Asset Class			
US Equities	70.0	7.5	4.6
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0	7.8	4.9

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

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and 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 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
City's proportionate share of the net pension liability (asset)	\$ 939,516	\$ (364,835)	\$ (1,339,989)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at <https://ef.wi.gov/about-ei/reports-and-studies/financial-reports-and-statements>.

**Allocation of Pension Plan**

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

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

**C. Commitments and Contingencies**

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 such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent of continued approval and funding by the Wisconsin governor and legislature, through their budget process.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**C. Commitments and Contingencies (Continued)**

Construction Contracts

In 2020, the City approved the following contract agreements:

- Lake Street Construction Project - \$945,330
- Pearl Street Construction Project - \$552,660
- Design and Construction Engineering for Riverfront Improvements - \$154,000

Grant Awards

In 2020, the City was awarded WI DOT Multimodal Local Supplement grant in the amount of \$600,000. These grant funds will be reimbursed for the costs of a riverfront improvement project. The total cost of the project is approximately \$1,250,000.

Developers Agreement

In December 2019, the City approved a developer agreement that included a \$250,000 incentive payment to be paid to the developer for the cost of site improvements. The City made this payment in 2020 from TIF #5. This agreement also specifies developer guarantee payments for any shortfall in the improved assessed value for real-estate taxes to be collected. If required, these guaranteed payments are to be made to the City annually beginning 2021 through 2026.

In 2020, the City approved a second developer agreement that includes a \$25,000 incentive payment to be paid to the developer for the cost of site improvements. The conditions for this payment were not met by the developer as of December 31, 2020.

TIF District Extension

Under Wisconsin Statutes, Section 66.1105(6)(g) a municipality may approve a resolution to extend the life of a TIF district by one year for the purpose of collecting tax increment dollars to be used towards affordable housing. In May 2020, the Board approved a resolution to keep TID #3 open for one additional year for funds for affordable housing. During 2021, TID #3 was terminated.

**D. Subsequent Events**

Debt Issuance & Land Acquisition

Subsequent to year end but prior to the issuance of this report, the City issued a short-term GO Promissory Note of \$3,750,000 to finance the acquisition of land within a half-mile of TIF District No. 5. Interest rate is 3.75% with principal and interest due in a single payment on April 1, 2022. Additionally, the City approved issuance of \$4,465,000 Taxable General Obligation Refunding Notes in July 2021 to refund the short-term 2021 GO Promissory Note of \$3,750,000 and the 2010 Refunding Bonds of \$595,000. Interest rate is 4.5% to 5.25%. Principal is due annually beginning March 1, 2022 through March 1, 2030. Interest is due semi-annually beginning March 1, 2022 through March 1, 2030.

The City finalized the purchase of land within a half-mile of TIF District No. 5 on June 18, 2021 for \$3,750,360. The land will be used for future development.

TIF District Extension

During May 2021, the City approved a three-year extension to the maximum life of TIF District No. 5 under the Technical College Extension.

**CITY OF PRESCOTT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**4. Other Information (Continued)**  
**D. Subsequent Events (Continued)**

Contract Agreements

In 2021, the City approved the following contract agreements:

- Courtesy Dock and Ramp Project - \$390,000
- Water Tower Cleaning, Maintenance, and Painting - \$368,950

Grant Awards

In 2021, the City was awarded a Community Development Block Grant (CDBG) in the amount of \$944,600. These grant funds will be used for the purchase of the pantry building and remodel.

**E. Effect of New Accounting Standards on Current Period Financial Statements**

GASB has adopted GASB Statement No. 87, Leases. When this becomes effective, application of this standard may restate portions of these financial statements.

City of Prescott

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,329,537	\$ 1,329,537	\$ 1,356,001	\$ 26,464
Special Assessment Revenue	29,800	29,800	45,821	16,021
Intergovernmental	695,768	695,768	779,600	83,832
License and Permits	29,275	29,275	33,282	4,007
Fines, Forfeits and Penalties	85,000	85,000	85,954	954
Public Charges for Services	355,981	355,981	445,683	89,702
Interest Income	45,000	45,000	33,059	(11,941)
Miscellaneous Income	30,560	30,560	59,980	29,420
Total Revenues	2,600,921	2,600,921	2,839,380	238,459

EXPENDITURES

Current:				
General Government	531,079	531,079	500,622	30,457
Public Safety	1,331,876	1,331,876	1,379,378	(47,502)
Public Works	671,547	671,547	702,463	(30,916)
Health and Human Services	2,000	2,000	1,168	832
Culture, Recreation and Education	188,294	188,294	176,598	11,696
Conservation and Development	305	305	315	(10)
Capital Outlay	-	-	483	(483)
Total Expenditures	2,725,101	2,725,101	2,761,027	(35,926)
Excess (Deficiency) of Revenues Over Expenditures	(124,180)	(124,180)	78,353	202,533

OTHER FINANCING SOURCES (USES)

Transfers In (including tax equivalent)	110,000	110,000	117,040	7,040
Transfers Out	(60,320)	(60,320)	(74,376)	(14,056)
Total Other Financing Sources and Uses	49,680	49,680	42,664	(7,016)
Net Change in Fund Balance	(74,500)	(74,500)	121,017	195,517
Fund Balance - Beginning	2,860,990	2,860,990	2,860,990	-
Fund Balance - Ending	2,786,490	2,786,490	2,982,007	195,517

See accompanying notes to the required supplementary information

City of Prescott

Wisconsin Retirement System Schedules  
December 31, 2020

Schedule of Proportionate Share of the Net Pension Liability (Asset)  
As of the Measurement Date

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	(0.01131464%)	\$ (364,835)	\$ 1,462,617	(24.94%)	102.96%
2018	0.01122897%	399,491	1,390,335	28.73%	96.45%
2017	(0.01100852%)	(326,856)	1,359,538	(24.04%)	102.93%
2016	0.01109887%	91,481	1,391,666	6.57%	99.12%
2015	0.01078579%	175,267	1,306,225	13.42%	98.20%
2014	(0.01073715%)	(263,661)	1,375,745	(19.16%)	102.74%

Schedule of City's Contributions  
For the Year Ended  
December 31, 2020

Year ended December 31,	Contributions in relation to			Contributions as a percentage of covered- employee payroll	
	Contractually required contributions	the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	percentage of employee payroll
2020	\$ 137,691	\$ (137,691)	\$ -	\$ 1,535,914	8.96%
2019	114,784	(114,784)	-	1,462,617	7.85%
2018	116,827	(116,827)	-	1,390,335	8.40%
2017	114,082	(114,082)	-	1,359,538	8.39%
2016	109,446	(109,446)	-	1,391,666	7.86%
2015	101,889	(101,889)	-	1,306,225	7.80%

See accompanying notes to the required supplementary information

**City of Prescott**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2020**

**1. Notes to Budgetary Comparison Schedule**

**A. Basis of Accounting**

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 2(A) in the notes to the financial statements for more information on the City's budgetary information.

The City controls expenditures at the department level. Some individual line items experienced expenditures, which exceeded appropriations.

**B. Excess of Actual Expenditures over Budget in General Fund**

The following expenditure functions had an excess of actual expenditures over budget for the year ended December 31, 2020:

	<u>Excess Expenditures</u>
Current:	
Public Safety	\$ 47,502
Public Works	30,916
Conservation and Development	10
Capital Outlay	483

SUPPLEMENTARY INFORMATION

**2. Notes to Wisconsin Retirement System Schedules**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 4 preceding years.

**Change of Benefit Terms**

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

**Changes of Assumptions**

No significant changes in assumptions were noted from the prior year.



City of Prescott

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)
	Original	Final			
<b>TAXES</b>					
Property taxes	\$ 1,306,237	\$ 1,306,237	\$ 1,306,237	\$ -	-
Mobile home taxes	15,500	15,500	14,064	(1,436)	(1,436)
Payments in lieu of taxes	7,800	7,800	35,700	27,900	27,900
TOTALS	1,329,537	1,329,537	1,356,001	26,464	26,464
<b>SPECIAL ASSESSMENTS</b>					
Special assessments	22,300	22,300	42,346	20,046	20,046
Interest on special assessments	7,500	7,500	3,475	(4,025)	(4,025)
TOTALS	29,800	29,800	45,821	16,021	16,021
<b>INTERGOVERNMENTAL REVENUES</b>					
State shared revenues	366,683	366,683	367,262	579	579
State aid - law enforcement	1,600	1,600	4,778	3,178	3,178
State aid - fire dues	14,500	14,500	16,082	1,582	1,582
State aid - exempt compiler	1,328	1,328	1,328	-	-
State aid - general transportation aids	279,967	279,967	279,967	-	-
State aid - personal property aid	31,690	31,690	31,690	-	-
Other state grants	-	-	78,493	78,493	78,493
TOTALS	695,768	695,768	779,600	83,832	83,832
<b>LICENSES AND PERMITS</b>					
Liquor and malt beverage licenses	11,000	11,000	10,060	(940)	(940)
Operator's licenses	2,000	2,000	2,500	500	500
Cigarette licenses	1,000	1,000	700	(300)	(300)
Animal licenses	1,200	1,200	1,339	139	139
Mobile home park licenses	225	225	-	(225)	(225)
Building permits	10,000	10,000	12,420	2,420	2,420
Other regulatory permits and fees	2,000	2,000	4,093	2,093	2,093
Golf cart permits	450	450	1,105	655	655
Compost site permits	1,400	1,400	1,065	(335)	(335)
TOTALS	29,275	29,275	33,282	4,007	4,007
<b>FINES, FORFEITS AND PENALTIES</b>					
Court penalties and costs	85,000	85,000	85,454	454	454
Other revenues	-	-	500	500	500
TOTALS	85,000	85,000	85,954	954	954

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City of Prescott

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)
	Original	Final			
<b>PUBLIC CHARGES FOR SERVICES</b>					
Publication fees	\$ 250	\$ 250	\$ 240	\$ 240	(10)
Law enforcement fees	10,000	10,000	9,992	9,992	(8)
Refuse and garbage collection	307,731	307,731	373,998	373,998	66,267
Boat launch fees	38,000	38,000	61,453	61,453	23,453
TOTALS	355,981	355,981	445,683	445,683	89,702
<b>INVESTMENT INCOME</b>					
Interest on investments	45,000	45,000	33,059	33,059	(11,941)
TOTALS	45,000	45,000	33,059	33,059	(11,941)
<b>MISCELLANEOUS INCOME</b>					
Rent of municipal property	25,000	25,000	26,200	26,200	1,200
Insurance recoveries	-	-	29,429	29,429	29,429
Miscellaneous	5,560	5,560	4,351	4,351	(1,209)
TOTALS	30,560	30,560	59,980	59,980	29,420
<b>TOTAL REVENUES</b>	2,600,921	2,600,921	2,839,380	2,839,380	238,459

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City of Prescott

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 27,390	\$ 27,390	\$ 28,546	(1,156)
Mayor	10,770	10,770	9,834	936
Municipal court	50,538	50,538	51,086	(548)
Administrator	83,490	83,490	84,482	(992)
Finance	92,341	92,341	71,114	21,227
Treasurer	66,260	66,260	61,128	5,132
Employee relations	14,625	14,625	12,659	1,966
Elections	6,801	6,801	6,426	375
Assessment of property	11,200	11,200	10,043	1,157
Independent auditing	30,100	30,100	28,574	1,526
Legal	20,600	20,600	21,612	(1,012)
Municipal buildings	27,357	27,357	31,277	(3,920)
Property and liability insurance	13,300	13,300	10,573	2,727
Coronavirus emergency expense	-	2,000	68,046	(68,046)
Other general government	74,307	74,307	5,222	(3,222)
Contingency	-	-	-	74,307
<b>TOTALS</b>	<b>531,079</b>	<b>531,079</b>	<b>500,622</b>	<b>30,457</b>
<b>PUBLIC SAFETY</b>				
Police	1,093,975	1,093,975	1,127,407	(33,432)
Public fire protection	108,265	108,265	122,335	(14,070)
Ambulance	129,636	129,636	129,636	-
<b>TOTALS</b>	<b>1,331,876</b>	<b>1,331,876</b>	<b>1,379,378</b>	<b>(47,502)</b>
<b>PUBLIC WORKS</b>				
Administration	32,205	32,205	30,840	1,365
Engineering	2,000	2,000	4,567	(2,567)
Public works shop and garage	49,403	49,403	45,371	4,032
Street maintenance	192,007	192,007	161,142	30,865
Snow and ice control	44,930	44,930	43,649	1,281
Street lighting	49,000	49,000	46,142	2,858
Tree and brush control	3,600	3,600	1,642	1,958
Refuse and garbage collection/Recycling	298,402	298,402	369,110	(70,708)
<b>TOTAL</b>	<b>671,547</b>	<b>671,547</b>	<b>702,463</b>	<b>(30,916)</b>
<b>HEALTH AND HUMAN SERVICES</b>				
Animal control	2,000	2,000	1,168	832
<b>TOTALS</b>	<b>2,000</b>	<b>2,000</b>	<b>1,168</b>	<b>832</b>

City of Prescott

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>CULTURE, RECREATION AND EDUCATION</b>				
Swimming	\$ 12,431	\$ 12,431	\$ 1,123	\$ 11,308
Boat launch and docks	4,500	4,500	6,688	(2,188)
Cemetery	7,000	7,000	6,314	686
Ice rinks	1,760	1,760	245	1,515
Parks	162,603	162,603	162,228	375
<b>TOTALS</b>	<b>188,294</b>	<b>188,294</b>	<b>176,598</b>	<b>11,696</b>
<b>CONSERVATION AND DEVELOPMENT</b>				
Economic Development	305	305	315	(10)
<b>CAPITAL OUTLAY</b>				
Capital Outlay	-	-	483	(483)
<b>TOTAL EXPENDITURES</b>	<b>2,725,101</b>	<b>2,725,101</b>	<b>2,761,027</b>	<b>(35,926)</b>
Excess (Deficiency) of Revenues Over Expenditures	(124,180)	(124,180)	78,353	202,533
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	110,000	110,000	117,040	7,040
Transfers Out	(60,320)	(60,320)	(74,376)	(14,056)
Total Other Financing Sources and Uses	49,680	49,680	42,664	(7,016)
Net Change in Fund Balance	(74,500)	(74,500)	121,017	195,517
Fund Balance - Beginning	2,860,990	2,860,990	2,860,990	-
Fund Balance - Ending	2,786,490	2,786,490	2,982,007	195,517

City of Prescott

Combining Balance Sheet  
Non-Major Special Revenue Funds  
December 31, 2020

	Public Water Impact Fees	Municipal Building Impact Fees	Public Streets Impact Fees	Public Parks Impact Fees	Cable TV Fund	Library Fund	Freedom Park Fund	Non-Major Special Revenue Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 68,607	\$ 133,528	\$ 45,744	\$ 247,879
Restricted Cash	2,500	3,500	1,450	3,318	-	-	-	10,768
Receivables:								
Taxes	-	-	-	-	-	129,627	42,560	172,187
Accounts	-	-	-	-	47	-	-	47
Other	-	-	-	-	-	476	-	476
Total Assets	\$ 2,500	\$ 3,500	\$ 1,450	\$ 3,318	\$ 68,654	\$ 263,631	\$ 88,304	\$ 431,357
<b>LIABILITIES</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 481	\$ 860	\$ 1,352
Accrued Liabilities	-	-	-	-	-	5,423	14	5,437
Total Liabilities	-	-	-	-	11	5,904	874	6,789
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Tax Levy	-	-	-	-	-	180,749	59,345	240,094
Other	-	-	-	-	51	515	-	566
Total Deferred Inflows of Resources	-	-	-	-	51	181,264	59,345	240,660
<b>FUND BALANCES</b>								
Restricted	2,500	3,500	1,450	3,318	-	76,463	-	87,231
Committed	-	-	-	-	68,592	-	-	68,592
Assigned	-	-	-	-	-	-	28,085	28,085
Total Fund Balances	2,500	3,500	1,450	3,318	68,592	76,463	28,085	183,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,500	\$ 3,500	\$ 1,450	\$ 3,318	\$ 68,654	\$ 263,631	\$ 88,304	\$ 431,357

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended December 31, 2020

	Public Water Impact Fees	Municipal Building Impact Fees	Public Streets Impact Fees	Public Parks Impact Fees	Cable TV Fund	Library Fund	Freedom Park Fund	Non-Major Special Revenue Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,560	\$ 26,575	\$ 203,135
Intergovernmental	-	-	-	-	4,785	73,183	-	77,968
License and Permits	-	-	-	-	42,158	-	-	42,158
Public Charges for Services	-	-	-	-	-	1,193	-	1,193
Interest Income	-	-	-	-	537	-	-	537
Miscellaneous Income	500	700	290	-	600	2,424	-	4,514
Total Revenues	500	700	290	-	48,080	253,360	26,575	329,505
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	-	-	-	-	9,000	9,000
Culture, Recreation and Education	-	-	-	2,757	39,673	247,103	16,587	306,120
Capital Outlay	-	-	-	-	3,163	-	-	3,163
Total Expenditures	-	-	-	2,757	42,836	247,103	25,587	318,283
Excess (Deficiency) of Revenues Over Expenditures	500	700	290	(2,757)	5,244	6,257	988	11,222
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	2,000	2,800	1,160	2,800	-	-	-	8,760
Total Other Financing Sources and Uses	2,000	2,800	1,160	2,800	-	-	-	8,760
Net Change in Fund Balances	2,500	3,500	1,450	43	5,244	6,257	988	19,982
Fund Balances - Beginning	-	-	-	3,275	63,348	70,206	27,097	163,926
Fund Balances - Ending	\$ 2,500	\$ 3,500	\$ 1,450	\$ 3,318	\$ 68,592	\$ 76,463	\$ 28,085	\$ 183,908

City of Prescott  
Combining Balance Sheet  
Non-Major Capital Projects Funds  
December 31, 2020

	TIF #3 Capital Projects Fund	TIF #4 Capital Projects Fund	Non-Major Capital Project Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 369,884	\$ 817,527	\$ 1,187,411
Receivables:			
Taxes	222,268	289,606	511,874
Special Assessments	3,924	-	3,924
Total Assets	596,076	1,107,133	1,703,209
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Debt Service	-	15,188	15,188
Total Deferred Outflows of Resources	-	15,188	15,188
Total Assets and Deferred Outflows of Resources	\$ 596,076	\$ 1,122,321	\$ 1,718,397
<b>LIABILITIES</b>			
Accrued Liabilities	\$ -	\$ 600	\$ 600
Advances Payable	-	90,188	90,188
Total Liabilities	-	90,788	90,788
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Tax Levy	309,926	403,820	713,746
Deferred Special Assessments	3,924	-	3,924
Total Deferred Inflows of Resources	313,850	403,820	717,670
<b>FUND BALANCES</b>			
Restricted	282,226	627,713	909,939
Total Fund Balances	282,226	627,713	909,939
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 596,076	\$ 1,122,321	\$ 1,718,397

City of Prescott  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Non-Major Capital Project Funds  
For the Year Ended December 31, 2020

	TIF #3 Capital Projects Fund	TIF #4 Capital Projects Fund	Non-Major Capital Projects Funds
<b>REVENUES</b>			
Taxes	\$ 294,626	\$ 352,969	\$ 647,595
Intergovernmental	21,708	909	22,617
Interest Income	5,290	1,233	6,523
Miscellaneous Income	-	11,901	11,901
Total Revenues	321,624	367,012	688,636
<b>EXPENDITURES</b>			
Current:			
General Government	150	150	300
Conservation and Development	-	67,115	67,115
Capital Outlay	-	6,435	6,435
Debt Service:			
Principal Repayment	200,000	75,000	275,000
Interest and Fiscal Charges	8,112	5,348	13,460
Total Expenditures	208,262	154,048	362,310
Excess (Deficiency) of Revenues Over Expenditures	113,362	212,964	326,326
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	250,000	250,000
Transfers Out	(250,000)	-	(250,000)
Total Other Financing Sources and Uses	(250,000)	250,000	-
Net Change in Fund Balances	(136,638)	462,964	326,326
Fund Balances - Beginning	418,864	164,749	583,613
Fund Balances - Ending	\$ 282,226	\$ 627,713	\$ 909,939

City of Prescott

Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2020

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 247,879	\$ 1,187,411	\$ 206,480	\$ 1,641,770
Restricted Cash	10,768	-	-	10,768
Receivables:				
Taxes	172,187	511,874	308,906	992,967
Special Assessments	-	3,924	-	3,924
Accounts	47	-	-	47
Other	476	-	-	476
Total Assets	\$ 431,357	\$ 1,703,209	\$ 515,386	\$ 2,649,952
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Debt Service	-	15,188	-	15,188
Total Deferred Outflows of Resources	-	15,188	-	15,188
Total Assets and Deferred Outflows of Resources	\$ 431,357	\$ 1,718,397	\$ 515,386	\$ 2,665,140
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,352	\$ -	\$ -	\$ 1,352
Accrued Liabilities	5,437	600	-	6,037
Advances Payable	-	90,188	-	90,188
Total Liabilities	\$ 6,789	\$ 90,788	\$ -	\$ 97,577
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Tax Levy	240,094	713,746	430,731	1,384,571
Deferred Special Assessments	-	3,924	-	3,924
Other	566	-	-	566
Total Deferred Inflows of Resources	\$ 240,660	\$ 717,670	\$ 430,731	\$ 1,389,061
<b>FUND BALANCES</b>				
Restricted	87,231	909,939	84,655	1,081,825
Committed	68,592	-	-	68,592
Assigned	28,085	-	-	28,085
Total Fund Balances	\$ 183,908	\$ 909,939	\$ 84,655	\$ 1,178,502
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 431,357	\$ 1,718,397	\$ 515,386	\$ 2,665,140

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2020

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 203,135	\$ 647,595	\$ 466,170	\$ 1,316,900
Intergovernmental	77,968	22,617	-	100,585
License and Permits	42,158	-	-	42,158
Public Charges for Services	1,193	-	-	1,193
Interest Income	537	6,523	3,319	10,379
Miscellaneous Income	4,514	11,901	14,384	30,799
Total Revenues	\$ 329,505	\$ 688,636	\$ 483,873	\$ 1,502,014
<b>EXPENDITURES</b>				
Current:				
General Government	9,000	300	-	9,300
Culture, Recreation and Education	306,120	-	-	306,120
Conservation and Development	-	67,115	-	67,115
Capital Outlay	3,163	6,435	-	9,598
Debt Service:				
Principal Repayment	-	275,000	518,926	793,926
Interest Expense	-	13,460	91,349	104,809
Total Expenditures	\$ 318,283	\$ 362,310	\$ 610,275	\$ 1,290,868
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,222	\$ 326,326	\$ (126,402)	\$ 211,146
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on Issuance of Debt	-	-	8,310	8,310
Transfers In	8,760	250,000	-	258,760
Transfers Out	-	(250,000)	-	(250,000)
Total Other Financing Sources and Uses	\$ 8,760	\$ -	\$ 8,310	\$ 17,070
Net Change in Fund Balances	\$ 19,982	\$ 326,326	\$ (118,092)	\$ 228,216
Fund Balances - Beginning	\$ 163,926	\$ 583,613	\$ 202,747	\$ 950,286
Fund Balances - Ending	\$ 183,908	\$ 909,939	\$ 84,655	\$ 1,178,502



**FORM OF LEGAL OPINION**

(See following pages)



# FRYBERGER

— LAW FIRM —

\$ \_\_\_\_\_  
**TAXABLE GENERAL OBLIGATION REFUNDING NOTES, SERIES 2021A  
CITY OF PRESCOTT, WISCONSIN**

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by the City of Prescott, Pierce County, Wisconsin (the “Issuer”), of its \$ \_\_\_\_\_ Taxable General Obligation Refunding Notes, Series 2021A, dated August 17, 2021, as the date of original issue (the “Notes”). The Notes are issued pursuant to Chapter 67, Wisconsin Statutes.

For purposes of this opinion, we have examined the law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer in the authorization, sale and issuance of the Notes. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based upon such examination, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals, and assuming the genuineness of the signatures thereon and the accuracy of the facts and representations stated therein, and on the basis of laws, regulations, rulings and decisions in effect on the date hereof, but excluding any legislation which may have a retroactive effective date prior to the date hereof, it is our opinion that:

1. The Notes are valid and binding general obligations of the Issuer enforceable in accordance with their terms.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of and interest on the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent the necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

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FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

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Cloquet, MN 55720  
p: (218) 879-6830

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Ste 700  
Duluth, MN 55802  
p: (218) 722-0861

SUPERIOR  
1409 Hammond Ave., Suite 330  
Superior, WI 54880  
p: (715) 392-7405

ST. PAUL  
c/o 302 West Superior St.  
Ste 700  
Duluth, MN 55802  
p: (651) 221-1044

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It is to be understood that the rights of the holders 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.

Dated: August 17, 2021

Respectfully submitted,

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### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Prescott, Pierce County, Wisconsin (the “Issuer”) in connection with the issuance of its \$\_\_\_\_\_ Taxable General Obligation Refunding Notes, Series 2021A, dated August 17, 2021 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated July 26, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

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

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

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

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

“Code” means the Internal Revenue Code of 1986, as amended.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated July \_\_\_\_, 2021, delivered in connection with the original issuance and sale of the Obligations, together with the final Official Statement and any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2021, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to

the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements 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:

- (a) Current Property Valuations
- (b) Direct Debt
- (c) Debt Limit
- (d) Tax Levies & Collections

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
  - (2) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (3) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (4) substitution of credit or liquidity providers, if any, or their failure to perform;
  - (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
  - (6) tender offers;
  - (7) defeasances;
  - (8) rating changes;
  - (9) bankruptcy, insolvency, receivership or similar event of the Issuer;
- or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.



(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For the purposes of the event identified in subsection (a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

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

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking 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 Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer 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 negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of August 17, 2021.

CITY OF PRESCOTT, WISCONSIN

By \_\_\_\_\_  
David Hovel, Mayor

By \_\_\_\_\_  
Jayne Brand, City Administrator

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**NOTICE OF SALE**

**\$4,465,000\* TAXABLE GENERAL OBLIGATION REFUNDING NOTES, SERIES 2021A  
CITY OF PRESCOTT, WISCONSIN**

Bids for the purchase of \$4,465,000\* Taxable General Obligation Refunding Notes, Series 2021A (the "Notes") of the City of Prescott, 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 July 26, 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 purposes of effecting current refundings of certain outstanding general 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 August 17, 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	\$160,000	2025	\$565,000	2028	\$525,000
2023	560,000	2026	570,000	2029	530,000
2024	560,000	2027	455,000	2030	540,000

**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 August 17, 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 will be furnished by Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, Minnesota, bond counsel to the City. 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 Bonds 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 "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

## SUBMISSION OF BIDS

Bids must not be for less than \$4,411,420 plus accrued interest on the principal sum of \$4,465,000 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](mailto: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, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

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

**A good faith deposit ("Deposit") in the amount of \$89,300 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.

## **NON-QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **CONTINUING DISCLOSURE**

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

## **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](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

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

By Order of the Common Council

City of Prescott, Wisconsin

# BID FORM

The Common Council  
City of Prescott, Wisconsin (the "City")

July 26, 2021

RE: \$4,465,000\* Taxable General Obligation Refunding Notes, Series 2021A (the "Notes")  
DATED: August 17, 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 \$4,411,420) 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 2025	_____ % due 2028
_____ % due 2023	_____ % due 2026	_____ % due 2029
_____ % due 2024	_____ % due 2027	_____ % due 2030

\* 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 \$89,300 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 August 17, 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: \_\_\_\_.

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 August 17, 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 Prescott, Wisconsin, on July 26, 2021.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_