

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 14, 2021

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

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

New Issue

Non-Rated

TOWN OF SHEBOYGAN, WISCONSIN (Sheboygan County)

\$1,900,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021C

BID OPENING: September 21, 2021, 10:00 A.M., C.T. **CONSIDERATION:** September 21, 2021, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,900,000* General Obligation Promissory Notes, Series 2021C (the "Notes") of the Town of Sheboygan, Wisconsin (the "Town") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes of financing 2021 Capital Projects. The Notes are general obligations of the Town, and all the taxable property in the Town is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: October 7, 2021

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$200,000	2026	\$200,000	2029	\$225,000
2024	200,000	2027	200,000	2030	225,000
2025	200,000	2028	225,000	2031	225,000

MATURITY ADJUSTMENTS: * The Town 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: April 1, 2022 and semiannually thereafter.

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

MINIMUM BID: \$1,881,000.

MAXIMUM BID: \$1,995,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$38,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Town 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 Town. ***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 Town 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 Town, 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 Town 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 Town 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 Town nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the Town which indicates that the Town does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE NOTES..... 1</p> <p style="padding-left: 20px;">GENERAL..... 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION..... 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE..... 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES..... 2</p> <p style="padding-left: 20px;">SECURITY..... 2</p> <p style="padding-left: 20px;">RATING..... 2</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE..... 3</p> <p style="padding-left: 20px;">LEGAL OPINION..... 3</p> <p style="padding-left: 20px;">STATEMENT REGARDING COUNSEL PARTICIPATION..... 3</p> <p style="padding-left: 20px;">TAX EXEMPTION..... 3</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT..... 4</p> <p style="padding-left: 20px;">BOND PREMIUM..... 5</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS... 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR..... 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES..... 6</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS..... 6</p> <p style="padding-left: 20px;">RISK FACTORS..... 6</p> <p>VALUATIONS..... 9</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES..... 9</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS..... 10</p> <p style="padding-left: 20px;">2021 EQUALIZED VALUE BY CLASSIFICATION..... 10</p> <p style="padding-left: 20px;">TREND OF VALUATIONS..... 10</p> <p style="padding-left: 20px;">LARGER TAXPAYERS..... 11</p> <p>DEBT..... 12</p> <p style="padding-left: 20px;">DIRECT DEBT..... 12</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT..... 13</p> <p style="padding-left: 20px;">DEBT LIMIT..... 14</p> <p style="padding-left: 20px;">OVERLAPPING DEBT..... 14</p> <p style="padding-left: 20px;">DEBT RATIOS..... 15</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY..... 15</p> <p style="padding-left: 20px;">FUTURE FINANCING..... 15</p>	<p>TAX LEVIES AND COLLECTIONS..... 16</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS..... 16</p> <p style="padding-left: 20px;">PROPERTY TAX RATES..... 17</p> <p style="padding-left: 20px;">LEVY LIMITS..... 17</p> <p>THE ISSUER..... 19</p> <p style="padding-left: 20px;">TOWN GOVERNMENT..... 19</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS..... 19</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS... 20</p> <p style="padding-left: 20px;">LITIGATION..... 20</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY..... 21</p> <p style="padding-left: 20px;">FUNDS ON HAND..... 21</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS..... 22</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION..... 23</p> <p>GENERAL INFORMATION..... 24</p> <p style="padding-left: 20px;">LOCATION..... 24</p> <p style="padding-left: 20px;">LARGER EMPLOYERS..... 24</p> <p style="padding-left: 20px;">BUILDING PERMITS..... 25</p> <p style="padding-left: 20px;">U.S. CENSUS DATA..... 26</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA... 26</p> <p>FINANCIAL STATEMENTS..... A-1</p> <p>FORM OF LEGAL OPINION..... B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM..... C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE..... D-1</p> <p>NOTICE OF SALE..... E-1</p> <p>BID FORM</p>
---	---

TOWN OF SHEBOYGAN TOWN BOARD

		<u>Term Expires</u>
Daniel Hein	Chairman of the Board	April 2023
Char Gumm	Town Supervisor	April 2022
Brad Lambrecht	Town Supervisor	April 2023
Alexandra Nugent	Town Supervisor	April 2022
James Schwinn	Town Supervisor	April 2023

ADMINISTRATION

Peggy Fischer, Town Clerk

Darla Free, Town Treasurer

PROFESSIONAL SERVICES

Michael Bauer, Town Attorney, Hopp Neumann Humke LLP, Sheboygan, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Town of Sheboygan, Wisconsin (the "Town") and the issuance of its \$1,900,000* General Obligation Promissory Notes, Series 2021C (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 ("Authorizing Resolution") to be adopted by the Town Board on September 21, 2021.

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

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 7, 2021. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 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 Authorizing Resolution.

The Town 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 Town will pay the charges for Paying Agent services. The Town reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Town, the Notes maturing on or after April 1, 2029 shall be subject to optional redemption prior to maturity on April 1, 2028 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 Town. If only part of the Notes having a common maturity date are called for redemption, then the Town or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each 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 public purposes of financing 2021 Capital Projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$1,900,000	
Estimated Interest Earnings	<u>691</u>	
Total Sources		\$1,900,691
Uses		
Estimated Underwriter's Discount	\$19,000	
Costs of Issuance	36,550	
Deposit to Project Construction Fund	1,845,000	
Rounding Amount	<u>141</u>	
Total Uses		\$1,900,691

*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 Town will be irrevocably pledged. The Town will levy a direct, annual, irrevocable tax on all taxable property in the Town 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

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

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 Town 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 Town shall execute and deliver a Continuing Disclosure Certificate, under which the Town 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 Town are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the Town 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.

The Town did not timely file notice of the incurrence of Financial Obligations incurred in November 2020. Except to the extent that the preceding is deemed to be material, the Town believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The Town 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 Town.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

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

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income

tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Town has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Town comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the Town 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 Town, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Town under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Town for the fiscal year ended December 31, 2020 have been audited by CliftonLarsonAllen LLP, Sheboygan, 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 Final 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 Town, the ultimate payment of which rests in the Town'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 Town 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 Town, the taxable value of property within the Town, and the ability of the Town to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the Town and to the Notes. The Town 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 Town or the taxing authority of the Town.

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

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

Continuing Disclosure: A failure by the Town 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 Town 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 Town, 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 Town 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 Town 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 Town 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 former 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 evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The

extent to which the coronavirus continues to impact the Town and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the Town, including the duration of the outbreak and future 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, former 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 former 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 Town's allocation was \$129,556. These funds were disbursed up to the amount of the allocation after eligible expenditures were 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, with half received in 2021 and half to be received in 2022. The Town's allocation is \$770,000.

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

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$924,498,900
2021 Equalized Value Reduced by Tax Increment Valuation	\$923,257,800
2020 Assessed Value	\$746,194,400

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 741,650,600	80.222%
Commercial	163,678,600	17.705%
Manufacturing	8,589,000	0.929%
Agricultural	245,400	0.027%
Undeveloped	212,500	0.023%
Ag Forest	163,400	0.018%
Forest	395,200	0.043%
Other	1,511,600	0.164%
Personal Property	8,052,600	0.871%
Total	<u>\$ 924,498,900</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2016	\$ 718,158,200	\$ 709,133,600	1.86%
2017	724,862,800	756,257,700	6.65%
2018	723,025,100	786,312,700	3.97%
2019	742,534,800	833,672,200	6.02%
2020	746,194,400	860,652,700	3.24%
2021	N/A	924,498,900	7.42%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2020 Equalized Value¹	Percent of Town's Total Equalized Value
Wal Mart Stores Inc.	Retail	\$ 15,642,381	1.82%
Menard Inc.	Retail	11,318,555	1.32%
Resnant Sheboygan Apartments Inc.	Apartments	8,154,462	0.95%
Premier Sheboygan Green Meadows III	Housing/Rentals	6,633,488	0.77%
Premier Green Meadows Apartments	Apartments	6,474,205	0.75%
TW Sheboygan Townhomes LLC	Housing/Rentals	5,583,903	0.65%
Midwest Real Estate Dev Co.	Housing/Rentals	5,241,462	0.61%
Mendocino Apartments	Housing/Rentals	5,188,291	0.60%
Windward Cove LLC	Housing/Rentals	5,188,291	0.60%
WISL Investments Inc.	Health Care Facility	4,391,414	0.51%
Total		\$ 73,816,452	8.58%
Town's Total 2020 Equalized Value ²		\$860,652,700	

Source: The Town.

¹ Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the Town. 2021 information is not yet available.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u>\$ 10,820,000</u>
---	----------------------

*Preliminary, subject to change.

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

Town of Sheboygan, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 10/07/2021)

Calendar Year Ending	Promissory Note City Loan		Promissory Notes Bank Note		Refunding Bonds Series 2020A		Taxable Refunding Bonds Series 2021B		Promissory Notes Series 2021C		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
2022	35,000	03/10/2014	35,000	2,730	85,000	1,293	0	225,017	0	25,136	1,346,072	9,735,000	10.03%	2022
2023	35,000	03/10/2014	35,000	1,820	645,000	3,113	0	176,100	200,000	24,813	2,055,845	8,855,000	18.16%	2023
2024	35,000	03/10/2014	35,000	910	250,000	750	0	176,100	200,000	23,063	685,823	8,370,000	22.64%	2024
2025							160,000	173,700	200,000	20,963	194,663	8,010,000	25.97%	2025
2026							175,000	168,675	200,000	18,713	562,388	7,635,000	29.44%	2026
2027							190,000	163,200	200,000	16,263	569,463	7,245,000	33.04%	2027
2028							220,000	157,050	225,000	13,331	615,381	6,800,000	37.15%	2028
2029							400,000	147,750	225,000	9,900	782,650	6,175,000	42.93%	2029
2030							400,000	135,750	225,000	6,131	766,881	5,560,000	48.71%	2030
2031							425,000	123,375	225,000	2,081	775,456	4,900,000	54.71%	2031
2032							450,000	110,250	225,000		560,250	4,460,000	58.87%	2032
2033							450,000	99,000	225,000		99,000	4,000,000	63.03%	2033
2034							500,000	89,250	225,000		589,250	3,500,000	67.65%	2034
2035							500,000	78,500	225,000		78,500	3,000,000	72.27%	2035
2036							500,000	67,250	225,000		67,250	2,500,000	76.89%	2036
2037							500,000	55,625	225,000		55,625	2,000,000	81.52%	2037
2038							500,000	43,750	225,000		43,750	1,500,000	86.14%	2038
2039							500,000	31,625	225,000		31,625	1,000,000	90.76%	2039
2040							500,000	19,250	225,000		19,250	500,000	95.38%	2040
2041							500,000	6,500	225,000		6,500	0	100.00%	2041
			105,000	5,460	85,000	1,293	6,870,000	2,247,717	1,900,000	160,393	2,425,621	10,820,000		

* Preliminary, subject to change.

DEBT LIMIT

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

Equalized Value	\$ 924,498,900
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 46,224,945
Less: General Obligation Debt (includes the Notes)*	<u>(10,820,000)</u>
Unused Debt Limit*	<u><u>\$ 35,404,945</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020 Equalized Value ²	% In Town	Total G.O. Debt ³	Town's Proportionate Share
Sheboygan County ⁴	\$ 11,530,754,800	8.0177%	\$ 32,008,365	\$ 2,566,335
Kohler Area School District	783,863,921	0.2180%	20,630,000	44,980
Sheboygan Area School District	4,392,849,108	18.7398%	41,935,000	7,858,530
Sheboygan Falls School District	1,069,447,774	14.5643%	25,940,000	3,777,969
Lakeshore Technical College District	17,270,919,932	4.9832%	25,840,000	<u>1,287,671</u>
Town's Share of Total Overlapping Debt				<u><u>\$ 15,535,485</u></u>

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

² Includes tax increment valuation.

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

⁴ 2021 Equalized Value.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$924,498,900	Debt/ Per Capita 8,035¹
Total General Obligation Debt (includes the Notes)*	\$ 10,820,000	1.17%	\$ 1,346.61
Town's Share of Total Overlapping Debt	<u>15,535,485</u>	<u>1.68%</u>	<u>1,933.48</u>
Total*	\$ 26,355,485	2.85%	\$ 3,280.09

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

¹ Estimated 2021 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Town Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2016/17	\$1,754,167	100%	\$2.47
2017/18	1,872,973	100%	2.48
2018/19	1,612,291	100%	2.05
2019/20	1,907,745	100%	2.29
2020/21	1,917,145	100%	2.23

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 Town did not adopt such resolution. The Town 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 Town's finances and payment of debt obligations, including the Notes.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2016/17	\$11.69	\$5.87	\$2.47	\$0.39	\$20.42
2017/18	11.23	5.71	2.48	0.21	19.63
2018/19	10.76	5.55	2.05	0.20	18.56
2019/20	10.54	5.46	2.29	0.19	18.48
2020/21	9.81	5.19	2.23	0.24	17.47

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

LEVY LIMITS

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

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

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

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

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

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

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

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

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The 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

TOWN GOVERNMENT

The Town is governed by a Town Board consisting of the Town Chairman and a four other members. All Town Board Members are elected to two-year terms. The appointed Town Clerk and Town Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Town employs a staff of 13 full-time and four part-time employees. All eligible employees in the Town 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.

Town employees are generally required to contribute half of the actuarially determined contributions, and the Town generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the Town's portion of contributions to WRS (not including any employee contributions) totaled \$18,421, \$21,538 and \$22,791, respectively.

The Town 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, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the Town reported an asset of \$60,172 for its proportionate share of the net pension asset of the WRS. Sanitary District No. 2 and Sanitary District No. 3 reported assets of \$13,259 and \$15,264, respectively, for their proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019 based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. The Town and sanitary districts' proportion was 0.00275070% of the aggregate WRS net pension asset as of December 31, 2019.

The calculation of the total pension asset 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 asset 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 Town 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 Town 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 Town 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 Town were to seek approval for a higher increase through a referendum). Ultimately, the Town 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 Town, 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 Town has no active collective bargaining units.

OTHER POST EMPLOYMENT BENEFITS

The Town does not provide any other post employment benefits.

LITIGATION

A notice of claim on behalf of Bonnie Menke and the anticipated personal representative of the Estate of Keith Menke has been filed with the Town for money damages for the survivor claim and wrongful death damage in the sum of \$20,000,000 resulting from an accident in which Mr. Menke, an Alliant Energy employee, was electrocuted at a job site in the Town of Sheboygan. The claim alleges that the Town negligently inspected a generator that backed into the utility line and resulted in Mr. Menke's death. The Town maintains comprehensive business liability insurance with a general aggregate limit of \$10,000,000. Rural Mutual Insurance, the Town's insurer, has accepted the tender of this claim and has retained defense counsel to represent the Town. In Wisconsin, Wis. Stat. § 895.04(4) limits damages from a wrongful death in the case of a deceased adult for loss of society and companionship to \$350,000 per occurrence.

There is no litigation threatened or pending questioning the organization or boundaries of the Town 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 Town 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 Town to file for relief under Chapter 9. If, in the future, the Town were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Town could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Town is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Town 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 Town; (b) to any particular assets of the Town, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the Town 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 September 2, 2021)

Fund	Total Cash and Investments
General	\$ 2,153,402
Debt Service	6,987,811
Total Funds on Hand	<u>\$ 9,141,213</u>

ENTERPRISE FUNDS

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

	2018	2019	2020
Sanitary District No. 2 (Sewer)			
Total Operating Revenues	\$ 899,222	\$ 911,373	\$ 1,107,698
Less: Operating Expenses	<u>(1,038,723)</u>	<u>(1,059,697)</u>	<u>(1,237,700)</u>
Operating Income	\$ (139,501)	\$ (148,324)	\$ (130,002)
Plus: Depreciation	310,404	313,916	316,966
Interest Income	<u>14,403</u>	<u>39,223</u>	<u>23,852</u>
Revenues Available for Debt Service	<u><u>\$ 185,306</u></u>	<u><u>\$ 204,815</u></u>	<u><u>\$ 210,816</u></u>
Sanitary District No. 3 (Water)			
Total Operating Revenues	\$ 629,936	\$ 629,997	\$ 649,470
Less: Operating Expenses	<u>(573,572)</u>	<u>(667,573)</u>	<u>(780,132)</u>
Operating Income	\$ 56,364	\$ (37,576)	\$ (130,662)
Plus: Depreciation	301,269	306,425	311,270
Interest Income	<u>167,329</u>	<u>55,790</u>	<u>85,328</u>
Revenues Available for Debt Service	<u><u>\$ 524,962</u></u>	<u><u>\$ 324,639</u></u>	<u><u>\$ 265,936</u></u>

SUMMARY GENERAL FUND INFORMATION

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

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT

	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Budgeted 1)
Revenues					
Taxes	\$872,517	\$873,094	\$865,021	\$928,979	\$980,379
Special Assessments	20,843	10,619	3,605	6,664	584
Intergovernmental	400,998	418,456	437,956	605,394	474,447
Licenses and Permits	408,310	320,511	341,333	362,912	236,000
Fines & forfeitures	600	275	275	401	200
Public charges for services	232,526	227,973	226,043	238,591	215,200
Miscellaneous	98,573	33,863	52,664	95,937	10,335
Total Revenues	\$2,034,367	\$1,884,791	\$1,926,897	\$2,238,878	\$1,917,145
Expenditures					
Current:					
General government	\$388,133	\$362,289	\$486,559	\$485,181	\$508,632
Public safety	313,041	337,076	348,567	353,660	368,960
Public works	893,426	905,261	981,457	1,018,212	1,003,055
Health and human services	152,400	35,143	58,576	66,745	79,700
Conservation and Development	16,460	57,614	54,742	245,754	49,000
Capital Outlay	109,441	183,290	314,459	307,858	15,000
Total Expenditures	\$1,872,901	\$1,880,673	\$2,244,360	\$2,477,410	\$2,024,347
Excess of revenues over (under) expenditures	\$161,466	\$4,118	(\$317,463)	(\$238,532)	(\$107,202)
Other Financing Sources (Uses)					
Transfers In	\$0	\$0	\$0	\$0	\$0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$0	0	\$0	\$0	\$0
Net Changes in Fund Balances	\$161,466	4,118	(\$317,463)	(\$238,532)	(\$107,202)
General Fund Balance January 1	\$2,311,162	\$2,472,628	\$2,476,746	\$2,159,283	\$2,159,283
General Fund Balance December 31	\$2,472,628	\$2,476,746	\$2,159,283	\$1,920,751	\$1,920,751
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$416,121	\$29,657	\$354,318	\$382,491	
Restricted	799,988	801,168	804,660	806,427	
Committed	66335	254,193	352,116	146,811	
Assigned	162,234	0	0	0	
Unassigned	1,027,950	1,391,728	648,189	585,022	
Total	\$2,472,628	\$2,476,746	\$2,159,283	\$1,920,751	

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

GENERAL INFORMATION

LOCATION

The Town, with a 2010 U.S. Census population of 7,271 and a current estimated population of 8,035, comprises an area of 11.0 square miles and is located approximately 2.8 miles northwest of the City of Sheboygan, 54 miles north of the City of Milwaukee and 64 miles south of the City of Green Bay.

LARGER EMPLOYERS¹

Larger employers in the Town include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Walmart	Retail	272
Menards	Retail	190
Sheboygan Senior Center	Nursing home	150
Miesfeld's	Grocer/meat market	75
Muth Mirror	Manufacturing	50
J&S Frank/Shuff's	Restaurant	37
Kohler Credit Union	Bank	35
Phoenix Verde	Nursing home	30
Town & Country	Golf Course	20
The Town	Municipal government and services	16

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

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

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	28	22	17	11	16
<u>New Multiple Family Buildings</u>					
No. of building permits	0	4	6	4	6
<u>New Commercial/Industrial</u>					
No. of building permits	2	7	12	10	1
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	282	298	294	383	201

Source: The Town. Valuation information not available.

¹ As of September 2, 2021.

U.S. CENSUS DATA

Population Trend: The Town

2000 U.S. Census	5,874
2010 U.S. Census	7,271
2021 Estimated Population	8,035
Percent of Change 2000 - 2010	23.78%

Income and Age Statistics

	The Town	Sheboygan County	State of Wisconsin	United States
2019 per capita income	\$40,649	\$31,510	\$33,375	\$34,103
2019 median household income	\$76,397	\$60,696	\$61,747	\$62,843
2019 median gross rent	\$960	\$727	\$856	\$1,062
2019 median value owner occupied units	\$202,500	\$159,700	\$180,600	\$217,500

	State of Wisconsin	United States
Town % of 2019 per capita income	121.79%	119.19%
Town % of 2019 median household income	123.73%	121.57%

Housing Statistics

	<u>The Town</u>		
	2010	2019	Percent of Change
All Housing Units	2,245	3,275 ¹	45.88%

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>	
	Sheboygan County	Sheboygan County	State of Wisconsin	State of Wisconsin
2017	60,643	2.8%	3.3%	
2018	60,708	2.5%	3.0%	
2019	60,261	2.7%	3.3%	
2020	57,996	5.7%	6.3%	
2021, April ²	59,887	3.4%	4.3%	

Source: Wisconsin Department of Workforce Development.

¹ Households shown. Housing units statistic unavailable for the Town for 2019.

² Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the Town's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Town 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 Town 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 Town since the date of the financial statements, in connection with the issuance of the Notes, the Town represents that there have been no material adverse change in the financial position or results of operations of the Town, nor has the Town 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.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

TOWN OF SHEBOYGAN
SHEBOYGAN, COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020

TOWN OF SHEBOYGAN
SHEBOYGAN, COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT	1	ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
BASIC FINANCIAL STATEMENTS		INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	57
GOVERNMENT-WIDE FINANCIAL STATEMENTS		SCHEDULE OF FINDINGS AND RESPONSES	59
STATEMENT OF NET POSITION	5		
STATEMENT OF ACTIVITIES	6		
FUND FINANCIAL STATEMENTS			
BALANCE SHEET – GOVERNMENTAL FUNDS	8		
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	10		
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GOVERNMENTAL FUNDS	12		
STATEMENT OF NET POSITION – FIDUCIARY FUND	13		
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND	14		
NOTES TO BASIC FINANCIAL STATEMENTS	15		
REQUIRED SUPPLEMENTARY INFORMATION			
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	47		
SCHEDULE OF CONTRIBUTIONS	48		
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	49		
SUPPLEMENTARY INFORMATION			
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES – GENERAL FUND	51		
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES – GENERAL FUND	53		
COMBINING STATEMENT OF NET POSITION – COMPONENT UNITS	54		
COMBINING STATEMENT OF ACTIVITIES – COMPONENT UNITS	55		



INDEPENDENT AUDITORS' REPORT

Town Board
Town of Sheboygan, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the Town of Sheboygan, Sheboygan County, Wisconsin (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the Town's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information in our report dated June 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on pages 47 – 48 be presented to supplement the basic financial statements. Such information, although not 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplementary information 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 2, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The detailed budgetary comparison information for the year ended December 31, 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The detailed budgetary comparison information have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
April 19, 2021

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	Governmental Activities		Component Units
	2020	2019	
ASSETS			
Cash and Investments	\$ 2,493,074	\$ 4,416,307	\$ 6,003,999
Receivables:			
Taxes and Special Charges	1,392,845	1,053,977	202,434
Delinquent Taxes	6,810	4,898	-
Accounts	14,352	7,525	417,175
Special Assessments	584	5,069	138,525
Loans	194,299	-	1,020,000
Other	-	-	13,373
Due from Component Unit - Sanitary District No. 2	128,746	68,588	-
Due from Component Unit - Sanitary District No. 3	120,965	81,108	-
Due from the Primary Government	-	-	63,447
Due from Other Governments	-	-	1,455
Prepaid Items	26,261	14,200	43,670
Assets Held for Resale	1,199,480	349,420	-
Net Pension Asset	60,172	-	28,523
Capital Assets, Nondepreciable	1,657,759	1,443,705	523,918
Capital Assets, Depreciable	30,061,524	29,975,483	21,559,295
Total Assets	<u>37,356,871</u>	<u>37,420,280</u>	<u>30,015,814</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	143,138	171,379	70,820
LIABILITIES			
Accounts Payable	270,811	238,215	39,420
Accrued and Other Current Liabilities	13,373	8,519	6,517
Due to Component Unit - Sanitary District No. 2	15,630	17,068	-
Due to Component Unit - Sanitary District No. 3	47,817	47,840	-
Due to the Primary Government	-	-	249,711
Due to Other Governments	1,423	1,198	-
Accrued Interest Payable	8,388	143,865	337
Long-Term Obligations:			
Due Within One Year	1,070,000	974,130	6,037
Due in More Than One Year	2,900,000	3,027,964	61,289
Net Pension Liability	-	62,002	-
Total Liabilities	<u>4,327,442</u>	<u>4,520,801</u>	<u>363,311</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,077,536	2,066,872	202,434
Pension Related Amounts	180,908	86,666	85,754
Total Deferred Inflows of Resources	<u>2,258,444</u>	<u>2,153,538</u>	<u>288,188</u>
NET POSITION			
Net Investment in Capital Assets	27,720,535	28,463,860	22,015,887
Restricted	866,599	804,660	28,523
Unrestricted	2,326,989	1,648,800	7,390,725
Total Net Position	<u>\$ 30,914,123</u>	<u>\$ 30,917,320</u>	<u>\$ 29,435,135</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 530,597	\$ 219,874	\$ -	\$ -
Public Safety	488,283	109,510	35,564	-
Public Works	2,096,536	174,026	302,800	2,180
Culture and Recreation	92,889	2,350	1,821	-
Conservation and Development	245,754	-	194,299	-
Interest and Fiscal Charges	105,910	-	-	-
Total Primary Government	<u>\$ 3,559,969</u>	<u>\$ 505,760</u>	<u>\$ 534,484</u>	<u>\$ 2,180</u>
COMPONENT UNITS	<u>\$ 2,019,519</u>	<u>\$ 1,511,412</u>	<u>\$ 245,756</u>	<u>\$ 47,879</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		Component Units
	Totals		
	Governmental Activities		
	2020	2019	
GOVERNMENTAL ACTIVITIES			
General Government	\$ (310,723)	\$ (377,679)	\$ -
Public Safety	(343,209)	(324,979)	-
Public Works	(1,617,530)	(1,557,191)	-
Culture and Recreation	(88,718)	(52,404)	-
Conservation and Development	(51,455)	(54,742)	-
Interest and Fiscal Charges	(105,910)	(170,749)	-
Total Primary Government	(2,517,545)	(2,537,744)	-
COMPONENT UNITS	-	-	(214,472)
General Revenues:			
Taxes:			
Property Taxes	1,907,678	1,611,239	163,946
Tax Increments	-	-	-
Other Taxes	97,149	104,854	-
Federal and State Grants and Other Contributions Not Restricted to Specific Functions	274,669	114,009	124
Interest and Investment Earnings	54,867	27,783	109,180
Miscellaneous	179,985	103,311	-
Total General Revenues	2,514,348	1,961,196	273,250
CHANGE IN NET POSITION	(3,197)	(576,548)	58,778
Net Position - January 1	30,917,320	31,493,868	29,376,357
NET POSITION - DECEMBER 31	<u>\$ 30,914,123</u>	<u>\$ 30,917,320</u>	<u>\$ 29,435,135</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	General	Debt Service	Capital Projects	Tax Incremental District No. 1	Totals	
					2020	2019
ASSETS						
Cash and Investments	\$ 2,480,135	\$ 12,747	\$ 192	\$ -	\$ 2,493,074	\$ 4,416,307
Receivables:						
Taxes and Special Charges	1,392,845	-	-	-	1,392,845	1,053,977
Delinquent Taxes	6,810	-	-	-	6,810	4,898
Accounts	14,352	-	-	-	14,352	7,525
Special Assessments	584	-	-	-	584	5,069
Loans	194,299	-	-	-	194,299	-
Due from Other Funds	-	-	210,968	-	210,968	235,681
Due from Component Unit - Sanitary District No. 2	128,746	-	-	-	128,746	68,588
Due from Component Unit - Sanitary District No. 3	120,965	-	-	-	120,965	81,108
Prepaid Items	26,261	-	-	-	26,261	14,200
Assets Held for Resale	349,420	-	-	850,060	1,199,480	349,420
Total Assets	\$ 4,714,417	\$ 12,747	\$ 211,160	\$ 850,060	\$ 5,788,384	\$ 6,236,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 252,864	\$ -	\$ -	\$ 17,947	\$ 270,811	\$ 238,215
Accrued and Other Current Liabilities	13,373	-	-	-	13,373	8,519
Due to Other Funds	190,140	-	-	20,828	210,968	235,681
Due to Component Unit - Sanitary District No. 2	15,630	-	-	-	15,630	17,068
Due to Component Unit - Sanitary District No. 3	47,817	-	-	-	47,817	47,840
Due to Other Governments	1,423	-	-	-	1,423	1,198
Total Liabilities	521,247	-	-	38,775	560,022	548,521
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	2,077,536	-	-	-	2,077,536	2,066,872
Loans Receivable	194,299	-	-	-	194,299	-
Special Assessments	584	-	-	-	584	5,069
Total Deferred Inflows of Resources	2,272,419	-	-	-	2,272,419	2,071,941
FUND BALANCES						
Nonspendable	382,491	-	-	850,060	1,232,551	368,518
Restricted	806,427	12,747	-	-	819,174	1,862,445
Committed	146,811	-	-	-	146,811	352,116
Assigned	-	-	211,160	-	211,160	385,043
Unassigned	585,022	-	-	(38,775)	546,247	648,189
Total Fund Balances	1,920,751	12,747	211,160	811,285	2,955,943	3,816,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,714,417	\$ 12,747	\$ 211,160	\$ 850,060	\$ 5,788,384	\$ 6,236,773

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	2020	2019
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total Fund Balances as Shown on Previous Page	\$ 2,955,943	\$ 3,616,311
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 the funds.	31,719,283	31,419,188
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Net Pension Asset	60,172	-
Special Assessments	584	5,069
Loans Receivable	194,299	-
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred Outflows Related to Pensions	143,138	171,379
Deferred Inflows Related to Pensions	(180,908)	(86,666)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and Notes Payable	(3,970,000)	(4,002,094)
Net Pension Liability	-	(62,002)
Accrued Interest on Long-Term Obligations	(8,388)	(143,865)
Net Position of Governmental Activities as Reported on the Statement of Net Position (See Page 5)	\$ 30,914,123	\$ 30,917,320

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR DECEMBER 31, 2019)**

	General	Debt Service	Capital Projects	Tax Incremental District No. 1	Totals	
					2020	2019
REVENUES						
Taxes	\$ 928,979	\$ 1,125,111	\$ -	\$ -	\$ 2,054,090	\$ 1,716,284
Special Assessments	6,664	-	-	-	6,664	3,605
Intergovernmental	605,394	-	-	-	605,394	437,956
Licenses and Permits	362,912	-	-	-	362,912	341,333
Fines and Forfeits	401	-	-	-	401	275
Public Charges for Services	238,591	-	-	-	238,591	226,043
Miscellaneous	95,937	97	2,871	-	98,905	62,785
Total Revenues	2,238,878	1,125,208	2,871	-	3,366,957	2,788,281
EXPENDITURES						
Current:						
General Government	485,181	-	-	38,715	523,896	486,559
Public Safety	353,660	-	-	-	353,660	348,567
Public Works	1,018,212	-	-	-	1,018,212	981,457
Culture and Recreation	66,745	-	-	-	66,745	58,576
Conservation and Development	245,754	-	-	-	245,754	54,742
Debt Service:						
Principal	-	3,692,094	-	-	3,692,094	753,217
Interest and Fiscal Charges	-	241,386	-	-	241,386	98,044
Capital Outlay	307,858	-	1,237,720	-	1,545,578	1,841,266
Total Expenditures	2,477,410	3,933,480	1,237,720	38,715	7,687,325	4,622,428
Excess of Revenues Over (Under) Expenditures	(238,532)	(2,808,272)	(1,234,849)	(38,715)	(4,320,368)	(1,834,147)
OTHER FINANCING SOURCES						
Long-Term Debt Issued	-	2,810,000	-	850,000	3,660,000	-
NET CHANGE IN FUND BALANCES	(238,532)	1,728	(1,234,849)	811,285	(660,368)	(1,834,147)
Fund Balances - January 1	2,159,283	11,019	1,446,009	-	3,616,311	5,450,458
FUND BALANCES - DECEMBER 31	\$ 1,920,751	\$ 12,747	\$ 211,160	\$ 811,285	\$ 2,955,943	\$ 3,616,311

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR DECEMBER 31, 2019)**

	2020	2019
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances as Shown on Previous Page	\$ (660,368)	\$ (1,834,147)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Assets Reported as Capital Outlay in Governmental Fund Statements	1,436,050	1,651,615
Depreciation Expense Reported in the Statement of Activities	(1,100,155)	(1,039,515)
Net Book Value of Disposals	(35,800)	(12,677)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>		
	189,814	(2,534)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Long-Term Debt Repaid	3,692,094	753,217
Principal Issued	(3,660,000)	-
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Accrued Interest on Long-Term Debt	135,477	(72,706)
Net Pension Asset / Liability	122,174	(111,309)
Deferred Outflows of Resources Related to Pensions	(28,241)	79,560
Deferred Inflows of Resources Related to Pensions	(94,242)	11,948
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (See Pages 6 - 7)	\$ (3,197)	\$ (576,548)

See accompanying Notes to Basic Financial Statements.

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 884,709	\$ 884,709	\$ 928,979	\$ 44,270	\$ 865,021
Special Assessments	2,535	2,535	6,664	4,129	3,605
Intergovernmental	447,644	447,644	605,394	157,750	437,956
Licenses and Permits	223,500	223,500	362,912	139,412	341,333
Fines and Forfeits	200	200	401	201	275
Public Charges for Services	208,300	208,300	238,591	30,291	226,043
Miscellaneous	11,900	11,900	95,937	84,037	52,664
Total Revenues	<u>1,778,788</u>	<u>1,778,788</u>	<u>2,238,878</u>	<u>460,090</u>	<u>1,926,897</u>
EXPENDITURES					
Current:					
General Government	381,435	381,435	485,181	(103,746)	486,559
Public Safety	330,160	330,160	353,660	(23,500)	348,567
Public Works	958,205	958,205	1,018,212	(60,007)	981,457
Culture and Recreation	79,700	79,700	66,745	12,955	58,576
Conservation and Development	49,000	49,000	245,754	(196,754)	54,742
Capital Outlay	5,000	5,000	307,858	(302,858)	314,459
Total Expenditures	<u>1,803,500</u>	<u>1,803,500</u>	<u>2,477,410</u>	<u>(673,910)</u>	<u>2,244,360</u>
NET CHANGE IN FUND BALANCE	(24,712)	(24,712)	(238,532)	(213,820)	(317,463)
Fund Balance - January 1	<u>2,159,283</u>	<u>2,159,283</u>	<u>2,159,283</u>	-	<u>2,476,746</u>
FUND BALANCE - DECEMBER 31	<u>\$ 2,134,571</u>	<u>\$ 2,134,571</u>	<u>\$ 1,920,751</u>	<u>\$ (213,820)</u>	<u>\$ 2,159,283</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2020**

	Tax Collection Custodial Fund	
	2020	2019
ASSETS		
Cash and Investments	\$ 4,869,825	\$ 6,428,067
LIABILITIES		
Due to Other Governments	4,869,825	6,428,067
NET POSITION		
Fiduciary Net Position - Held for Others	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020**

	Tax Collection Custodial Fund	
	2020	2019
ADDITIONS		
Property Tax Collections	\$ 8,120,454	\$ 11,091,629
DEDUCTIONS		
Payment to Other Taxing Entities	8,120,454	11,091,629
CHANGE IN FIDUCIARY NET POSITION	-	-
Net Position - January 1	-	-
NET POSITION - DECEMBER 31	\$ -	\$ -

See accompanying Notes to Basic Financial Statements.

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Sheboygan, Sheboygan County, Wisconsin (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

A. Reporting Entity

The Town is a municipal corporation governed by an elected five member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified the following component units that are required to be included in the basic financial statements in accordance with standards established by the GASB:

Town of Sheboygan Sanitary District No. 2

The Town of Sheboygan Sanitary District No. 2 is located within the Town of Sheboygan in Sheboygan County, Wisconsin. The District is created under Wisconsin Statute Chapter 60. The District provides sewer service to properties within its boundaries and is managed by a commission which establishes rates and service rules for its sewer services. Wastewater is treated under contract by the Town of Sheboygan. The District is represented by a Commission which is appointed by the Town Board. As such, the District's financial results have been included in these financial statements and presented as a discretely presented component unit.

Town of Sheboygan Sanitary District No. 3

The Town of Sheboygan Sanitary District No. 3 is located within the Town of Sheboygan in Sheboygan County, Wisconsin. The District is created under Wisconsin Statute Chapter 60. The District provides water service to properties within its boundaries and is managed by a commission. The District is represented by a Commission which is appointed by the Town Board. As such, the District's financial results have been included in these financial statements and presented as a discretely presented component unit.

Complete financial statements for Town of Sheboygan Sanitary District No. 2 and No. 3 can be obtained at their office at 1512 N. 40th Street, Sheboygan, WI 53081.

(15)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Governmental funds include the general, debt service and capital projects funds. The Town has no proprietary funds.

The Town reports the following major governmental funds:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Town.

Capital Projects Fund

The capital projects fund accounts for financial resources accumulated for the acquisition or construction of major capital improvements.

Tax Incremental District No. 1

This fund accounts for financial resources used in implementing the district's project plan. Principal and interest on long-term obligations used to finance project plan expenditures are reported as expenditures of this fund.

The Town also reports the following fiduciary fund:

(16)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Custodial Fund

The custodial fund accounts for property taxes and special charges collected on behalf of other governments.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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 Town's public works function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

(17)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

The Town bills and collects its own property taxes and also levies and collects taxes for the School Districts of Sheboygan, Kohler and Sheboygan Falls, Sheboygan County and Lakeshore Technical College.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments are subject to collection procedures.

(18)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Loans Receivable

Town of Sheboygan Sanitary District No. 2 and No. 3, component units, have outstanding loans receivable due from the Town of Sheboygan, Wisconsin. No allowance for uncollected amounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities
Building	70 Years
Machinery and Equipment	5 to 30 Years
Infrastructure	15 to 80 Years

(19)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Assets Held for Resale

Assets held for resale consist of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Assets held for resale is recorded at lower of cost or market value.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents an outflow of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town reports deferred outflows for deferred amounts related to pension.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Town reports deferred inflows for property taxes levied but supporting the subsequent years' budget and deferred amounts related to pension.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Town reports unavailable revenues for special assessments and loans receivable. These inflows are recognized as revenues in the government-wide financial statements.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(20)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Pensions

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

12. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Town Board. These constraints can only be removed or changed by the Town Board using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized a specific person to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

(21)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Fund Equity (Continued)

Government-Wide Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Prior Year Information

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

(22)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental fund.
4. Expenditures may not exceed appropriations provided at the function level. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

(23)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Fund	Excess Expenditures
General:	
General Government	\$ 103,746
Public Safety	23,500
Public Works	60,007
Culture and Recreation	196,754
Capital Outlay	302,858

C. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2020 budget was 2.77%. The actual limit for the Town for the 2021 budget was 1.29%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

(24)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the Town's cash and investments totaled \$7,362,899 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$ 150
Deposits with Financial Institutions	7,362,749
Total	\$ 7,362,899

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 2,493,074
Fiduciary Fund Statement of Net Position:	
Custodial Fund	4,869,825
Total	\$ 7,362,899

The carrying amount of the Town of Sheboygan Sanitary District No. 2's cash and investments totaled \$1,586,048 on December 31, 2020 as summarized below:

Petty Cash Funds	\$ 10
Deposits with Financial Institutions	773,344
Investments:	
Negotiable Certificates of Deposit	612,598
Money Market Mutual Funds	200,096
Total	\$ 1,586,048

The carrying amount of the Town of Sheboygan Sanitary District No. 3's cash and investments totaled \$4,417,951 on December 31, 2020 as summarized below:

Petty Cash Funds	\$ 10
Deposits with Financial Institutions	720,806
Investments:	
Negotiable Certificates of Deposit	3,437,890
Money Market Mutual Funds	259,245
Total	\$ 4,417,951

(25)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The Town and Sanitary District No.'s 2 and 3 categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments subject to fair value measurement.

Town of Sheboygan Sanitary Districts No. 2 and No. 3 have the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Sanitary #2			
Investments:			
Negotiable Certificates of Deposit	\$ -	\$ 612,598	\$ -
Money Market Mutual Funds	200,096	-	-
Total Sanitary #2	\$ 200,096	\$ 612,598	\$ -
Sanitary #3			
Investments			
Negotiable Certificates of Deposit	\$ -	\$ 3,437,890	\$ -
Money Market Mutual Funds	259,245	-	-
Total Sanitary #3	\$ 259,245	\$ 3,437,890	\$ -
Total Investments	\$ 459,341	\$ 4,050,488	\$ -

Deposits and investments of the Town are subject to various risks. Presented below is a discussion of the Town's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit policy.

(26)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

The portion of deposits with financial institutions in excess of federal and state depository insurance limits as of December 31, 2020 is summarized below:

	Sanitary District No. 2	Sanitary District No. 3	Total
Town	\$ 6,469,735	\$ 123,579	\$ 6,593,314

No amounts have been collateralized.

(27)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	A	Not Rated
Sanitary District No. 2: Certificates of Deposit	\$ 612,588	-	-	-	-	\$ 612,588
Money Market Mutual Funds	200,096	-	-	-	-	200,096
Total Sanitary District No. 2	<u>\$ 812,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 812,684</u>
Sanitary District No. 3: Certificates of Deposit	\$ 3,437,890	-	-	-	-	\$ 3,437,890
Money Market Mutual Funds	259,245	-	-	-	-	259,245
Total Sanitary District No. 3	<u>\$ 3,697,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 3,697,135</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	More Than 25 to 60 Months
Sanitary District No. 2: Certificates of Deposit	\$ 612,588	\$ 200,580	\$ 412,018	-
Money Market Mutual Funds	200,096	200,096	-	-
Total Sanitary District No. 2	<u>\$ 812,684</u>	<u>\$ 400,676</u>	<u>\$ 412,018</u>	<u>-</u>
Sanitary District No. 3: Certificates of Deposit	\$ 3,437,890	\$ 2,510,432	\$ 211,638	\$ 259,245
Money Market Mutual Funds	259,245	2,769,677	211,638	465,785
Total Sanitary District No. 3	<u>\$ 3,697,135</u>	<u>\$ 5,280,109</u>	<u>\$ 423,276</u>	<u>\$ 725,030</u>

(28)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 890,762	\$ -	\$ -	\$ 890,762
Construction in Progress	552,943	766,997	552,943	766,997
Total Capital Assets, Nondepreciable	1,443,705	766,997	552,943	1,657,759
Capital Assets, Depreciable:				
Land Improvements	629,718	-	-	629,718
Buildings and Improvements	2,179,904	-	-	2,179,904
Machinery and Equipment	4,118,631	55,099	-	4,173,730
Infrastructure	49,510,148	1,166,897	358,000	50,319,045
Subtotals	56,438,401	1,221,996	358,000	57,302,397
Less: Accumulated Depreciation for:				
Land Improvements	84,950	31,486	-	116,436
Buildings and Improvements	531,401	40,227	-	571,628
Machinery and Equipment	2,196,187	229,018	-	2,425,205
Infrastructure	23,650,380	799,424	322,200	24,127,604
Subtotals	26,462,918	1,100,155	322,200	27,240,873
Total Capital Assets, Depreciable, Net	29,975,483	121,841	35,800	30,061,524
Governmental Activities Capital Assets, Net	\$ 31,419,189	\$ 888,838	\$ 588,743	\$ 31,719,283
Less: Capital Related Debt				
Net Investment in Capital Assets				3,970,000
				28,748
				<u>\$ 27,720,535</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General Government	\$ 1,810
Public Safety	125,566
Public Works	946,635
Culture and Recreation	26,144
Total Depreciation Expense - Governmental Activities	<u>\$ 1,100,155</u>

(29)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Capital asset activity for the Town of Sheboygan Sanitary District No. 2 (component unit) for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Nondepreciable:				
Land	\$ 37,148	\$ -	\$ -	\$ 37,148
Construction in Progress	-	200,000	-	200,000
Total Capital Assets, Not Being Depreciated	37,148	200,000	-	237,148
Capital Assets, Depreciable:				
Buildings	1,461,558	-	-	1,461,558
Machinery and Equipment	1,379,950	50,328	45,000	1,385,278
Infrastructure	19,409,288	-	-	19,409,288
Subtotals	22,250,796	50,328	45,000	22,256,124
Less: Accumulated Depreciation	8,407,572	315,066	35,550	8,687,088
Total Capital Assets, Depreciable, Net	13,843,224	(264,738)	9,450	13,569,036
Total Capital Assets, Net	\$ 13,880,372	\$ (264,738)	\$ 9,450	13,806,184
Less: Capital Related Debt				67,326
Net Investment in Capital Assets				<u>\$ 13,738,858</u>
The Increase in Accumulated Depreciation Consist of the Following:				
Depreciation Expense				\$ 316,966
Less: Meter Depreciation Due Sanitary District No. 3				(1,900)
Total				<u>\$ 315,066</u>

(30)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Capital asset activity for the Town of Sheboygan Sanitary District No. 3 (component unit) for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Nondepreciable:				
Land	\$ 86,770	\$ 200,000	\$ -	\$ 286,770
Capital Assets, Depreciable:				
Buildings	427,092	-	-	427,092
Machinery and Equipment	1,145,848	41,085	5,625	1,181,308
Infrastructure	11,955,274	66,640	900	12,022,214
Subtotals	13,529,214	107,925	6,525	13,630,614
Less: Accumulated Depreciation	5,321,133	313,170	(6,052)	5,640,355
Total Capital Assets, Depreciable, Net	8,208,081	(205,245)	12,577	7,990,259
Total Capital Assets, Net	\$ 8,294,851	\$ (5,245)	\$ 12,577	\$ 8,277,029
Net Investment in Capital Assets				\$ 8,277,029
The Increase in Accumulated Depreciation Consist of the Following:				
Depreciation Expense				\$ 311,270
Depreciation Charged to Sanitary District No. 2				1,900
Total				\$ 313,170

C. Town and Sanitary Districts' Balances

The Town and Sanitary Districts allocate operating expenses which create related receivable and payable balances. These balances are reflected in the statement of net position and balance sheet – governmental funds as amounts due from/to component units and due from/to the primary government.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Town and Sanitary Districts' Balances (Continued)

In addition to allocating operating expenses, Sanitary District No. 2 has also entered into long-term notes receivables with the Town of Sheboygan, which are reported as a general obligation debt payable of the Town. Annual principal and interest maturities of the outstanding notes receivables of \$595,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Principal	Interest	Total
2021	\$ 85,000	\$ 2,585	\$ 87,585
2022	85,000	1,293	86,293
2023	43,170	14,699	57,869
2024	52,141	5,727	57,868
2025	52,923	4,945	57,868
2026-2030	276,766	12,578	289,344
Total	\$ 595,000	\$ 41,827	\$ 636,827

In addition to allocating operating expenses, Sanitary District No. 3 has also entered into long-term notes receivables with the Town of Sheboygan, which are reported as a general obligation debt payable of the Town. Annual principal and interest maturities of the outstanding notes receivables of \$425,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	43,170	14,699	57,869
2024	52,141	5,727	57,868
2025	52,923	4,945	57,868
2026-2030	276,766	12,578	289,344
Total	\$ 425,000	\$ 37,949	\$ 462,949

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2020:

Primary Government General Obligation:	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Notes from Direct Borrowings					
City of Sheboygan	\$ 175,000	\$ -	\$ 35,000	\$ 140,000	\$ 35,000
Sanitary District No. 2	255,000	425,000	85,000	595,000	85,000
Sanitary District No. 3	425,000	425,000	-	425,000	-
State Trust Fund Loans	3,572,094	-	3,572,094	-	-
Bonds	-	2,810,000	-	2,810,000	950,000
Total General Obligation Debt	4,427,094	3,660,000	3,692,094	3,970,000	1,070,000
Governmental Activities Long-Term Obligations	\$ 4,092,094	\$ 3,660,000	\$ 3,692,094	\$ 3,970,000	\$ 1,070,000
Sanitary District No. 2: Notes from Direct Borrowings					
Advance from City of Sheboygan	\$ 73,222	\$ -	\$ 8,895	\$ 67,326	\$ 6,037

Total interest paid during the year on long-term debt totaled \$195,282 as summarized below:

	Sanitary District No. 2	Sanitary District No. 3	Total
Town	\$ 193,595	\$ -	\$ 193,595
	\$ 1,687	\$ -	\$ 1,687

The Town's outstanding notes from direct borrowings and direct placements related to governmental activities of \$1,160,000 and Sanitary District No. 2 of \$67,326 contain a provision that in an event of default, outstanding amounts become immediately due if the entity is unable to make payment.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Note Payable - City of Sheboygan	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
Sanitary District No. 2	3/1/014	1/31/24	2.50%	\$ 350,000	\$ 140,000
Sanitary District No. 2	7/1/15	3/1/22	1.50%	425,000	170,000
Sanitary District No. 2	11/1/20	3/1/30	1.50%	425,000	425,000
Sanitary District No. 2	11/1/20	3/1/30	1.50%	425,000	425,000
General Obligation Refunding Bonds	8/13/20	3/1/24	40-60%	2,810,000	2,810,000
Total Outstanding General Obligation Debt					\$ 3,970,000

(33)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$3,970,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Bonded Debt		Notes from Direct Borrowings and Direct Placements		Governmental Activities	
	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2021	\$ 950,000	\$ 11,611	\$ 120,000	\$ 6,183	\$ 1,070,000	\$ 17,794
2022	695,000	6,696	120,000	3,991	1,085,000	10,867
2023	645,000	3,113	121,540	2,157	1,089,540	13,104
2024	250,000	750	105,847	1,584	889,283	9,891
2025-2030	-	-	105,847	9,891	105,847	9,891
Total	\$ 2,540,000	\$ 22,370	\$ 1,160,000	\$ 89,777	\$ 3,970,000	\$ 111,142

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

As separate legal entities under the Wisconsin Statutes, the Town and its sanitary districts each have separate legal margins for creation of additional general obligation debt. As of December 31, 2020, the legal margin for creation of additional general obligation debt for each entity is as follows:

	Equalized Valuation Statutory Limitation Percentage	General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	Total Outstanding General Obligation Debt Applicable to Debt Limitation	Legal Margin for New Debt
Town	\$ 860,652,700	\$ 867,079,727	\$ 845,719,861	(x) 5%
Sanitary District No. 2	(x) 5%	(x) 5%	(x) 5%	(x) 5%
Sanitary District No. 3	(x) 5%	(x) 5%	(x) 5%	(x) 5%
Total	43,032,635	43,353,986	42,288,983	\$ 67,326

Advances from the City of Sheboygan

The Town of Sheboygan Sanitary District No. 2 has the following advance outstanding from the City of Sheboygan:

\$115,675 issued 11/23/11 for western interceptor improvements, \$5,896 to \$7,474 due annually through 2030; interest 2.4%	\$ 67,326
---	-----------

(34)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Plan Description

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled 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.

(36)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Advances from the City of Sheboygan (Continued)

Annual principal and interest maturities of the outstanding advance of \$67,326 on December 31, 2020 are detailed below.

Year Ended December 31,	Principal	Interest	Total
2021	\$ 6,037	\$ 1,543	\$ 7,580
2022	6,182	1,397	7,579
2023	6,330	1,247	7,577
2024	6,482	1,093	7,575
2025	6,638	935	7,573
2026-2030	35,657	2,180	37,837
Total	\$ 67,326	\$ 8,395	\$ 75,721

E. Conduit Debt Obligations

The Town has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$3,115,979.

F. Pension Plan

The Town of Sheboygan, Town of Sheboygan Sanitary District No. 2, and Town of Sheboygan Sanitary District No. 3 share common employees to operate. As a result, required contributions of the Districts are not included with the Town's WRS contributions. In addition, the Town's proportionate share of the net pension liability (asset) and corresponding deferred outflows and inflows of resources of the Town of Sheboygan being reported in the Town's financial statements.

(35)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. 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
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.05	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

3. 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, and 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.

(37)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

During the year ending December 31, 2020, the WRS recognized \$22,791 in contributions from the Town.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
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%

4. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported an asset of \$60,172 for its proportionate share of the net pension asset. Sanitary District No. 2 and Sanitary District No. 3 reported assets of \$13,259 and \$15,264, respectively, for their proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension 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 Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Town and sanitary district's proportion was 0.00275070%, which was an increase of 0.00016393% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of \$22,760. Sanitary District No. 2 and No. 3 recognized pension expense of \$5,015 and \$5,774, respectively.

(38)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

	Deferred Outflows of Resources		
	Town	Sanitary District No. 2	Sanitary District No. 3
Differences Between Expected and Actual Experience	\$ 114,220	\$ 25,168	\$ 28,975
Changes in Assumptions	4,689	1,033	1,189
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,438	317	365
Employer Contributions Subsequent to the Measurement Date	22,791	6,935	6,838
Total	\$ 143,138	\$ 33,453	\$ 37,367
	Deferred Inflows of Resources		
	Town	Sanitary District No. 2	Sanitary District No. 3
Differences Between Expected and Actual Experience	\$ 57,160	\$ 12,585	\$ 14,499
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	123,013	27,105	31,206
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	735	162	187
Total	\$ 180,908	\$ 39,852	\$ 45,892

(39)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$22,791 reported as deferred outflows related to pension resulting from the Town'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. Sanitary District No. 2 and No. 3 reported deferred outflows related to pensions resulting from contributions subsequent to the measurement date in the amount of \$6,935 and \$6,838, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense		
	Town	Sanitary District No. 2	Sanitary District No. 3
2021	\$ (18,319)	\$ (4,037)	\$ (4,647)
2022	(13,219)	(2,913)	(3,353)
2023	2,398	528	608
2024	(31,421)	(6,922)	(7,971)
Total	\$ (60,561)	\$ (13,344)	\$ (15,363)

5. Actuarial Assumptions

The total pension liability (asset) in the December 31, 2017 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
Postretirement Adjustments*	1.9%

* No postretirement 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 postretirement discount rate.

(40)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	49.0%	8.1%	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%	7.0%
Cash	-10.0	0.9%	N/A
Total Core Fund	100.0%	7.5%	4.6%
Variable Fund Asset Class:			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

(41)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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.

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Proportionate Share of the Net Pension Liability (Asset):			
Town	\$ 154,950	\$ (60,172)	\$ (220,998)
Sanitary No. 2	34,147	(13,259)	(48,702)
Sanitary No. 3	39,308	(15,264)	(56,064)

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

6. Payables to the Pension Plan

At December 31, 2020, the Town did not reported a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

(42)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2020, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Assets Held for Resale	\$ 349,420
Prepaid Items	26,261
Delinquent Special Assessments Held by County	6,810
Total General Fund Nonspendable Fund	382,491
Tax Incremental District No. 1	
Nonspendable:	
Assets Held for Resale	850,060
Total Nonspendable Fund Balance	\$ 1,232,551

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Revolving Loans	\$ 806,427
Debt Service Fund:	
Restricted for:	
Retirement of Debt	12,747
Total Restricted Fund Balance	\$ 819,174

(43)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2020, General Fund balance was committed as follows:

General Fund:	
Committed for:	
Subsequent Year's Budget	\$ 125,960
Park Improvements	20,851
Total Committed Fund Balance	\$ 146,811

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

Capital Projects Funds:	
Assigned for Subsequent Year's Expenditures:	
Capital Improvements:	
Street Improvements	\$ 211,160

Net Position

The Town reports restricted net position at December 31, 2020 as follows:

Governmental Activities:	
Restricted for:	
Community Development	\$ 806,427
Net Pension Asset	60,172
Total Governmental Activities Restricted Net Position	866,599
Component Units:	
Restricted for:	
Net Pension Asset	28,523
Total Restricted Net Position	\$ 895,122

(44)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

B. Contingencies

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

C. Subsequent Event

On January 29, 2021 the Town closed there revolving loan fund program. As part of the closing and settlement process, the Town returned \$808,802 to the Wisconsin Department of Administration.

D. Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Town, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of April 19, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
TOWN:					
12/31/2014	0.00169283%	\$ (41,683)	235,932	17.62%	102.74%
12/31/2015	0.00156021%	25,353	224,407	11.30%	98.20%
12/31/2016	0.00153778%	13,459	237,339	5.69%	98.12%
12/31/2017	0.00169088%	(49,307)	253,865	19.41%	102.93%
12/31/2018	0.00174278%	62,002	277,354	22.31%	95.45%
12/31/2019	0.00166612%	(60,172)	323,140	18.62%	102.96%
SANITARY DISTRICT NO. 2:					
12/31/2014	0.00029752%	\$ (7,308)	55,640	13.13%	102.74%
12/31/2015	0.00036487%	5,929	52,841	11.22%	98.20%
12/31/2016	0.00037986%	3,131	55,048	5.69%	99.12%
12/31/2017	0.00037854%	(11,239)	58,920	19.08%	102.93%
12/31/2018	0.00038746%	13,785	61,792	22.31%	95.45%
12/31/2019	0.00041119%	(13,259)	71,202	18.62%	102.96%
SANITARY DISTRICT NO. 3:					
12/31/2014	0.00037170%	\$ (9,130)	67,539	13.44%	102.74%
12/31/2015	0.00042321%	6,877	60,874	11.30%	98.20%
12/31/2016	0.00045907%	3,784	66,527	5.69%	99.12%
12/31/2017	0.00044457%	(13,200)	71,212	18.54%	102.93%
12/31/2018	0.00045653%	16,242	72,806	22.31%	95.45%
12/31/2019	0.00047339%	(15,264)	81,973	18.62%	102.96%

See accompanying Notes to Required Supplementary Information. (47)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
TOWN:					
12/31/2015	\$ 15,260	\$ 15,260	\$ -	\$ 224,407	6.80%
12/31/2016	15,664	15,664	-	237,339	6.60%
12/31/2017	17,269	17,269	-	253,865	6.80%
12/31/2018	18,421	18,421	-	275,821	6.68%
12/31/2019	21,538	21,538	-	277,934	7.75%
12/31/2020	22,791	22,791	-	323,140	7.05%
SANITARY DISTRICT NO. 2:					
12/31/2015	\$ 3,569	\$ 3,569	\$ -	\$ 52,841	6.75%
12/31/2016	3,633	3,633	-	55,048	6.60%
12/31/2017	4,007	4,007	-	58,920	6.80%
12/31/2018	4,445	4,445	-	62,873	7.07%
12/31/2019	4,267	4,267	-	61,792	6.91%
12/31/2020	6,935	6,935	-	71,202	9.74%
SANITARY DISTRICT NO. 3:					
12/31/2015	\$ 4,139	\$ 4,139	\$ -	\$ 60,874	6.80%
12/31/2016	4,391	4,391	-	66,527	6.60%
12/31/2017	4,842	4,842	-	71,212	6.80%
12/31/2018	4,772	4,772	-	73,839	6.46%
12/31/2019	5,380	5,380	-	72,806	7.39%
12/31/2020	6,838	6,838	-	81,973	8.34%

See accompanying Notes to Required Supplementary Information. (48)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

The Town of Sheboygan is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
REVENUES					
Taxes:					
General Property	\$ 809,634	\$ 809,634	\$ 804,896	\$ (4,738)	\$ 786,569
Delinquent Personal Property	-	63	63	63	-
Managed Forest Land	75	59	59	(16)	59
Room Tax	75,000	74,761	74,761	(239)	78,202
Land Use Value	-	6,952	6,952	6,952	-
Interest and Taxes	-	42,248	42,248	42,248	191
Total Taxes	884,709	884,709	928,979	44,270	865,021
Special Assessments	2,535	2,535	6,664	4,129	3,605
Intergovernmental:					
State:					
State Shared Taxes	80,145	90,145	90,518	373	91,094
Fire Insurance Dues	34,150	34,150	34,940	790	34,152
Tax Exempt Computer Aid	1,475	1,475	1,490	15	1,480
Highway	146,134	146,134	145,936	(198)	145,160
State Aid	19,825	19,825	176,496	156,671	21,425
Transportation Funding	137,915	137,915	137,915	-	126,534
Recycling	18,000	18,000	18,099	99	18,101
Total Intergovernmental	447,644	447,644	605,394	157,750	437,956
Licenses and Permits:					
Business and Occupational					
Licenses	17,500	17,500	17,132	(368)	18,329
Dog	3,000	3,000	3,938	938	3,016
Permits:					
Building	70,000	70,000	165,747	95,747	128,894
Heating	4,000	4,000	6,508	2,508	13,998
Erosion Control	6,500	6,500	8,500	2,000	12,255
Driveway	7,000	7,000	7,200	200	8,750
Electrical	7,000	7,000	17,570	10,570	19,029
Pumbing	6,500	6,500	17,872	11,372	12,535
Variance	-	-	1,000	1,000	500
Conditional Use	5,000	5,000	4,500	(500)	6,200
Cable TV	96,000	96,000	107,945	11,945	116,927
Other Permits	1,000	1,000	1,000	-	900
Total Licenses and Permits	223,500	223,500	362,912	139,412	341,353
Fines and Forfeits:					
Court Fines and Penalties	200	200	401	201	275

See accompanying Notes to Supplementary Information

(51)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
Public Charges for Services:					
Title Searches	\$ 21,560	\$ 21,560	\$ 28,330	\$ 6,770	\$ 12,595
Street Opening Permits	-	1,200	3,750	3,750	1,048
Licenses Publication Fees	1,200	1,200	865	(345)	865
Photocopies	-	-	-	-	39
Recycling Fees	156,000	156,000	156,312	312	157,151
Clerk's Fees	12,040	12,040	33,030	20,990	36,120
Culverts	-	-	-	-	154
Street Lighting	6,500	6,500	8,158	1,658	8,124
Show Removal	-	-	5,806	5,806	5,517
Parks	5,000	5,000	2,350	(2,650)	4,450
Weed Control	6,000	6,000	-	(6,000)	-
Total Public Charges for Services	208,300	208,300	238,591	30,291	226,043
Miscellaneous:					
Interest on Temporary Investments	10,000	10,000	6,876	(3,124)	17,116
Interest of Special Assessments	300	300	1,175	875	355
Principal on Land Contracts	1,600	1,600	1,600	-	-
Sale of Town Property	-	-	80,800	80,800	-
Insurance Recoveries	-	-	1,769	1,769	354
Donations	-	-	3,375	3,375	24,279
Other	-	-	342	342	10,560
Total Miscellaneous	11,900	11,900	95,937	84,037	52,864
Total Revenues	\$ 1,776,788	\$ 1,776,788	\$ 2,435,878	\$ 460,000	\$ 1,926,937

See accompanying Notes to Supplementary Information

(52)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2020**

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019	
	Original	Final			Actual	Actual
GENERAL GOVERNMENT						
Town Board	\$ 67,615	\$ 67,615	\$ 80,014	\$ (12,399)	\$ 72,259	
Administrator	85,955	85,955	132,658	(36,663)	127,771	
Clerk	87,865	87,865	117,637	(29,772)	112,420	
Elections	17,500	17,500	33,905	(16,405)	4,355	
Accounting and Auditing	20,000	20,000	15,593	4,407	15,350	
Treasurer	-	-	3,028	(3,028)	3,560	
Assessment of Property	22,000	22,000	21,849	151	21,669	
Legal Counsel	35,000	35,000	52,075	(17,075)	41,749	
Town Hall	9,500	9,500	5,412	4,088	6,126	
Insurance	20,000	20,000	23,030	(3,030)	19,792	
Other	6,000	6,000	6,000	-	6,148	
Total General Government	381,435	381,435	485,181	(103,746)	466,559	
PUBLIC SAFETY						
Law Enforcement	5,960	5,960	5,067	893	3,186	
Fire Protection	274,200	274,200	280,891	(6,691)	276,576	
Ambulance	5,000	5,000	3,914	1,086	-	
Inspection	45,000	45,000	53,788	(8,788)	68,805	
Total Public Safety	330,160	330,160	353,660	(23,500)	348,567	
PUBLIC WORKS						
Highway Department	491,050	491,050	535,666	(44,616)	506,866	
Street Lighting	12,000	12,000	9,912	2,088	12,064	
Traffic Control	6,000	6,000	6,027	(27)	6,250	
Drainage Projects	26,000	26,000	47,354	(21,354)	30,089	
Refuse Collection	260,000	260,000	253,408	6,592	245,065	
Landfill	20,000	20,000	16,909	3,091	29,868	
Recycling	143,155	143,155	148,936	(5,781)	151,215	
Total Public Works	958,205	958,205	1,018,212	(60,007)	981,457	
CULTURE AND RECREATION						
Parks - General	79,700	79,700	66,745	12,955	58,576	
CONSERVATION AND DEVELOPMENT						
Other Conservation and Development	49,000	49,000	51,455	(2,455)	54,742	
Loan Disbursement	-	-	194,289	(194,289)	-	
Total Conservation and Development	49,000	49,000	245,754	(196,754)	54,742	
CAPITAL OUTLAY						
General Administration	-	-	268,801	(268,801)	-	
Storm/Drainage	-	-	-	-	14,669	
Fire Department	5,000	5,000	9,057	(4,057)	72,216	
Parks	-	-	-	-	227,574	
Total Capital Outlay	5,000	5,000	307,858	(302,858)	314,459	
Total Expenditures	\$ 1,803,500	\$ 1,803,500	\$ 2,477,410	\$ (673,910)	\$ 2,244,360	

See accompanying Notes to Supplementary Information (53)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2020**

	Sanitary District No. 2		Sanitary District No. 3		Totals
	\$		\$		
ASSETS					
Cash and Investments	1,586,048		4,417,951		6,003,999
Receivables:					
Taxes and Special Charges	102,434		100,000		202,434
Accounts	316,554		100,621		417,175
Special Assessments	27,490		111,035		138,525
Loans	595,000		425,000		1,020,000
Other	295		13,078		13,373
Due from Other Governments	1,150		305		1,455
Due from Town of Sheboygan - Sanitary District No. 2	-		3,207		3,207
Due from Town of Sheboygan	15,630		47,817		63,447
Inventories and Prepaid Items	8,001		35,669		43,670
Net Pension Asset	13,259		15,264		28,523
Capital Assets, Nondepreciable	237,148		286,770		523,918
Capital Assets, Depreciable	13,569,036		7,890,259		21,559,295
Total Assets	16,472,045		13,546,976		30,019,021
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	33,453		37,367		70,820
LIABILITIES					
Accounts Payable	34,492		4,928		39,420
Accrued and Other Current Liabilities	2,962		3,555		6,517
Due to Town of Sheboygan - Sanitary District No. 3	3,207		-		3,207
Due to Town of Sheboygan	128,746		120,965		249,711
Accrued Interest Payable	337		-		337
Long-Term Obligations:					
Due Within One Year	6,037		-		6,037
Due In More Than One Year	61,289		-		61,289
Total Liabilities	237,070		129,448		366,518
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Year	102,434		100,000		202,434
Pension Related Amounts	39,862		45,892		85,754
Total Deferred Inflows of Resources	142,296		145,892		288,188
NET POSITION					
Net Investment in Capital Assets	13,736,858		8,277,029		22,013,887
Restricted	13,259		15,264		28,523
Unrestricted	2,374,015		5,016,710		7,390,725
Total Net Position	\$ 16,126,132		\$ 13,309,003		\$ 29,435,135

See accompanying Notes to Supplementary Information (54)

**TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2020**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
					Sanitary District No. 2	Sanitary District No. 3	Totals
Sanitary District No. 2	\$ 1,239,397	\$ 930,041	\$ 177,657	\$ -	\$ (131,689)	\$ -	\$ (131,689)
Sanitary District No. 3	780,132	561,371	85,099	47,879	-	(82,783)	(82,783)
Total Component Units	\$ 2,019,529	\$ 1,491,412	\$ 262,756	\$ 47,879	(131,689)	(82,783)	(214,472)
General Revenues:							
Taxes:							
Property Taxes					61,723	102,223	163,946
Federal and State Grants and Other Contributions not Restricted to Specific Functions						124	124
Interest and Investment Earnings					23,852	85,328	109,180
Total General Revenues					85,575	187,675	273,250
CHANGE IN NET POSITION					(46,114)	104,892	58,778
Net Position - January 1					16,172,246	13,204,111	29,376,357
NET POSITION - DECEMBER 31					\$ 16,126,132	\$ 13,309,003	\$ 29,435,135

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

See accompanying Notes to Supplemental Information

(55)

(56)

Town Board
Town of Sheboygan, Wisconsin

CJA (CliftonLarsonAllen LLP)
CJAconnect.com



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

Town Board
Town of Sheboygan, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sheboygan, Sheboygan County, Wisconsin, (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 19, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002 and 2020-003, that we consider to be material weaknesses.



(57)

Compliance and Other Matters

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

Town of Sheboygan's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
April 19, 2021

(58)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

Section I – Internal Control Over Financial Reporting

2020-001

**Control Deficiencies
Segregation of Duties
Repeat of Finding 2019-001**

Type of Finding

Material Weakness in Internal Control Over Financial Reporting

Condition

The Town has a limited number of employees to essentially complete all financial and recordkeeping duties of the Town. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

Criteria

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Context

While performing audit procedures, it was noted that the Town does not have ideal segregation of duties for internal control purposes.

Cause

The lack of segregation of duties is due to the limited number of employees and the size of the Town's operations. In addition, the Town has not conducted a risk assessment and analysis of its internal controls to identify compensating controls and other potential opportunities to enhance its control structure.

Effect

Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties. We recommend the Town Board continue to monitor the transactions and the financial records of the Town.

Recommendation

We recommend the Town Board continue to monitor the transactions and the financial records of the Town. We further recommend the Town continue to evaluate its internal controls to identify opportunities to strengthen and enhance controls over financial reporting.

(59)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section I – Internal Control Over Financial Reporting (Continued)

Management Response

Management is conscious of the Town's staffing limitations and believes that the costs of segregating cash receipts, disbursement and general ledger maintenance responsibilities outweigh the benefits to be received. The Town Board will continue to monitor the transactions and financial records of the Town.

2020-002

**Control Deficiencies
Preparation of Annual Financial Report
Repeat of Finding 2019-002**

Type of Finding

Material Weakness in Internal Control Over Financial Reporting

Condition

Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Town contracts with CliftonLarsonAllen LLP (CLA) to compile the Wisconsin Municipal Report Form CT.

Criteria

The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.

Context

While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Cause

Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect

Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

(60)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section I – Internal Control Over Financial Reporting (Continued)

Recommendation

We recommend the Town continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Town is necessary to obtain a complete and adequate understanding of the Town's annual financial report and municipal financial report.

Management Response

Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will continue to review and approve the annual financial report prior to issuance. Management will also review the Wisconsin Municipal Financial Report Form CT prepared by CLA.

2020-003

**Control Deficiencies
Adjustments to the Town's Financial Records
Repeat of Finding 2019-003**

Type of Finding

Material Weakness in Internal Control Over Financial Reporting

Condition

As part of our audit, we proposed adjusting journal entries that were material to the Town's financial statements.

Criteria

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Context

While performing audit procedures, material audit adjustments were identified.

Cause

While Town staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Effect

Year-end financial records prepared by the Town may contain material misstatements.

(61)

TOWN OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Section I – Internal Control Over Financial Reporting (Continued)

Recommendation

We recommend the Town designate an individual to review the current year adjusting and closing entries. Additional training may be necessary to fully understand the entries. We are available to assist as necessary.

Management Response

Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries outweighs the benefits to be received. Management will continue to review and approve the entries prepared by CLA.

Section II – Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2020.

(62)

FORM OF LEGAL OPINION

(See following pages.)

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

October 7, 2021

Re: Town of Sheboygan, Wisconsin ("Issuer")
\$1,900,000 General Obligation Promissory Notes, Series 2021C,
dated October 7, 2021 ("Notes")

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

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

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$200,000	___%
2024	200,000	___
2025	200,000	___
2026	200,000	___
2027	200,000	___
2028	225,000	___
2029	225,000	___
2030	225,000	___
2031	225,000	___

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

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

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

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

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

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

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the 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 that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

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

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Town 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 Town 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 Town, 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 Town 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 Town 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 Town 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 Town believes to be reliable, but the Town 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 Town of Sheboygan, Sheboygan County, Wisconsin (the "Issuer") in connection with the issuance of \$1,900,000 General Obligation Promissory Notes, Series 2021C, dated October 7, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on September 21, 2021 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated September 22, 2021 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer" means the Town of Sheboygan, Sheboygan County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Town Clerk of the Issuer who can be contacted at 4020 Technology Parkway, Sheboygan, Wisconsin 53083, phone (920) 451-2320, fax (920) 451-2323.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 7th day of October, 2021.

(SEAL)

Daniel W. Hein
Chairperson

Peggy Fischer
Town Clerk

NOTICE OF SALE

**\$1,900,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021C
TOWN OF SHEBOYGAN, WISCONSIN**

Bids for the purchase of \$1,900,000* General Obligation Promissory Notes, Series 2021C (the "Notes") of the Town of Sheboygan, Wisconsin (the "Town") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Town, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on September 21, 2021, at which time they will be opened, read and tabulated. The bids will be presented to the Town Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the Town will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes of financing 2021 Capital Projects. The Notes are general obligations of the Town, and all the taxable property in the Town is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated October 7, 2021, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$200,000	2026	\$200,000	2029	\$225,000
2024	200,000	2027	200,000	2030	225,000
2025	200,000	2028	225,000	2031	225,000

ADJUSTMENT OPTION

* The Town 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 April 1 and October 1 of each year, commencing April 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 Town 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 Town will pay the charges for Paying Agent services. The Town reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Town, the Notes maturing on or after April 1, 2029 shall be subject to optional redemption prior to maturity on April 1, 2028 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 Town. If only part of the Notes having a common maturity date are called for redemption, then the Town or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

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

DELIVERY

On or about October 7, 2021, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the Town 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 Town, threatened. Payment for the Notes must be received by the Town at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Town, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the Town; provided that the rights of the owners of the Notes and the enforceability of the

Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$1,881,000 nor more than \$1,995,000 plus accrued interest on the principal sum of \$1,900,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

A good faith deposit ("Deposit") in the amount of \$38,000 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 Town 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 Town 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 Town as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The Town 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 Town 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 Town'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 Town 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 Town requested and received a rating on the Notes from a rating agency, the Town will pay that rating fee. Any rating agency fees not requested by the Town 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 Town will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Town 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 Official Statement.

NEW ISSUE PRICING

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

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

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

- (1) The Town shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the Town to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Town Board

Peggy Fischer, Town Clerk
Town of Sheboygan, Wisconsin

BID FORM

The Town Board
Town of Sheboygan, Wisconsin

September 21, 2021

RE: \$1,900,000* General Obligation Promissory Notes, Series 2021C (the "Notes")
DATED: October 7, 2021

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$1,881,000 nor more than \$1,995,000) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

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

* The Town 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 rating for the Notes may not be requested without contacting Ehlers and receiving the permission of the Town.

A good faith deposit ("Deposit") in the amount of \$38,000 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 Town 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 Town 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 Town 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 October 7, 2021.

This bid is subject to the Town'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 Town with the reoffering price of the Notes within 24 hours of the bid acceptance.

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

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

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

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from October 7, 2021 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Town Board of the Town of Sheboygan, Wisconsin, on September 21, 2021.

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