

PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2024

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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Notes shall be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF VIROQUA, WISCONSIN (Vernon County)

\$3,875,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: May 14, 2024, 10:00 A.M., C.T.

CONSIDERATION: May 14, 2024, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,875,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Viroqua, Wisconsin (the "City"), for public purposes, including financing for the City's share of the new Fire Station. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the 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: June 5, 2024

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$145,000	2033	\$185,000	2040	\$240,000
2027	150,000	2034	190,000	2041	250,000
2028	155,000	2035	195,000	2042	265,000
2029	160,000	2036	205,000	2043	275,000
2030	165,000	2037	215,000	2044	285,000
2031	170,000	2038	220,000		
2032	175,000	2039	230,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: May 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on May 1, 2033 and thereafter are subject to call for prior optional redemption on May 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$3,826,562.50

MAXIMUM BID: \$4,146,250.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$77,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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.



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REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CITY OF VIROQUA COMMON COUNCIL

		<u>Term Expires</u>
Justin Running	Mayor	April 2026
Andrew Bergum	Aldersperson	April 2026
Emma Hood	Aldersperson	April 2026
Cyndy Hubbard	Aldersperson	April 2026
Todd Kirking	Aldersperson	April 2025
Todd Spaeth	Aldersperson	April 2025
John Thompson	Aldersperson	April 2025
David Tryggestad	Aldersperson	April 2025
Kristal Welter	Aldersperson	April 2026
Steve Willis	Aldersperson	April 2025

ADMINISTRATION

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

PROFESSIONAL SERVICES

Hopkins & Hopkins LLP, City Attorney, Viroqua, Wisconsin

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

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

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Viroqua, Wisconsin (the "City") and the issuance of its \$3,875,000* General Obligation Promissory Notes, Series 2024A (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 Common Council on May 14, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this 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 June 5, 2024. The Notes will mature on May 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2025, 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 City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2033 shall be subject to optional redemption prior to maturity on May 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

Notice of 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, by the City, for public purposes, including financing for the City's share of the new Fire Station.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$3,875,000	
CDS/USDA Grant	5,250,000	
Township Share	<u>900,000</u>	
Total Sources		\$10,025,000
Uses		
Estimated Underwriter's Discount (1.250%)	\$48,438	
Estimated Costs of Issuance	71,200	
Deposit to Project Construction Fund	9,904,925	
Rounding Amount	<u>438</u>	
Total Uses		\$10,025,001

*Preliminary, subject to change.

SECURITY

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

RATING

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

The City has requested an underlying rating on the Notes from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL MATTERS

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

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

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

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

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

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

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

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

BOND PREMIUM

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

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable 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 Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by Johnson Block & Company, Inc., Viroqua, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

The 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. Potential investors should read this Official Statement, including the appendices, in its entirety.

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

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

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

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

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

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

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

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

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

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

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

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

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.

CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$385,430,300
2023 Equalized Value Reduced by Tax Increment Valuation	\$342,160,200
2023 Assessed Value	\$310,502,050

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value¹	Percent of Total Equalized Value
Residential	\$248,884,900	64.573%
Commercial	125,863,400	32.655%
Manufacturing	3,068,600	0.796%
Agricultural	174,800	0.045%
Undeveloped	11,100	0.003%
Ag Forest	46,900	0.012%
Forest	15,000	0.004%
Other	1,701,200	0.441%
Personal Property	<u>5,664,400</u>	<u>1.470%</u>
Total	<u><u>\$385,430,300</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2019	\$298,369,450	\$296,923,700	5.11%
2020	299,920,450	313,190,600	5.48%
2021	301,254,850	336,245,200	7.36%
2022	306,354,550	388,395,700	15.51%
2023	310,502,050	385,430,300	-0.76%

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	2023 Equalized Value ¹	Percent of City's Total Equalized Value
Vernon Memorial	Hospital	\$19,343,137	5.02%
Walmart	Retail	6,973,574	1.81%
Gundersen Clinic	Clinic	6,126,626	1.59%
Felton Ford	Car dealership	4,815,551	1.25%
Premier Rock Ave Viroqua	Apartments	4,186,329	1.09%
VFC Holdings	Retail / coop grocery	4,176,771	1.08%
Felton Properties	Car dealership	3,716,244	0.96%
Felton Enterprises	Car dealership	3,676,646	0.95%
Schultz & Sorenson Properties	Retail	2,898,963	0.75%
Felton Chevy	Car dealership	<u>2,835,780</u>	<u>0.74%</u>
Total		\$58,749,621	15.24%
City's Total 2023 Equalized Value ²		\$385,430,300	

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$11,283,290</u></u>
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*Preliminary, subject to change.

Contingent General Obligation Debt

Total Contingent General Obligation Debt**	<u><u>\$500,000</u></u>
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**See "Lease Obligations" below.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes.

Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$9,671,800</u>
Total revenue debt secured by water revenues	<u>\$3,138,061</u>

Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
8/31/23	\$2,673,000	Lease Agreement between Redevelopment Authority of the City of Viroqua (the “RDA”) and the City ¹	8/31/33	\$2,673,000

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City may pursue various utility projects, which may include financing through the State of Wisconsin Safe Drinking Water Fund Loan program, but the amount and timing of any such borrowings have not been determined. The City may also pursue an approximately \$500,000 bank loan for certain capital projects. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

¹ The City entered into a Lease Agreement with the RDA for the lease of certain property owned by the RDA. Pursuant to the agreement, the City agrees to pay rent annually, subject to annual appropriation by the Common Council. In order to further secure the City’s obligations under the agreement, the City issued a \$500,000 Taxable General Obligation Promissory Note (the “RDA Note”) to the RDA, payment of which is contingent upon an event of non-appropriation occurring under the agreement. The par amount of the RDA Note shall decrease by \$50,000 each year on the date following the date the Common Council adopts a budget that contains an appropriation for rent payments in full for the following fiscal year.

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	\$385,430,300
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit*	\$19,271,515
Less: General Obligation Debt**	<u>(11,783,290)</u>
Unused Debt Limit**	<u><u>\$7,488,225</u></u>

*The City has adopted a Debt Management Policy that provides that the amount of direct, non-self-supporting, unlimited tax general obligation debt outstanding at any time shall not exceed 80% of the City's legal debt margin capacity.

**Preliminary, subject to change.

City of Viroqua, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 06/05/2024)

	Corporate Purpose Bonds Series 2014A		Promissory Note		Promissory Note		Refunding Bonds Series 2016A		Promissory Note	
Dated	09/09/2014		12/22/2014		12/31/2015		07/28/2016		12/22/2016	
Amount	\$2,300,000		\$203,000		\$508,694		\$1,380,000		\$451,600	
Maturity	12/01 Final Maturity 06/01		12/22		01/02		12/01		12/22	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	110,000	48,655	22,269	473	0	0	155,000	7,108	50,178	1,355
2025	115,000	45,960			54,817	2,471	155,000	4,705	4,426	109
2026	115,000	42,970			56,166	1,247	115,000	2,070		
2027	120,000	39,750								
2028	125,000	36,150								
2029	130,000	31,775								
2030	135,000	27,225								
2031	140,000	22,500								
2032	145,000	17,250								
2033	150,000	11,813								
2034	165,000	3,094								
2035										
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	1,450,000	327,141	22,269	473	110,982	3,718	425,000	13,883	54,604	1,464

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City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/05/2024)

	Promissory Note		Corporate Purpose Bonds Series 2020A		Corporate Purpose Bonds Series 2021A		Taxable Promissory Notes Series 2021B		Promissory Note Series 2022C	
Dated	12/20/2017		10/15/2020		02/11/2021		02/11/2021		12/15/2022	
Amount	\$202,687		\$3,000,000		\$1,510,000		\$1,300,000		\$200,000	
Maturity	12/20		12/01 Final Maturity 06/01		08/01 Final Maturity 02/01		03/01		12/15	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	21,015	2,300	85,000	42,478	35,000	9,120	0	7,046	18,000	6,497
2025	21,568	1,747	105,000	40,778	35,000	18,100	170,000	12,393	18,000	5,858
2026	22,135	1,180	40,000	38,678	75,000	17,960	180,000	8,893	19,000	5,219
2027	22,717	597	160,000	37,878	75,000	17,660	180,000	5,293	20,000	4,544
2028			155,000	34,678	75,000	17,135	190,000	2,543	20,000	3,834
2029			220,000	31,578	75,000	16,610	65,000	1,219	21,000	3,124
2030			230,000	29,378	80,000	15,860	65,000	423	22,000	2,379
2031			235,000	26,848	75,000	15,060			22,000	1,598
2032			235,000	24,028	70,000	14,273			23,000	817
2033			235,000	20,973	70,000	13,538				
2034			235,000	17,683	75,000	12,663				
2035			165,000	14,275	75,000	11,725				
2036			170,000	11,800	75,000	10,675				
2037			130,000	9,080	105,000	9,625				
2038			140,000	7,000	110,000	8,050				
2039			140,000	4,550	110,000	6,400				
2040			120,000	1,050	110,000	4,200				
2041					100,000	1,000				
2042										
2043										
2044										
	87,435	5,823	2,800,000	392,728	1,425,000	219,653	850,000	37,808	183,000	33,867

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City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/05/2024)

Promissory Notes								
Series 2024A								
Dated	06/05/2024							
Amount	\$3,875,000*							
Maturity	05/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	0	496,463	125,030	621,493	10,786,828	4.40%	2024
2025	0	220,823	678,810	352,943	1,031,753	10,108,018	10.42%	2025
2026	145,000	150,195	767,301	268,410	1,035,711	9,340,717	17.22%	2026
2027	150,000	144,858	727,717	250,579	978,296	8,613,000	23.67%	2027
2028	155,000	139,529	720,000	233,868	953,868	7,893,000	30.05%	2028
2029	160,000	134,127	671,000	218,432	889,432	7,222,000	35.99%	2029
2030	165,000	128,578	697,000	203,841	900,841	6,525,000	42.17%	2030
2031	170,000	122,832	642,000	188,837	830,837	5,883,000	47.86%	2031
2032	175,000	116,854	648,000	173,221	821,221	5,235,000	53.60%	2032
2033	185,000	110,545	640,000	156,867	796,867	4,595,000	59.28%	2033
2034	190,000	103,897	665,000	137,336	802,336	3,930,000	65.17%	2034
2035	195,000	96,937	435,000	122,937	557,937	3,495,000	69.02%	2035
2036	205,000	89,484	450,000	111,959	561,959	3,045,000	73.01%	2036
2037	215,000	81,321	450,000	100,026	550,026	2,595,000	77.00%	2037
2038	220,000	72,499	470,000	87,549	557,549	2,125,000	81.17%	2038
2039	230,000	63,069	480,000	74,019	554,019	1,645,000	85.42%	2039
2040	240,000	52,997	470,000	58,247	528,247	1,175,000	89.59%	2040
2041	250,000	42,363	350,000	43,363	393,363	825,000	92.69%	2041
2042	265,000	31,043	265,000	31,043	296,043	560,000	95.04%	2042
2043	275,000	19,014	275,000	19,014	294,014	285,000	97.47%	2043
2044	285,000	6,427	285,000	6,427	291,427	0	100.00%	2044
	3,875,000	1,927,389	11,283,290	2,963,946	14,247,236			

* Preliminary, subject to change.

City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewerage Revenues
(As of 06/05/2024)

	Sewerage System Revenue Refunding Bonds Series 2016B		Sewerage System Mortgage Revenue Bonds		Sewerage System Mortgage Revenue Bonds		Sewerage System Revenue Bonds CWFL Series 2017B		Sewerage System Revenue Refunding Bonds Series 2019A	
Dated	07/28/2016		09/01/2016		09/18/2017		11/22/2017		04/25/2019	
Amount	\$1,095,000		\$1,145,630		\$4,996,000		\$1,954,568		\$1,280,000	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	4,500	0	11,147	0	55,500	0	3,084	0	13,503
2025	145,000	7,550	21,400	22,053	87,700	109,904	101,449	5,937	120,000	25,415
2026	150,000	4,600	21,900	21,566	89,900	107,684	101,911	5,474	115,000	22,244
2027	155,000	1,550	22,400	21,067	92,200	105,408	102,374	5,009	120,000	18,953
2028			22,900	20,558	94,500	103,074	102,840	4,542	295,000	12,891
2029			23,400	20,037	96,900	100,681	103,308	4,073	280,000	4,270
2030			23,900	19,505	99,400	98,228	103,778	3,602		
2031			24,500	18,960	101,900	95,711	104,250	3,129		
2032			25,000	18,403	104,400	93,133	104,725	2,653		
2033			25,600	17,834	107,100	90,489	105,201	2,176		
2034			26,200	17,251	109,800	87,778	105,680	1,696		
2035			26,800	16,655	112,600	84,998	106,161	1,214		
2036			27,400	16,045	115,400	82,148	106,644	730		
2037			28,000	15,422	118,400	79,225	107,129	244		
2038			28,600	14,785	121,400	76,228				
2039			29,300	14,134	124,400	73,155				
2040			30,000	13,467	127,600	70,005				
2041			30,600	12,785	130,800	66,775				
2042			31,300	12,089	134,100	63,464				
2043			32,100	11,376	137,500	60,069				
2044			32,800	10,645	141,000	56,588				
2045			33,500	9,900	144,600	53,018				
2046			34,300	9,137	148,200	49,358				
2047			35,100	8,356	152,000	45,605				
2048			35,900	7,557	155,800	41,758				
2049			36,700	6,741	159,800	37,813				
2050			37,500	5,906	163,800	33,768				
2051			38,400	5,052	168,000	29,620				
2052			39,300	4,178	172,200	25,368				
2053			40,100	3,285	176,600	21,008				
2054			41,100	2,371	181,000	16,538				
2055			42,000	1,436	185,600	11,955				
2056			42,830	482	190,300	7,256				
2057					195,100	2,439				
2058										
2059										
2060										
2061										
	450,000	18,200	990,830	410,185	4,440,000	2,135,740	1,355,450	43,563	930,000	97,275

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City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Sewerage Revenues
(As of 06/05/2024)

Sewerage System Mortgage
Revenue Bonds

Dated	02/23/2022							
Amount	\$1,606,000							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	9,410	0	97,143	97,143	9,671,880	.00%	2024
2025	32,200	18,619	507,749	189,477	697,226	9,164,131	5.25%	2025
2026	32,600	18,214	511,311	179,781	691,092	8,652,820	10.54%	2026
2027	33,000	17,804	524,974	169,790	694,765	8,127,846	15.96%	2027
2028	33,400	17,389	548,640	158,454	707,094	7,579,206	21.64%	2028
2029	33,900	16,968	537,508	146,030	683,538	7,041,698	27.19%	2029
2030	34,300	16,542	261,378	137,876	399,254	6,780,320	29.90%	2030
2031	34,700	16,111	265,350	133,911	399,261	6,514,969	32.64%	2031
2032	35,200	15,674	269,325	129,863	399,188	6,245,644	35.42%	2032
2033	35,600	15,231	273,501	125,730	399,231	5,972,143	38.25%	2033
2034	36,000	14,784	277,680	121,509	399,189	5,694,463	41.12%	2034
2035	36,500	14,331	282,061	117,197	399,258	5,412,403	44.04%	2035
2036	37,000	13,871	286,444	112,794	399,238	5,125,959	47.00%	2036
2037	37,400	13,406	290,929	108,297	399,226	4,835,030	50.01%	2037
2038	37,900	12,936	187,900	103,949	291,849	4,647,130	51.95%	2038
2039	38,400	12,459	192,100	99,748	291,848	4,455,030	53.94%	2039
2040	38,800	11,976	196,400	95,448	291,848	4,258,630	55.97%	2040
2041	39,300	11,488	200,700	91,048	291,748	4,057,930	58.04%	2041
2042	39,800	10,994	205,200	86,546	291,746	3,852,730	60.17%	2042
2043	40,300	10,493	209,900	81,937	291,837	3,642,830	62.34%	2043
2044	40,800	9,986	214,600	77,219	291,819	3,428,230	64.55%	2044
2045	41,400	9,473	219,500	72,390	291,890	3,208,730	66.82%	2045
2046	41,900	8,952	224,400	67,446	291,846	2,984,330	69.14%	2046
2047	42,400	8,425	229,500	62,386	291,886	2,754,830	71.52%	2047
2048	42,900	7,892	234,600	57,207	291,807	2,520,230	73.94%	2048
2049	43,500	7,352	240,000	51,905	291,905	2,280,230	76.42%	2049
2050	44,000	6,805	245,300	46,478	291,778	2,034,930	78.96%	2050
2051	44,600	6,251	251,000	40,923	291,923	1,783,930	81.56%	2051
2052	45,100	5,691	256,600	35,236	291,836	1,527,330	84.21%	2052
2053	45,700	5,123	262,400	29,415	291,815	1,264,930	86.92%	2053
2054	46,300	4,548	268,400	23,457	291,857	996,530	89.70%	2054
2055	46,900	3,966	274,500	17,357	291,857	722,030	92.53%	2055
2056	47,400	3,376	280,530	11,114	291,644	441,500	95.44%	2056
2057	48,000	2,780	243,100	5,219	248,319	198,400	97.95%	2057
2058	48,700	2,176	48,700	2,176	50,876	149,700	98.45%	2058
2059	49,300	1,563	49,300	1,563	50,863	100,400	98.96%	2059
2060	49,900	943	49,900	943	50,843	50,500	99.48%	2060
2061	50,500	316	50,500	316	50,816	0	100.00%	2061
	1,505,600	384,315	9,671,880	3,089,279	12,761,159			

City of Viroqua, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 06/05/2024)

	Water System Revenue Bonds Series 2013		Water System Mortgage Revenue Bonds		Water System Mortgage Revenue Bonds							Calendar Year Ending
Dated	10/23/2013		09/01/2016		02/23/2022							
Amount	\$1,395,714		\$1,472,000		\$1,347,000							
Maturity	05/01		05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	3,889	0	13,521	0	7,893	0	25,303	25,303	3,138,061	.00%	2024
2025	71,427	7,365	40,100	26,592	27,000	15,616	138,527	49,573	188,100	2,999,533	4.41%	2025
2026	72,252	6,535	38,890	25,703	27,300	15,277	138,443	47,515	185,958	2,861,091	8.83%	2026
2027	73,087	5,696	26,500	24,967	27,700	14,933	127,287	45,596	172,883	2,733,804	12.88%	2027
2028	73,931	4,847	27,100	24,364	28,000	14,585	129,031	43,796	172,827	2,604,773	16.99%	2028
2029	74,785	3,988	27,700	23,748	28,400	14,233	130,885	41,968	172,853	2,473,888	21.17%	2029
2030	75,649	3,119	28,400	23,117	28,800	13,875	132,849	40,111	172,960	2,341,039	25.40%	2030
2031	76,523	2,240	29,000	22,471	29,100	13,513	134,623	38,224	172,847	2,206,416	29.69%	2031
2032	77,406	1,351	29,700	21,811	29,500	13,147	136,606	36,309	172,915	2,069,810	34.04%	2032
2033	78,300	452	30,300	21,136	29,800	12,776	138,400	34,364	172,764	1,931,410	38.45%	2033
2034			31,000	20,446	30,200	12,401	61,200	32,847	94,047	1,870,210	40.40%	2034
2035			31,700	19,741	30,600	12,021	62,300	31,762	94,062	1,807,910	42.39%	2035
2036			32,500	19,018	31,000	11,636	63,500	30,655	94,155	1,744,410	44.41%	2036
2037			33,200	18,279	31,400	11,246	64,600	29,525	94,125	1,679,810	46.47%	2037
2038			34,000	17,523	31,800	10,851	65,800	28,374	94,174	1,614,010	48.57%	2038
2039			34,700	16,750	32,200	10,451	66,900	27,202	94,102	1,547,110	50.70%	2039
2040			35,500	15,961	32,600	10,046	68,100	26,007	94,107	1,479,010	52.87%	2040
2041			36,300	15,153	33,000	9,636	69,300	24,789	94,089	1,409,710	55.08%	2041
2042			37,100	14,327	33,400	9,221	70,500	23,548	94,048	1,339,210	57.32%	2042
2043			38,000	13,482	33,800	8,801	71,800	22,283	94,083	1,267,410	59.61%	2043
2044			38,900	12,617	34,300	8,376	73,200	20,993	94,193	1,194,210	61.94%	2044
2045			39,700	11,733	34,700	7,944	74,400	19,677	94,077	1,119,810	64.32%	2045
2046			40,600	10,829	35,100	7,508	75,700	18,338	94,038	1,044,110	66.73%	2046
2047			41,600	9,905	35,600	7,066	77,200	16,971	94,171	966,910	69.19%	2047
2048			42,500	8,959	36,000	6,619	78,500	15,577	94,077	888,410	71.69%	2048
2049			43,500	7,991	36,500	6,166	80,000	14,157	94,157	808,410	74.24%	2049
2050			44,500	7,001	36,900	5,707	81,400	12,708	94,108	727,010	76.83%	2050
2051			45,500	5,989	37,400	5,243	82,900	11,231	94,131	644,110	79.47%	2051
2052			46,500	4,954	37,900	4,772	84,400	9,725	94,125	559,710	82.16%	2052
2053			47,600	3,895	38,300	4,296	85,900	8,191	94,091	473,810	84.90%	2053
2054			48,700	2,812	38,800	3,814	87,500	6,625	94,125	386,310	87.69%	2054
2055			49,800	1,703	39,300	3,326	89,100	5,029	94,129	297,210	90.53%	2055
2056			50,810	572	39,800	2,831	90,610	3,403	94,012	206,600	93.42%	2056
2057					40,300	2,331	40,300	2,331	42,631	166,300	94.70%	2057
2058					40,800	1,824	40,800	1,824	42,624	125,500	96.00%	2058
2059					41,300	1,311	41,300	1,311	42,611	84,200	97.32%	2059
2060					41,800	791	41,800	791	42,591	42,400	98.65%	2060
2061					42,400	265	42,400	265	42,665	0	100.00%	2061
	673,361	39,482	1,201,900	487,068	1,262,800	322,348	3,138,061	848,898	3,986,959			

OVERLAPPING DEBT¹

Taxing District	Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Vernon County	\$3,154,984,000	12.2166%	\$12,775,287	\$1,560,706
Viroqua Area School District	908,552,989	42.4224%	21,805,000	9,250,204
Western Technical College District	31,450,531,922	1.2255%	86,110,000	<u>1,055,278</u>
City's Share of Total Overlapping Debt				<u><u>\$11,866,188</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$385,430,300	Debt/ Per Capita 4,375⁴
Total General Obligation Debt*	\$11,783,290	3.06%	\$2,693.32
City's Share of Total Overlapping Debt	<u>11,866,188</u>	<u>3.08%</u>	<u>\$2,712.27</u>
Total*	\$23,649,478	6.14%	\$5,405.59

*Preliminary, subject to change.

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 Estimated 2023 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$2,321,664	100%	\$8.70
2020/21	2,365,762	100%	8.28
2021/22	2,505,277	100%	8.25
2022/23	2,691,826	100%	7.82
2023/24	2,615,015	In Process	7.64

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 personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

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	Schools ¹	County	Local	Total
2019/20	\$10.18	\$5.30	\$8.70	\$24.18
2020/21	9.66	5.13	8.28	23.07
2021/22	9.33	4.91	8.25	22.49
2022/23	8.31	4.39	7.82	20.52
2023/24	8.36	3.33	7.64	19.33

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; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

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

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 the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. 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.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$1,200,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$996,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

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

EMPLOYEES; PENSIONS

The City employs a staff of 37 full-time and 21 part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$165,619, \$177,283 and \$176,272, respectively.

Governmental Accounting Standards Board Statement No. 68 ("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, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion. As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. Accordingly, the City will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2023.

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 2022, the City reported an asset of \$1,189,233 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.01475442% of the aggregate WRS net pension asset as of December 31, 2021.

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 Note 3.I. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

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

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

The following bargaining unit represents employees of the City:

Bargaining Unit	Expiration Date of Current Contract
WPPA - Viroqua Professional Police Association	December 31, 2025

OTHER POST EMPLOYMENT BENEFITS

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

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

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

For Fiscal Year 2022, the City's portion of contributions to the LRLIF totaled \$579. For Fiscal Year 2022, the City reported a liability of \$167,382 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2021 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.02832% of the aggregate LRLIF net OPEB liability as of December 31, 2021.

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

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of March 31, 2024)

Fund	Total Cash and Investments
General	\$6,284,485
Library	60,490
Cemetery	585,088
Golf Course	47,826
Revolving Loan	107,998
CDBG Housing	<u>15,514</u>
 Total Funds on Hand	 <u><u>\$7,101,401</u></u>

ENTERPRISE FUNDS

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

	2020 Audited	2021 Audited	2022 Audited
Water			
Total Operating Revenues	\$1,184,547	\$1,198,483	\$1,223,890
Less: Operating Expenses	(812,963)	(854,128)	(852,730)
Operating Income	\$371,584	\$344,355	\$371,160
Plus: Depreciation	301,662	321,696	334,213
Interest Income	1,737	387	4,269
Revenues Available for Debt Service	<u>\$674,983</u>	<u>\$666,438</u>	<u>\$709,642</u>
Sewer			
Total Operating Revenues	\$1,576,404	\$1,517,809	\$1,500,151
Less: Operating Expenses	(1,361,966)	(1,459,163)	(1,433,065)
Operating Income	\$214,438	\$58,646	\$67,086
Plus: Depreciation	707,052	721,924	732,718
Interest Income	9,823	26,494	49,674
Revenues Available for Debt Service	<u>\$931,313</u>	<u>\$807,064</u>	<u>\$849,478</u>
Municipal Golf Course			
Total Operating Revenues	\$376,596	\$491,590	\$501,630
Less: Operating Expenses	(339,059)	(455,358)	(464,778)
Operating Income	\$37,537	\$36,232	\$36,852
Interest Income	41	25	25
Revenues Available for Debt Service	<u>\$37,578</u>	<u>\$36,257</u>	<u>\$36,877</u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Draft Audited	2024 Adopted Budget ¹
Revenues					
Property taxes	\$1,455,080	\$1,553,704	\$1,695,283	\$1,857,911	\$1,992,411
Other taxes and special assessments	189,391	229,444	320,654	284,117	443,872
Intergovernmental	1,998,978	2,642,642	2,005,318	2,056,326	2,183,543
Licenses and permits	106,688	100,094	99,809	88,231	89,105
Penalties and forfeitures	7,368	13,165	10,841	12,729	11,000
Public charges for services	328,974	436,016	499,819	532,705	418,698
Interest	21,388	15,093	12,511	48,408	13,050
Miscellaneous general revenues	183,410	183,199	142,138	187,599	34,086
Total Revenues	<u>\$4,291,277</u>	<u>\$5,173,357</u>	<u>\$4,786,373</u>	<u>\$5,068,026</u>	<u>\$5,185,765</u>
Expenditures					
Current:					
General government	\$1,461,054	\$856,483	\$1,005,744	\$1,075,594	\$1,001,100
Public safety	1,961,413	1,462,589	1,606,226	1,640,009	1,698,383
Public works	1,360,947	1,250,279	1,192,059	1,291,075	1,317,872
Health and social services	355,167	320,804	354,418	518,711	190,517
Culture, recreation and development	770,823	726,051	766,703	791,457	810,519
Capital outlay	1,618,022	3,717,379	1,254,102	284,829	80,921
Debt service	112,985	890,875	7,120	57,340	0
Total Expenditures	<u>\$7,640,411</u>	<u>\$9,224,460</u>	<u>\$6,186,372</u>	<u>\$5,659,015</u>	<u>\$5,099,312</u>
Excess of revenues over (under) expenditures	(\$3,349,134)	(\$4,051,103)	(\$1,399,999)	(\$590,989)	\$86,453
Other Financing Sources (Uses)					
Proceeds of long-term debt	\$3,865,000	\$3,177,029	\$1,322,682	\$658,289	\$80,921
Bond premium	51,074	44,389	0	0	0
Transfers in	0	0	33,120	64,625	0
Transfers in - tax equivalent	217,518	217,518	224,739	237,960	0
Transfers (out)	(4,320)	(2,880)	0	0	(65,155)
Unfunded retirement liability - special payment	(1,214,079)	0	0	0	0
Total Other Financing Sources (Uses)	<u>2,915,193</u>	<u>3,436,056</u>	<u>1,580,541</u>	<u>960,874</u>	<u>15,766</u>
Net changes in Fund Balances	(\$433,941)	(\$615,047)	\$180,542	\$369,885	\$102,219
General Fund Balance January 1	\$2,277,168	\$1,843,227	\$1,326,318	\$601,860	
Prior Period Adjustment	0	98,138 ²	(905,000) ²	743,747 ²	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	<u>\$1,843,227</u>	<u>\$1,326,318</u>	<u>\$601,860</u>	<u>\$1,715,492</u>	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$185,049	\$29,360	\$123,305	\$127,512	
Restricted	23,204	24,955	46,264	97,287	
Assigned	642,974	636,869	624,882	638,569	
Unassigned	992,000	635,134	(192,591)	852,124	
Total	<u>\$1,843,227</u>	<u>\$1,326,318</u>	<u>\$601,860</u>	<u>\$1,715,492</u>	

¹ The 2024 budget was adopted on November 14, 2023.

² The prior period adjustments in 2021 and 2022 were to correct the allocation of debt proceeds from 2020 to the correct fund; however, certain adjustments were incorrectly made. The prior period adjustment for 2023 is to correct the previous prior period adjustments.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 4,504 and a current estimated population of 4,375 comprises an area of 4.5 square miles and is located approximately 95 miles northwest of Madison, Wisconsin and 180 miles southeast of St. Paul, Minnesota. The City is the county seat of Vernon County, Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Vernon Memorial	Hospital	550
Vernon County	County government and services	413
Nelson Global Products Inc.	Automobile parts & suppliers manufacturing	180
Viroqua Area School District	Elementary and secondary education	175
Walmart Supercenter	Discount retailer	175
Vernon Manor	Nursing home	135
Bethel Home and Services, Inc.	Nursing home	127
Vernon Area Rehabilitation Center (VARC, Inc.)	Day service program for adults with disabilities	126
Viroqua Center for Orthopaedic	Clinics	100
Westby Co-Op Credit Union	Credit union	88

Source: The City, Data Axle Reference Solutions, written and telephone survey, 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.

BUILDING PERMITS¹

	2020	2021	2022	2023	2024
<u>New Single Family Homes</u>					
No. of building permits	0	2	0	2	0
Valuation	\$0	\$705,000	\$0	\$144,000	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	1	2	3	2	0
Valuation	\$325,000	\$700,000	\$1,250,000	\$655,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	3	1	3	1
Valuation	\$0	\$6,818,462	\$600,000	\$560,000	\$150,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	106	102	81	102	19
Valuation	\$11,022,681	\$11,384,102	\$9,559,876	\$21,683,600	\$1,853,633

Source: The City.

¹ As of March 31, 2024.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	4,362
2020 U.S. Census Population	4,504
Percent of Change 2010 - 2020	3.26%
2023 Estimated Population	4,375

Income and Age Statistics

	The City	Vernon County	State of Wisconsin	United States
2022 per capita income	\$31,053	\$32,297	\$40,130	\$41,261
2022 median household income	\$54,318	\$65,177	\$72,458	\$75,149
2022 median family income	\$66,791	\$83,119	\$92,974	\$92,646
2022 median gross rent	\$777	\$785	\$992	\$1,268
2022 median value owner occupied units	\$179,200	\$192,800	\$231,400	\$281,900
2022 median age	46.9 yrs.	41.3 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
City % of 2022 per capita income	77.38%	75.26%
City % of 2022 median family income	71.84%	72.09%

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	2,231	2,165	-2.96%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Vernon County	Vernon County	Vernon County	State of Wisconsin
2020	14,266	5.3%	6.4%	
2021	14,914	3.3%	3.9%	
2022	14,758	2.7%	2.9%	
2023 ¹	14,823	2.8%	3.0%	
2024, March ¹	14,910	3.3%	3.5%	

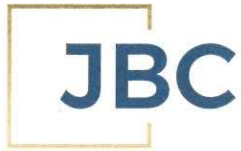
Source: Wisconsin Department of Workforce Development.

¹ Preliminary

FINANCIAL STATEMENTS

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

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



JOHNSON BLOCK

CPAs

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

Year Ended December 31, 2022

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

CITY OF VIROQUA, WISCONSIN

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining information of the City of Viroqua, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Viroqua, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Viroqua, Wisconsin, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Viroqua, Wisconsin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3L, effective January 1, 2022, a prior period adjustment was recorded. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Viroqua, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Viroqua, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Viroqua, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, and Wisconsin Retirement System schedules on pages 62 - 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information (Continued)

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

Supplementary Information

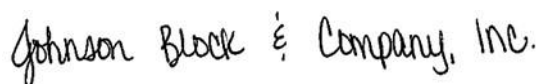
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Viroqua, Wisconsin’s basic financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Guidelines, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The prior year summarized information has been derived from the City’s 2021 financial statements, and, in our report dated August 30, 2022, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2023, on our consideration of the City of Viroqua, Wisconsin’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Viroqua, Wisconsin’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Viroqua, Wisconsin’s internal control over financial reporting and compliance.



Johnson Block & Company, Inc.
October 9, 2023

BASIC FINANCIAL STATEMENTS

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 1,685,400	\$ 2,613,632	\$ 4,299,032
Receivables:			
Customer	-	231,794	231,794
Taxes	2,816,814	-	2,816,814
Special assessments	57,490	-	57,490
Other, net of allowance	454,569	86,987	541,556
Internal balances	(971,539)	971,539	-
Inventories and prepaid items	115,726	87,489	203,215
Land held for resale	746,271	-	746,271
Restricted assets:			
Cash and investments	1,222,187	1,076,088	2,298,275
Net pension asset	995,508	193,725	1,189,233
Capital assets:			
Land	723,455	1,035,411	1,758,866
Construction work in progress	-	45,405	45,405
Other capital assets, net of depreciation	17,454,452	26,981,370	44,435,822
Total assets	<u>25,300,333</u>	<u>33,323,440</u>	<u>58,623,773</u>
Deferred outflows of resources			
Deferred pension outflows	1,943,360	378,177	2,321,537
Deferred OPEB outflows	45,361	17,926	63,287
Total deferred outflows of resources	<u>1,988,721</u>	<u>396,103</u>	<u>2,384,824</u>
Total assets and deferred outflows of resources	<u>\$ 27,289,054</u>	<u>\$ 33,719,543</u>	<u>\$ 61,008,597</u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 191,681	\$ 13,877	\$ 205,558
Accrued liabilities:			
Interest	44,386	47,242	91,628
Other	49,544	-	49,544
Unearned revenue	460,751	-	460,751
Due to other governments	238	-	238
Customer deposits	-	100	100
Long-term liabilities:			
Due within one year	2,873,153	1,079,958	3,953,111
Due in more than one year	9,079,261	13,526,927	22,606,188
OPEB - group life insurance	119,972	47,410	167,382
Total liabilities	12,818,986	14,715,514	27,534,500
Deferred inflows of resources			
Deferred pension inflows	2,343,146	455,975	2,799,121
Deferred OPEB inflows	25,175	9,949	35,124
Property taxes and special assessments	3,750,665	-	3,750,665
Total deferred inflows of resources	6,118,986	465,924	6,584,910
Net position			
Net investment in capital assets	8,599,171	13,549,485	22,148,656
Restricted for:			
Police expenditures	16,731	-	16,731
Landfill postclosure costs	9,356	-	9,356
Affordable housing	18,679	-	18,679
Library operations	68,844	-	68,844
TID No. 3	5,000	-	5,000
TID No. 5	7,738	-	7,738
TID No. 6	428,633	-	428,633
TID No. 7	635,879	-	635,879
Low-income housing and business development	525,385	-	525,385
EECBG	1,498	-	1,498
Bond reserve and redemption	-	401,203	401,203
DNR plant replacements	-	674,885	674,885
Net pension asset	995,508	193,725	1,189,233
Unrestricted (deficit)	(2,961,340)	3,718,807	757,467
Total net position	8,351,082	18,538,105	26,889,187
Total liabilities, deferred inflows of resources, and net position	\$ 27,289,054	\$ 33,719,543	\$ 61,008,597

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 871,870	\$ 99,809	\$ 19,846	\$ -	\$ (752,215)	\$ -	\$ (752,215)
Public safety	1,856,484	68,162	309,216	-	(1,479,106)	-	(1,479,106)
Public works	1,590,063	382,229	447,274	-	(760,560)	-	(760,560)
Culture, recreation and development	1,176,239	49,307	157,546	24,058	(945,328)	-	(945,328)
Health and social services	354,418	43,650	-	-	(310,768)	-	(310,768)
Interest and fiscal charges	217,248	-	-	-	(217,248)	-	(217,248)
Total governmental activities	6,066,322	643,157	933,882	24,058	(4,465,225)	-	(4,465,225)
Business-type activities:							
Water	1,113,209	1,223,890	195,785	1,667	-	308,133	308,133
Sewer	1,656,980	1,500,151	-	-	-	(156,829)	(156,829)
Golf course	480,512	501,630	-	-	-	21,118	21,118
Total business-type activities	3,250,701	3,225,671	195,785	1,667	-	172,422	172,422
Total government	\$9,317,023	\$ 3,868,828	\$ 1,129,667	\$ 25,725	(4,465,225)	172,422	(4,292,803)
General revenues:							
Property taxes:							
General purpose					1,695,283	-	1,695,283
Debt service					809,994	-	809,994
Tax incremental financing districts					735,183	-	735,183
Other taxes					320,654	-	320,654
State and federal aids not restricted to specific functions:							
State shared taxes					1,109,558	-	1,109,558
Interest and investment earnings					12,543	53,968	66,511
Donations					41,964	-	41,964
Miscellaneous					53,189	-	53,189
Transfers:							
Tax equivalent					231,343	(231,343)	-
Total general revenues and transfers					5,009,711	(177,375)	4,832,336
Change in net position					544,486	(4,953)	539,533
Net position - beginning of year					7,806,596	18,543,058	26,349,654
Net position - end of year					\$ 8,351,082	\$18,538,105	\$26,889,187

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022
With Comparative Totals for December 31, 2021

	Major Funds			Total Nonmajor Governmental Funds	2022 Totals	2021 Totals (Memorandum Only)
	General Fund	TIF Districts	Debt Service Fund			
ASSETS						
Cash and investments	\$ 1,685,400	\$ -	\$ -	\$ -	\$ 1,685,400	\$ 2,505,356
Receivables:						
Taxes	2,394,767	690,098	-	-	3,084,865	2,654,928
Special assessments	57,490	-	-	-	57,490	16,002
Other, net of allowance	58,001	-	-	396,568	454,569	618,411
Prepaid expenses	103,660	-	-	-	103,660	6,326
Due from other funds	148,023	-	-	-	148,023	316,098
Inventory	12,066	-	-	-	12,066	12,513
Land held for resale	-	746,271	-	-	746,271	746,271
Restricted assets:						
Cash and investments	26,087	998,439	-	197,661	1,222,187	425,369
Total assets	<u>\$ 4,485,494</u>	<u>\$ 2,434,808</u>	<u>\$ -</u>	<u>\$ 594,229</u>	<u>\$ 7,514,531</u>	<u>\$ 7,301,274</u>
LIABILITIES						
Accounts payable	\$ 191,681	\$ -	\$ -	\$ -	\$ 191,681	\$ 642,706
Accrued liabilities and expenses	49,544	-	-	-	49,544	47,474
Unearned revenue	460,751	-	-	-	460,751	230,375
Due to other funds	68,711	89,965	-	-	158,676	384,702
Due to other governments	238	-	-	-	238	30,838
Advance payable to other funds	-	1,228,936	-	-	1,228,936	1,296,508
Total liabilities	<u>770,925</u>	<u>1,318,901</u>	<u>-</u>	<u>-</u>	<u>2,089,826</u>	<u>2,632,603</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,112,709</u>	<u>906,005</u>	<u>-</u>	<u>-</u>	<u>4,018,714</u>	<u>3,625,691</u>
FUND BALANCES						
Nonspendable	123,305	-	-	-	123,305	29,360
Restricted	46,264	1,077,250	-	594,229	1,717,743	1,121,540
Assigned	624,882	-	-	-	624,882	636,869
Unassigned (deficit)	(192,591)	(867,348)	-	-	(1,059,939)	(744,789)
Total fund balances	<u>601,860</u>	<u>209,902</u>	<u>-</u>	<u>594,229</u>	<u>1,405,991</u>	<u>1,042,980</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,485,494</u>	<u>\$ 2,434,808</u>	<u>\$ -</u>	<u>\$ 594,229</u>	<u>\$ 7,514,531</u>	<u>\$ 7,301,274</u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of December 31, 2022

		2022 Total Gov't. Funds
Total fund balance from previous page	\$	1,405,991
Total net position reported for governmental activities in the Statement of Net Position is different from the amount reported as total governmental funds' fund balance because:		
Taxes from municipal utilities are recognized as revenues as they are received in the fund statements.		
Deferred tax equivalents receivable		268,048
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:		
Governmental capital assets	\$ 24,597,335	
Governmental accumulated depreciation	<u>(6,419,428)</u>	18,177,907
The net pension asset is not a current financial resource, and is therefore not reported in the fund statements.		
		995,508
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		1,988,721
Deferred inflows of resources		(2,368,321)
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements.		
Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:		
General obligation debt	(10,281,939)	
Land contract payable	(527,130)	
Unamortized debt discounts (premiums)	(122,189)	
Accrued interest on general obligation debt	(44,386)	
Compensated absences	(457,485)	
TIPR bonds	(563,671)	
OPEB - group life insurance	<u>(119,972)</u>	(12,116,772)
Total net position - governmental activities	\$	<u><u>8,351,082</u></u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	Major Funds			Total Nonmajor Governmental Funds	2022 Totals	2021 Totals (Memorandum Only)
	General Fund	TIF Districts	Debt Service Fund			
Revenues:						
Property taxes	\$ 1,695,283	\$ 735,183	\$ 809,994	\$ -	\$ 3,240,460	\$ 2,998,484
Other taxes and special assessments	320,654	-	-	-	320,654	229,444
Intergovernmental	2,005,318	22,841	-	9,327	2,037,486	2,923,011
Licenses and permits	99,809	-	-	-	99,809	100,094
Penalties and forfeitures	10,841	-	-	-	10,841	13,165
Public charges for services	499,819	-	-	864	500,683	437,625
Interest	12,511	-	-	32	12,543	15,492
Miscellaneous revenues	142,138	-	-	14,852	156,990	190,971
Total revenues	4,786,373	758,024	809,994	25,075	6,379,466	6,908,286
Expenditures:						
Current:						
General government	1,005,744	-	-	-	1,005,744	856,483
Public safety	1,606,226	-	-	-	1,606,226	1,462,589
Public works	1,192,059	-	-	-	1,192,059	1,250,279
Health and social services	354,418	-	-	-	354,418	320,804
Culture, recreation and development	766,703	289,249	-	17,693	1,073,645	1,599,203
Capital outlay	1,254,102	-	-	-	1,254,102	3,717,379
Debt service:						
Principal retirement	-	203,345	636,156	-	839,501	2,863,592
Interest and fiscal charges	7,120	71,664	159,397	-	238,181	406,372
Total expenditures	6,186,372	564,258	795,553	17,693	7,563,876	12,476,701
Excess (deficiency) of revenues over expenditures	(1,399,999)	193,766	14,441	7,382	(1,184,410)	(5,568,415)
Other financing sources (uses):						
Proceeds of long-term debt	1,322,682	-	-	-	1,322,682	3,702,029
Bond premium	-	-	-	-	-	62,191
Transfer in	33,120	443,392	-	-	476,512	209,367
Transfer in - tax equivalent	224,739	-	-	-	224,739	217,518
Transfer out	-	(462,071)	(14,441)	-	(476,512)	(209,367)
Total other financing sources (uses)	1,580,541	(18,679)	(14,441)	-	1,547,421	3,981,738
Net change in fund balances	180,542	175,087	-	7,382	363,011	(1,586,677)
Fund balances (deficit), January 1	1,326,318	(870,185)	-	586,847	1,042,980	2,531,519
Prior period adjustment	(905,000)	905,000	-	-	-	98,138
Fund balances (deficit), January 1, restated	421,318	34,815	-	586,847	1,042,980	2,629,657
Fund balances (deficit), December 31	\$ 601,860	\$ 209,902	\$ -	\$ 594,229	\$ 1,405,991	\$ 1,042,980

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Net change in fund balance - total governmental funds		\$ 363,011
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Property taxes on assets of the municipality owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities those revenues are recorded as they are earned.		
Property taxes from municipally owned utilities received during the year	\$ (224,739)	
Property taxes from municipally owned utilities earned during the year	<u>231,343</u>	
Amount by which property taxes earned is greater (less) than that which was received:		6,604
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	1,254,102	
Capital outlay not included in capital assets	(165,234)	
Depreciation expense reported in the Statement of Activities	<u>(683,700)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period:		405,168
The municipality disposed of capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and has no affect on the Governmental Funds Balance Sheet.		
The value of capital assets disposed of during the year was	(115,678)	
The amount of depreciation recapture for the year was	<u>94,294</u>	
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		(21,384)
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Change in special termination benefits	(15,532)	
Change in other post-employment benefits - group life insurance, with some adjustments	<u>(14,214)</u>	
Amounts paid are greater (less) than amounts earned by:		(29,746)
Repayment of principal on long-term debt and advances payable to developers is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt and advances payable to developers in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt and advances payable to developers' principal payments in the current year is:		886,485
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		
		(1,322,682)
In governmental funds interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.		
The amount of interest paid during the current period	238,181	
The amount of interest accrued during the current period	<u>(230,968)</u>	
Interest paid is greater (less) than interest accrued by:		7,213
In governmental funds debt discounts or premiums on outstanding long-term debt are reported as an expenditure or revenue when paid/received. In the Statement of Activities debt discounts/premiums are amortized over the life of the issue.		
The amount of debt premium recognized during the current period	14,203	
The amount of debt discounts recognized during the current period	<u>(483)</u>	
Debt discounts/premiums paid are greater (less) than discounts/premiums accrued by:		13,720
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset (liability) from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	148,403	
Actuarially determined change in net pension asset (liability) between years, with adjustments	<u>87,694</u>	<u>236,097</u>
Change in net position - governmental activities		<u>\$ 544,486</u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
As of December 31, 2022
With Comparative Totals for December 31, 2021

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2022 Totals	2021 Totals (Memorandum Only)
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>					
Current assets:					
Cash and cash equivalents	\$ 861,285	\$ 1,712,347	\$ 40,000	\$ 2,613,632	\$ 2,007,958
Receivables:					
Customer accounts	106,692	125,102	-	231,794	232,372
Other	80,967	6,020	-	86,987	455,431
Prepaid expenses	22,702	22,702	-	45,404	-
Due from other funds	33,199	35,512	-	68,711	70,655
Materials and supplies	36,700	5,385	-	42,085	40,329
Total current assets	1,141,545	1,907,068	40,000	3,088,613	2,806,745
Restricted assets:					
Cash and cash equivalents	106,558	969,530	-	1,076,088	909,645
Total restricted assets	106,558	969,530	-	1,076,088	909,645
Property, plant and equipment:					
Utility plant	15,160,359	22,187,670	-	37,348,029	37,256,558
Land	1,315	143,440	890,656	1,035,411	1,008,898
Construction work in progress	625	44,780	-	45,405	45,185
Accumulated depreciation	(4,289,824)	(6,076,835)	-	(10,366,659)	(9,337,496)
Net property, plant and equipment	10,872,475	16,299,055	890,656	28,062,186	28,973,145
Other assets:					
Net pension asset	86,233	107,492	-	193,725	153,424
Advances to other funds	352,931	876,005	-	1,228,936	1,296,508
Total other assets	439,164	983,497	-	1,422,661	1,449,932
Total assets	12,559,742	20,159,150	930,656	33,649,548	34,139,467
Deferred outflows of resources:					
Deferred pension outflows	168,338	209,839	-	378,177	255,892
Deferred OPEB outflows	10,875	7,051	-	17,926	24,534
Total deferred outflows of resources	179,213	216,890	-	396,103	280,426
Total assets and deferred outflows of resources	\$ 12,738,955	\$ 20,376,040	\$ 930,656	\$ 34,045,651	\$ 34,419,893

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
As of December 31, 2022
With Comparative Totals for December 31, 2021

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2022 Totals	2021 Totals (Memorandum Only)
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>					
Current liabilities:					
Accounts payable	\$ 7,266	\$ 6,611	\$ -	\$ 13,877	\$ 278,505
Accrued liabilities and expenses:					
Taxes payable	268,050	-	-	268,050	261,446
Accrued interest	9,237	35,345	2,660	47,242	57,630
Due to other funds	28,592	29,466	-	58,058	2,051
Customer deposits	100	-	-	100	100
Current portion of long-term debt	195,221	480,732	404,005	1,079,958	3,130,778
Total current liabilities	508,466	552,154	406,665	1,467,285	3,730,510
Long-term liabilities:					
Long-term debt, net of current portion	3,317,828	10,213,596	-	13,531,424	11,756,538
Less: Unamortized debt discount/premium	(960)	(3,537)	-	(4,497)	(5,071)
Net OPEB liability	28,762	18,648	-	47,410	51,585
Total long-term liabilities	3,345,630	10,228,707	-	13,574,337	11,803,052
Total liabilities	3,854,096	10,780,861	406,665	15,041,622	15,533,562
Deferred inflows of resources:					
Deferred pension inflows	202,968	253,007	-	455,975	335,931
Deferred OPEB inflows	6,036	3,913	-	9,949	7,342
Total deferred inflows of resources	209,004	256,920	-	465,924	343,273
Net position:					
Net investment in capital assets	7,405,581	5,657,253	486,651	13,549,485	14,214,253
Restricted for special purposes:					
Bond reserve and redemption	106,558	294,645	-	401,203	335,801
DNR plant replacements	-	674,885	-	674,885	573,844
Net pension asset	86,233	107,492	-	193,725	153,424
Unrestricted	1,077,483	2,603,984	37,340	3,718,807	3,265,736
Total net position	8,675,855	9,338,259	523,991	18,538,105	18,543,058
Total liabilities, deferred inflows of resources, and net position	\$ 12,738,955	\$ 20,376,040	\$ 930,656	\$ 34,045,651	\$ 34,419,893

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2022 Totals	2021 Totals (Memorandum Only)
Operating revenues:					
Sales of water	\$ 1,182,392	\$ -	\$ -	\$ 1,182,392	\$ 1,152,731
Sewerage service fees	-	1,468,011	-	1,468,011	1,488,458
Other operating revenues	41,498	32,140	501,630	575,268	566,693
Total operating revenues	<u>1,223,890</u>	<u>1,500,151</u>	<u>501,630</u>	<u>3,225,671</u>	<u>3,207,882</u>
Operating expenses:					
Operation and maintenance	507,878	676,584	436,285	1,620,747	1,662,262
Depreciation	334,213	732,718	-	1,066,931	1,043,620
Taxes	10,639	23,763	28,493	62,895	62,767
Total operating expenses	<u>852,730</u>	<u>1,433,065</u>	<u>464,778</u>	<u>2,750,573</u>	<u>2,768,649</u>
Operating income (loss)	<u>371,160</u>	<u>67,086</u>	<u>36,852</u>	<u>475,098</u>	<u>439,233</u>
Nonoperating revenues (expenses):					
Interest and dividend income	4,269	49,674	25	53,968	26,906
Interest on long-term debt	(64,454)	(223,581)	(15,734)	(303,769)	(311,247)
Amortization	(240)	(334)	-	(574)	(1,514)
Nonoperating grants expense	(195,785)	-	-	(195,785)	(189,379)
Nonoperating grants	195,785	-	-	195,785	189,379
Total nonoperating revenues (expenses)	<u>(60,425)</u>	<u>(174,241)</u>	<u>(15,709)</u>	<u>(250,375)</u>	<u>(285,855)</u>
Net income (loss) before capital contributions and transfers	310,735	(107,155)	21,143	224,723	153,378
Capital contributions	1,667	-	-	1,667	399,386
Transfers:					
Tax equivalent	(231,343)	-	-	(231,343)	(231,934)
Change in net position	<u>81,059</u>	<u>(107,155)</u>	<u>21,143</u>	<u>(4,953)</u>	<u>320,830</u>
Net position, January 1	<u>8,594,796</u>	<u>9,445,414</u>	<u>502,848</u>	<u>18,543,058</u>	<u>18,222,228</u>
Net position, December 31	<u>\$ 8,675,855</u>	<u>\$ 9,338,259</u>	<u>\$ 523,991</u>	<u>\$ 18,538,105</u>	<u>\$ 18,543,058</u>

See accompanying notes to financial statements.

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

Year Ended December 31, 2022

With Comparative Totals for Year Ended December 31, 2021

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2022 Totals	2021 Totals (Memorandum Only)
Cash flows from operating activities:					
Cash received from customers	\$ 1,143,022	\$ 1,947,820	\$ 503,851	\$ 3,594,693	\$ 2,831,863
Cash received from (paid to) other funds for services	44,669	80,854	-	125,523	(424,113)
Cash paid to suppliers for goods and services	(844,553)	(1,155,303)	(464,778)	(2,464,634)	(1,277,417)
Cash payments to employees for services	185,544	216,416	-	401,960	(466,391)
Net cash provided (used) by operating activities	<u>528,682</u>	<u>1,089,787</u>	<u>39,073</u>	<u>1,657,542</u>	<u>663,942</u>
Cash flows from non capital and related financing activities:					
Transfers - tax equivalent paid	(224,739)	-	-	(224,739)	(217,518)
Net cash provided (used) by non capital and related financing activities	<u>(224,739)</u>	<u>-</u>	<u>-</u>	<u>(224,739)</u>	<u>(217,518)</u>
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(1,386,528)	(2,072,917)	(16,777)	(3,476,222)	(615,955)
Proceeds from long-term debt	1,473,592	1,756,438	-	3,230,030	2,500,432
Interest paid	(67,182)	(230,532)	(16,443)	(314,157)	(299,390)
Plant additions	(61,047)	(93,258)	-	(154,305)	(2,330,566)
Net cash provided (used) by capital and related financing activities	<u>(41,165)</u>	<u>(640,269)</u>	<u>(33,220)</u>	<u>(714,654)</u>	<u>(745,479)</u>
Cash flows from investing activities:					
Interest and dividend income on cash and cash equivalents	4,269	49,674	25	53,968	26,906
Net cash provided (used) by investing activities	<u>4,269</u>	<u>49,674</u>	<u>25</u>	<u>53,968</u>	<u>26,906</u>
Net increase (decrease) in cash and cash equivalents	267,047	499,192	5,878	772,117	(272,149)
Cash and cash equivalents, January 1	700,796	2,182,685	34,122	2,917,603	3,189,752
Cash and cash equivalents, December 31	<u>\$ 967,843</u>	<u>\$ 2,681,877</u>	<u>\$ 40,000</u>	<u>\$ 3,689,720</u>	<u>\$ 2,917,603</u>

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	Water Utility	Sewer Utility	Municipal Golf Course Utility	2022 Totals	2021 Totals (Memorandum Only)
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$ 371,160	\$ 67,086	\$ 36,852	\$ 475,098	\$ 439,233
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	334,213	732,718	-	1,066,931	1,043,620
Meter reading allocation	17,224	(17,224)	-	-	-
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Customer accounts receivable	(319)	897	-	578	75,054
Other receivables	(80,549)	446,772	2,221	368,444	(451,073)
Due from other funds	88	1,856	-	1,944	27,490
Advances to other funds	-	67,572	-	67,572	(409,321)
Materials and supplies	(613)	(1,143)	-	(1,756)	(4,832)
Prepaid expenses	(22,702)	(22,702)	-	(45,404)	-
Accounts payable	(102,338)	(162,290)	-	(264,628)	(2,877)
Accrued sick leave	(7,663)	(22,079)	-	(29,742)	(1,934)
Pension and OPEB related liability and deferrals	(7,176)	(30,326)	-	(37,502)	(9,136)
Due to other funds	27,357	28,650	-	56,007	(42,282)
Net cash provided (used) by operating activities	\$ 528,682	\$ 1,089,787	\$ 39,073	\$ 1,657,542	\$ 663,942
Supplementary schedules:					
Noncash capital and related financing transactions:					
Plant additions	\$ (1,667)	\$ -	\$ -	\$ (1,667)	\$ (653,789)
Accounts payable	-	-	-	-	254,403
Contributed capital	1,667	-	-	1,667	399,386
	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents	\$ 861,285	\$ 1,712,347	\$ 40,000	\$ 2,613,632	\$ 2,007,958
Restricted cash and cash equivalents	106,558	969,530	-	1,076,088	909,645
	\$ 967,843	\$ 2,681,877	\$ 40,000	\$ 3,689,720	\$ 2,917,603

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of December 31, 2022
With Comparative Totals for December 31, 2021

	Tax Custodial Fund	Expendable Trust Fund Park Fund	2022 Totals	2021 Totals (Memorandum Only)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,042,346	\$ 5,000	\$ 1,047,346	\$ 1,247,864
Taxes receivable	3,331,584	-	3,331,584	3,078,668
Total assets	\$ 4,373,930	\$ 5,000	\$ 4,378,930	\$ 4,326,532
<u>LIABILITIES</u>				
Due to other governments	\$ 4,373,930	\$ -	\$ 4,373,930	\$ 4,321,532
Total liabilities	4,373,930	-	4,373,930	4,321,532
<u>NET POSITION</u>				
Restricted	-	5,000	5,000	5,000
Total net position	-	5,000	5,000	5,000
Total liabilities and net position	\$ 4,373,930	\$ 5,000	\$ 4,378,930	\$ 4,326,532

See accompanying notes to financial statements.

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	Tax Custodial Fund	Expendable Trust Fund Park Fund	2022 Totals	2021 Totals (Memorandum Only)
ADDITIONS				
Property tax collections for other governments	\$ 2,623,297	\$ -	\$ 2,623,297	\$ 2,901,699
DEDUCTIONS				
Payments of taxes to other governments	2,623,297	-	2,623,297	2,901,699
Change in net position	-	-	-	-
Net position, January 1	-	5,000	5,000	5,000
Net position, December 31	\$ -	\$ 5,000	\$ 5,000	\$ 5,000

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF VIROQUA, WISCONSIN
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CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The Housing Authority of the City of Viroqua

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

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

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

The City reports the following major governmental funds:

- General Fund
- Tax Incremental Financing Districts Fund
- Debt Service Fund

The City reports the following nonmajor governmental funds:

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

Proprietary Funds

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

The City reports the following major proprietary funds:

Water Utility
Sewer Utility
Municipal Golf Course Utility

Fiduciary Funds (Not included in Government-Wide Statements)

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

The City reports the following fiduciary funds:

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

Expendable Trust Fund - The City's Expendable Trust Fund accounts for the City's Park development.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

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

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

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

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

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

Property tax calendar – 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full or	
first installment due	January 31, 2023
Second installment due	July 31, 2023

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

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

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

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS

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

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

E. CASH AND INVESTMENTS

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

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

Restricted Assets

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

F. INVENTORIES AND PREPAID ITEMS

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS

Government-Wide Statements

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

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Fund Financial Statements

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

H. INTERFUND RECEIVABLES AND PAYABLES

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

K. LONG-TERM OBLIGATIONS/CONDUIT DEBT

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

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

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

The City has issued tax-exempt industrial revenue bonds and lease revenue bonds for various non-profit organizations located within the City totaling \$9,059,345 with an outstanding balance of \$4,971,998 on December 31, 2022. The City is not obligated in any manner for these obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CLAIMS AND JUDGMENTS

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

M. INTERFUND TRANSACTIONS

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

N. OTHER POSTEMPLOYMENT BENEFITS

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

O. PENSIONS

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The City has two items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system of \$2,321,527 and the OPEB plan of \$63,287.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has four items that qualify for reporting in the category. The deferred inflows of resources are for the WRS pension system of \$2,799,121, the OPEB plan of \$35,124, deferred tax revenue of \$3,631,804, and special assessments of \$118,861.

Q. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. EQUITY CLASSIFICATIONS (Continued)

Fund Statements

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

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

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

R. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) on October 20, 2021, and placed into effect by the Water Utility in December 2021. The rates are designed to provide a 4.90% return on rate base. On January 5, 2023, the PSCW approved new rates that were placed into effect by the Water Utility on February 1, 2023.

Sewer Utility

Current sewer rates were approved by the Common Council and were placed into effect on March 1, 2016. On November 29, 2022, the Common Council approved new sewer rates that were placed into effect on January 1, 2023.

S. SUMMARIZED COMPARATIVE INFORMATION

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. RECLASSIFICATIONS

Certain 2021 amounts have been reclassified to conform to the 2022 presentation.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

B. DEFICIT BALANCES

As of December 31, 2022, the following individual Tax Incremental Financing Districts Fund held a deficit balance:

Fund	Amount	Reason
Tax Incremental Financing District No. 4	\$ 867,348	Unrecovered costs

C. BOND COVENANT DISCLOSURE

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

Compliance with Funding Requirements

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

Number of Customers

The utilities served the following number of customers on December 31, 2022:

	Water	Sewer
Residential	1,795	1,752
Commercial	266	249
Industrial	11	10
Public authority	36	34
Multi-residential	28	25
Totals	2,136	2,070

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

C. BOND COVENANT DISCLOSURE (Continued)

Insurance Coverage

The utilities were covered under insurance on December 31, 2022.

Debt Coverage

2022 required and actual coverage factors are as follows:

Actual Defined Earnings	Water	Sewer
Change in net position	\$ 81,059	\$ (107,155)
Plus:		
Interest expense	64,454	223,581
Depreciation	334,213	732,718
Amortization	240	334
Tax equivalent	231,343	-
Less:		
Capital contributions	(1,667)	-
Income available for debt service	\$ 709,642	\$ 849,478
Annual debt service	\$ 249,218	\$ 688,445
2022 calculated coverage ratio	2.85	1.23
Required coverage ratio	1.25	1.25

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

The carrying amount of the City’s cash and investments totaled \$7,644,653 on December 31, 2022 and is summarized below:

Cash on hand	\$	375
Deposits with financial institutions		5,688,618
Investments:		
Local Government Investment Pool		1,955,660
		<u>\$ 7,644,653</u>
 Reconciliation to the basic financial statements:		
Government-Wide Statement of Net Position:		
Cash and investments	\$	4,299,032
Restricted cash and investments		2,298,275
Fiduciary funds:		
Cash and cash equivalents		1,047,346
		<u>\$ 7,644,653</u>

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

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

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

As of December 31, 2022, \$4,935,910 of the City’s deposits with financial institutions totaling \$6,046,284, was in excess of federal depository insurance limits and uncollateralized. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2022, the LGIP had an average maturity of 15 days and a fair value of \$1,955,660.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The investment in the LGIP was not rated as of December 31, 2022. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for the purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on state rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains and losses generated by the pool’s investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-andFinance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day’s notice. At December 31, 2022, the fair value of the City’s share of the LGIP’s assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

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

Investment allocation in the LGIP as of December 31, 2022, was: 88% in U.S. Government Securities, 2% in Certificates of Deposit and Bankers’ Acceptances and 10% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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

B. RECEIVABLES

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

	General	TIF Districts	Nonmajor	Total Governmental	Fiduciary
Total receivables	\$ 2,510,258	\$ 690,098	\$ 396,568	\$ 3,596,924	\$ 3,331,584
Amounts not expected to be collected within one year	\$ 137,022	\$ -	\$ 396,568	\$ 533,590	\$ -

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES (Continued)

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

C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables/payables:

<u>Receivable fund:</u>	<u>Payable fund:</u>	<u>Purpose:</u>	<u>Amount</u>
General Fund	TIF Districts	Expense reimbursement	\$ 89,965
General Fund	Water Utility	Expense reimbursement	28,592
General Fund	Sewer Utility	Expense reimbursement	29,466
Water Utility	General Fund	Expense reimbursement	33,199
Sewer Utility	General Fund	Expense reimbursement	35,512
			<u>\$ 216,734</u>

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

The following is a schedule of interfund advances:

<u>Receivable fund:</u>	<u>Payable fund:</u>	<u>Purpose:</u>	<u>Amount</u>
Water Utility	TIF Districts	Expense reimbursement	\$ 352,931
Sewer Utility	TIF Districts	Expense reimbursement	876,005
			<u>\$ 1,228,936</u>

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

The following is a schedule of interfund transfers in the government-wide statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Purpose:</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	Tax equivalent	\$ 231,343

The following is a schedule of interfund transfers in the governmental fund statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Purpose:</u>	<u>Amount</u>
Debt Service	General Fund	Debt payment	\$ 14,441
TIF Districts	General Fund	Affordable housing	18,679
			<u>\$ 33,120</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. RESTRICTED ASSETS

The City's Governmental Funds reported the following restricted cash on December 31, 2022:

General Fund:		
Landfill closure	\$	9,356
Police		16,731
Grants Fund		128,817
Library Fund		68,844
TIF District No. 3		86,037
TIF District No. 5		21,761
TIF District No. 6		890,641
	<u>\$</u>	<u>1,222,187</u>

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

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

Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the City's combined waterworks and sewerage system if other funds are not available. The Sewer Utility is required to deposit funds annually in the plant replacement fund to satisfy the terms of the user charge ordinance. On December 31, 2022, the replacement fund balance was \$674,885.

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

	Water	Sewer	Total
Bond reserve and redemption accounts	\$ 106,558	\$ 294,645	\$ 401,203
DNR plant replacement fund	-	674,885	674,885
Total restricted cash and investments	<u>\$ 106,558</u>	<u>\$ 969,530</u>	<u>\$ 1,076,088</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 723,455	\$ -	\$ -	\$ 723,455
Construction work in progress	2,102,227	816,313	2,918,540	-
Total capital assets not being depreciated	<u>2,825,682</u>	<u>816,313</u>	<u>2,918,540</u>	<u>723,455</u>
Capital assets being depreciated:				
Land improvements	715,397	-	-	715,397
Buildings and improvements	8,000,977	2,918,541	-	10,919,518
Machinery and equipment	5,374,122	272,554	115,678	5,530,998
Infrastructure	6,707,967	-	-	6,707,967
Total capital assets being depreciated	<u>20,798,463</u>	<u>3,191,095</u>	<u>115,678</u>	<u>23,873,880</u>
Total capital assets	<u>23,624,145</u>	<u>4,007,408</u>	<u>3,034,218</u>	<u>24,597,335</u>
Less: Accumulated depreciation:				
Land improvements	(300,908)	(28,286)	-	(329,194)
Buildings and improvements	(1,526,488)	(201,072)	-	(1,727,560)
Machinery and equipment	(2,845,013)	(262,972)	(94,294)	(3,013,691)
Infrastructure	(1,157,613)	(191,370)	-	(1,348,983)
Total accumulated depreciation	<u>(5,830,022)</u>	<u>(683,700)</u>	<u>(94,294)</u>	<u>(6,419,428)</u>
Net capital assets	<u>\$ 17,794,123</u>	<u>\$ 3,323,708</u>	<u>\$ 2,939,924</u>	<u>\$ 18,177,907</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 44,454
Public safety	206,037
Public works	293,984
Culture, recreation and development	<u>139,225</u>
Total governmental activities depreciation expense	<u>\$ 683,700</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Capital asset activity for the utilities for the year ended December 31, 2022, was as follows:

	Balance 1/1/2022	Additions	Retirements	Balance 12/31/2022
<u>Water</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 1,315	\$ -	\$ -	\$ 1,315
Construction work in progress	625	-	-	625
Total capital assets not being depreciated	1,940	-	-	1,940
Capital assets being depreciated:				
Source of supply	1,462,043	-	-	1,462,043
Pumping	1,105,433	-	-	1,105,433
Water treatment	7,708	-	-	7,708
Transmission and distribution	12,016,697	62,714	37,768	12,041,643
General	543,532	-	-	543,532
Total capital assets being depreciated	15,135,413	62,714	37,768	15,160,359
Total water capital assets	<u>\$ 15,137,353</u>	<u>\$ 62,714</u>	<u>\$ 37,768</u>	<u>\$ 15,162,299</u>
<u>Sewer</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 116,927	\$ 26,513	\$ -	\$ 143,440
Construction work in progress	44,560	220	-	44,780
Total capital assets not being depreciated	161,487	26,733	-	188,220
Capital assets being depreciated:				
Pumping	1,256,848	-	-	1,256,848
Non-utility	12,000	-	-	12,000
Collecting system	8,202,526	61,615	-	8,264,141
Treatment and disposal	11,300,101	4,910	-	11,305,011
General	1,349,670	-	-	1,349,670
Total capital assets being depreciated	22,121,145	66,525	-	22,187,670
Total sewer capital assets	<u>\$ 22,282,632</u>	<u>\$ 93,258</u>	<u>\$ -</u>	<u>\$ 22,375,890</u>
<u>Golf course</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 890,656	\$ -	\$ -	\$ 890,656
Total capital assets	<u>\$ 890,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,656</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

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

Fund	Depreciation Rate	Balance 1/1/2022	2022 Depreciation Expense	2022 Meter Reading Allocation	2022	Balance 12/31/2022
					Retirements and Removals (net of salvage)	
Water	1.3% - 26.67%	\$ 3,976,155	\$ 334,213	\$ 17,224	\$ (37,768)	\$ 4,289,824
Sewer	1.0% - 15%	5,361,341	732,718	(17,224)	-	6,076,835
		<u>\$ 9,337,496</u>	<u>\$ 1,066,931</u>	<u>\$ -</u>	<u>\$ (37,768)</u>	<u>\$ 10,366,659</u>

F. DEFERRED INFLOWS OF RESOURCES

Deferred inflows on December 31, 2022, for governmental funds consist of the following:

	General Fund	Tax Incremental Financing Districts	Total
Property taxes receivable	\$ 2,725,800	\$ 906,005	\$ 3,631,805
Special assessments not yet due	118,861	-	118,861
Unearned tax equivalent	268,048	-	268,048
Total deferred inflows for governmental funds	<u>\$ 3,112,709</u>	<u>\$ 906,005</u>	<u>\$ 4,018,714</u>

Deferred inflows on December 31, 2022, as reported on the statement of net position, consist of the following:

	Governmental Activities	Business-Type Activities
Property taxes receivable	\$ 3,631,804	\$ -
Special assessments not yet due	118,861	-
Deferred pension inflows	2,343,146	455,975
Deferred OPEB inflows	25,175	9,949
Total deferred inflows for governmental activities	<u>\$ 6,118,986</u>	<u>\$ 465,924</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 1,505,857	\$ 1,322,682	\$ 181,600	\$ 2,646,939	\$2,189,893
Bonds and notes	8,205,000	-	570,000	7,635,000	520,000
Land contract	615,030	-	87,900	527,130	87,900
Bond premium	138,325	-	14,203	124,122	-
Less discount on debt	(2,416)	-	(483)	(1,933)	-
Total bonds and notes payable	<u>10,461,796</u>	<u>1,322,682</u>	<u>853,220</u>	<u>10,931,258</u>	<u>2,797,793</u>
Other liabilities:					
TIPR bonds	610,656	-	46,985	563,671	63,360
Compensated absences	441,953	15,532	-	457,485	12,000
Total other liabilities	<u>1,052,609</u>	<u>15,532</u>	<u>46,985</u>	<u>1,021,156</u>	<u>75,360</u>
Total governmental activities long-term liabilities	<u>\$ 11,514,405</u>	<u>\$ 1,338,214</u>	<u>\$ 900,205</u>	<u>\$ 11,952,414</u>	<u>\$ 2,873,153</u>
Business-type Activities					
Bonds and notes payable:					
Notes and bonds from direct borrowings and direct placements	\$ 12,748,893	\$ 3,230,030	\$ 3,341,222	\$ 12,637,701	\$ 834,958
Bonds	2,010,000	-	135,000	1,875,000	245,000
Bond premium	7,680	-	1,535	6,145	-
Less discount on debt	(12,751)	-	(2,109)	(10,642)	-
Total bonds and notes payable	<u>14,753,822</u>	<u>3,230,030</u>	<u>3,475,648</u>	<u>14,508,204</u>	<u>1,079,958</u>
Other liabilities:					
Compensated absences	128,424	2,231	31,974	98,681	-
Total other liabilities	<u>128,424</u>	<u>2,231</u>	<u>31,974</u>	<u>98,681</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 14,882,246</u>	<u>\$ 3,232,261</u>	<u>\$ 3,507,622</u>	<u>\$ 14,606,885</u>	<u>\$ 1,079,958</u>

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2022, was \$19,419,785. Total general obligation debt outstanding at year end was \$10,281,939.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

TIPR (Tax Increment Project Revenue) Bonds

The City has executed multiple developer agreements with local businesses relative to their expansion in the City's Industrial Park. The agreements specify certain infrastructure to be constructed by the developer and provide for the use of tax incremental financing. Over the life of the tax increment districts, developer agreements in the form of Tax Increment Project Revenue (TIPR) bonds have been issued totaling \$2,076,461 for TID No. 3, \$638,664 for TID No. 4, \$113,035 for TID No. 5 and \$500,000 for TID No. 6. The TID No. 4 TIPR bonds have been paid off. The TIPR bonds will be retired solely from Tax Incremental Financing District revenues over the life of each TID. Repayment schedules for the TIPR bonds are determined annually based on the increment generated by each property. The amounts are payable only if the TIF Districts have enough revenue after paying existing debt obligations. The TIPR bonds outstanding on December 31, 2022, were as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
TID No. 3						
Developer	7/1/2010	9/1/2023	4.00%	\$ 76,461	\$ 52,096	\$ 3,631
Developer	6/1/2016	9/1/2023	3.00%	150,000	15,530	15,530
TID No. 5						
Developer	4/25/2021	4/25/2026	0.00%	113,035	88,456	12,025
TID No. 6						
Developer	9/1/2018	9/1/2043	3.50%	500,000	407,589	32,174
Total TIPR bonds					<u>\$ 563,671</u>	<u>\$ 63,360</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Long-term obligations outstanding for the year ended December 31, 2022, were as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2022
Governmental Activities:					
Bonds and notes:					
General obligation bonds	9/9/2014	6/1/2034	.6% - 3.75%	\$ 2,300,000	\$ 1,560,000
General obligation bonds	10/15/2020	6/1/2040	1.0% - 2.0%	3,000,000	2,870,000
General obligation bonds	2/11/2021	2/1/2041	.2% - 2.0%	1,510,000	1,460,000
General obligation promissory note	2/11/2021	3/1/2030	1.0% - 2.0%	1,300,000	1,170,000
General obligation refunding bonds	7/28/2016	12/1/2026	1.55% - 2.5%	1,380,000	575,000
Total bonds and notes					<u>7,635,000</u>
Notes from direct borrowings and direct placements:					
General obligation promissory note	12/27/2013	12/27/2023	2.70%	118,369	13,203
General obligation promissory note	12/22/2014	12/22/2024	2.09%	203,000	43,956
General obligation promissory note	12/31/2015	1/2/2026	2.19%	508,694	164,126
General obligation promissory note	12/22/2016	12/22/2026	2.44%	451,600	103,105
General obligation promissory note	12/20/2017	12/20/2027	2.63%	202,687	107,838
General obligation note anticipation note	6/8/2021	8/31/2023	0.39% - 4.29%	2,673,000 ^	2,014,711
General obligation promissory note	12/15/2022	12/15/2032	3.55%	200,000	200,000
Total notes from direct borrowings and direct placements					<u>2,646,939</u>
Land Contract					
TIF District #7 Land contract payable	8/27/2020	1/1/2025	0.00%	879,000	527,130
Total land contract					<u>527,130</u>
Total governmental activities debt					<u>\$ 10,809,069</u>

^Original indebtedness is the maximum that can be drawn on the note. Only drew \$2,014,711 through December 31, 2022.

Debt service requirements to maturity are as follows:

Years	Governmental Activities						
	Notes from Direct Borrowings and Direct Placements			Bonds and Notes			Land Contract
	Principal	Interest	Total	Principal	Interest	Total	Principal
2023	\$ 2,189,893	\$ 91,171	\$ 2,281,064	\$ 520,000	\$ 143,190	\$ 663,190	\$ 87,900
2024	166,200	13,017	179,217	550,000	132,223	682,223	87,900
2025	99,067	10,142	109,209	580,000	121,935	701,935	351,330
2026	41,135	6,398	47,533	525,000	110,570	635,570	-
2027	42,644	5,142	47,786	535,000	100,580	635,580	-
2028-2032	108,000	11,751	119,751	2,445,000	364,529	2,809,529	-
2033-2037	-	-	-	1,650,000	146,941	1,796,941	-
2038-2041	-	-	-	830,000	32,250	862,250	-
Totals	<u>\$ 2,646,939</u>	<u>\$ 137,621</u>	<u>\$ 2,784,560</u>	<u>\$ 7,635,000</u>	<u>\$ 1,152,218</u>	<u>\$ 8,787,218</u>	<u>\$ 527,130</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Long-term obligations for business-type activities for the year ended December 31, 2022, consisted of the following individual issues:

Business-type Activities	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2022
Bonds:					
Sewerage system revenue refunding bonds	4/25/2019	5/1/2029	2.3% - 3.05%	\$ 1,280,000	\$ 1,145,000
Sewerage system revenue refunding bonds	7/28/2016	5/1/2027	2.00%	1,095,000	730,000
Total bonds					<u>1,875,000</u>
Notes and bonds from direct borrowings and direct placements:					
Safe drinking well loan program	10/23/2013	10/23/2033	1.16%	1,491,348	813,778
Safe drinking well loan program	4/28/2004	5/1/2023	1.4190%	962,469	61,815
Water system revenue bonds	9/1/2016	5/1/2056	2.25%	1,472,000	1,275,500
Sewer system revenue bonds	9/1/2016	5/1/2056	2.25%	1,145,630	1,032,130
Clean water fund loan	11/22/2017	5/1/2037	0.455%	2,373,393	1,556,972
Sewer system revenue bonds	9/18/2017	5/1/2057	2.00%	4,996,000	4,608,900
Golf course utility mortgage note payable	11/10/2016	4/10/2023	4.75%	483,065	404,005
Water system revenue bonds	2/23/2022	5/1/2061	1.25%	1,347,000	1,315,800
Sewer system revenue bonds	2/23/2022	5/1/2061	1.25%	1,606,000	1,568,800
Total notes and bonds from direct borrowings and direct placements					<u>12,637,700</u>
Total business-type activities					<u>\$ 14,512,700</u>

Years	Business-Type Activities					
	Notes and Bonds from Direct Borrowings and Direct Placements			Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 834,958	\$ 225,419	\$ 1,060,377	\$ 245,000	\$ 44,270	\$ 289,270
2024	372,801	211,601	584,402	250,000	38,808	288,808
2025	381,277	206,085	587,362	265,000	32,965	297,965
2026	384,754	200,452	585,206	265,000	26,844	291,844
2027	377,261	194,884	572,145	275,000	20,503	295,503
2028-2032	1,971,195	889,381	2,860,576	575,000	17,161	592,161
2033-2037	1,800,615	745,041	2,545,656	-	-	-
2038-2042	1,322,900	606,659	1,929,559	-	-	-
2043-2047	1,470,200	459,640	1,929,840	-	-	-
2048-2052	1,634,700	295,148	1,929,848	-	-	-
2053-2057	1,722,340	112,140	1,834,480	-	-	-
2058-2061	364,700	9,188	373,888	-	-	-
Total	<u>\$ 12,637,701</u>	<u>\$ 4,155,638</u>	<u>\$ 16,793,339</u>	<u>\$ 1,875,000</u>	<u>\$ 180,551</u>	<u>\$ 2,055,551</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements on December 31, 2022 include the following:

Nonspendable	
Major Fund:	
General Fund:	
Inventories	\$ 12,066
Prepays	103,660
Delinquent personal property taxes	7,579
Total nonspendable	<u>123,305</u>
Restricted	
Major Funds:	
General Fund:	
Police expenditures	16,731
Landfill	9,356
Energy efficiency and conservation	1,498
Affordable housing	18,679
Tax Incremental Financing District No. 3	5,000
Tax Incremental Financing District No. 5	7,738
Tax Incremental Financing District No. 6	428,633
Tax Incremental Financing District No. 7	635,879
Nonmajor Funds:	
Grants Fund:	
Low-income housing and business development	525,385
Library Fund	68,844
Total restricted	<u>1,717,743</u>
Assigned	
Major Fund:	
Airport	25,276
Airport project land sale	1,106
Cemetery	562,858
Recycling truck	8,390
Skate park	817
Park ice	1,187
Tourism development	1,913
Park bowl development	21,819
Bathhouse	523
Historic preservation	993
Total assigned	<u>624,882</u>
Unassigned	
Major Funds:	
General Fund (deficit)	(192,591)
Tax Incremental Financing Districts (deficit)	(867,348)
Total unassigned	<u>(1,059,939)</u>
Total governmental fund balance	<u>\$ 1,405,991</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

General Information about the Other Post-Employment Benefits

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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

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

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

Contribution rates as of December 31, 2022, are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021, are as listed below:

Life Insurance		
Member Contribution Rates*		
For the year ended December 31, 2021		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$579 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

On December 31, 2022, the City reported a liability (asset) of \$167,382 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. On December 31, 2021, the City's proportion was 0.02832000%, which was a decrease of 0.00439% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense (revenue) of \$19,740.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

On December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (8,514)
Net differences between projected and actual earnings on plan investments	2,178	-
Changes in actuarial assumptions	50,571	(8,113)
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,066	(18,497)
Employer contributions subsequent to the measurement date	472	-
Totals	\$ 63,287	\$ (35,124)

\$472 reported as deferred outflows related to OPEB resulting from the City's employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ 7,139
2024	6,886
2025	5,932
2026	7,229
2027	2,802
Thereafter	(2,297)
Total	\$ 27,691

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

Actuarial assumptions. The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 1, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5%	1.82%
US Mortgages Inflation	Bloomberg US MBS	50%	1.94%
Long-Term Expected Rate of Return			2.30%
			4.25%

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

The long-term expected rate of return rate remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020, to 2.30% as of December 31, 2021.

Single Discount rate. A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020, to 2.06% as of December 31, 2021. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
City's proportionate share of the net OPEB liability (asset)	\$ 227,077	\$ 167,382	\$ 122,464

J. PENSION PLAN

General Information about the Pension Plan

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

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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

During the reporting period, the WRS recognized \$177,282 in contributions from the employer.

Contribution rates as of December 31, 2022, are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On December 31, 2022, the City reported a liability (asset) of (\$1,189,233) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating employers. On December 31, 2021, the City's proportion was 0.01475442%, which was an increase of 0.00025403% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of (\$102,104). On December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,921,146	\$ (138,535)
Net differences between projected and actual earnings on pension plan investments	-	(2,660,414)
Changes in assumptions	221,870	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,250	(172)
Employer contributions subsequent to the measurement date	176,271	-
Total	<u>\$ 2,321,537</u>	<u>\$ (2,799,121)</u>

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

\$176,271 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (54,864)
2024	(321,760)
2025	(141,361)
2026	(135,870)
2027	-
Total	\$ (653,855)

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
	January 1, 2018 - December 31, 2020
Experience Study:	Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the December 31, 2020, actuarial valuation.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

Asset Allocation Targets and Expected Returns¹

As of December 31, 2021

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund ³	115	6.6	4.0
<u>Variable Fund Asset</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%.

Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. 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.).

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For the purpose of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 843,845	\$ (1,189,233)	\$ (2,652,671)

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

Allocation of Pension Plan

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

Payables to the Pension Plan

On December 31, 2022, the City had \$42,819 due to the pension plan for December contributions.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

Summary Description

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

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

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

The City has created Tax Incremental Financing Districts No. 2, 3, 4, 5, 6, and 7. On December 14, 2021, the City Council approved a resolution, which approved the termination of TIF District No. 2. A summary of the cumulative status is as follows:

	Cumulative To Date
TIF District No. 2	
Revenues	
Taxes and intergovernmental revenues	\$ 562,695
Expenditures	
Project costs	\$ 297,943
Financing costs	149,337
Transfers out	115,415
Total expenditures	\$ 562,695
TIF District No. 3	
Revenues	
Taxes and intergovernmental revenues	\$ 5,262,433
Proceeds from long-term debt	264,532
Total revenues	\$ 5,526,965
Expenditures	
Project costs	\$ 4,505,364
Financing costs	610,897
Transfers out	405,704
Total expenditures	\$ 5,521,965

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

	Cumulative To Date
TIF District No. 4	
Revenues	
Taxes and intergovernmental revenues	\$ 1,618,697
Proceeds from long-term debt	334,677
Transfers in	147,439
Miscellaneous revenues	30,000
Total revenues	\$ 2,130,813
Expenditures	
Project costs	\$ 2,691,398
Financing costs	306,763
Total expenditures	\$ 2,998,161
TIF District No. 5	
Revenues	
Taxes and intergovernmental revenues	\$ 866,400
Miscellaneous revenues	85,019
Total revenues	\$ 951,419
Expenditures	
Project costs	\$ 796,242
Transfers out	147,439
Total expenditures	\$ 943,681
TIF District No. 6	
Revenues	
Taxes and intergovernmental revenues	\$ 794,699
Proceeds from long-term debt	1,897,621
Transfers in	502,440
Miscellaneous revenues	17,802
Total revenues	\$ 3,212,562
Expenditures	
Project costs	\$ 1,759,051
Financing costs	1,024,878
Total expenditures	\$ 2,783,929

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

	Cumulative To Date
TIF District No. 7	
Revenues	
Taxes and intergovernmental revenues	\$ 1,824,898
Proceeds from long-term debt	2,758,344
Transfers in	87,900
Miscellaneous revenues	93,771
Total revenues	\$ 4,764,913
Expenditures	
Project costs	\$ 2,212,479
Financing costs	1,916,555
Total expenditures	\$ 4,129,034

Current valuations of the Districts are as follows:

	TID No. 3	TID No. 4	TID No. 5	TID No. 6	TID No. 7
Current value	\$ 20,378,400	\$ 4,043,700	\$ 3,146,700	\$ 25,827,000	\$ 13,914,900
Base value	3,810,600	293,000	279,600	13,024,300	5,761,300
Increment	\$ 16,567,800	\$ 3,750,700	\$ 2,867,100	\$ 12,802,700	\$ 8,153,600

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

	Creation Date	Termination Date
TID No. 3	9/12/1995	9/12/2025
TID No. 4	4/27/1999	4/27/2029
TID No. 5	4/25/2006	4/25/2029
TID No. 6	8/11/2015	8/11/2042
TID No. 7	9/10/2019	9/10/2039

In 2019, the City approved extending the lives of TID No. 4 and TID No. 5. In 2022, the City approved to extend the life of TID No. 3.

Inter-fund payables and advances of \$829,550 for TID No. 4, and \$399,386 for TID No. 6 have been recorded in the Water Utility and Sewer Utility to reflect costs advanced on behalf of the Districts.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Developer Agreements

Developer agreements in the form of Tax Increment Project Revenue (TIPR) Bonds have been issued. These are reflected as long-term liabilities as illustrated in Note 3.G. on page 41.

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

The City of Viroqua through its TID No. 3, TID No. 4, TID No. 5, TID No. 6 and TID No. 7 has entered into agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The agreements are authorized through the TID project plans. The agreements require the City to make annual repayments of property taxes collected within the TID to the developers based upon the terms of the agreements.

For the year ended December 31, 2022, the City returned property taxes totaling \$5,563 related to TID No. 3, \$12,554 related to TID No. 5 and \$46,439 related to TID No. 6 developer agreements.

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

A developer agreement was issued in TID No. 5 whereby the developer guarantees a minimum annual tax increment payment of the development site of 46.10% of the tax increment. In the event that the actual tax increment payment is less than 46.10%, the developer will pay to the City an amount equal to the difference between 46.10% and the actual tax starting with the tax payment due in 2020.

A developer agreement was issued in TID No. 7 whereby the developer guarantees a minimum annual tax increment payment of the development site of \$72,360. In the event that the actual tax increment payment is less than \$72,360, the developer will pay to the City an amount equal to the difference between \$72,360 and the actual tax starting with the tax payment due in 2024.

L. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded effective January 1, 2022, follows:

	General Fund	TIF District No. 6	TIF District No. 7
Total fund balance (deficit) as previously reported	\$ 1,326,318	\$ (452,555)	\$ 418,198
To move debt proceeds to the correct fund.	(905,000)	570,000	335,000
Total fund balance (deficit) as restated	\$ 421,318	\$ 117,445	\$ 753,198

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4. OTHER INFORMATION

A. MUNICIPAL GOLF COURSE UTILITY AGREEMENT

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

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

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

B. COMMITMENTS AND CONTINGENCIES

The City has pledged a guarantee of \$300,000 as additional security for a Mortgage Note issued to construct improvements for the Municipal Golf Course Utility. As of December 31, 2022, the balance on the mortgage note was \$404,005.

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

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

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

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

During 2022, the City awarded a \$2,611,540 contract for construction of the new City Hall building. As of December 31, 2022, the City has a balance of \$146,454 to finish the construction project.

In 2022, the City was awarded a \$6,000,000 Neighborhood Investment Department of Administration grant for development of city property.

CITY OF VIROQUA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4. OTHER INFORMATION (Continued)

C. RISK MANAGEMENT

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

D. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The management of the City evaluated all lease agreements currently in place and made the determination that the implementation of GASB 87 would not have a material impact on the City's financial statements. Consequently, GASB 87 was not implemented for the City's fiscal year ending December 31, 2022, financial statements. Management will continue to assess the impact that GASB 87 may have on the City's financial statements in the future and, if determined to be material, the provisions of the statement will be implemented at that time.

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. When this becomes effective, application of this standard may restate portions of these financial statements.

E. RELATED PARTIES

During 2022, the City purchased, in the ordinary course of business, services from a company owned by a Council member. These purchases total \$174,840 in 2022.

F. SUBSEQUENT EVENTS

In August 2023, the Redevelopment Authority of the City of Viroqua, Wisconsin (RDA) issued Redevelopment Mortgage Lease Revenue Bonds in the amount of \$2,673,000 to finance the new City Hall. The RDA and the City entered into a lease agreement to provide funds to the RDA to make the debt service payments and fund the reserve requirements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance - Favorable (Unfavorable)	2021 Actual Totals (Memorandum Only)
	Original Budget	Final Budget	Actual		
Revenues:					
Property taxes	\$ 1,695,283	\$ 1,695,283	\$ 1,695,283	\$ -	\$ 1,553,704
Other taxes and special assessments	188,584	188,584	320,654	132,070	229,444
Intergovernmental	1,905,503	1,912,793	2,005,318	92,525	2,642,642
Licenses and permits	110,241	110,241	99,809	(10,432)	100,094
Penalties and forfeitures	12,200	9,200	10,841	1,641	13,165
Public charges for services	377,268	377,268	499,819	122,551	436,016
Interest	5,417	5,417	12,511	7,094	15,093
Miscellaneous revenues	59,512	39,512	142,138	102,626	183,199
Total revenues	<u>4,354,008</u>	<u>4,338,298</u>	<u>4,786,373</u>	<u>448,075</u>	<u>5,173,357</u>
Expenditures:					
Current:					
General government	827,064	811,354	1,005,744	(194,390)	856,483
Public safety	1,494,385	1,494,385	1,606,226	(111,841)	1,462,589
Public works	1,149,957	1,149,957	1,192,059	(42,102)	1,250,279
Health and social services	189,517	189,517	354,418	(164,901)	320,804
Culture, recreation and development	810,603	810,603	766,703	43,900	726,051
Capital outlay	241,000	241,000	1,254,102	(1,013,102)	3,717,379
Debt service:					
Principal retirement	-	-	-	-	777,874
Interest and fiscal charges	-	-	7,120	(7,120)	113,001
Total expenditures	<u>4,712,526</u>	<u>4,696,816</u>	<u>6,186,372</u>	<u>(1,489,556)</u>	<u>9,224,460</u>
Excess (deficiency) of revenues over expenditures	<u>(358,518)</u>	<u>(358,518)</u>	<u>(1,399,999)</u>	<u>(1,041,481)</u>	<u>(4,051,103)</u>
Other financing sources (uses):					
Proceeds of long-term debt	141,000	141,000	1,322,682	1,181,682	3,177,029
Bond premium	-	-	-	-	44,389
Transfer in	-	-	33,120	33,120	-
Transfer in - tax equivalent	217,518	217,518	224,739	7,221	217,518
Transfer out	-	-	-	-	(2,880)
Total other financing sources (uses)	<u>358,518</u>	<u>358,518</u>	<u>1,580,541</u>	<u>1,222,023</u>	<u>3,436,056</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>180,542</u>	<u>180,542</u>	<u>(615,047)</u>
Fund balance, January 1	1,326,318	1,326,318	1,326,318	-	1,843,227
Prior period adjustment	-	-	(905,000)	905,000	98,138
Fund balance, January 1, restated	<u>1,326,318</u>	<u>1,326,318</u>	<u>421,318</u>	<u>905,000</u>	<u>1,941,365</u>
Fund balance, December 31	<u>\$ 1,326,318</u>	<u>\$ 1,326,318</u>	<u>\$ 601,860</u>	<u>\$ 180,542</u>	<u>\$ 1,326,318</u>

See notes to required supplementary information.

CITY OF VIROQUA, WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
Year Ended December 31, 2022

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

Last 10 Calendar Years

Year ended December 31,	City's proportionate share of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	City's covered-employee payroll	Collective net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2021	0.02832000%	\$ 167,382	\$ 1,461,000	11.46%	29.57%
2020	0.03271000%	179,929	1,440,000	12.50%	31.36%
2019	0.02931300%	124,820	1,405,000	8.88%	37.58%
2018	0.03151200%	81,312	1,264,000	6.43%	48.69%
2017	0.03061900%	92,120	1,287,617	7.15%	44.81%

Schedule of Contributions

Last 10 Calendar Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2022	\$ 472	\$ (472)	\$ -	\$ 1,511,426	0.03%
2021	567	(567)	-	1,461,000	0.04%
2020	643	(643)	-	1,440,000	0.04%
2019	529	(529)	-	1,405,000	0.04%
2018	607	(607)	-	1,264,000	0.05%

See notes to required supplementary information.

CITY OF VIROQUA, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
Year Ended December 31, 2022

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

Last 10 Calendar Years

Year ended December 31,	City's proportionate share of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	City's covered-employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	(0.01475442%)	\$ (1,189,233)	\$ 2,082,447	(57.11%)	106.02%
2020	(0.01450039%)	(905,279)	1,986,652	(45.57%)	105.26%
2019	(0.01424646%)	(459,370)	1,903,070	(24.14%)	102.96%
2018	0.01399432%	497,874	1,894,579	26.28%	96.45%
2017	(0.01357136%)	(402,948)	1,784,511	(22.58%)	102.93%
2016	0.01341301%	110,554	1,727,852	6.40%	99.12%
2015	0.01354429%	220,091	1,685,335	13.06%	98.20%
2014	(0.01371848%)	(336,871)	1,678,136	(20.07%)	102.74%

Schedule of Contributions

Last 10 Calendar Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2022	\$ 176,272	\$ (176,272)	-	\$ 2,104,821	8.37%
2021	177,283	(177,283)	-	2,082,447	8.51%
2020	165,619	(165,619)	-	1,986,652	8.34%
2019	149,953	(149,953)	-	1,903,070	7.88%
2018	149,275	(149,275)	-	1,894,579	7.88%
2017	140,781	(140,781)	-	1,784,511	7.89%
2016	128,927	(128,927)	-	1,727,852	7.46%
2015	127,931	(127,931)	-	1,685,335	7.59%

See notes to required supplementary information.

CITY OF VIROQUA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2022

WISCONSIN RETIREMENT SYSTEM

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

Changes of Assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 2 preceding years.

CITY OF VIROQUA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2022

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2021	2020	2019	2018	2017
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

CITY OF VIROQUA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2022

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2016	2015	2014	2013
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

CITY OF VIROQUA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2022

EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Fund	Final Budgeted Expenditures	Actual Expenditures	Expenditures Over Appropriations
General Fund:			
Current:			
General government	\$ 811,354	\$ 1,005,744	\$ (194,390)
Public safety	1,494,385	1,606,226	(111,841)
Public works	1,149,957	1,192,059	(42,102)
Health and social services	189,517	354,418	(164,901)
Capital outlay	241,000	1,254,102	(1,013,102)
Debt service:			
Interest and fiscal charges	-	7,120	(7,120)

Excess expenditures over appropriations were financed with excess revenues over budgeted amounts, proceeds of long-term debt, and fund balance.

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Benefit Terms. There were no recent changes in benefit terms.

Assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021, total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018, total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 5 preceding years.

OTHER SUPPLEMENTARY INFORMATION

CITY OF VIROQUA, WISCONSIN
COMBINING BALANCE SHEET
GENERAL FUND
As of December 31, 2022
With Comparative Totals for December 31, 2021

	2022			Total Combined General Fund	2021 Totals (Memorandum Only)
	General Fund	Cemetery Fund	Elimination		
ASSETS					
Cash and investments	\$ 1,122,542	\$ 562,858	\$ -	\$ 1,685,400	\$ 2,505,356
Receivables:					
Taxes	2,394,767	-	-	2,394,767	2,131,183
Special assessments	57,490	-	-	57,490	16,002
Other	58,001	-	-	58,001	227,940
Prepaid expenses	103,660	-	-	103,660	6,326
Due from other funds	148,023	-	-	148,023	316,098
Inventory	12,066	-	-	12,066	12,513
Restricted assets:					
Cash and investments	26,087	-	-	26,087	23,456
Total assets	<u>\$ 3,922,636</u>	<u>\$ 562,858</u>	<u>\$ -</u>	<u>\$ 4,485,494</u>	<u>\$ 5,238,874</u>
LIABILITIES					
Accounts payable	\$ 191,681	\$ -	\$ -	\$ 191,681	\$ 642,706
Accrued liabilities and expenses	49,544	-	-	49,544	47,474
Unearned revenue	460,751	-	-	460,751	230,375
Due to other funds	68,711	-	-	68,711	70,655
Due to other governments	238	-	-	238	30,838
Total liabilities	<u>770,925</u>	<u>-</u>	<u>-</u>	<u>770,925</u>	<u>1,022,048</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>3,112,709</u>	<u>-</u>	<u>-</u>	<u>3,112,709</u>	<u>2,890,508</u>
FUND BALANCE					
Nonspendable	123,305	-	-	123,305	29,360
Restricted	46,264	-	-	46,264	24,955
Assigned	62,024	562,858	-	624,882	636,869
Unassigned (deficit)	(192,591)	-	-	(192,591)	635,134
Total fund balance	<u>39,002</u>	<u>562,858</u>	<u>-</u>	<u>601,860</u>	<u>1,326,318</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,922,636</u>	<u>\$ 562,858</u>	<u>\$ -</u>	<u>\$ 4,485,494</u>	<u>\$ 5,238,874</u>

CITY OF VIROQUA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	2022			Total Combined General Fund	2021 Totals (Memorandum Only)
	General Fund	Cemetery Fund	Elimination		
Revenues:					
Property taxes	\$ 1,695,283	\$ -	\$ -	\$ 1,695,283	\$ 1,553,704
Other taxes and special assessments	320,654	-	-	320,654	229,444
Intergovernmental	2,005,318	-	-	2,005,318	2,642,642
Licenses and permits	99,809	-	-	99,809	100,094
Penalties and forfeitures	10,841	-	-	10,841	13,165
Public charges for services	456,169	43,650	-	499,819	436,016
Interest	10,274	2,237	-	12,511	15,093
Miscellaneous revenues	92,993	49,145	-	142,138	183,199
Total revenues	<u>4,691,341</u>	<u>95,032</u>	<u>-</u>	<u>4,786,373</u>	<u>5,173,357</u>
Expenditures:					
Current:					
General government	1,005,744	-	-	1,005,744	856,483
Public safety	1,606,226	-	-	1,606,226	1,462,589
Public works	1,192,059	-	-	1,192,059	1,250,279
Health and social services	188,949	165,469	-	354,418	320,804
Culture, recreation and development	766,703	-	-	766,703	726,051
Capital outlay	1,254,102	-	-	1,254,102	3,717,379
Debt service:					
Principal retirement	-	-	-	-	777,874
Interest and fiscal charges	7,120	-	-	7,120	113,001
Total expenditures	<u>6,020,903</u>	<u>165,469</u>	<u>-</u>	<u>6,186,372</u>	<u>9,224,460</u>
Excess (deficiency) of revenues over expenditures	<u>(1,329,562)</u>	<u>(70,437)</u>	<u>-</u>	<u>(1,399,999)</u>	<u>(4,051,103)</u>
Other financing sources (uses):					
Proceeds of long-term debt	1,322,682	-	-	1,322,682	3,177,029
Bond premium	-	-	-	-	44,389
Transfer in	33,120	65,155	(65,155)	33,120	-
Transfer in - tax equivalent	224,739	-	-	224,739	217,518
Transfer out	(65,155)	-	65,155	-	(2,880)
Total other financing sources (uses)	<u>1,515,386</u>	<u>65,155</u>	<u>-</u>	<u>1,580,541</u>	<u>3,436,056</u>
Net change in fund balance	<u>185,824</u>	<u>(5,282)</u>	<u>-</u>	<u>180,542</u>	<u>(615,047)</u>
Fund balance, January 1	758,178	568,140	-	1,326,318	1,843,227
Prior period adjustment	(905,000)	-	-	(905,000)	98,138
Fund balance, January 1, restated	<u>(146,822)</u>	<u>568,140</u>	<u>-</u>	<u>421,318</u>	<u>1,941,365</u>
Fund balance, December 31	<u>\$ 39,002</u>	<u>\$ 562,858</u>	<u>\$ -</u>	<u>\$ 601,860</u>	<u>\$ 1,326,318</u>

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

Year Ended December 31, 2022

With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance- Favorable (Unfavorable)	2021 Actual Totals (Memorandum Only)
	Original Budget	Final Budget	Actual		
Taxes and special assessments:					
Taxes:					
General property taxes	1,695,283	\$1,695,283	\$1,695,283	\$ -	\$ 1,553,704
Mobile home parking permit fees/taxes	51,566	51,566	42,089	(9,477)	54,138
Payment in lieu of taxes	83,883	83,883	85,896	2,013	83,883
Other taxes	45,000	45,000	135,976	90,976	61,970
Total taxes	<u>1,875,732</u>	<u>1,875,732</u>	<u>1,959,244</u>	<u>83,512</u>	<u>1,753,695</u>
Special assessments:					
Sidewalks, curbs and gutters	8,135	8,135	56,693	48,558	23,986
Sewer mains	-	-	-	-	1,917
Other	-	-	-	-	3,550
Total special assessments	<u>8,135</u>	<u>8,135</u>	<u>56,693</u>	<u>48,558</u>	<u>29,453</u>
Total taxes and special assessments	<u>1,883,867</u>	<u>1,883,867</u>	<u>2,015,937</u>	<u>132,070</u>	<u>1,783,148</u>
Intergovernmental:					
State aid:					
Shared taxes	1,080,438	1,080,438	1,081,799	1,361	1,015,279
Highway	322,200	322,200	321,505	(695)	762,120
Transit assistance	170,000	170,000	125,769	(44,231)	185,027
Public safety	-	-	41,680	41,680	1,440
Miscellaneous	16,193	16,193	19,846	3,653	23,084
Total state aid	<u>1,588,831</u>	<u>1,588,831</u>	<u>1,590,599</u>	<u>1,768</u>	<u>1,986,950</u>
County aid:					
Library	135,656	135,656	135,656	-	141,756
Total county aid	<u>135,656</u>	<u>135,656</u>	<u>135,656</u>	<u>-</u>	<u>141,756</u>
Other aids:					
Town fire protection	141,098	141,098	132,383	(8,715)	80,839
State personal property aid	11,973	11,973	11,973	-	8,146
Fire insurance refunds	13,000	13,000	14,729	1,729	14,035
Municipal court costs	14,945	22,235	22,235	-	14,945
Hazard mitigation	-	-	52,743	52,743	395,971
Routes to recovery	-	-	45,000	45,000	-
Total other aids	<u>181,016</u>	<u>188,306</u>	<u>279,063</u>	<u>90,757</u>	<u>513,936</u>
Total intergovernmental	<u>1,905,503</u>	<u>1,912,793</u>	<u>2,005,318</u>	<u>92,525</u>	<u>2,642,642</u>
Licenses and permits:					
Liquor and malt beverage license	11,875	11,875	12,830	955	12,408
Other permits and licenses	700	700	2,552	1,852	390
Cable television franchise fee	51,566	51,566	42,136	(9,430)	43,770
Building	46,000	46,000	42,146	(3,854)	43,396
Street and curb	100	100	145	45	130
Total licenses and permits	<u>110,241</u>	<u>110,241</u>	<u>99,809</u>	<u>(10,432)</u>	<u>100,094</u>

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)

Year Ended December 31, 2022

With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance- Favorable (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
Penalties and forfeitures:					
Court penalties and costs	\$ 200	\$ 200	\$ 75	\$ (125)	\$ -
Library fines and penalties	10,000	7,000	9,886	2,886	12,070
Parking violations	2,000	2,000	880	(1,120)	1,095
Total penalties and forfeitures	<u>12,200</u>	<u>9,200</u>	<u>10,841</u>	<u>1,641</u>	<u>13,165</u>
Public charges for services:					
Law enforcement fees	17,000	17,000	15,027	(1,973)	17,684
Airport income	28,700	28,700	97,150	68,450	44,182
Mowing	-	-	-	-	415
Recycling surcharge	271,068	271,068	285,078	14,010	275,648
Municipal court	30,000	30,000	19,346	(10,654)	11,654
Recreational income	27,000	27,000	35,177	8,177	27,900
Park income	2,500	2,500	3,381	881	2,083
Animal control and shelter	1,000	1,000	1,010	10	770
Total public charges for services	<u>377,268</u>	<u>377,268</u>	<u>456,169</u>	<u>78,901</u>	<u>380,336</u>
Interest - investments:					
Interest - Tax Increment District	-	-	-	-	1,156
Interest - General Fund	5,417	5,417	10,274	4,857	8,598
Total interest - investments	<u>5,417</u>	<u>5,417</u>	<u>10,274</u>	<u>4,857</u>	<u>9,754</u>
Miscellaneous revenues:					
Rents	20,712	20,712	18,957	(1,755)	18,762
Property sales	-	-	7,500	7,500	626
Donations - library	-	-	5,100	5,100	2,075
Donations - police	-	-	7,580	7,580	1,900
Donations - miscellaneous	-	-	9,960	9,960	12,225
Insurance refunds	-	-	32,271	32,271	100,935
Miscellaneous revenues	38,800	18,800	11,625	(7,175)	23,738
Total miscellaneous revenues	<u>59,512</u>	<u>39,512</u>	<u>92,993</u>	<u>53,481</u>	<u>160,261</u>
Total revenues	<u><u>\$4,354,008</u></u>	<u><u>\$4,338,298</u></u>	<u><u>\$4,691,341</u></u>	<u><u>\$ 353,043</u></u>	<u><u>\$ 5,089,400</u></u>

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance- Favorable (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
General government:					
Council	\$ 31,046	\$ 31,046	\$ 32,909	\$ (1,863)	\$ 33,453
Mayor	7,589	7,589	7,899	(310)	7,980
Clerk	159,500	159,500	161,330	(1,830)	161,133
Assessor	23,800	23,800	23,700	100	23,700
Zoning	22,375	22,375	20,128	2,247	19,538
Building inspection	40,000	40,000	35,738	4,262	49,012
Municipal judge	33,967	33,967	27,042	6,925	31,413
City administrator/consultant	70,064	70,064	69,655	409	70,902
Elections	12,000	12,000	12,394	(394)	7,519
Office supplies	23,952	26,914	32,020	(5,106)	27,163
Publishing and printing	6,000	6,000	7,802	(1,802)	8,988
Accounting and auditing	20,000	20,000	18,936	1,064	21,785
Municipal building and equipment	30,000	29,290	23,722	5,568	12,253
City hall	100,710	82,748	98,513	(15,765)	74,419
Property and liability insurance	78,000	78,000	84,335	(6,335)	79,485
Airport	58,346	58,346	134,931	(76,585)	89,749
Celebrations	6,000	6,000	6,207	(207)	6,915
Donations	10,700	10,700	6,400	4,300	2,000
Historic preservation	2,615	2,615	3,010	(395)	-
Conservation and development	17,800	17,800	19,915	(2,115)	13,790
Insurance claim expense	-	-	31,553	(31,553)	42,541
Bank charges	100	100	59	41	75
Miscellaneous	-	-	10	(10)	3,236
Legal	41,000	41,000	102,792	(61,792)	33,090
Tourism appropriation - room tax pass-through	31,500	31,500	44,744	(13,244)	36,344
Total general government	827,064	811,354	1,005,744	(194,390)	856,483
Public safety:					
Police:					
Equipment repair and maintenance	27,000	27,000	28,591	(1,591)	17,149
Administration	1,163,005	1,163,005	1,265,234	(102,229)	1,165,497
Communications	5,350	5,350	23,521	(18,171)	18,548
Total police	1,195,355	1,195,355	1,317,346	(121,991)	1,201,194

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance- Favorable (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
Public safety (continued):					
Fire:					
Equipment repair and maintenance	\$ 69,738	\$ 63,388	\$ 57,853	\$ 5,535	\$ 52,356
Department station expense	26,000	26,000	32,684	(6,684)	21,675
Administration	103,567	103,567	97,017	6,550	103,823
Training	4,000	4,000	4,560	(560)	85
Communications	10,200	10,200	4,010	6,190	9,643
Fire fighting	68,425	74,775	76,163	(1,388)	57,203
Total fire	281,930	281,930	272,287	9,643	244,785
Other:					
Animal, pest and rodent control	17,100	17,100	16,593	507	16,610
Total other	17,100	17,100	16,593	507	16,610
Total public safety	1,494,385	1,494,385	1,606,226	(111,841)	1,462,589
Public works:					
Director of public works	70,008	70,008	79,050	(9,042)	86,491
Waste collection	271,318	271,318	311,839	(40,521)	285,761
Brush removal	41,486	41,486	60,517	(19,031)	50,478
Forestry	38,710	38,710	50,530	(11,820)	54,055
Street machinery	111,393	111,393	103,838	7,555	127,207
Street construction and maintenance	262,481	262,481	219,584	42,897	241,037
Street engineering	62,042	62,042	50,651	11,391	55,882
Street lighting	57,000	57,000	59,403	(2,403)	56,447
Storm sewers	9,500	9,500	4,314	5,186	2,992
Snow and ice removal	134,747	134,747	87,828	46,919	107,725
Sidewalks	12,000	12,000	78,976	(66,976)	120,908
Curb and gutter	4,750	4,750	-	4,750	370
Street cleaning	-	-	3,678	(3,678)	16
Weed control	23,972	23,972	25,828	(1,856)	20,511
Garage	15,550	15,550	13,298	2,252	10,349
Gasoline	35,000	35,000	42,725	(7,725)	30,050
Total public works	1,149,957	1,149,957	1,192,059	(42,102)	1,250,279

CITY OF VIROQUA, WISCONSIN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance- Favorable - (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
Health and social services:					
Board of health	\$ 517	\$ 517	\$ 517	\$ -	\$ 406
Taxicab expense	189,000	189,000	188,432	568	185,638
Total health and social services	189,517	189,517	188,949	568	186,044
Culture, recreation and development:					
Library	458,194	458,194	456,581	1,613	427,245
Recreation department	165,658	165,658	174,280	(8,622)	159,629
Summer recreation - building utilities, repair and maintenance	12,000	12,000	16,593	(4,593)	13,833
Parks	108,096	108,096	117,059	(8,963)	124,710
Veterans memorial	1,500	1,500	2,190	(690)	634
Cemetery - City appropriation	65,155	65,155	-	65,155	-
Total culture, recreation and development	810,603	810,603	766,703	43,900	726,051
Capital outlay:					
Public safety:					
Police outlay	81,000	81,000	89,982	(8,982)	1,339,956
Fire outlay	40,000	40,000	109,582	(69,582)	-
City hall	20,000	20,000	895,277	(875,277)	1,806,732
Public works	100,000	100,000	118,401	(18,401)	500,474
Health and social services	-	-	-	-	2,375
Culture, recreation and development:					
Library	-	-	3,931	(3,931)	-
Other	-	-	36,929	(36,929)	67,842
Total capital outlay	241,000	241,000	1,254,102	(1,013,102)	3,717,379
Debt service:					
Principal retirement	-	-	-	-	777,874
Interest and fiscal charges	-	-	7,120	(7,120)	113,001
Total debt service	-	-	7,120	(7,120)	890,875
Total expenditures	\$ 4,712,526	\$ 4,696,816	\$ 6,020,903	\$ (1,324,087)	\$ 9,089,700

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance - Favorable (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
Revenues:					
Taxes	\$ 809,994	\$ 809,994	\$ 809,994	\$ -	\$ 812,058
Total revenues	<u>809,994</u>	<u>809,994</u>	<u>809,994</u>	<u>-</u>	<u>812,058</u>
Expenditures:					
Debt service:					
Principal retirement	642,685	642,685	636,156	6,529	644,446
Interest and fiscal charges	167,309	167,309	159,397	7,912	167,612
Total expenditures	<u>809,994</u>	<u>809,994</u>	<u>795,553</u>	<u>14,441</u>	<u>812,058</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>14,441</u>	<u>14,441</u>	<u>-</u>
Other financing sources (uses):					
Transfer in (out)	-	-	(14,441)	(14,441)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,441)</u>	<u>(14,441)</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-
Fund balance, January 1	-	-	-	-	-
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF VIROQUA, WISCONSIN
COMBINING BALANCE SHEET
TAX INCREMENTAL FINANCING DISTRICTS
As of December 31, 2022
With Comparative Totals for December 31, 2021**

	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	2022 Totals	2021 Totals (Memorandum Only)
<u>ASSETS</u>							
Restricted cash and investments	\$ 86,037	\$ -	\$ 21,761	\$ 890,641	\$ -	\$ 998,439	\$ 205,537
Receivables:							
Taxes	259,014	58,638	44,822	200,156	127,468	690,098	523,745
Land held for resale	-	-	-	-	746,271	746,271	746,271
Total assets	\$ 345,051	\$ 58,638	\$ 66,583	\$ 1,090,797	\$ 873,739	\$ 2,434,808	\$ 1,475,553
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>							
Liabilities:							
Due to other funds	\$ -	\$ 19,453	\$ -	\$ -	\$ 70,512	\$ 89,965	\$ 314,047
Advances payable - other funds	-	829,550	-	399,386	-	1,228,936	1,296,508
Total liabilities	-	849,003	-	399,386	70,512	1,318,901	1,610,555
Deferred inflows of resources:							
Property taxes	340,051	76,983	58,845	262,778	167,348	906,005	735,183
Total deferred inflows of resources	340,051	76,983	58,845	262,778	167,348	906,005	735,183
Fund balances:							
Restricted	5,000	-	7,738	428,633	635,879	1,077,250	509,738
Unassigned (deficit)	-	(867,348)	-	-	-	(867,348)	(1,379,923)
Total fund balances (deficit)	5,000	(867,348)	7,738	428,633	635,879	209,902	(870,185)
Total liabilities, deferred inflows of resources, and fund balances	\$ 345,051	\$ 58,638	\$ 66,583	\$ 1,090,797	\$ 873,739	\$ 2,434,808	\$ 1,475,553

CITY OF VIROQUA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TAX INCREMENTAL FINANCING DISTRICTS
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	TIF District No. 2	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	2022 Totals	2021 Totals (Memorandum Only)
Revenues:								
Property taxes	\$ 23,519	\$ 320,495	\$ 76,952	\$ 64,483	\$ 198,124	\$ 51,610	\$ 735,183	\$ 632,722
Intergovernmental	48	9,675	311	2,738	10,069	-	22,841	271,257
Total revenues	<u>23,567</u>	<u>330,170</u>	<u>77,263</u>	<u>67,221</u>	<u>208,193</u>	<u>51,610</u>	<u>758,024</u>	<u>903,979</u>
Expenditures:								
Current:								
Culture, recreation and development	8,388	5,288	1,943	14,497	183,469	75,664	289,249	857,035
Debt service:								
Principal retirement	-	-	34,801	-	80,644	87,900	203,345	1,441,272
Interest and fiscal charges	-	2,218	25,485	-	38,596	5,365	71,664	125,759
Total expenditures	<u>8,388</u>	<u>7,506</u>	<u>62,229</u>	<u>14,497</u>	<u>302,709</u>	<u>168,929</u>	<u>564,258</u>	<u>2,424,066</u>
Excess (deficiency) of revenues over expenditures	<u>15,179</u>	<u>322,664</u>	<u>15,034</u>	<u>52,724</u>	<u>(94,516)</u>	<u>(117,319)</u>	<u>193,766</u>	<u>(1,520,087)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	525,000
Bond premium	-	-	-	-	-	-	-	17,802
Transfers out	(18,679)	(405,704)	-	(37,688)	-	-	(462,071)	(206,487)
Transfers in	-	-	37,688	-	405,704	-	443,392	206,487
Total other financing sources (uses)	<u>(18,679)</u>	<u>(405,704)</u>	<u>37,688</u>	<u>(37,688)</u>	<u>405,704</u>	<u>-</u>	<u>(18,679)</u>	<u>542,802</u>
Net change in fund balances	<u>(3,500)</u>	<u>(83,040)</u>	<u>52,722</u>	<u>15,036</u>	<u>311,188</u>	<u>(117,319)</u>	<u>175,087</u>	<u>(977,285)</u>
Fund balances (deficit), January 1	3,500	88,040	(920,070)	(7,298)	(452,555)	418,198	(870,185)	107,100
Prior period adjustment	-	-	-	-	570,000	335,000	905,000	-
Fund balance, January 1, restated	<u>3,500</u>	<u>88,040</u>	<u>(920,070)</u>	<u>(7,298)</u>	<u>117,445</u>	<u>753,198</u>	<u>34,815</u>	<u>107,100</u>
Fund balances (deficit), December 31	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ (867,348)</u>	<u>\$ 7,738</u>	<u>\$ 428,633</u>	<u>\$ 635,879</u>	<u>\$ 209,902</u>	<u>\$ (870,185)</u>

CITY OF VIROQUA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - TAX INCREMENTAL FINANCING DISTRICTS
Year Ended December 31, 2022
With Comparative Actual Totals for Year Ended December 31, 2021

	2022			Variance Favorable (Unfavorable)	2021
	Original Budget	Final Budget	Actual		Actual Totals (Memorandum Only)
Revenues:					
Property taxes	\$ 650,000	\$ 650,000	\$ 735,183	\$ 85,183	\$ 632,722
Intergovernmental	35,000	35,000	22,841	(12,159)	271,257
Total revenues	<u>685,000</u>	<u>685,000</u>	<u>758,024</u>	<u>73,024</u>	<u>903,979</u>
Expenditures:					
Current:					
Culture, recreation and development	680,000	680,000	289,249	390,751	857,035
Debt service:					
Principal retirement	-	-	203,345	(203,345)	1,441,272
Interest and fiscal charges	-	-	71,664	(71,664)	125,759
Total expenditures	<u>680,000</u>	<u>680,000</u>	<u>564,258</u>	<u>115,742</u>	<u>2,424,066</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>5,000</u>	<u>193,766</u>	<u>188,766</u>	<u>(1,520,087)</u>
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	525,000
Bond premium	-	-	-	-	17,802
Transfers out	-	-	(462,071)	(462,071)	(206,487)
Transfers in	-	-	443,392	443,392	206,487
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,679)</u>	<u>(18,679)</u>	<u>542,802</u>
Net change in fund balances	<u>5,000</u>	<u>5,000</u>	<u>175,087</u>	<u>170,087</u>	<u>(977,285)</u>
Fund balances (deficit), January 1	(870,185)	(870,185)	(870,185)	-	107,100
Prior period adjustment	-	-	905,000	905,000	-
Fund balance, January 1, restated	<u>(870,185)</u>	<u>(870,185)</u>	<u>34,815</u>	<u>905,000</u>	<u>107,100</u>
Fund balances (deficit), December 31	<u>\$ (865,185)</u>	<u>\$ (865,185)</u>	<u>\$ 209,902</u>	<u>\$ 1,075,087</u>	<u>\$ (870,185)</u>

**CITY OF VIROQUA, WISCONSIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of December 31, 2022
 With Comparative Totals for December 31, 2021**

	Grants Fund	Library Fund	2022 Totals	2021 Totals (Memorandum Only)
<u>ASSETS</u>				
Receivables:				
Other, net of allowance	\$ 396,568	\$ -	\$ 396,568	\$ 390,471
Restricted assets:				
Cash and investments	128,817	68,844	197,661	196,376
Total assets	\$ 525,385	\$ 68,844	\$ 594,229	\$ 586,847
 <u>LIABILITIES AND FUND BALANCES</u>				
Fund balances:				
Restricted	\$ 525,385	\$ 68,844	\$ 594,229	\$ 586,847
Total fund balances	525,385	68,844	594,229	586,847
Total liabilities and fund balances	\$ 525,385	\$ 68,844	\$ 594,229	\$ 586,847

CITY OF VIROQUA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2022

With Comparative Totals for Year Ended December 31, 2021

	Grants Fund	Library Fund	2022 Totals	2021 Totals (Memorandum Only)
Revenues:				
Public charges for services	\$ -	\$ 864	\$ 864	\$ 1,609
Intergovernmental	-	9,327	9,327	9,112
Interest	-	32	32	399
Miscellaneous revenues	-	14,852	14,852	7,772
Total revenues	-	25,075	25,075	18,892
Expenditures:				
Current:				
Culture, recreation and development	4,051	13,642	17,693	16,117
Total expenditures	4,051	13,642	17,693	16,117
Excess (deficiency) of revenues over expenditures	(4,051)	11,433	7,382	2,775
Other financing sources (uses):				
Transfer in	-	-	-	2,880
Total other financing sources (uses)	-	-	-	2,880
Net change in fund balances	(4,051)	11,433	7,382	5,655
Fund balances, January 1	529,436	57,411	586,847	581,192
Fund balances, December 31	\$ 525,385	\$ 68,844	\$ 594,229	\$ 586,847

CITY OF VIROQUA, WISCONSIN
DETAILED STATEMENT OF SELECTED OPERATING REVENUES
AND EXPENSES - ENTERPRISE FUND - WATER UTILITY
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	2022 Totals	2021 Totals (Memorandum Only)
Charges for services:		
Residential sales	\$ 485,724	\$ 479,075
Commercial sales	190,778	188,601
Industrial sales	27,562	27,335
Fire protection - public and private customers	427,488	408,402
Sales to public authority	50,840	49,318
Total charges for services	\$ 1,182,392	\$ 1,152,731
Operation and maintenance:		
Power purchased	\$ 67,159	\$ 65,280
Chlorine	5,484	5,202
Operating supplies and expense	38,034	48,612
Transmission and distribution labor	134,455	137,317
Maintenance of distribution reservoirs	12,345	7,004
Maintenance of mains	14,618	25,195
Maintenance of services	3,309	-
Maintenance of meters	2,835	231
Maintenance of hydrants	3,758	3,308
Miscellaneous expense	35	353
Accounting and collecting labor	49,595	46,070
Customer account expense	10,108	9,449
Uncollectible accounts	70	474
Administrative salaries	16,333	15,635
Office supplies and expense	17,728	20,961
Outside services	23,905	21,414
Property insurance	32,842	31,599
Employee pensions and benefits	62,732	71,869
Regulatory commission expense	-	124
Transportation	12,533	12,106
Total operation and maintenance	\$ 507,878	\$ 522,203

CITY OF VIROQUA, WISCONSIN
DETAILED STATEMENT OF SELECTED OPERATING REVENUES
AND EXPENSES - ENTERPRISE FUND - SEWER UTILITY
Year Ended December 31, 2022
With Comparative Totals for Year Ended December 31, 2021

	2022 Totals	2021 Totals (Memorandum Only)
Charges for services:		
Residential sales	\$ 747,912	\$ 758,018
Multi-family residential sales	101,648	99,401
Industrial sales	96,395	94,545
Commercial and public sales	434,831	440,985
Sales to public authorities	87,225	95,509
Total charges for services	\$ 1,468,011	\$ 1,488,458
Operation and maintenance:		
Supervision and labor	\$ 203,338	\$ 192,896
Power purchased	59,650	50,142
Chemicals	17,222	16,258
Operation supplies and expense	102,926	149,749
Transportation	17,466	11,791
Maintenance of sewage collection system	8,068	21,707
Maintenance of pumping equipment	2,009	1,425
Property insurance	32,842	31,599
Maintenance of treatment plant equipment	19,919	679
Maintenance of equipment	-	13,585
Accounting and collecting	59,219	57,574
Uncollectible accounts	58	506
Administrative salaries	16,333	15,555
Office supplies	12,435	19,398
Outside services	55,234	15,401
Employee pensions and benefits	58,658	103,562
Miscellaneous	11,207	11,582
Total operation and maintenance	\$ 676,584	\$ 713,409

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

CITY OF VIROQUA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

<u>Administering Agency/Pass-Through Agency/ Award Description</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity ID Number</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures Provided to Subrecipients</u>
U.S. Department of Agriculture:				
Community Facilities Loans and Grants	10.766	N/A	\$ 633,602	\$ -
Total U.S. Department of Agriculture			<u>633,602</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed through Wisconsin Emergency Management Hazard Mitigation Grant Program	97.039	Not available	523,836	-
Total U.S. Department of Homeland Security			<u>523,836</u>	<u>-</u>
U.S. Department of Transportation:				
Passed through Wisconsin Department of Transportation COVID-19 - Public transportation transit aids CARES Act	20.509	1245-2016-2	110,520	37,886
Total U.S. Department of Transportation			<u>110,520</u>	<u>37,886</u>
Total Federal Awards			<u>\$ 1,267,958</u>	<u>\$ 37,886</u>

See notes to schedules of expenditures of awards.

CITY OF VIROQUA, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE OF WISCONSIN AWARDS
Year Ended December 31, 2022

<u>Administering Agency/ Award Description</u>	<u>State ID Number</u>	<u>Entity ID Number</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures Provided to Subrecipients</u>
Wisconsin Department of Transportation:				
Public transportation transit aids	395.104	N/A	\$ 82,698	\$ 29,563
Wisconsin Department of Military Affairs:				
FEMA grant DR-4459-04-R	465.305	N/A	32,303	-
Total State Awards			<u>\$ 115,001</u>	<u>\$ 29,563</u>

See notes to schedules of expenditures of awards.

CITY OF VIROQUA, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS
Year Ended December 31, 2022

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. FEDERAL AND STATE AGENCIES

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

NOTE 3. INDIRECT COST RATE

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Viroqua, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Viroqua, Wisconsin's internal control over financial reporting (internal control) 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 City of Viroqua, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Viroqua, Wisconsin's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Viroqua, Wisconsin's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Viroqua, Wisconsin's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 9, 2023



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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Viroqua, Wisconsin’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State Single Audit Guidelines that could have a direct and material effect on each of the City of Viroqua, Wisconsin’s major federal and state programs for the year ended December 31, 2022. The City of Viroqua, Wisconsin’s major federal and state programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Viroqua, Wisconsin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Guidelines. Those standards, the Uniform Guidance and the State Single Audit Guidelines are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Viroqua, Wisconsin and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal or state program. Our audit does not provide a legal determination of the City of Viroqua, Wisconsin’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Viroqua, Wisconsin’s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Viroqua, Wisconsin's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and the State Single Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Viroqua, Wisconsin's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and the State Single Audit Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Viroqua, Wisconsin's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Viroqua, Wisconsin's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City of Viroqua, Wisconsin's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control-over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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



Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 9, 2023

CITY OF VIROQUA, WISCONSIN
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022

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

2021-001

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

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

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

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

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

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

Current Status: The finding is repeated. See 2022-001.

**CITY OF VIROQUA, WISCONSIN
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2022**

2021-002

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

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

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

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

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

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

Current Status: The finding is repeated. See 2022-002.

2021-003

Condition: Prior period adjustments were required to reflect the correct beginning equity balance.

Criteria: Material adjusting journal entries required to restate the beginning equity balance are considered an internal control weakness.

Cause: There were prior period adjusting entries proposed and were deemed material in relation to the financial statements.

Effect: Financial reports generated by the accounting system may not provide an accurate reflection of the City's financial position or activities.

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

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

Current Status: The finding is repeated. See 2022-003.

**CITY OF VIROQUA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Federal Assistance Listing</u>	<u>Name</u>
10.766	U.S. Department of Agriculture – Community Facilities Loans and Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? No

State Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines? No

Identification of major programs:

<u>State Program ID#</u>	<u>Name</u>
395.104	Wisconsin Department of Transportation – Public Transportation Transit Aids

CITY OF VIROQUA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Three material weaknesses were reported.

2022-001

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

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

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

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

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

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

2022-002

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

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

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

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

CITY OF VIROQUA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2022-002 (Continued)

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

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

2022-003

Condition: Prior period adjustments were required to reflect the correct beginning equity balance.

Criteria: Material adjusting journal entries required to restate the beginning equity balance are considered an internal control weakness.

Cause: There were prior period adjusting entries proposed and were deemed material in relation to the financial statements.

Effect: Financial reports generated by the accounting system may not provide an accurate reflection of the City's financial position or activities.

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

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

C. FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

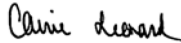
There were no findings required to be reported under the Uniform Guidance.

D. FINDINGS AND QUESTIONED COSTS – STATE PROGRAMS

There were no findings required to be reported under the State Single Audit Guidelines.

**CITY OF VIROQUA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022**

E. OTHER ISSUES

- | | | |
|----|---|--|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines: | |
| | Department of Corrections | N/A |
| | Department of Health Services | N/A |
| | Department of Workforce Development | N/A |
| | Department of Transportation | No |
| | Department of Administration | No |
| | Department of Military Affairs | No |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes, an Audit Communication Letter was submitted to the oversight body |
| 4. | Name and signature of partner | <div style="text-align: center;"> 
 <hr style="width: 100%;"/> Carrie Leonard, CPA </div> |
| 5. | Date of report: | October 9, 2023 |

FORM OF LEGAL OPINION

(See following pages)

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

June 5, 2024

Re: City of Viroqua, Wisconsin ("Issuer")
\$3,875,000 General Obligation Promissory Notes, Series 2024A,
dated June 5, 2024 ("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 May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$145,000	___%
2027	150,000	___
2028	155,000	___
2029	160,000	___
2030	165,000	___
2031	170,000	___
2032	175,000	___
2033	185,000	___
2034	190,000	___
2035	195,000	___
2036	205,000	___
2037	215,000	___
2038	220,000	___
2039	230,000	___
2040	240,000	___
2041	250,000	___
2042	265,000	___
2043	275,000	___
2044	285,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2025.

The Notes maturing on May 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2032 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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Viroqua, Vernon County, Wisconsin (the "Issuer") in connection with the issuance of \$3,875,000 General Obligation Promissory Notes, Series 2024A, dated June 5, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 14, 2024 (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 April 30, 2024 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 124 West Decker Street, Viroqua, Wisconsin 54665, phone (608) 637-7186, fax (608) 637-3108.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, 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 5th day of June, 2024.

(SEAL)

Justin Running
Mayor

Lori Polhamus
City Clerk/Treasurer

NOTICE OF SALE

**\$3,875,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A
CITY OF VIROQUA, WISCONSIN**

Bids for the purchase of \$3,875,000* General Obligation Promissory Notes, Series 2024A (the "Notes") of the City of Viroqua, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 14, 2024, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including financing for the City’s share of the new Fire Station. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the 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 June 5, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$145,000	2033	\$185,000	2040	\$240,000
2027	150,000	2034	190,000	2041	250,000
2028	155,000	2035	195,000	2042	265,000
2029	160,000	2036	205,000	2043	275,000
2030	165,000	2037	215,000	2044	285,000
2031	170,000	2038	220,000		
2032	175,000	2039	230,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2033 shall be subject to optional redemption prior to maturity on May 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

Notice of 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 June 5, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

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 City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

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

SUBMISSION OF BIDS

Bids must not be for less than \$3,826,562.50, **nor more than \$4,146,250**, plus accrued interest on the principal sum of \$3,875,000 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$77,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated 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 Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Common Council

Lori Polhamus, City Clerk/Treasurer
City of Viroqua, Wisconsin

BID FORM

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

May 14, 2024

RE: \$3,875,000* General Obligation Promissory Notes, Series 2024A (the "Notes")
DATED: June 5, 2024

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 \$3,826,562.50 **and not more than \$4,146,250**) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038		
_____ % due	2032	_____ % due	2039		

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

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

A good faith deposit ("Deposit") in the amount of \$77,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about June 5, 2024.

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

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

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

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

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

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 5, 2024 of the above bid is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Viroqua, Wisconsin, on May 14, 2024.

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