

# PRELIMINARY OFFICIAL STATEMENT DATED MARCH 31, 2021

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

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

**New Issue**

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

## CITY OF BEAVER DAM, WISCONSIN (Dodge County)

### \$7,930,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A

**BID OPENING:** April 8, 2021, 10:00 A.M., C.T.

**CONSIDERATION:** Not later than 11:59 P.M., C.T. on April 8, 2021 (PARAMETERS RESOLUTION)

**PURPOSE/AUTHORITY/SECURITY:** The \$7,930,000\* General Obligation Promissory Notes, Series 2021A (the "Notes") of the City of Beaver Dam, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of a fire department training facility, a police shooting range, library roof replacement, park improvements, street improvements, stormwater improvements and the purchase of equipment. 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:** April 28, 2021

**MATURITY:** March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$495,000	2026	\$780,000	2030	\$940,000
2023	655,000	2027	805,000	2031	965,000
2024	765,000	2028	860,000		
2025	780,000	2029	885,000		

**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, up to a maximum of \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** March 1, 2022 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing on March 1, 2030 and thereafter are subject to call for prior optional redemption on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$7,850,700.

**MAXIMUM BID:** \$8,247,200.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$158,600 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** City officials or a bank or trust company to be selected by the City.

**BOND COUNSEL:** Quarles & Brady LLP.

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

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



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

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

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

**Preliminary Official Statement:** This 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.

## TABLE OF CONTENTS

INTRODUCTORY STATEMENT. ....	1	TAX LEVIES AND COLLECTIONS. ....	20
THE NOTES. ....	1	TAX LEVIES AND COLLECTIONS. ....	20
GENERAL. ....	1	PROPERTY TAX RATES. ....	21
OPTIONAL REDEMPTION. ....	1	LEVY LIMITS. ....	21
AUTHORITY; PURPOSE. ....	2	THE ISSUER. ....	23
ESTIMATED SOURCES AND USES. ....	2	CITY GOVERNMENT. ....	23
SECURITY. ....	2	EMPLOYEES; PENSIONS. ....	23
RATING. ....	2	OTHER POST EMPLOYMENT BENEFITS. ....	24
CONTINUING DISCLOSURE. ....	3	LITIGATION. ....	25
LEGAL OPINION. ....	3	MUNICIPAL BANKRUPTCY. ....	26
STATEMENT REGARDING COUNSEL		FUNDS ON HAND. ....	26
PARTICIPATION. ....	4	ENTERPRISE FUNDS. ....	27
TAX EXEMPTION. ....	4	GENERAL FUND SUMMARY. ....	28
ORIGINAL ISSUE DISCOUNT. ....	4	GENERAL INFORMATION. ....	29
NOTE PREMIUM. ....	5	LOCATION. ....	29
NON-QUALIFIED TAX-EXEMPT OBLIGATIONS. ....	6	LARGER EMPLOYERS. ....	29
MUNICIPAL ADVISOR. ....	6	BUILDING PERMITS. ....	30
MUNICIPAL ADVISOR AFFILIATED COMPANIES. ....	6	U.S. CENSUS DATA. ....	31
INDEPENDENT AUDITORS. ....	6	EMPLOYMENT/UNEMPLOYMENT DATA. ....	31
RISK FACTORS. ....	6	FINANCIAL STATEMENTS. ....	A-1
VALUATIONS. ....	10	FORM OF LEGAL OPINION. ....	B-1
WISCONSIN PROPERTY VALUATIONS;		BOOK-ENTRY-ONLY SYSTEM. ....	C-1
PROPERTY TAXES. ....	10	FORM OF CONTINUING DISCLOSURE	
CURRENT PROPERTY VALUATIONS. ....	11	CERTIFICATE. ....	D-1
2020 EQUALIZED VALUE BY CLASSIFICATION. ....	11	NOTICE OF SALE. ....	E-1
TREND OF VALUATIONS. ....	11	BID FORM	
LARGER TAXPAYERS. ....	12		
DEBT. ....	13		
DIRECT DEBT. ....	13		
SCHEDULE OF GENERAL OBLIGATION DEBT. ....	14		
SCHEDULE OF SEWER REVENUE DEBT. ....	17		
DEBT LIMIT. ....	18		
OVERLAPPING DEBT. ....	18		
DEBT RATIOS. ....	19		
DEBT PAYMENT HISTORY. ....	19		
FUTURE FINANCING. ....	19		

## CITY OF BEAVER DAM COMMON COUNCIL

		<u>Term Expires<sup>1</sup></u>
Becky Glewen	Mayor	April 2023
Cris Olson	President	April 2022
Jon Abfall	Aldersperson	April 2021
Ken Anderson	Aldersperson	April 2022
Kay Appenfeldt	Aldersperson	April 2021
Kevin Burnett	Aldersperson	April 2021
Vacant	Aldersperson	April 2022
Mick Fischer	Aldersperson	April 2021
Heidi Freeby	Aldersperson	April 2022
David Hansen	Aldersperson	April 2021
Therese Henriksen	Aldersperson	April 2022
Kara Nelson	Aldersperson	April 2022
Jaclyn Shelton	Aldersperson	April 2021
Mike Wissell	Aldersperson	April 2022
Jack Yuds	Aldersperson	April 2021

## ADMINISTRATION

Zachary Bloom, Director of Administration/City Clerk/Treasurer

Kayla Larson, Deputy City Clerk/Treasurer

## PROFESSIONAL SERVICES

Maryann Schacht, City Attorney, Beaver Dam, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

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

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<sup>1</sup> Seven Alderspersons are up for re-election at the Spring Election to be held on April 6, 2021.

## INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Beaver Dam, Wisconsin (the "City") and the issuance of its \$7,930,000\* General Obligation Promissory Notes, Series 2021A (the "Notes"). **The Common Council adopted a resolution on March 15, 2021 (the "Parameters Resolution"), which authorized the Director of Administration/City Clerk/Treasurer or the Deputy City Clerk/Treasurer to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on April 8, 2021, neither the Director of Administration/City Clerk/Treasurer or the Deputy City Clerk/Treasurer will have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

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

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 28, 2021. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The City will select City officials or a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after March 1, 2030 shall be subject to optional redemption prior to maturity on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

\*Preliminary, subject to change

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

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

**AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for for public purposes, including paying the cost of a fire department training facility, a police shooting range, library roof replacement, park improvements, street improvements, stormwater improvements and the purchase of equipment.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>			
	Par Amount of Notes	\$7,930,000	
	Estimated Interest Earnings	<u>3,889</u>	
	<b>Total Sources</b>		<b>\$7,933,889</b>
<b>Uses</b>			
	Total Underwriter's Discount	\$79,300	
	Costs of Issuance	74,850	
	Deposit to Project Construction Fund	7,777,628	
	Rounding Amount	<u>2,111</u>	
	<b>Total Uses</b>		<b>\$7,933,889</b>

\*Preliminary, subject to change

**SECURITY**

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, 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 "A1" by Moody's Investors Service, Inc. ("Moody's"). The City has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may

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

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

## **CONTINUING DISCLOSURE**

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

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

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

A notice of financial obligation entered into in November of 2019 was not timely filed. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

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

## **STATEMENT REGARDING COUNSEL PARTICIPATION**

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

## **TAX EXEMPTION**

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

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The 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 Notes") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Note over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Notes were sold (issue price). With respect to a taxpayer who purchases a Discounted Note in the initial public offering at the issue price and who holds such Discounted Note to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Note for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Note upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Note, on days that are determined by reference to the maturity date of such Discounted Note. The amount treated as original issue discount on a Discounted Note for a particular semiannual



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

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

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

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

## **NOTE PREMIUM**

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

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

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

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

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

## **MUNICIPAL ADVISOR**

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

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2019 have been audited by Wegner CPAs, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## **RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$275,208. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through March 20, 2021.

On October 6, 2020, Emergency Order #3 was issued, which limited public gatherings to no more than 25% of the total occupancy limits for the room or building (or no more than 10 people for indoor spaces without occupancy limits), with certain exceptions. Emergency Order #3 expired November 6, 2020.

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

# **VALUATIONS**

## **WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES**

### **Equalized Value**

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

### **Assessed Value**

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

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

## CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$1,305,728,100
2020 Equalized Value Reduced by Tax Increment Valuation	\$1,191,334,800
2020 Assessed Value	\$1,259,944,315

## 2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value <sup>1</sup>	Percent of Total Equalized Value
Residential	\$ 740,557,500	56.716%
Commercial	433,584,600	33.206%
Manufacturing	81,478,200	6.240%
Agricultural	99,000	0.008%
Undeveloped	49,000	0.004%
Ag Forest	5,000	0.000%
Forest	2,500	0.000%
Other	0	0.000%
Personal Property	49,952,300	3.826%
Total	<u>\$ 1,305,728,100</u>	<u>100.000%</u>

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2016	\$ 1,074,384,153	\$ 1,062,794,600	2.01%
2017	1,104,380,380	1,112,184,100	4.65%
2018	1,143,542,920	1,158,146,300	4.13%
2019	1,201,822,927	1,233,748,100	6.53%
2020	1,259,944,315	1,305,728,100	5.83%

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

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

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
Wal-Mart	Distribution Center	\$ 57,800,075	4.43%
Conagra (Birds Eye Foods)	Food Processing & Packaging	24,664,082	1.89%
Beaver Dam Community Hospital	Hospital	22,915,997	1.76%
Metalcraft	Manufacturing	19,539,213	1.50%
LCN VP, LLC (Vintage Parts)	Parts Warehouse & Distribution	16,263,367	1.25%
Apache	Manufacturing & Leasing	14,389,367	1.10%
Northwoods Commercial Properties	Paper Conversion	10,509,133	0.80%
Spring Lake Apartments LLC	Apartments	9,689,705	0.74%
Mills Fleet Farm	Retail	9,359,530	0.72%
BD112A LLC	Apartments	7,867,004	0.60%
<b>Total</b>		<b>\$ 192,997,473</b>	<b>14.78%</b>

City's Total 2020 Equalized Value<sup>2</sup> \$1,305,728,100

**Source:** The City.

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

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



## DEBT

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

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

Total General Obligation Debt (includes the Notes)*	<u>\$ 33,168,705</u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$ 5,766,915</u>
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#### Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
11/1/19	\$ 439,427	Peterbilt Vactor 2100 PD 15 YD	12/1/23	\$ 304,657
3/11/21	54,346	John Deere 310SL HL Backhoe Loader	3/15/24	40,760

#### Other Obligations

Issue Date	Original Amount	Name of Issue	Final Maturity	Amount Outstanding
8/5/20	\$ 1,190,000	Taxable Note Anticipation Note <sup>2</sup>	6/1/22	\$ 1,190,000

\*Preliminary, subject to change.

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

<sup>2</sup> These Note Anticipation Notes are not general obligations of the City but are secured by a pledge of the proceeds from the issuance of long-term general obligation debt. The City has reserved general obligation debt capacity for the long-term debt. The City anticipates paying this Note in its entirety on April 14, 2021.

City of Beaver Dam, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 04/28/2021)

Dated Amount Maturity	Promissory Notes Series 2012A		Promissory Notes Series 2013A		Promissory Notes Series 2014A		Promissory Notes Series 2015A		Promissory Notes Series 2016	
	06/14/2012 \$6,910,000 11/01		06/17/2013 \$2,775,000 09/01		07/17/2014 \$2,020,000 09/01		05/14/2015 \$5,550,000 09/01		07/19/2016 \$4,805,000 09/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	240,000	4,800	200,000	3,650	290,000	11,735	270,000	12,135	325,000	14,544
2022			200,000	3,800	345,000	16,510	350,000	19,950	325,000	25,025
2023					350,000	8,575	350,000	13,825	325,000	20,475
2024							350,000	7,175	390,000	15,600
2025									390,000	7,800
2026										
2027										
2028										
2029										
2030										
2031	240,000	4,800	400,000	7,450	985,000	36,820	1,320,000	53,085	1,755,000	83,444

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City of Beaver Dam, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 04/28/2021)

Dated Amount Maturity	Taxable Refunding Bonds Series 2017A		Promissory Notes Series 2017B		Promissory Notes Series 2018A		Promissory Notes Series 2019		Promissory Notes Series 2019B	
	07/27/2017 \$1,030,000 09/01	09/01	07/27/2017 \$2,075,000 09/01	09/01	07/26/2018 \$3,710,000 09/01	09/01	04/22/2019 \$37,998 Monthly	04/24/2019 \$4,170,000 04/01	04/24/2019 \$2,155,000 04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	210,000	4,624	225,000	18,000	395,000	47,733	5,024	0	0	29,625
2022	215,000	4,838	225,000	30,938	415,000	83,615	7,794	280,000	120,000	57,450
2023			225,000	25,875	415,000	71,165	8,111	310,000	135,000	53,625
2024			300,000	20,813	420,000	58,715	2,776	380,000	145,000	49,425
2025			300,000	14,063	425,000	46,115		400,000	150,000	45,000
2026			325,000	7,313	550,000	33,365		440,000	180,000	40,050
2027					640,000	18,240		505,000	255,000	33,525
2028								730,000	490,000	22,350
2029								650,000	500,000	7,500
2030										
2031										
	425,000	9,461	1,600,000	117,000	3,260,000	358,948	23,705	3,695,000	1,975,000	338,550

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City of Beaver Dam, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 04/28/2021)

Promissory Notes Series 2020A		Refunding Bonds Series 2020C		Promissory Notes Series 2021A								
Dated	08/05/2020	09/22/2020	04/28/2021									
Amount	\$6,120,000	\$3,940,000	\$7,930,000*									
Maturity	03/01	11/01	03/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Estimated Interest	Principal	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	0	49,175	390,000	57,966	0	0	2,550,024	305,136	2,855,160	30,618,681	7.69%	2021
2022	540,000	92,950	400,000	48,400	120,108	495,000	3,917,794	602,538	4,520,331	26,700,887	19.50%	2022
2023	540,000	82,150	405,000	44,400	84,891	655,000	3,718,111	497,719	4,215,830	22,982,776	30.71%	2023
2024	555,000	71,200	400,000	40,350	79,375	765,000	3,707,776	428,226	4,136,002	19,275,000	41.89%	2024
2025	610,000	59,550	420,000	36,350	72,805	780,000	3,475,000	357,433	3,832,433	15,800,000	52.36%	2025
2026	635,000	47,100	440,000	27,950	65,395	780,000	3,350,000	284,323	3,634,323	12,450,000	62.46%	2026
2027	665,000	34,100	430,000	19,150	56,866	805,000	3,300,000	210,856	3,510,856	9,150,000	72.41%	2027
2028	670,000	20,750	420,000	10,550	46,863	860,000	3,170,000	130,963	3,300,963	5,980,000	81.97%	2028
2029	700,000	10,550	400,000	6,350	35,514	885,000	3,135,000	69,664	3,204,664	2,845,000	91.42%	2029
2030	705,000	3,525	235,000	2,350	22,490	940,000	1,880,000	28,365	1,908,365	965,000	97.09%	2030
2031					7,720	965,000	965,000	7,720	972,720	0	100.00%	2031
	5,620,000	471,050	3,940,000	293,816	592,026	7,930,000	33,168,705	2,922,941	36,091,646			

\*Preliminary, subject to change.

City of Beaver Dam, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Sewer Revenues  
(As of 04/28/2021)

Sewer Revenue Bonds  
CWFL

Dated Amount	12/23/2009 \$10,317,086	
Maturity	05/01	
Calendar Year Ending	Principal	Interest
2021	575,384	146,186
2022	590,735	130,630
2023	606,496	114,659
2024	622,677	98,261
2025	639,290	81,427
2026	656,346	64,143
2027	673,858	46,398
2028	691,836	28,180
2029	710,294	9,475
	5,766,915	719,358

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
575,384	146,186	721,569	5,191,532	9.98%	2021
590,735	130,630	721,365	4,600,797	20.22%	2022
606,496	114,659	721,154	3,994,301	30.74%	2023
622,677	98,261	720,938	3,371,624	41.54%	2024
639,290	81,427	720,717	2,732,334	52.62%	2025
656,346	64,143	720,489	2,075,988	64.00%	2026
673,858	46,398	720,256	1,402,130	75.69%	2027
691,836	28,180	720,016	710,294	87.68%	2028
710,294	9,475	719,770	0	100.00%	2029
5,766,915	719,358	6,486,274			

## DEBT LIMIT

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

Equalized Value	\$ 1,305,728,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 65,286,405
Less: General Obligation Debt (includes the Notes)*	<u>(33,168,705)</u>
Unused Debt Limit*	<u><u>\$ 32,117,700</u></u>

\*Preliminary, subject to change.

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

Taxing District	2020 Equalized Value <sup>2</sup>	% In City	Total G.O. Debt <sup>3</sup>	City's Proportionate Share
Dodge County	\$ 7,292,847,600	17.9042%	\$ 31,120,000	\$ 5,571,787
Moraine Park Technical College District	30,465,156,363	4.2860%	31,410,000	1,346,233
Beaver Dam School District	1,952,413,757	66.8776%	54,593,513	<u>36,510,831</u>
City's Share of Total Overlapping Debt				<u><u>\$ 43,428,851</u></u>

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

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

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$1,305,728,100</b>	<b>Debt/ Per Capita 16,890<sup>1</sup></b>
Total General Obligation Debt (includes the Notes)*	\$ 33,168,705	2.54%	\$ 1,963.81
City's Share of Total Overlapping Debt	<u>43,428,851</u>	<u>3.33%</u>	<u>2,571.28</u>
Total*	\$ 76,597,556	5.87%	\$ 4,535.08

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

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

## FUTURE FINANCING

The City plans to finance construction of a new Department of Public Works Building with a General Obligation Promissory Note issue in the amount of approximately \$10.4 million, utility projects with a Clean Water Fund Loan in the amount of \$1.2 million and wastewater projects with approximately \$1.420 million in Wastewater System Revenue Bonds in 2021. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

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

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Tax Year</b>	<b>Levy for City Purposes Only</b>	<b>% Collected</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2016/17	\$9,934,447	100%	\$10.03
2017/18	10,337,229	100%	10.09
2018/19	10,501,380	100%	9.89
2019/20	10,872,496	100%	9.58
2020/21	11,267,647	In Process	9.46

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on



September 20, 2020. Dodge County and the City did not adopt such resolutions. The City cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Notes.

## PROPERTY TAX RATES

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

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2016/17	\$8.80	\$5.48	\$10.03	\$0.18	\$24.49
2017/18	10.64	5.36	10.09	0.00	26.09
2018/19	10.02	5.25	9.89	0.00	25.16
2019/20	9.66	4.98	9.58	0.00	24.22
2020/21	9.59	4.96	9.46	0.00	24.01

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

## LEVY LIMITS

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing

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

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

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

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

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

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

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

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

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

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in 1856 and is governed by a Mayor and a 14-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 Director of Administration/City Clerk/Treasurer is responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 108 full-time, 83 part-time, and 50 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$651,618, \$780,216 and \$689,470 respectively.

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

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

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

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$2,480,711 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative

to the contributions of all participating employers. The City's proportion was 0.06972823% of the aggregate WRS net pension liability as of December 31, 2018.

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

### **Recognized and Certified Bargaining Units**

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

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

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

The following bargaining units represent employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Beaver Dam Fire Department Local 3432 IAFF	December 31, 2021
Beaver Dam Police Department	December 31, 2021
Beaver Dam Fire Department (Paid on Call)	December 31, 2021

### **OTHER POST EMPLOYMENT BENEFITS**

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Membership in the plan consisted of 21 retirees receiving benefits and 108 active eligible plan members as of December 31, 2019, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental

Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement No. 74 and Statement No. 75 of the Governmental Accounting Standards Board ("GASB 74/75"). The City had an actuarial study for the plan prepared in accordance with GASB 74/75 Key Benefit Concepts, LLC, in December 2020, with an actuarial valuation date of December 31, 2019 (the "Actuarial Report").

For Fiscal Year 2019, the City's contributions to the plan totaled \$689,470. The City's current funding practice is to make annual contributions to the plan in amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis.

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

As shown in the Actuarial Report, as of December 31, 2019, the plan's total OPEB liability was \$2,259,605 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$2,259,605.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions. See Note 13 in "APPENDIX A-FINANCIAL STATEMENTS." The Actuarial Report is available upon request from the City.

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

For Fiscal Year 2019, the City's portion of contributions to the LRLIF totaled \$2,828. For Fiscal Year 2019, the City reported a liability of \$378,812 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2018 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.14680700% of the aggregate LRLIF net OPEB liability as of December 31, 2018.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 14 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 December 31, 2020)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$ 2,468,418
Special Revenue	315,847
Debt Service	559,420
Capital Projects	2,693,816
Enterprise Funds	1,246,304
Custodial Funds-Advance Tax Collections	8,627,621
Total Funds on Hand	<u><u>\$ 15,911,426</u></u>

## ENTERPRISE FUNDS

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

	2018	2019	2020 Unaudited
<b>Water</b>			
Total Operating Revenues	\$ 3,435,273	\$ 3,504,672	\$ 3,580,433
Less: Operating Expenses	<u>(2,981,699)</u>	<u>(3,088,189)</u>	<u>(3,143,645)</u>
Operating Income	\$ 453,574	\$ 416,483	\$ 436,788
Plus: Depreciation	872,568	885,187	863,328
Interest Income	<u>(9,534)</u>	<u>6,012</u>	<u>1,749</u>
Revenues Available for Debt Service	<u><u>\$ 1,316,608</u></u>	<u><u>\$ 1,307,682</u></u>	<u><u>\$ 1,301,865</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 3,937,545	\$ 5,096,850	\$ 5,216,948
Less: Operating Expenses	<u>(4,803,171)</u>	<u>(4,680,642)</u>	<u>(5,175,934)</u>
Operating Income	\$ (865,626)	\$ 416,208	\$ 41,014
Plus: Depreciation	1,321,960	1,484,933	1,509,611
Interest Income	<u>(14,602)</u>	<u>(11,993)</u>	<u>(330)</u>
Revenues Available for Debt Service	<u><u>\$ 441,732</u></u>	<u><u>\$ 1,889,148</u></u>	<u><u>\$ 1,550,295</u></u>
<b>Stormwater</b>			
Total Operating Revenues	\$ 1,051,307	\$ 1,046,789	\$ 1,103,466
Less: Operating Expenses	<u>(1,087,934)</u>	<u>(1,025,775)</u>	<u>(1,035,355)</u>
Operating Income	\$ (36,627)	\$ 21,014	\$ 68,111
Plus: Depreciation	407,806	428,154	449,882
Interest Income	<u>0</u>	<u>0</u>	<u>93</u>
Revenues Available for Debt Service	<u><u>\$ 371,179</u></u>	<u><u>\$ 449,168</u></u>	<u><u>\$ 518,086</u></u>

## SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Unaudited <sup>1</sup>	2021 Adopted Budget <sup>2</sup>
<b>Revenues</b>					
Taxes and special assessments	\$ 7,633,331	\$ 7,791,124	\$ 7,657,127	\$ 7,995,267	\$ 8,487,287
Intergovernmental	3,063,890	3,137,089	3,354,804	3,147,936	3,290,343
Licenses and permits	581,553	487,019	489,861	500,075	239,100
Fines, forfeits and penalties	272,953	243,472	251,061	241,126	277,100
Public charges for services	930,751	858,975	991,175	1,092,024	1,290,682
Intergovernmental charges for services	688,510	738,905	763,479	235,370	317,000
Interest	15,759	68,302	101,924	32,932	40,000
Miscellaneous general revenues	51,021	39,398	94,466	89,275	70,300
<b>Total Revenues</b>	<b>\$ 13,237,768</b>	<b>\$ 13,364,284</b>	<b>\$ 13,703,897</b>	<b>\$ 13,334,005</b>	<b>\$ 14,011,812</b>
<b>Expenditures</b>					
Current:					
General government	\$ 1,647,191	\$ 1,698,884	\$ 1,673,899	\$ 1,879,677	\$ 1,827,164
Public safety	7,116,857	7,644,378	7,271,914	7,543,200	8,112,533
Public works	2,376,546	2,352,771	2,440,320	2,635,212	2,655,310
Health and social services	464,707	433,237	467,127	49,500	59,500
Culture, recreation and education	1,763,206	1,643,931	1,611,248	1,796,615	1,824,605
Conservation and development	164,736	146,061	148,499	162,801	72,700
Capital outlay	0	0	130,644	0	0
Debt service	8,415	7,799	0	0	0
<b>Total Expenditures</b>	<b>\$ 13,541,658</b>	<b>\$ 13,927,061</b>	<b>\$ 13,743,651</b>	<b>\$ 14,067,005</b>	<b>\$ 14,551,812</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (303,890)</b>	<b>\$ (562,777)</b>	<b>\$ (39,754)</b>	<b>\$ (733,000)</b>	<b>\$ (540,000)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of city property	1,300	13,781	845	0	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	530,028	537,039	497,807	508,319	540,000
Transfers out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 531,328</b>	<b>\$ 550,820</b>	<b>\$ 498,652</b>	<b>\$ 508,319</b>	<b>\$ 540,000</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 227,438</b>	<b>\$ (11,957)</b>	<b>\$ 458,898</b>	<b>\$ (224,681)</b>	<b>\$ 0</b>
General Fund Balance January 1	2,933,806	3,161,244	3,067,954	3,526,852	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
<b>General Fund Balance December 31</b>	<b>\$ 3,161,244</b>	<b>\$ 3,149,287</b>	<b>\$ 3,526,852</b>	<b>\$ 3,302,171</b>	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	40,150	238,815	44,412	119,200	
Assigned	577,114	577,114	577,114	577,114	
Unassigned	2,543,980	2,333,358	2,905,326	2,605,857	
<b>Total</b>	<b>\$ 3,161,244</b>	<b>\$ 3,149,287</b>	<b>\$ 3,526,852</b>	<b>\$ 3,302,171</b>	

<sup>1</sup> Unaudited data is as of March 3, 2021.

<sup>2</sup> The 2021 budget was adopted on November 16, 2020.



## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 16,214 and a current estimated population of 16,890 comprises an area of 8.54 square miles and is located approximately 62 miles northwest of Milwaukee and 35 miles northeast of Madison.

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

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Wal-Mart Distribution Center & Transportation Dept.	Warehouse/distribution center & transportation dept.	799
Beaver Dam Community Hospital	Hospital and nursing home	720
Beaver Dam Unified School District	Elementary and secondary education	495
Richelieu Foods Inc.	Frozen pizza	400
Wal-Mart	Retail	308
Mayville Engineering Company	Electro-coating, liquid & powder coating	223
Kraft Heinz Company	Cream cheese products	220
The City	Municipal government and services	191
Apache Stainless Equipt. Corp.	Contract manufacturing of stainless equipment	150
Birds Eye Foods (Pinnacle)	Frozen vegetable processing & packaging	100

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

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

## BUILDING PERMITS

	2017	2018	2019	2020	2021 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	6	7	3	7	0
Valuation	\$1,169,000	\$1,647,000	\$650,000	\$1,986,860	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	3	6	8	5	0
Valuation	\$2,436,810	\$4,865,000	\$6,055,000	\$3,475,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	3	4	0
Valuation	0	1,400,000	7,943,000	4,917,000	0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	311	282	306	332	0
Valuation	\$56,461,860	\$20,261,100	\$38,098,150	\$35,989,810	\$0

**Source:** The City.

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<sup>1</sup> As of February 28, 2021.

## U.S. CENSUS DATA

### Population Trend: The City

2000 U.S. Census	15,042
2010 U.S. Census	16,214
2020 Estimated Population	16,890
Percent of Change 2000 - 2010	+ 7.79%

### Income and Age Statistics

	The City	Dodge County	State of Wisconsin	United States
2019 per capita income	\$28,172	\$29,726	\$33,375	\$34,103
2019 median household income	\$50,742	\$60,652	\$61,747	\$62,843
2019 median family income	\$62,955	\$75,040	\$78,679	\$77,263
2019 median gross rent	\$820	\$810	\$856	\$1,062
2019 median value owner occupied units	\$133,200	\$162,100	\$180,600	\$217,500
2019 median age	38.9 yrs.	42.5 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	84.41%	82.61%
City % of 2019 median family income	80.02%	81.48%

### Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	7,458	7,604	1.96%

**Source:** 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

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

	<u>Average Employment</u>	<u>Average Unemployment</u>	
Year	Dodge County	Dodge County	State of Wisconsin
2016	46,196	3.6%	4.0%
2017	47,025	2.9%	3.3%
2018	46,703	2.6%	3.0%
2019	46,107	3.0%	3.3%
2020, December <sup>1</sup>	44,787	4.5%	5.3%

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

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<sup>1</sup> Preliminary.

### **FINANCIAL STATEMENTS**

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

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

**CITY OF BEAVER DAM**

Beaver Dam, Wisconsin

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

December 31, 2019

Schedule of Proportionate Share of Net OPEB Liability—Local Retiree Life Insurance Fund.....	53
Schedule of Changes in Net OPEB Liability and Related Ratios.....	54
Notes to Required Supplementary Information .....	55
Supplementary Information	
Combining Balance Sheet—Nonmajor Governmental Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds .....	59

## C O N T E N T S

Independent Auditor's Report.....	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Balance Sheet—Governmental Funds .....	5
Reconciliation of the Balance Sheet—Governmental Funds to the Statement of Net Position.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds .....	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Statement of Activities .....	8
Statement of Net Position—Proprietary Funds .....	9
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds .....	10
Statement of Cash Flows—Proprietary Funds.....	11
Statement of Fiduciary Net Position.....	13
Statement of Changes in Fiduciary Net Position .....	14
Notes to Financial Statements.....	15
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund.....	48
Schedule of Proportionate Share of Net Pension Liability (Asset)—Wisconsin Retirement System.....	52
Schedule of Contributions—Wisconsin Retirement System .....	52

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Beaver Dam  
Beaver Dam, Wisconsin

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaver Dam, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Beaver Dam, Wisconsin's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Emphasis-of-Matter***

#### ***Prior Period Adjustment***

As described in Note 18 to the financial statements, the City of Beaver Dam, Wisconsin's accounts payable balance was understated and accounts receivable balance was overstated in the prior year. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

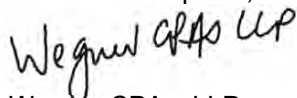
Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of the net pension liability (asset) – WRS, schedule of contributions - WRS, schedule of proportionate share of net OPEB liability – Local Retiree Life Insurance Fund, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 Beaver Dam's basic financial statements. The combining balance sheet nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances nonmajor governmental funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wegner CPAs, LLP  
Madison, Wisconsin  
June 19, 2020



**CITY OF BEAVER DAM**  
**STATEMENT OF NET POSITION**  
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 7,833,330	\$ 200,459	\$ 8,033,789
Receivables (net)			
Taxes	13,780,555	-	13,780,555
Accounts	413,584	431,230	844,814
Special assessments	47,000	-	47,000
Loans	2,421,024	-	2,421,024
Internal balances	888,065	(888,065)	-
Inventories and prepaid items	-	143,376	143,376
Capital assets not being depreciated	5,212,906	100,467	5,313,373
Capital assets being depreciated, net	25,099,509	52,154,542	77,254,051
<b>Total assets</b>	<b>55,695,973</b>	<b>52,142,009</b>	<b>107,837,982</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	5,750,411	922,033	6,672,444
Related to other postemployment benefits	52,536	8,424	60,960
<b>Total deferred outflows of resources</b>	<b>5,802,947</b>	<b>930,457</b>	<b>6,733,404</b>
<b>LIABILITIES</b>			
Accounts payable	1,500,274	576,684	2,076,958
Accrued liabilities	269,575	91,046	360,621
Due to other governments	270,861	-	270,861
Accrued interest	193,699	76,992	270,691
WRS unfunded liability	2,183,377	345,990	2,529,367
Compensated absences	2,516,787	360,694	2,877,481
Landfill post-closure care	599,885	-	599,885
Other postemployment benefits	1,287,104	60,502	1,347,606
Unamortized bond premium	171,429	67,890	239,319
Net pension liability	2,197,489	283,222	2,480,711
Net other postemployment benefits liability	326,460	52,352	378,812
Long-term debt			
Due within one year	4,045,523	1,052,336	5,097,859
Due in more than one year	16,300,806	9,613,906	25,914,712
<b>Total liabilities</b>	<b>31,863,269</b>	<b>12,581,614</b>	<b>44,444,883</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	13,275,827	-	13,275,827
Related to pension	2,964,809	475,383	3,440,192
Related to other postemployment benefits	97,364	15,613	112,977
<b>Total deferred inflows of resources</b>	<b>16,338,000</b>	<b>490,996</b>	<b>16,828,996</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,794,657	41,547,782	51,342,439
Restricted	5,958,764	-	5,958,764
Unrestricted (deficit)	(2,455,770)	(1,547,926)	(4,003,696)
<b>Total net position</b>	<b>\$ 13,297,651</b>	<b>\$ 39,999,856</b>	<b>\$ 53,297,507</b>

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2019

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position - Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 2,977,206	\$ 332,074	\$ 51,065	\$ -	\$ (2,594,067)	\$ -	\$ (2,594,067)
Public safety	8,025,630	1,605,077	80,423	-	(6,340,130)	-	(6,340,130)
Public works	4,737,783	328,860	1,405,962	-	(3,002,961)	-	(3,002,961)
Health and human services	458,302	-	-	-	(458,302)	-	(458,302)
Culture, recreation and education	1,853,556	108,288	-	44,500	(1,700,768)	-	(1,700,768)
Conservation and development	2,237,345	-	360,813	-	(1,876,532)	-	(1,876,532)
Interest and fiscal charges	513,821	-	-	-	(513,821)	-	(513,821)
<b>Total governmental activities</b>	<b>20,803,643</b>	<b>2,374,299</b>	<b>1,898,263</b>	<b>44,500</b>	<b>(16,486,581)</b>	<b>-</b>	<b>(16,486,581)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water utility	3,094,967	3,504,672	-	447,833	-	857,538	857,538
Wastewater utility	4,895,227	5,096,850	-	287,814	-	489,437	489,437
Stormwater utility	1,092,053	1,046,789	-	240,115	-	194,851	194,851
<b>Total business-type activities</b>	<b>9,082,247</b>	<b>9,648,311</b>	<b>-</b>	<b>975,762</b>	<b>-</b>	<b>1,541,826</b>	<b>1,541,826</b>
<b>Total primary government</b>	<b>\$ 29,885,890</b>	<b>\$ 12,022,610</b>	<b>\$ 1,898,263</b>	<b>\$ 1,020,262</b>	<b>(16,486,581)</b>	<b>1,541,826</b>	<b>(14,944,755)</b>
<b>GENERAL REVENUES:</b>							
Taxes							
Property taxes, levied for general purposes					7,513,693	-	7,513,693
Property taxes, levied for debt services					2,373,477	-	2,373,477
Property taxes, levied for TIF districts					2,423,046	-	2,423,046
Property taxes, levied for capital projects					496,211	-	496,211
Property taxes, levied for other purposes					118,420	-	118,420
Other taxes					120,152	-	120,152
Cable television revenues					157,352	-	157,352
Intergovernmental revenues not restricted to specific programs					2,223,496	-	2,223,496
Public gifts and grants					4,690	-	4,690
Investment income (loss)					223,090	(5,981)	217,109
Gain on sale of assets					178,149	-	178,149
Miscellaneous					107,144	7,489	114,633
<b>TRANSFERS</b>					<b>497,807</b>	<b>(497,807)</b>	<b>-</b>
Total general revenues and transfers					<b>16,436,727</b>	<b>(496,299)</b>	<b>15,940,428</b>
<b>Change in net position</b>					<b>(49,854)</b>	<b>1,045,527</b>	<b>995,673</b>
Net position—beginning of year, as restated					<b>13,347,505</b>	<b>38,954,329</b>	<b>52,301,834</b>
<b>Net position—end of year</b>					<b>\$ 13,297,651</b>	<b>\$ 39,999,856</b>	<b>\$ 53,297,507</b>

See accompanying notes.

**CITY OF BEAVER DAM**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	TIF District No. 4	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 2,836,441	\$ 567,999	\$ 2,222,483	\$ 474,151	\$ 1,732,256	\$ 7,833,330
Receivables (net)						
Taxes	8,337,404	2,894,181	-	1,719,610	803,721	13,754,916
Delinquent personal property taxes	25,639	-	-	-	-	25,639
Accounts	335,624	-	-	-	77,960	413,584
Special assessments	-	-	47,000	-	-	47,000
Loans	-	-	-	-	2,421,024	2,421,024
Due from other funds	888,065	-	-	-	-	888,065
Advances to other funds	18,773	-	-	-	-	18,773
<b>Total assets</b>	<b>\$ 12,441,946</b>	<b>\$ 3,462,180</b>	<b>\$ 2,269,483</b>	<b>\$ 2,193,761</b>	<b>\$ 5,034,961</b>	<b>\$ 25,402,331</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 434,862	\$ -	\$ 412,305	\$ 2,077	\$ 651,030	\$ 1,500,274
Accrued liabilities	269,575	-	-	-	-	269,575
Deposits	252,232	-	17,221	1,408	-	270,861
Advances from other funds	-	-	-	-	18,773	18,773
<b>Total liabilities</b>	<b>956,669</b>	<b>-</b>	<b>429,526</b>	<b>3,485</b>	<b>669,803</b>	<b>2,059,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned property taxes	7,858,315	2,894,181	-	1,719,610	803,721	13,275,827
Unavailable revenues	100,110	-	108,643	-	2,421,024	2,629,777
<b>Total deferred inflows of resources</b>	<b>7,958,425</b>	<b>2,894,181</b>	<b>108,643</b>	<b>1,719,610</b>	<b>3,224,745</b>	<b>15,905,604</b>
<b>FUND BALANCES</b>						
Nonspendable	44,412	-	-	-	-	44,412
Restricted	-	297,999	1,731,314	470,666	750,741	3,250,720
Assigned	577,114	-	-	-	-	577,114
Unassigned	2,905,326	270,000	-	-	389,672	3,564,998
<b>Total fund balances</b>	<b>3,526,852</b>	<b>567,999</b>	<b>1,731,314</b>	<b>470,666</b>	<b>1,140,413</b>	<b>7,437,244</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,441,946</b>	<b>\$ 3,462,180</b>	<b>\$ 2,269,483</b>	<b>\$ 2,193,761</b>	<b>\$ 5,034,961</b>	<b>\$ 25,402,331</b>

See accompanying notes.

**CITY OF BEAVER DAM**  
**RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2019

Total fund balances - governmental funds		\$ 7,437,244
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 63,701,444	
Accumulated depreciation	<u>(33,389,029)</u>	
Net capital assets		30,312,415
The net pension asset is not an available resource and, therefore, is not reported in the funds.		(2,197,489)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements		2,629,777
The net other postemployment benefits liability is not an available resource and, therefore, is not reported in the funds.		
Local Retiree Life Insurance Fund	(326,460)	
Health insurance	<u>(1,287,104)</u>	
Net OPEB liability		(1,613,564)
Deferred outflows of resources do not relate to current financial resources and are not reported in governmental funds.		
Related to pension	5,750,411	
Related to other postemployment benefits	<u>52,536</u>	
Deferred outflows of resources		5,802,947
Deferred inflows of resources do not relate to current financial resources and are not reported in governmental funds.		
Related to pension	(2,964,809)	
Related to other postemployment benefits	<u>(97,364)</u>	
Deferred inflows of resources		(3,062,173)
Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities.		
Bonds and notes payable	(20,344,034)	
Capital lease	(2,295)	
Unamortized bond premium	(171,429)	
Compensated absences	(2,516,787)	
Accrued interest	(193,699)	
WRS unfunded pension liability	(2,183,377)	
Landfill postclosure care	<u>(599,885)</u>	
Total long-term liabilities		<u>(26,011,506)</u>
Total net position - governmental activities		<u>\$ 13,297,651</u>

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	TIF District No. 4	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 7,634,265	\$ 2,373,477	\$ 496,211	\$ 1,729,917	\$ 811,129	\$ 13,044,999
Intergovernmental	3,354,804	-	40,140	37,008	610,293	4,042,245
Licenses and permits	489,861	-	-	-	-	489,861
Fines, forfeitures and penalties	251,061	-	-	-	-	251,061
Public charges for services	991,175	-	-	-	-	991,175
Intergovernmental charges for services	763,479	-	-	-	-	763,479
Special assessments	22,862	-	19,402	-	-	42,264
Investment income	101,924	-	57,760	31,525	31,879	223,088
Miscellaneous	94,466	-	2,964	-	132,231	229,661
<b>Total revenues</b>	<b>13,703,897</b>	<b>2,373,477</b>	<b>616,477</b>	<b>1,798,450</b>	<b>1,585,532</b>	<b>20,077,833</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,673,899	-	89,553	1,000	13,398	1,777,850
Public safety	7,271,914	-	242,531	-	-	7,514,445
Public works	2,440,320	-	647,221	-	875,379	3,962,920
Health and human services	467,127	-	-	-	-	467,127
Culture, recreation and education	1,611,248	-	26,659	-	-	1,637,907
Conservation and development	148,499	-	571	34,721	2,317,981	2,501,772
Capital outlay	130,644	-	1,755,808	-	-	1,886,452
Debt service						
Principal payment	-	1,585,000	440,000	1,595,000	570,000	4,190,000
Interest and fees	-	428,476	59,924	64,399	77,547	630,346
<b>Total expenditures</b>	<b>13,743,651</b>	<b>2,013,476</b>	<b>3,262,267</b>	<b>1,695,120</b>	<b>3,854,305</b>	<b>24,568,819</b>
Excess (deficiency) of revenues over (under) expenditures	(39,754)	360,001	(2,645,790)	103,330	(2,268,773)	(4,490,986)
Other financing sources (uses)						
Transfers in (out)	497,807	(100,000)	130,000	-	(30,000)	497,807
Long term debt issued	-	37,998	2,800,000	-	2,275,000	5,112,998
Premium on debt issuance	-	-	104,104	-	14,561	118,665
Property sales	845	-	-	-	198,446	199,291
<b>Total other financing sources (uses)</b>	<b>498,652</b>	<b>(62,002)</b>	<b>3,034,104</b>	<b>-</b>	<b>2,458,007</b>	<b>5,928,761</b>
<b>Net change in fund balances</b>	<b>458,898</b>	<b>297,999</b>	<b>388,314</b>	<b>103,330</b>	<b>189,234</b>	<b>1,437,775</b>
Fund balances—beginning of year, as restated	3,067,954	270,000	1,343,000	367,336	951,179	5,999,469
<b>Fund balances—end of year</b>	<b>\$ 3,526,852</b>	<b>\$ 567,999</b>	<b>\$ 1,731,314</b>	<b>\$ 470,666</b>	<b>\$ 1,140,413</b>	<b>\$ 7,437,244</b>

See accompanying notes.

**CITY OF BEAVER DAM**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES—GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

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Net change in fund balances—total governmental funds	\$ 1,437,775
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay reported in governmental fund statements	\$ 1,886,452	
Depreciation expense reported in the statement of activities	(1,955,911)	
Loss on disposal	<u>(21,142)</u>	
		(90,601)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide statements

Special assessments	43,487	
Loans receivable	220,940	
Ambulance charges	<u>(130,025)</u>	
		134,402

Bond, note, and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net assets issuing debt increases long-term liabilities and does not affect the statement of activities.

(5,112,998)

The repayment of the principal of long term debt consumes the current financial resources of governmental fund, but reduces the liability in the statement of net position.

4,268,905

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of premium on issuance of debt	15,917	
Additions to premium on issuance of debt	(118,665)	
Net decrease in compensated absences	235,812	
Net increase in unfunded prior service cost	(56,714)	
Decrease in accrued interest payable	100,608	
Net increase in net pension liability and deferred inflows/outflows	(792,341)	
Net increase in net OPEB liability and deferred inflows/outflows	(29,827)	
Net decrease landfill postclosure care	23,995	
Net increase in other postemployment benefits	<u>(66,122)</u>	
		<u>(687,337)</u>

Change in net position of governmental activities	<u><u>\$ (49,854)</u></u>
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See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF NET POSITION—PROPRIETARY FUNDS**  
December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 131,345	\$ -	\$ 69,114	\$ 200,459
Accounts receivable	77,027	315,940	38,263	431,230
Due from other funds	132,115	-	-	132,115
Materials and supplies	93,267	8,744	41,365	143,376
Total current assets	433,754	324,684	148,742	907,180
<b>NONCURRENT ASSETS</b>				
Capital assets				
Property and equipment	28,262,745	49,650,595	15,783,551	93,696,891
Construction in progress	23,498	53,796	23,173	100,467
Accumulated depreciation	(12,696,399)	(24,259,601)	(4,586,349)	(41,542,349)
Total noncurrent assets	15,589,844	25,444,790	11,220,375	52,255,009
Total assets	16,023,598	25,769,474	11,369,117	53,162,189
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	403,670	383,098	135,265	922,033
Related to other postemployment benefits	3,688	3,499	1,237	8,424
Total deferred outflows of resources	407,358	386,597	136,502	930,457
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	89,020	424,990	62,674	576,684
Accrued vacation leave	6,747	2,672	7,005	16,424
Due to other funds	610,147	294,746	115,287	1,020,180
Accrued liabilities	42,948	38,631	9,467	91,046
Accrued interest	2,007	48,499	26,486	76,992
Current portion of capital lease payable	-	-	26,905	26,905
Current portion of general obligation debt	65,000	145,000	255,000	465,000
Current portion of revenue bonds	-	560,431	-	560,431
Total current liabilities	815,869	1,514,969	502,824	2,833,662
<b>NONCURRENT LIABILITIES</b>				
Capital lease payable	-	-	56,991	56,991
General obligation debt	280,000	1,345,000	2,165,000	3,790,000
Revenue bonds	-	5,766,915	-	5,766,915
Accrued sick leave	192,147	117,222	34,901	344,270
WRS unfunded liability	149,491	145,225	51,274	345,990
Other postemployment benefits	43,222	17,280	-	60,502
Net pension liability	122,689	118,358	42,175	283,222
Unamortized bond premium	3,840	26,406	37,644	67,890
Net other postemployment benefits liability	22,918	21,744	7,690	52,352
Total noncurrent liabilities	814,307	7,558,150	2,395,675	10,768,132
Total liabilities	1,630,176	9,073,119	2,898,499	13,601,794
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	208,125	197,519	69,739	475,383
Related to other postemployment benefits	6,835	6,485	2,293	15,613
Total deferred inflows of resources	214,960	204,004	72,032	490,996
<b>NET POSITION</b>				
Net investment in capital assets	15,241,004	17,601,038	8,705,740	41,547,782
Unrestricted (deficit)	(655,184)	(722,090)	(170,652)	(1,547,926)
Total net position	\$ 14,585,820	\$ 16,878,948	\$ 8,535,088	\$ 39,999,856

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION—PROPRIETARY FUNDS**  
Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 3,330,648	\$ 5,050,492	\$ 1,031,117	\$ 9,412,257
Other revenue	174,024	46,358	15,672	236,054
Total operating revenues	3,504,672	5,096,850	1,046,789	9,648,311
<b>OPERATING EXPENSES</b>				
Operation and maintenance	2,203,002	3,195,709	597,621	5,996,332
Depreciation	885,187	1,484,933	428,154	2,798,274
Total operating expenditures	3,088,189	4,680,642	1,025,775	8,794,606
Operating income (loss)	416,483	416,208	21,014	853,705
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	6,012	(11,993)	-	(5,981)
Amortization of bond premium	769	2,319	4,401	7,489
Debt issuance costs	-	(13,114)	(12,105)	(25,219)
Interest expense	(6,778)	(201,471)	(54,173)	(262,422)
Total nonoperating revenues (expenses)	3	(224,259)	(61,877)	(286,133)
Income (loss) before contributions and transfers	416,486	191,949	(40,863)	567,572
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	447,833	287,814	240,115	975,762
Transfers out	(497,807)	-	-	(497,807)
Total contributions and transfers	(49,974)	287,814	240,115	477,955
<b>Change in net position</b>	366,512	479,763	199,252	1,045,527
Net position—beginning of year, as restated	14,219,308	16,399,185	8,335,836	38,954,329
<b>Net position—end of year</b>	<u>\$ 14,585,820</u>	<u>\$ 16,878,948</u>	<u>\$ 8,535,088</u>	<u>\$ 39,999,856</u>

See accompanying notes.



**CITY OF BEAVER DAM**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 3,570,005	\$ 5,110,131	\$ 1,053,065	\$ 9,733,201
Paid to suppliers for goods and services	(1,712,423)	(2,498,971)	(417,068)	(4,628,462)
Paid to employees for services	(487,952)	(405,433)	(162,506)	(1,055,891)
Net cash provided by operating activities	1,369,630	2,205,727	473,491	4,048,848
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(512,039)	-	-	(512,039)
Funds from (to) municipality	(59,430)	(1,256,843)	(174,986)	(1,491,259)
Net cash used by noncapital financing activities	(571,469)	(1,256,843)	(174,986)	(2,003,298)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,034,721)	(1,023,397)	(521,315)	(2,579,433)
Capital contributions received	447,833	287,814	-	735,647
Capital lease payments	(7,770)	-	(25,898)	(33,668)
Principal paid	(65,000)	(650,868)	(220,000)	(935,868)
Interest paid	(7,157)	(199,319)	(50,073)	(256,549)
Proceeds from debt issuance	-	650,000	600,000	1,250,000
Debt issuance costs	-	(13,114)	(12,105)	(25,219)
Net cash used by capital and related financing activities	(666,815)	(948,884)	(229,391)	(1,845,090)
Net increase in cash and cash equivalents	131,346	-	69,114	200,460
Cash and cash equivalents—beginning of year	-	-	-	-
<b>Cash and cash equivalents—end of year</b>	<b>\$ 131,346</b>	<b>\$ -</b>	<b>\$ 69,114</b>	<b>\$ 200,460</b>

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 416,483	\$ 416,208	\$ 21,014	\$ 853,705
Nonoperating revenue (expense)	6,013	(11,992)	-	(5,979)
Adjustments to reconciled operating income (loss) to net cash flows from operating activities				
Depreciation	885,187	1,484,933	428,154	2,798,274
Depreciation charged to clearing and other utilities	52,029	-	-	52,029
Changes in assets and liabilities				
Accounts receivable	(1,190)	25,274	6,276	30,360
Due (to) from other funds	8,481	(8,481)	-	-
Materials and supplies	32,466	2,065	4,313	38,844
Pension related deferrals and liabilities	33,823	28,357	9,278	71,458
Accounts payable	(26,824)	292,239	(4,825)	260,590
Other current liabilities	(7,756)	(11,984)	4,907	(14,833)
Accrued vacation and sick leave	(22,488)	(17,873)	-	(40,361)
OPEB obligation	2,220	888	-	3,108
WRS unfunded liability	(8,814)	6,093	4,374	1,653
<b>Net cash provided by operating activities</b>	<b>\$ 1,369,630</b>	<b>\$ 2,205,727</b>	<b>\$ 473,491</b>	<b>\$ 4,048,848</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Developer financed additions to utility plant	\$ 447,833	\$ 263,757	\$ -	\$ 711,590
Municipal financed additions to utility plant	\$ -	\$ -	\$ 240,115	\$ 240,115

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF FIDUCIARY NET POSITION**  
December 31, 2019

	Private Purpose Trust		
	Library Gift and Lost Book	Library Endowment	Tax Collection Custodial Fund
<b>ASSETS</b>			
Cash and investments	\$ 16,784	\$ 1,370,328	\$ 10,160,303
Taxes receivable	-	-	6,451,516
<b>Total assets</b>	16,784	1,370,328	<u>\$ 16,611,819</u>
<b>LIABILITIES</b>			
Due to other governments	-	-	<u>\$ 16,611,819</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 16,784</u>	<u>\$ 1,370,328</u>	

See accompanying notes.

**CITY OF BEAVER DAM**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended December 31, 2019

	Library Gift and Lost Book	Library Endowment	Tax Collection Custodial Fund
<b>ADDITIONS</b>			
Net increase in fair value of investments	\$ -	\$ 259,090	\$ -
Tax collections for other governments	-	-	16,611,819
Miscellaneous revenue	21,381	1,480	-
	<u>21,381</u>	<u>1,480</u>	<u>-</u>
Total additions	21,381	260,570	16,611,819
<b>DEDUCTIONS</b>			
Culture, recreation and education	12,013	33,751	-
Payments of tax to other governments	-	-	16,611,819
	<u>12,013</u>	<u>33,751</u>	<u>16,611,819</u>
Total deductions	12,013	33,751	16,611,819
<b>Change in net position</b>	9,368	226,819	-
Net position—beginning of year	7,416	1,143,509	-
	<u>7,416</u>	<u>1,143,509</u>	<u>-</u>
<b>Net position—end of year</b>	<u>\$ 16,784</u>	<u>\$ 1,370,328</u>	<u>\$ -</u>

See accompanying notes.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Beaver Dam, Wisconsin (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.<sup>1</sup>

**Reporting Entity**

This report includes all of the funds of the City. The reporting entity for the City consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The City may be financially accountable if an organization is fiscally dependent on the primary government. The City has not identified any organizations that meet this criteria.

**Basis of 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. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*Fund Financial Statements*

The fund financial statements provide information about all the City's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary are presented. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City reports the following major governmental funds:

*General Fund*—is the primary operating fund of the City. The general fund accounts for all financial resources of the City, except those required to be accounted for in another fund.

*Debt Service Fund*—accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

*Capital Projects Fund*—accounts for the acquisition and construction of the City's capital facilities, other than those financed by proprietary funds.

*Tax Incremental Financing (TIF) No. 4 Capital Projects Fund*—accounts for the accumulation of resources that are restricted for the payment of expenditures outlined in the TIF project plan.

The City reports the following nonmajor governmental funds:

*Capital Project Funds*—account for the accumulation of resources that are restricted for the payment of expenditures outlined in the TIF project plans for the Tax Incremental Financing (TIF) No. 6 capital project fund, Tax Incremental Financing (TIF) No. 7 capital project fund, Tax Incremental Financing (TIF) No. 8 capital project fund, and Tax Incremental Financing (TIF) No. 9 capital project fund.

*Special Revenue Funds*—account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The City reports the housing rehabilitation fund, the transit fund and the senior citizens endowment as special revenue funds.

The City reports the following major enterprise funds:

*Water Utility*—water utility accounts for the City's operation and maintenance of the water distribution system for residents, business entities, and public authorities of the City.

*Wastewater Utility*—The wastewater utility accounts for the City's operation and maintenance of the wastewater treatment and disposal system for residents, business entities and public authorities of the City.

*Stormwater Utility*—The stormwater utility accounts for the City's operation and maintenance of the stormwater treatment and disposal system.

Additionally the City reports the following fiduciary funds:

*Private-Purpose Trust Fund*—reports trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The City accounts for the Library Gift and Lost Books Trust and the Library Endowment as private purpose trusts.

*Tax Collection Custodial Fund*—accounts for taxes collected by the City on behalf of other governmental units.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Property tax revenue is recognized as revenue in the subsequent year when services financed by the levy are provided. State shared revenues, grants, contributions and interest associated with the current fiscal period are considered susceptible to accrual and have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligible requirements are met, including any time requirements and the amount is received during the period or within 60 days of year end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period of 90 days within year-end. All other revenue items are considered to be measurable and available only when the cash is received by the City.

Proprietary and private benefit trust financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 principle operating revenues of the water, wastewater, and stormwater utilities are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The custodial fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Estimates**

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 expenses during the reporting period. Actual results could differ from those estimates.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 the date of acquisition.

Investment of the City's funds are restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank of trust company maturing in three years or less,
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinic Authority, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy that states that deposits with financial institutions should not exceed collateralized amounts guaranteed by the financial institution. Individual investments with fixed interest rates should not mature in more than 10 years. The policy does not address other risks attributable to the City's deposits and investments. As of year-end, the City is not in compliance with its policy as it relates to custodial credit risk and maturity of investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

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

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Inventory and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or maintenance expense when used.

Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Receivables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between the funds. The current portion of lending/borrowing arrangements between the funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable have been shown net of an allowance for uncollectible accounts. The amount of the general fund allowance at December 31, 2019 is approximately \$33,500.

Property taxes are levied in December on the assessed value as of the prior January 1. Taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The City bills and collects its own property taxes and also collects taxes for 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 due to other governments on the accompanying statement of fiduciary assets and liabilities.

Property tax calendar 2019 tax roll is as follows:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale—2018 delinquent real estate taxes	October 2021

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, wastewater, and stormwater utilities because the utilities have the right by law to place substantially all delinquent bills on the tax roll.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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 interest incurred during the construction phase of capital assets of the proprietary funds is included in the capitalized value of the assets constructed. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property disposed of, is deducted from plant accounts, along with any removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	30 years
Land improvements	30 years
Machinery and Equipment	3-15 years
Utility System	15-100 years
Infrastructure	25-85 years

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows related to the allocation of the pension activity and related to other postemployment benefits at December 31, 2019.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Under the modified accrual basis of accounting, the City reports unavailable revenue from property taxes special assessments and loans in the governmental funds balance sheet. The City reports deferred inflows related to the allocation of the pension activity and related to other postemployment benefits in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Compensated Absences**

City employees are granted sick leave and vacation in varying amounts in accordance with City paid time off policies. All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability for compensated absences is reported only if they have matured as a result of employee resignations or retirements.

**Pension**

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

**Other Postemployment Benefits**

*Local Retiree Life Insurance Fund*

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

*Health Insurance*

As provided in applicable negotiated contracts, certified City employees meeting a minimum age and length of service requirement may participate in the City's group health and insurance program. The City bears the cost of the employee's participation up to a maximum amount it pays for active employees. An estimate of the present value of future benefits is recognized as a long-term liability in the statement of net position and recognized as an expense when incurred.

**Long-Term Obligations**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. The face amount of debt issued is reported as other financing sources. Bond premiums are reported as other financing sources, while bond discounts are reported as other financing uses.

In the government-wide statements and the proprietary fund financial statements, long-term debt is reported as a liability. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is reported in the governmental funds if it has matured. Claims and judgments are recorded in the proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**Fund Balance**

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

*Nonspendable* – Resources that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

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

*Committed* – Resources that can only be used for specific purposes as the result of a formal action of the City's highest level of decision-making authority. Fund balance amounts are committed through a formal action of the City. Any changes in the constraints imposed require the same formal action of the City that originally created the commitment.

*Assigned* – Resources that are neither restricted nor committed for which the City has stated intended use as established by the City Council or the Finance Committee to whom the City Council has delegated the authority to assign amounts for specific purposes.

*Unassigned* – Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

**Net position**

Government-wide financial statement and proprietary fund equity is classified as net position and displayed in three components:

*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.

*Restricted net position* – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of "restricted or "net investment in capital assets."



**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Restricted Resources**

In the government-wide financial statements and proprietary funds, when both restricted and unrestricted resources are available for use, it is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In governmental funds, when both restricted and unrestricted resources are available for use, it is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Charges for Services**

Current water utility rates were approved by the Public Service Commission of Wisconsin (PSCW) on June 8, 2017 and placed into effect on June 12, 2017.

Current wastewater utility rates were approved by the public works committee on November 17, 2014. These rates were effective January 1, 2015. On January 7, 2019, the Common Council approved a 35.08% rate increase, which will provide revenue sufficient to meet the wastewater utility's revenue requirement and bond covenants.

Current stormwater utility rates were approved by the public works committee on March 20, 2017. These rates were effective April 1, 2017.

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City budgets are adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the City Council. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any City Council approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund. The original budgets for 2019 were adopted in October 2018.

**Limitations on the City's Tax Levy**

As part of 2011 Wisconsin Act 32, legislation was passed that limits the City's future tax levies. The City is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the City's equalized value due to new construction, or 0% for the 2018 levy collected in 2019. Changes in debt service from one year to the next are generally exempt from this limit. Levies may be increased above the allowable limits if the amount is approved by referendum.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3—CASH AND INVESTMENTS**

Cash for all City funds is pooled for investment purposes. At December 31, 2019, the cash and investments consisted of the following:

	Statement Balance	Carrying Value	Risk
Deposits	\$ 8,744,929	\$ 11,551,555	Custodial credit
U.S. agencies - explicitly guaranteed	1,325,313	1,325,313	Custodial credit, interest rate, highly sensitive to interest rate changes
Mutual funds - other than bond funds	1,504,585	1,504,585	N/A
Stocks	15,980	15,980	Custodial credit, concentration of credit
Wisconsin Local Government Investment Pool	5,181,520	5,181,520	Custodial credit
Petty Cash	-	2,251	N/A
	<u>\$ 16,772,327</u>	<u>\$ 19,581,204</u>	

**Reconciliation to the basic financial statements:**

Per statement of net position	
Unrestricted cash and investments	\$ 8,033,789
Per statement of assets and liabilities - agency fund	1,370,328
Library endowment	16,784
Library gift and lost book	10,160,303
Agency fund	
	<u>\$ 19,581,204</u>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the City would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2019, investments that are reported as U.S. agencies explicitly guaranteed totaling \$1,325,313 were exposed to custodial credit risk because they are neither insured nor registered and held by a counterparty.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts and the LCIP 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 relation to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of December 31, 2019, \$2,494,299 of the City's deposits with financial institutions was uninsured and uncollateralized. The City does not have a custodial credit risk policy for deposits.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 3—CASH AND INVESTMENTS (continued)**

The City has invested funds in the Wisconsin Local Government Investment Pool (LGIP). At December 31, 2019 the fair value of the LGIP's assets are substantially equal to the City's share as noted above. Investments in the LGIP are covered under the surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage and principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

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

The City has the following recurring fair value measurements as of December 31, 2019:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
U.S. agencies - explicitly guaranteed	\$ 1,325,313	\$ 749,751	\$ 575,562	\$ -				
Mutual funds - other than bond funds	1,504,585	1,504,585	-	-				
Stocks	15,980	15,980	-	-				
Total	\$ 2,845,878	\$ 2,270,316	\$ 575,562	\$ -				

**Concentration of Credit Risk**

With the exception of the U.S. Government and its agencies, the City's investment policy does not allow for an investment in any one issuer that is in excess of 10% of the City's total investments. Further, no individual security shall exceed 5% and no single industry group shall exceed 15% of the value of an investment fund.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with its investment policy, individual investments of a fixed rate nature will have a 10 year maximum maturity. Investments in variable rate instruments shall have a coupon reset of no longer than three years.

The City has the following investments as of December 31, 2019:

Investment Type	Fair Value	Maturity (in Years)		
		Less than 1 year	1-10 years	More than 10 years
U.S. agencies - explicitly guaranteed	\$ 1,325,313	\$ 249,274	\$ 830,033	\$ 246,006

*Investments Highly Sensitive to Interest Rate Changes*

At December 31, 2019, the City held \$246,006 in investments that mature in more than 10 years.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4—LOANS RECEIVABLE**

The City has received federal grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount, recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts. It is the City's policy to record unavailable revenue for the amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

The City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loan repayments. At December 31, 2019, the City has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use.

**NOTE 5—INTERFUND TRANSFERS AND BALANCES**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts include balances of working capital loans to funds which the general fund expects to collect in the subsequent year. Outstanding interfund balances as of December 31, 2019 are as follows:

Receivable fund	Payable fund	Amount
General fund	Water utility	\$ 610,147
General fund	Wastewater utility	162,631
Water utility	Wastewater utility	132,115
General fund	Stormwater utility	115,287
		<u>\$ 1,020,180</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts, the general fund, as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The composition of interfund transfers for the year ended December 31, 2019 is as follows

Fund transferred to	Fund transferred from	Amount	Principal purpose
General fund	Water utility	\$ 497,807	Tax equivalent
Capital projects fund	Senior citizen fund	30,000	Watermark project
Capital projects fund	Debt service fund	100,000	Transfer of taxes levied to pay
		<u>\$ 627,807</u>	Interest on Watermark debt

**CITY OF BEAVER DAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 6—CAPITAL ASSETS**

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

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 5,079,083	\$ -	\$ -	\$ 5,079,083
Construction in progress	48,075	885,758	(800,010)	133,823
Total capital assets not being depreciated	5,127,158	885,758	(800,010)	5,212,906
Capital assets being depreciated				
Land improvements	3,660,275	219,581	-	3,879,856
Buildings	13,700,169	344,648	-	14,044,817
Machinery and equipment	4,607,133	51,092	(6,715)	4,651,510
Furniture and fixtures	528,213	-	-	528,213
Vehicles	5,093,545	413,855	(162,117)	5,345,283
Other assets	3,064,607	-	-	3,064,607
Roads	21,998,257	771,528	-	22,769,785
Bridges	1,349,393	-	-	1,349,393
Traffic signals	842,556	-	-	842,556
Street lights	1,088,516	-	-	1,088,516
Total capital assets being depreciated	56,856,666	1,800,704	(168,832)	58,488,538
Less accumulated depreciation				
Land improvements	719,977	103,627	-	823,604
Buildings	6,179,536	452,089	-	6,631,625
Machinery and equipment	3,611,954	155,798	(6,715)	3,761,037
Furniture and fixtures	475,308	18,819	-	494,127
Vehicles	3,307,381	342,643	(140,975)	3,509,049
Other assets	3,507,771	129,752	-	3,637,523
Roads	12,673,731	659,913	-	13,333,644
Bridges	389,030	19,759	-	408,789
Traffic signals	382,684	27,824	-	410,508
Street lights	353,630	45,787	-	399,417
Total accumulated depreciation	31,580,808	1,955,911	(147,690)	33,389,029
Total capital assets being depreciated - net	25,275,858	(155,207)	(21,142)	25,099,509
Governmental activity capital assets-net	\$ 30,403,016	\$ 730,551	\$ (821,152)	\$ 30,312,415
Depreciation expense was charged to functions of governmental activities as follows:				
General government			\$ 259,640	
Public safety			526,911	
Public works			882,457	
Culture, recreation and education			286,903	
Total depreciation expense - governmental activities			\$ 1,955,911	

**CITY OF BEAVER DAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 6—CAPITAL ASSETS (continued)**

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Business-type activities:</b>				
Water:				
Capital assets not being depreciated				
Land and land rights	\$ 164,343	\$ -	\$ -	\$ 164,343
Construction in progress	1,240	22,258	-	23,498
Total capital assets not being depreciated	165,583	22,258	-	187,841
Capital assets being depreciated				
Source of supply	798,008	-	-	798,008
Pumping	2,356,320	70,452	(43,847)	2,382,925
Water treatment	8,332,035	94,085	(53,884)	8,372,236
Transmission and distribution	15,065,192	796,232	(52,886)	15,808,528
General	685,011	51,694	-	736,705
Total capital assets being depreciated	27,236,566	1,012,463	(150,627)	28,098,402
Less accumulated depreciation				
Source of supply	355,797	20,733	-	376,530
Pumping	856,263	79,573	(43,847)	891,989
Water treatment	5,263,711	434,770	(53,884)	5,644,597
Transmission and distribution	4,863,967	337,757	(52,696)	5,148,046
General	570,053	64,382	-	634,435
Total accumulated depreciation	11,909,811	937,215	(150,627)	12,696,399
Total capital assets being depreciated-net	15,326,755	75,248	-	15,402,003
Water capital assets - net	\$ 15,492,338	\$ 97,506	\$ -	\$ 15,589,844
<b>Wastewater:</b>				
Capital assets not being depreciated				
Land and land rights	\$ 10,437	\$ -	\$ -	\$ 10,437
Construction in progress	31,537	22,259	-	53,796
Total capital assets not being depreciated	41,974	22,259	-	64,233
Capital assets being depreciated				
Collecting system	11,147,426	445,891	(104,530)	11,488,787
Collecting system pumping	3,288,594	66,464	(28,173)	3,326,875
Treatment and disposal	30,465,406	499,840	(182,315)	30,782,931
General	4,041,568	-	-	4,041,568
Total capital assets being depreciated	48,942,984	1,012,195	(315,018)	49,640,161
Less accumulated depreciation				
Wastewater plant	23,089,686	1,484,936	(315,018)	24,259,604
Total capital assets being depreciated-net	25,853,298	(472,741)	-	25,380,557
Wastewater capital assets - net	\$ 25,895,272	\$ (450,482)	\$ -	\$ 25,444,790

**CITY OF BEAVER DAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 6—CAPITAL ASSETS (continued)**

Business-type activities (continued):	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
<b>Stormwater:</b>				
Capital assets not being depreciated	\$ 16,173	\$ 7,000	\$ -	\$ 23,173
Construction in progress				
Capital assets being depreciated	15,018,918	764,633	-	15,783,551
Stormwater infrastructure				
Less accumulated depreciation	4,158,195	428,154	-	4,586,349
Stormwater infrastructure				
Total capital assets being depreciated-net	10,860,723	336,479	-	11,197,202
Stormwater capital assets - net	\$ 10,876,896	\$ 343,479	\$ -	\$ 11,220,375
Business-type capital assets - net	\$ 52,264,506	\$ (9,497)	\$ -	\$ 52,255,009
Depreciation expense is different from additions due to joint metering, salvage, cost of removal, and internal allocations.				

**NOTE 7—UNAVAILABLE REVENUE**

Unavailable revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of deferred balances in the Governmental funds as of December 31, 2019 is as follows:

	General Fund	Capital Projects Fund	Housing Rehabilitation Fund	Total
Loans receivable	\$ -	\$ -	\$ 2,421,024	\$ 2,421,024
Special assessments not yet due	-	44,048	-	44,048
Ambulance receivables	100,110	-	-	100,110
Miscellaneous	-	64,595	-	64,595
Total	\$ 100,110	\$ 108,643	\$ 2,421,024	\$ 2,629,777

**CITY OF BEAVER DAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 8—LONG-TERM OBLIGATIONS**

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

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable	\$ 19,421,036	\$ 5,112,998	\$ (4,190,000)	\$ 20,344,034	\$ 4,043,228
General obligation debt	68,681	118,665	(15,917)	171,429	19,873
(Discounts)/Premiums					
Total bonds and notes payable	19,489,717	5,231,663	(4,205,917)	20,515,463	4,063,101
Other liabilities					
Compensated absences	2,752,959	-	(236,172)	2,516,787	66,564
Capital leases	81,200	-	(78,905)	2,295	2,295
Total governmental activities	\$ 22,323,876	\$ 5,231,663	\$ (4,520,994)	\$ 23,034,545	\$ 4,131,960
<b>Business-type activities:</b>					
Bonds and notes payable	\$ 6,873,214	\$ -	\$ (545,868)	\$ 6,327,346	\$ 560,431
Revenue bonds	3,395,000	1,250,000	(390,000)	4,255,000	465,000
General obligation debt	29,586	46,475	(8,171)	67,890	9,038
(Discounts)/Premiums					
Total bonds and notes payable	10,297,800	1,296,475	(944,039)	10,650,236	1,034,469
Other liabilities					
Compensated absences	401,055	-	(40,361)	360,694	16,424
Capital leases	117,564	-	(33,668)	83,896	26,905
Total business-type activities	\$ 10,816,419	\$ 1,296,475	\$ (1,018,068)	\$ 11,094,826	\$ 1,077,798
long-term liabilities					

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies. Business-type activities debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

Wisconsin State Statute 67.03 limits total general obligation indebtedness of the City to five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019 was \$61,687,405. Total general obligation debt outstanding at December 31, 2019 was \$24,599,034.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 8—LONG-TERM OBLIGATIONS (continued)**

The following is a list of long-term obligations at December 31, 2019:

Governmental activities					
General obligation debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2019
Refunding bonds	7/1/2010	11/1/2029	3.10-4.35%	\$ 2,685,000	\$ 1,605,000
Promissory notes	12/30/2010	11/1/2030	2.25-4.90%	3,600,000	2,860,000
Promissory notes	12/5/2011	11/1/2020	65-3.05%	2,240,000	310,000
Promissory notes	6/14/2012	11/1/2021	40-2.00%	6,660,000	1,155,000
Promissory notes	7/17/2013	9/1/2022	1.25-2.00%	2,775,000	590,000
Promissory notes	7/17/2014	9/1/2023	1.95-2.45%	1,600,000	850,000
Promissory notes	5/14/2015	9/1/2024	9-2.05%	3,662,000	1,245,000
Promissory notes	8/13/2015	8/1/2023	2.45%	1,700,000	190,673
Promissory notes	7/19/2016	9/1/2025	1.25-2.00%	1,785,000	1,400,000
Promissory notes	7/27/2017	9/1/2026	2.25%	3,600,000	1,400,000
Promissory notes	7/27/2017	9/1/2022	1.5-2.25%	1,030,000	630,000
Promissory notes	7/26/2018	8/1/2026	2.00-3.00%	2,775,000	2,615,000
Promissory notes	4/24/2019	4/1/2029	2.00-3.00%	2,920,000	2,920,000
Taxable GO notes	4/24/2019	4/1/2029	3.00%	2,155,000	2,155,000
Bank loan	4/22/2019	4/22/2024	4.00%	37,998	33,361
Total governmental activities - general obligation debt					\$ 20,344,034

Business-type activities

General obligation debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2019
Promissory notes	6/14/2012	11/1/2021	40-2.00%	\$ 250,000	\$ 60,000
Promissory notes	7/17/2014	9/1/2023	1.95-2.45%	420,000	420,000
Refunding bonds	5/14/2015	9/1/2024	9-2.05%	1,888,000	345,000
Promissory notes	7/19/2016	9/1/2025	1.25-2.00%	1,200,000	880,000
Promissory notes	7/27/2017	9/1/2026	2.25%	425,000	425,000
Refunding bonds	7/26/2018	9/1/2027	2.00-3.00%	935,000	875,000
Promissory notes	4/24/2019	4/1/2029	2.00-3.00%	1,250,000	1,250,000
Total business-type activities - general obligation debt					\$ 4,255,000

Revenue Bonds

The City has pledged future revenues of the wastewater utility, net of specified expenses, to repay \$10,317,086 in revenue bonds issued in 2009. The bonds are payable solely from utility operating revenues through 2029.

Revenue bonds	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
Revenue bonds	12/23/2009	5/1/2029	2.67%	\$ 10,317,086	\$ 6,327,346

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 8—LONG-TERM OBLIGATIONS (continued)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-Type Activities		Business-Type Activities	
	General Obligation Debt	Interest	General Obligation Debt	Interest	Revenue Bonds	Interest
	Principal		Principal		Principal	
2020	\$ 4,043,228	\$ 623,003	\$ 485,000	\$ 116,959	\$ 580,431	\$ 161,337
2021	2,465,806	474,988	445,000	93,638	575,384	146,186
2022	2,395,000	416,328	455,000	84,942	590,735	130,630
2023	2,035,000	356,615	460,000	75,651	606,496	114,659
2024	1,905,000	302,620	475,000	65,826	622,677	98,261
2025-2029	7,220,000	728,345	1,955,000	149,854	3,371,623	229,623
2030-2034	280,000	13,720	-	-	-	-
Totals	\$ 20,344,034	\$ 2,915,619	\$ 4,255,000	\$ 586,870	\$ 6,327,346	\$ 880,896

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2019, \$703,540 of debt outstanding is considered defeased.

**NOTE 9—LEASE AGREEMENTS, AS LESSEE**

The City has acquired capital assets through multiple lease/purchase agreements. The gross amount of these assets under capital leases is \$196,495, which are included in capital assets in the business-type activities. The future minimum lease payments expected for these leases are as follows:

Years		Payments	
2020		\$	30,169
2021			30,169
2022			30,169
Total minimum lease payments			90,507
Less: Amount representing interest			6,611
Present Value of Minimum Lease Payments		\$	83,896

**NOTE 10—CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for forty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$599,885 reported as landfill closure and postclosure care liability at December 31, 2019, represents the total amount needed by the City for

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 10—CLOSURE AND POSTCLOSURE CARE COST (continued)**

postclosure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure costs. The City is in compliance with these requirements, and, at December 31, 2019, held an insurance policy in the amount of \$599,885. The maintenance and monitoring expenses for long-term care will be budgeted for each year by the City and the amount of insurance coverage will be adjusted accordingly.

**NOTE 11—TAX ABATEMENT**

Wisconsin State Statutes Section 66.1105 provides the City authority to create Tax Incremental Financing (TIF) districts and the authority to provide tax incentives in the form of tax abatement agreements to certain developers of properties within the tax incremental districts. All tax abatement agreements are approved by the City Council and the Joint Review Board.

The City has entered into a tax abatement agreement with a developer in the form of annual reimbursement grant payments not to exceed \$920,516. The developer has committed to construction and maintenance of a development on property within TIF District No. 6. The developer agrees to pay annual minimum property taxes and any tax shortfalls. The City calculates the annual reimbursement grant based on the annual tax increment generated from the developed property. The City paid \$113,609 in reimbursement grants in 2019. Total reimbursement grants of \$878,490 have been paid through December 31, 2019.

**NOTE 12—NET POSITION/FUND BALANCES**

**Governmental Activities**

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

Net investment in capital assets	\$ 9,794,657
Restricted	
TIF purposes	751,397
Capital projects	1,731,314
Debt service	567,999
Senior citizens	62,049
Housing programs	2,718,204
Transit program	127,801
Total restricted	5,958,764
Unrestricted	(2,455,770)
Total governmental activities net position	<u>\$ 13,297,651</u>

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 12—NET POSITION/FUND BALANCES (continued)**

**Governmental Funds**

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

Nonspendable		
Major funds		
General fund		\$ 25,639
Delinquent personal property taxes		18,773
Advance to other funds		
Total nonspendable major funds		44,412
Restricted		
Major funds		
Debt service		297,999
Capital projects		1,731,314
TIF district No. 4		470,666
Nonmajor funds		
TIF district No. 6		263,711
Housing rehabilitation program		297,180
Transit program		127,801
Senior citizens endowment		62,049
Total restricted nonmajor funds		3,250,720
Assigned		
Major funds		
Water Utility payment		530,028
General fund budget carryovers		47,086
Total assigned major fund		577,114
Unassigned		3,564,998
Total governmental fund balance		<u>\$ 7,437,244</u>



**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 13—EMPLOYEES' RETIREMENT SYSTEM

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

EFT issues a stand-alone Comprehensive Annual Financial Report (CAFR), which can be found at <http://efw.wi.gov/publications/cafr.htm>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 13—EMPLOYEES' RETIREMENT SYSTEM (continued)

The Core and variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

**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 \$757,572 in contributions from the employer which equaled required contributions.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability of \$2,480,711 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.06972823%, which was an increase of 0.00336338% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$1,667,229.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 13—EMPLOYEES' RETIREMENT SYSTEM (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,932,098	\$ (3,415,255)
Changes in assumptions	418,156	-
Net differences between projected and actual earnings on pension plan investments	3,622,910	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,810	(24,937)
Employer contributions subsequent to the measurement date	689,470	-
<b>Total</b>	<b>\$ 6,672,444</b>	<b>\$ (3,440,192)</b>

\$689,470 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ 917,068
2021	227,418
2022	407,331
2023	990,965

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

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

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

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 13—EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global equities	49%	8.1%	5.5%
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9	6.5	3.9
Private equity/debt	8	9.4	6.7
Multi-asset	4	6.5	4.1
<b>Total core fund</b>	<b>110%</b>	<b>7.3%</b>	<b>4.7%</b>
<b>Variable Fund Asset Class</b>			
U.S. equities	70%	7.6%	5.0%
International equities	30	8.5	5.9
<b>Total variable fund</b>	<b>100%</b>	<b>8.0%</b>	<b>5.4%</b>

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 13—EMPLOYEES' RETIREMENT SYSTEM (continued)

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
The City's proportionate share of net pension liability (asset)	\$ (3,005,326)	\$ 2,480,711	\$ 2,087,634

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

At December 31, 2019, the City reported debt payable to the pension plan of \$2,516,787, which represents a contractual arrangement for contribution to the pension plan related to past service cost.

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS

*Local Retiree Life Insurance Fund*

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

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://efr.wi.gov/publications/cafr.htm>

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

**Contributions**

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

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

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)

Contribution rates as of December 31, 2018 are:

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

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

The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Attained Age	Life Insurance Employee Contribution Rates For the year ended December 31, 2018	
	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

During the reporting period, the LRLIF recognized \$2,828 in contributions from the City.

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

At December 31, 2019, the City reported a liability of \$378,812 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.14880700%, which was a decrease of 0.004708% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$34,082.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)

At December 31, 2019, 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	\$ -	\$ 19,217
Net differences between projected and investment earnings on plan investments	9,053	-
Changes in actuarial assumptions	36,144	82,111
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,037	11,649
Employer contributions subsequent to the measurement date	4,726	-
Total	\$ 60,960	\$ 112,977

\$4,726 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2020	\$ (7,767)
2021	(7,767)
2022	(7,767)
2023	(9,038)
2024	(10,348)
2025	(11,979)
2026	(2,077)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield	4.1%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	3.20%
Inflation	0.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)

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

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with 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.

**Local OPEB Life Insurance**  
**Asset Allocation Targets and Expected Returns**  
**As of December 31, 2018**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municiple Bonds		1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**Single Discount rate.** A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. 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.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)

**Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
The City's proportionate share of net OPEB liability	\$ 538,885	\$ 378,812	\$ 255,352

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

**Health Insurance**

**Plan Description**

**Plan Administration.** The City administers a single-employer defined benefit healthcare plan. The plan provides health care coverage for eligible retirees and their spouses through the City's insurance plan which covers both active and retired members.

**Plan Membership.** At January 1, 2018, the date of the latest actuarial valuation, there were 91 active and 15 retired members in the plan.

**Contributions.** There is no requirement for any employee or employer contributions for funding of the plan. Benefit provisions and contribution requirements are established through employment agreements which may be amended only through negotiations between the City and the employees. The City does not contribute toward the retired employees' premiums.

**Net OPEB Liability**

The City's net OPEB liability was measured as of January 1, 2018, rolled forward to January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.2%
Investment rate of return:	4.0%
Healthcare cost trend rates:	-23.3%
	2019
	2020, 2021
	2022, 2023
	2024, 2025
	2026, 2027
	2028, 2029
	2030, 2031
	2032+

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)

The actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation.

**Funded Status and Funding Progress.** As of January 1, 2018, the most recent actuarial valuation date, the City's actuarial accrued liability (AAL) for benefits was \$1,347,606 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,347,606.

**Discount rate.** The discount rate of 4.00% was used in calculating the City's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 4.00%). This rate is based on the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/2018	\$ 1,278,376	\$ -	\$ 1,278,376
Changes for the year:			
Service cost	60,635	-	60,635
Interest cost	53,560	-	53,560
Expected benefit payments	(44,965)	(44,965)	-
Employer contributions	-	44,965	(44,965)
Net changes	69,230	-	69,230
Balance at 12/31/2019	\$ 1,347,606	\$ -	\$ 1,347,606

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (continued)**

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Total OPEB liability	\$ 1,459,951	\$ 1,347,606	\$ 1,196,014
<i>Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.</i> The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:			
	1% Decrease to Healthcare Trend Rates (7.0% decreasing to 4.0%)	Current Healthcare Trend Rates (8.0% decreasing to 5.0%)	1% Increase to Healthcare Trend Rates (9.0% decreasing to 6.0%)
Total OPEB liability	\$ 1,183,591	\$ 1,347,606	\$ 1,551,342

**NOTE 15—RISK MANAGEMENT**

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

**NOTE 16—COMMITMENTS AND CONTINGENCIES**

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

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

The City has a development agreement with the Beaver Dam Area Development Corporation (BDADC) whereby the City has agreed to pay the BDADC the first \$1,000,000 of land sales in TIF No. 4. In 2019, there were no land sales and the remaining amount that may be paid under the agreement at year end was \$789,340. This is not reported as a liability in the City's financial statements because no amounts are owed by the City unless land is sold.

**CITY OF BEAVER DAM**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 17—ECONOMIC DEPENDENCY**

The wastewater utility has one significant customer who was responsible for approximately 50% of operating revenues in 2019.

**NOTE 18—PRIOR PERIOD ADJUSTMENT**

The City's accounts payable balances were understated in the prior year by \$92,825 in the general fund, \$295,370 in the capital projects fund \$11,797 in the water utility, and \$44,855 in the wastewater utility. As a result, an adjustment of \$388,195 was made to decrease the December 31, 2018 fund balance on the balance sheet – governmental funds and the net position on the statement of activities based on the accounts payable balance as of December 31, 2018. Additionally, an adjustment of \$56,653 was made to decrease the December 31, 2018 net position on the statement of net position – proprietary funds.

**CITY OF BEAVER DAM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property tax	\$ 7,513,692	\$ 7,513,692	\$ 7,514,113	\$ (421)
Retained sales tax	120	120	120	-
Room tax	-	-	120,032	(120,032)
Total taxes	7,513,812	7,513,812	7,634,265	(120,453)
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	1,961,085	1,961,085	1,960,444	641
Fires insurance tax (2% fire dues)	62,000	62,000	75,143	(13,143)
State aid - law enforcement improvement	4,800	4,800	5,280	(480)
State aid - general transportation aids	713,242	713,242	712,915	327
State aid - other highway aid	48,254	48,254	48,254	-
State aid - exempt computer aid	42,000	42,000	217,642	(175,642)
County aid - libraries	281,284	281,284	281,297	(13)
Other local government grants	329,836	329,836	53,829	276,007
Total intergovernmental revenues	3,442,501	3,442,501	3,354,804	87,697
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	13,500	13,500	14,151	(651)
Business and occupational licenses	8,000	8,000	11,117	(3,117)
Cigarette licenses	2,300	2,300	2,300	-
Cable television franchise fees	205,000	205,000	157,352	47,648
Dog and cat licenses	9,200	9,200	9,155	45
Sundry licenses	1,100	1,100	1,308	(208)
Building permits	1,000	1,000	245,809	(244,809)
Electrical permits	-	-	23,940	(23,940)
Plumbing permits	-	-	17,535	(17,535)
Street opening permits	3,000	3,000	6,874	(3,874)
Fire permits	-	-	320	(320)
Total licenses and permits	243,100	243,100	489,861	(246,761)

**REQUIRED SUPPLEMENTARY INFORMATION**

See accompanying notes to required supplementary information.  
48

**CITY OF BEAVER DAM**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND  
Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
<b>FINES AND FORFEITURES</b>			
Court penalties and costs	240,000	240,000	9,526
Parking violations	24,000	20,527	3,473
Launch user violations	800	60	740
Total fines and forfeitures	264,800	261,061	13,739
<b>PUBLIC CHARGES FOR SERVICES</b>			
Publication fees	800	866	(66)
Fire protection fees	664,750	664,576	174
Engineering fees	1,500	1,500	1,050
Parking lots, ramps and meters	5,000	9,951	(4,951)
Library	14,000	12,343	1,657
Recreation programs	115,000	101,029	13,971
Ambulance fees	518,392	201,960	316,432
Total public charges for services	1,319,442	991,175	328,267

**INTERGOVERNMENTAL CHARGES FOR SERVICES**

Local - motor pool rentals	17,000	17,000	3,557
Local - fringe benefits	60,000	53,317	6,683
Local - administration	220,000	706,605	(486,605)

Total intergovernmental charges for activities

	297,000	763,479	(466,479)
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**SPECIAL ASSESSMENTS**

Special assessments letters	8,000	9,425	(1,425)
Weed control	10,000	13,437	(3,437)

Total special assessments

	18,000	22,862	(4,862)
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**INVESTMENT INCOME**

Interest on investments	50,000	101,924	(51,924)
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**MISCELLANEOUS**

Rent	1,500	1,501	(1)
DPW non-eligible recycling	2,000	1,723	277
Sale of materials	3,000	-	3,000
Donations and contributions	-	5,565	(5,565)
Miscellaneous general revenues	69,800	85,677	(15,877)
Total miscellaneous	76,300	94,466	(18,166)
Total revenues	13,224,955	13,703,897	(478,942)

See accompanying notes to required supplementary information.  
49

**CITY OF BEAVER DAM**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND  
Year Ended December 31, 2019

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council	76,604	76,604	4,846
Attorney	132,146	146,460	(14,314)
Mayor	81,646	81,646	1,700
Clerk and personnel officer	154,728	154,728	63,695
Personnel	47,500	47,500	(26,221)
Employee recognition	3,000	2,869	131
Elections	17,747	10,336	7,411
Municipal court	106,983	106,983	7,792
Finance	437,877	418,355	19,522
Assessment of property	49,600	49,600	(9,563)
Historical building maintenance	35,000	5,000	(43,400)
Auditing and special accounting	383,966	383,966	93,999
Municipal building	6,000	6,000	6,000
Bad debt and illegal taxes	55,000	46,025	8,975
Property and liability insurance	220,000	196,851	23,149
Workers compensation insurance	5,000	6,972	(1,972)
Unemployment compensation	-	-	(34,028)
Other general government	792	792	792
Employee benefits adjustment	-	-	-
Total general government	1,818,589	1,710,075	108,514
<b>PUBLIC SAFETY</b>			
Police	4,275,768	4,275,768	94,071
Traffic control	69,380	59,736	9,644
Crossing guards	96,009	98,119	(2,110)
Fire	2,809,174	2,670,921	138,253
Ambulance	96,500	117,823	(21,323)
Building inspection	325	224,911	(224,586)
Sealer of weights and measures	6,100	6,000	100
Emergency government	10,335	10,335	3,160
Total public safety	7,363,591	7,366,382	(2,791)
<b>PUBLIC WORKS</b>			
Public works supervision	96,767	87,970	8,797
Employee pensions and benefits	270,527	301,988	(31,461)
Engineering	67,213	82,996	(15,783)
Motor pool	264,909	248,633	16,276
Garage	144,004	144,004	15,630
Street repair	171,328	152,005	19,323
Street sealing	63,850	70,687	(6,837)
Tree control	67,034	69,259	(2,225)
Public restrooms	-	309	(309)
Solid waste collection	553,117	504,957	48,160
Snow and ice control	240,054	303,644	(63,590)
Street lighting	195,521	162,982	32,539
Recycling	332,533	298,394	34,139
Weed control	15,786	28,122	(12,336)
Total public works	2,482,643	2,440,320	42,323

See accompanying notes to required supplementary information.  
50

**CITY OF BEAVER DAM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended December 31, 2019

	Budgeted Amounts		Variance
	Original	Final	with Final Budget
<b>HEALTH AND HUMAN SERVICES</b>			
Animal control	49,500	49,500	-
Senior citizen center	401,946	413,440	(11,494)
Cemetery	4,268	4,187	81
Total health and human services	455,714	455,714	(11,413)
<b>CULTURE, RECREATION AND EDUCATION</b>			
Library	703,938	703,938	18,196
Library - county funding	281,284	297,783	(16,499)
Parks	384,118	447,344	(63,226)
Recreation programs and events	154,284	108,860	45,424
Celebration and entertainment	16,860	15,732	1,128
Crystal lake park	33,025	36,908	(3,883)
Swan wading pool	5,950	8,811	(2,861)
Athletic fields	11,459	10,068	1,391
Total culture, recreation and education	1,590,918	1,611,248	(20,330)
<b>CONSERVATION AND DEVELOPMENT</b>			
Lake development	30,700	30,700	22,269
Planning	5,000	5,000	5,000
Tourism	-	-	(140,068)
Total conservation and development	35,700	35,700	(112,799)
<b>DEBT SERVICE</b>			
Interest and fiscal charges	7,800	7,800	7,800
Total expenses	13,754,955	13,754,955	11,304
Excess (deficiency) of revenues over expenditures	(530,000)	(530,000)	(490,246)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	(497,807)
Property sales	-	-	(845)
Total other financing sources (uses)	-	-	(498,652)
<b>Net change in fund balance</b>	(530,000)	(530,000)	(988,898)
Fund balances - beginning of year, as restated	3,067,954	3,067,954	-
<b>Fund balances - end of year</b>	<b>\$ 2,537,954</b>	<b>\$ 2,537,954</b>	<b>\$ (988,898)</b>

See accompanying notes to required supplementary information.  
51

**CITY OF BEAVER DAM**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
The City's proportion of the net pension liability (asset)	0.069728%	0.066365%	0.065164%	0.063915%	0.063915%
The City's proportionate share of the net pension liability (asset)	\$ 2,480,711	\$ (1,970,451)	\$ 537,104	\$ 1,041,640	\$ (1,569,935)
The City's covered-employee payroll	\$ 7,610,363	\$ 7,224,049	\$ 6,969,264	\$ 6,851,478	\$ 6,775,600
The City's proportionate share as a percentage of covered payroll	-32.60%	27.28%	7.71%	15.20%	23.17%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.20%	102.74%

**SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS**

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Contractually required contributions	\$ 757,572	\$ 711,990	\$ 618,072	\$ 620,753	\$ 621,073
Contributions in relation to the contractually required contributions	\$ 757,572	\$ 711,990	\$ 618,072	\$ 620,753	\$ 621,073
The City's covered-employee payroll	\$ 7,610,363	\$ 7,224,049	\$ 6,969,264	\$ 6,851,478	\$ 6,775,600
Contributions as a percentage of covered-employee payroll	9.95%	9.86%	8.87%	9.06%	9.17%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to required supplementary information.



**CITY OF BEAVER DAM**  
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 FISCAL YEARS\*

	2018	2017
The City's proportion of the net OPEB liability	0.146807%	0.142099%
The City's proportionate share of the net OPEB liability	\$ 378,812	\$ 427,516
The City's covered-employee payroll	\$ 7,187,000	\$ 5,975,669
Plan fiduciary net position as a percentage of the total OPEB liability	48.69%	44.81%

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

See accompanying notes to required supplementary information.  
53

**CITY OF BEAVER DAM**  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS

	2019	2018
<b>Beginning Balance</b>	\$ 1,278,376	\$ 1,225,782
<b>Changes for the year:</b>		
Service cost	60,635	62,515
Interest cost	53,560	51,532
Expected benefit payments	-	-
Employer contributions	(44,965)	(61,453)
<b>Net changes</b>	69,230	52,594
<b>Ending Balance</b>	\$ 1,347,606	\$ 1,278,376

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to required supplementary information.  
54

**NOTE 1—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 to the financial statements.

Budgets are adopted at the functional level of expenditure. The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. Carryovers from the previous year were \$29,722.

**Excess Expenditures Over Appropriations**

The following general fund functions had an excess of actual expenditures over appropriations for the year ended December 31, 2019.

Function	Expenditures Over Budget
Health and human services	\$ (11,413)
Culture, recreation and education	(20,330)
Conservation and development	(112,799)

**NOTE 2—EMPLOYEE'S RETIREMENT CONTRIBUTIONS**

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

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

**NOTE 3—SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND**

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

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

**NOTE 4—SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE**

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

*Changes of Assumptions.* There were no changes in the assumptions.

Actuarial Valuation Date:	January 1, 2018
Measurement Date:	December 31, 2018
Reporting Date:	December 31, 2018
Actuarial Cost Method:	Entry age normal
Discount Rate:	4.00%
Mortality Rate:	MP-2018 generational improvement scale, and 2015-2017 Experience Study performed by the actuary for the WRS.



**CITY OF BEAVER DAM**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2019

	Capital Projects Funds				Special Revenue Funds			Total Nonmajor Governmental Funds
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	Housing Rehabilitation Fund	Transit Fund	Senior Citizens Endowment	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 264,926	\$ 200,589	\$ 191,717	\$ 612,346	\$ 297,180	\$ 103,449	\$ 62,049	\$ 1,732,256
Receivables (net)								
Taxes	150,346	533,375	-	-	-	120,000	-	803,721
Accounts	-	-	-	-	-	77,960	-	77,960
Loans	-	-	-	-	2,421,024	-	-	2,421,024
<b>Total assets</b>	<b>\$ 415,272</b>	<b>\$ 733,964</b>	<b>\$ 191,717</b>	<b>\$ 612,346</b>	<b>\$ 2,718,204</b>	<b>\$ 301,409</b>	<b>\$ 62,049</b>	<b>\$ 5,034,961</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,215	\$ 881	\$ -	\$ 595,326	\$ -	\$ 53,608	\$ -	\$ 651,030
Advances from other funds	-	18,773	-	-	-	-	-	18,773
<b>Total liabilities</b>	<b>1,215</b>	<b>19,654</b>	<b>-</b>	<b>595,326</b>	<b>-</b>	<b>53,608</b>	<b>-</b>	<b>669,803</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unearned property taxes	150,346	533,375	-	-	-	120,000	-	803,721
Unavailable revenues	-	-	-	-	2,421,024	-	-	2,421,024
<b>Total deferred inflows of resources</b>	<b>150,346</b>	<b>533,375</b>	<b>-</b>	<b>-</b>	<b>2,421,024</b>	<b>120,000</b>	<b>-</b>	<b>3,224,745</b>
<b>FUND BALANCES</b>								
Restricted	263,711	-	-	-	297,180	127,801	62,049	750,741
Unassigned	-	180,935	191,717	17,020	-	-	-	389,672
<b>Total fund balances</b>	<b>263,711</b>	<b>180,935</b>	<b>191,717</b>	<b>17,020</b>	<b>297,180</b>	<b>127,801</b>	<b>62,049</b>	<b>1,140,413</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 415,272</b>	<b>\$ 733,964</b>	<b>\$ 191,717</b>	<b>\$ 612,346</b>	<b>\$ 2,718,204</b>	<b>\$ 301,409</b>	<b>\$ 62,049</b>	<b>\$ 5,034,961</b>

**CITY OF BEAVER DAM**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended December 31, 2019

	Capital Projects Funds				Special Revenue Funds				Total Nonmajor Governmental Funds
	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	Housing Rehabilitation Fund	Transit Fund	Senior Citizens Endowment		
<b>REVENUES</b>									
Taxes	\$ 163,134	\$ 529,995	\$ -	\$ -	\$ -	\$ 118,000	\$ -	\$	\$ 811,129
Intergovernmental	2,670	2,970	-	-	-	604,653	-	-	610,293
Investment income (loss)	15,631	8,408	7,085	(6)	149	-	612	-	31,879
Miscellaneous	-	8,214	-	-	79,517	-	44,500	-	132,231
Total revenues	181,435	549,587	7,085	(6)	79,666	722,653	45,112		1,585,532
<b>EXPENDITURES</b>									
Current:									
General government	1,598	11,190	-	610	-	-	-	-	13,398
Public works	-	4,414	112,575	-	-	758,390	-	-	875,379
Conservation and development	140,160	240,115	701,150	900,902	335,654	-	-	-	2,317,981
Debt service									
Principal payment	120,000	200,000	-	250,000	-	-	-	-	570,000
Interest and fees	2,503	16,543	20,047	38,454	-	-	-	-	77,547
Total expenditures	264,261	472,262	833,772	1,189,966	335,654	758,390	-	-	3,854,305
Excess (deficiency) of revenues over (under) expenditures	(82,826)	77,325	(826,687)	(1,189,972)	(255,988)	(35,737)	45,112		(2,268,773)
Other financing sources (uses)									
Transfers in (out)	-	-	-	-	-	-	(30,000)		(30,000)
Long term debt issued	250,000	-	830,000	1,195,000	-	-	-		2,275,000
Premium on debt issuance	-	-	7,789	6,772	-	-	-		14,561
Property sales	-	-	198,446	-	-	-	-		198,446
Total other financing sources (uses)	250,000	-	1,036,235	1,201,772	-	-	(30,000)		2,458,007
<b>Net change in fund balances</b>	167,174	77,325	209,548	11,800	(255,988)	(35,737)	15,112		189,234
Fund balances—beginning of year	96,537	103,610	(17,831)	5,220	553,168	163,538	46,937		951,179
<b>Fund balances—end of year</b>	<b>\$ 263,711</b>	<b>\$ 180,935</b>	<b>\$ 191,717</b>	<b>\$ 17,020</b>	<b>\$ 297,180</b>	<b>\$ 127,801</b>	<b>\$ 62,049</b>		<b>\$ 1,140,413</b>

**FORM OF LEGAL OPINION**

(See following pages)

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

April 28, 2021

Re: City of Beaver Dam, Wisconsin ("Issuer")  
\$7,930,000 General Obligation Promissory Notes, Series 2021A,  
dated April 28, 2021 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$495,000	____%
2023	655,000	____
2024	765,000	____
2025	780,000	____
2026	780,000	____
2027	805,000	____
2028	860,000	____
2029	885,000	____
2030	940,000	____
2031	965,000	____

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

The Notes maturing on March 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2029 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

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

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

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

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

QUARLES & BRADY LLP



**BOOK-ENTRY-ONLY SYSTEM**

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

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

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Beaver Dam, Dodge County, Wisconsin (the "Issuer") in connection with the issuance of \$7,930,000 General Obligation Promissory Notes, Series 2021A, dated April 28, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on March 15, 2021, as supplemented by a Certificate Approving the Details of General Obligation Promissory Notes, Series 2021A (collectively, 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](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the 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 9, 2021 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer" means the City of Beaver Dam, Dodge County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Administration/City Clerk/Treasurer of the Issuer who can be contacted at City Hall, 205 South Lincoln Avenue, Beaver Dam, Wisconsin 53916, phone (920) 887-4600, fax (920) 887-4662.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2020, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 28th day of April, 2021.

(SEAL)

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Rebecca Glewen  
Mayor

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Zachary Bloom  
Director of Administration/City Clerk/Treasurer

## NOTICE OF SALE

### **\$7,930,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A CITY OF BEAVER DAM, WISCONSIN**

Bids for the purchase of \$7,930,000\* General Obligation Promissory Notes, Series 2021A (the "Notes") of the City of Beaver Dam, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on April 8, 2021, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on March 15, 2021 (the "Parameters Resolution"), which authorized the Director of Administration/City Clerk/Treasurer or the Deputy City Clerk/Treasurer to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on April 8, 2021, neither the Director of Administration/City Clerk/Treasurer or the Deputy City Clerk/Treasurer will have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

### PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of a fire department training facility, a police shooting range, library roof replacement, park improvements, street improvements, stormwater improvements and the purchase of equipment. 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 April 28, 2021, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$495,000	2026	\$780,000	2030	\$940,000
2023	655,000	2027	805,000	2031	965,000
2024	765,000	2028	860,000		
2025	780,000	2029	885,000		

### 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, up to a maximum of \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

### TERM BOND OPTION

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

## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

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

## **PAYING AGENT**

The City will select City officials or a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## **OPTIONAL REDEMPTION**

At the option of the City, the Notes maturing on or after March 1, 2030 shall be subject to optional redemption prior to maturity on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

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

Notice of 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 April 28, 2021, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

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

## STATEMENT REGARDING COUNSEL PARTICIPATION

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

## SUBMISSION OF BIDS

Bids must not be for less than \$7,850,700, nor more than \$8,247,200, plus accrued interest on the principal sum of \$7,930,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

**A good faith deposit ("Deposit") in the amount of \$158,600 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. **The Notes will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 3.00% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

## **BOND INSURANCE**

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

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

## **CUSIP NUMBERS**

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

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

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

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the 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 (5<sup>th</sup>) 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 (5<sup>th</sup>) 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 Official Statement relating to the Notes prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

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

By Order of the Common Council

Zachary Bloom, Director of Administration/City  
Clerk/Treasurer  
City of Beaver Dam, Wisconsin



# BID FORM

City of Beaver Dam, Wisconsin

April 8, 2021

RE: \$7,930,000\* General Obligation Promissory Notes, Series 2021A (the "Notes")

DATED: April 28, 2021

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$7,850,700, nor more than \$8,247,200) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

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

\* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each up to a maximum of \$100,000 per maturity. 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 \$158,600 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 April 28, 2021.

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

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

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

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

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

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 28, 2021 of the above bid is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted on behalf of the Common Council of the City of Beaver Dam, Wisconsin, on April 8, 2021.

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

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