

# PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2018

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

**New Issue**

**Rating Application Made: Moody's Investors Service**

## CITY OF WEST BEND, WISCONSIN (Washington County)

### \$2,595,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

**BID OPENING:** April 16, 2018, 10:00 A.M., C.T.

**CONSIDERATION:** April 16, 2018, 6:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$2,595,000\* General Obligation Promissory Notes, Series 2018A (the "Notes") of the City of West Bend, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purpose of financing capital projects, including street improvements, water system projects and public safety 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:** May 3, 2018

**MATURITY:** May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$40,000	2023	\$305,000	2027	\$335,000
2020	300,000	2024	265,000	2028	310,000
2021	150,000	2025	330,000		
2022	225,000	2026	335,000		

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

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

**INTEREST:** November 1, 2018 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing May 1, 2026 and thereafter are subject to call for prior redemption on May 1, 2025 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$2,569,050.

**MAXIMUM BID:** \$2,750,700.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$51,900 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** To be determined 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).

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

## REPRESENTATIONS

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

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

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

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

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

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

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

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

## CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **COMMON COUNCIL**

		<u>Term Expires</u>
Kraig Sadownikow	Mayor	April 2019
John Butschlick	Aldersperson	April 2018
Michael Christian	Aldersperson	April 2019
Mike Chevalier	Aldersperson	April 2018
Chris Jenkins	Aldersperson	April 2019
Rich Kasten	Aldersperson	April 2018
Steve Hoogester	Council President	April 2019
Adam Williquette	Aldersperson	April 2018
Roger Kist	Aldersperson	April 2019

## **ADMINISTRATION**

Jay Shambeau, City Administrator

Stephanie Justmann, City Clerk

Carrie Winklbauer, Finance Administrator / Treasurer

## **PROFESSIONAL SERVICES**

O'Meara Law Firm, LLP, City Attorney, West Bend, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

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

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of West Bend, Wisconsin (the "City") and the issuance of its \$2,595,000\* General Obligation Promissory Notes, Series 2018A (the "Notes" or the "Obligations"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution awarding the sale of the Notes (the "Award Resolution") to be adopted by the Common Council on April 16, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](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 May 3, 2018. The Notes will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing November 1, 2018, 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"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

### OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2026 shall be subject to optional redemption prior to maturity on May 1, 2025 and on 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.

\* Preliminary, subject to change.

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 the public purpose of financing capital projects, including street improvements, water system projects and public safety equipment.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Notes	\$2,595,000	
Estimated interest earnings	<u>6,300</u>	
<b>Total Sources</b>		<b>\$2,601,300</b>
<b>Uses</b>		
Total Underwriter's Discount	\$25,950	
Costs of Issuance	52,875	
Deposit to Project Construction Fund	2,520,000	
Rounding Amount	<u>2,475</u>	
<b>Total Uses</b>		<b>\$2,601,300</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, with the exception of any outstanding credit enhanced issues, is currently rated "Aa3" by Moody's Investors Service ("Moody's").

The City has requested a rating on this issue 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 the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the City shall covenant to take certain actions pursuant to the Award Resolution adopted by the Common Council by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Notes. Such Disclosure Undertaking will be in substantially the form attached hereto.

The City did not meet its disclosure obligation by not filing the following in the last five years as required by the Rule along with certain bond insurer rating changes. Except to the extent that the following are deemed to be material, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

<b>Disclosure Deficiency Description</b>	<b>Due Date/Date of Event</b>	<b>Date Filed</b>
Moody's General Obligation Rating Change from "Aa2" to Aa3"	January 31, 2014	May 13, 2014
Moody's Lease Revenue Rating Change from "A1" to "A2"	January 31, 2014	May 13, 2014

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

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org). Ehlers is currently engaged as disclosure 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 Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

## **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 corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. 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.



## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **MUNICIPAL ADVISOR**

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

## **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, 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, 2016, have been audited by Baker Tilly Virchow Krause, 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 Preliminary Official Statement.

## **RISK FACTORS**

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

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

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

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

applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

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

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Award 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.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

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

### Assessed Value

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

**CURRENT PROPERTY VALUATIONS**

2017 Equalized Value	\$2,680,139,500
2017 Equalized Value Reduced by Tax Increment Valuation	\$2,465,656,600
2017 Assessed Value	\$2,464,540,300

**2017 EQUALIZED VALUE BY CLASSIFICATION**

	<b>2017 Equalized Value</b>	<b>Percent of Total Equalized Value</b>
Residential	\$1,741,405,400	64.974%
Commercial	806,220,100	30.081%
Manufacturing	71,344,600	2.662%
Agricultural	86,600	0.003%
Undeveloped	88,800	0.003%
Forest	249,600	0.009%
Other	415,200	0.015%
Personal Property	60,329,200	2.251%
Total	<u><u>\$2,680,139,500</u></u>	<u><u>100.000%</u></u>

**TREND OF VALUATIONS**

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2013	\$2,405,223,050	\$2,378,068,900	-1.42%
2014	2,402,808,300	2,388,773,200	0.45%
2015	2,411,338,050	2,418,080,000	1.23%
2016	2,421,482,320	2,485,727,800	2.80%
2017	2,464,540,300	2,680,139,500	7.82%

**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>2017 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
West Bend Mutual	Insurance	\$ 68,567,447	2.56%
River Shores-Cast Iron Condo	Condos/apartments	22,007,363	0.82%
Gehl Company	Office	20,291,371	0.76%
Ireit West Bend (Pick N Save)	Grocery	19,375,005	0.72%
Meijer Stores	Grocery/retail	19,306,059	0.72%
Froedtert Health Inc.	Medical facility	17,796,036	0.66%
Wal-Mart Stores	Grocery/retail	16,752,924	0.63%
Paradise Pavilion (Kohl's)	Retail	15,028,124	0.56%
AH Paradise (Boston Store/Pier 1)	Retail	12,626,421	0.47%
Welltower (Lighthouse)	Care facility	12,387,393	0.46%
<b>Total</b>		<b>\$224,138,143</b>	<b>8.36%</b>
City's Total 2017 Equalized Value <sup>2</sup>		\$2,680,139,500	

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the City.

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

## DEBT

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

#### General Obligation Debt (includes the Notes, see schedules following)

Total General Obligation Debt	<u>\$52,937,207</u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by water revenues	<u>\$ 1,095,000</u>
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<sup>1</sup> Outstanding debt is as of the dated date of the Notes.

**CITY OF WEST BEND**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt**  
**(As of May 3, 2018)**

Fiscal Year Ending	G.O. Promissory Notes Series 2009A		Taxable G.O. Community Development Bonds Series 2010A		G.O. Refunding Bonds Series 2010C		Taxable G.O. Refunding Bonds Series 2010D		G.O. Corporate Purpose Bonds Series 2011A		G.O. Refunding Bonds Series 2011B			
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2018														
2019	\$3,505,000	4/7/2009	230,000	4,485	4/1/2010	\$1,120,000	10/19/2010	\$6,800,000	10/19/2010	\$9,390,000	4/12/2011	\$2,815,000	12/21/2011	\$1,840,000
2020		3/1			3/1		4/1		3/1		3/1		4/1	
2021			55,000	1	55,000	1	630,000	26,620	790,000	98,246	125,000	36,369	165,000	8,488
2022			55,000	1	55,000	1	655,000	53,240	775,000	196,491	125,000	74,863	170,000	15,490
2023			60,000	1	60,000	1	670,000	36,523	845,000	170,576	130,000	67,288	110,000	12,305
2024			60,000	1	60,000	1	275,000	17,965	910,000	142,288	135,000	63,144	50,000	9,423
2025			80,000	1	80,000	1		4,125	950,000	110,015	140,000	58,675	50,000	7,590
2026			80,000	1	80,000	1			1,050,000	74,428	145,000	53,500	50,000	6,290
2027			65,000	1	65,000	1			245,000	34,903	150,000	47,600	50,000	4,990
2028			75,000	1	75,000	1			85,000	1,806	170,000	41,300	50,000	3,965
2029			75,000	1	75,000	1					180,000	34,600	40,000	2,015
2030			75,000	1	75,000	1					185,000	27,600	50,000	620
2031			75,000	1	75,000	1					195,000	20,300	50,000	
2032											205,000	4,254		
2033														
			230,000	8,970	805,000	304,170	2,230,000	138,473	5,650,000	837,509	2,050,000	615,158	735,000	70,775

1 - Mandatory redemption amounts

continued on next page

**CITY OF WEST BEND**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt**  
**(As of May 3, 2018)**

Fiscal Year Ending	Taxable G.O. Refunding Bonds Series 2012A		G.O. Refunding Bonds Series 2012B		G.O. Promissory Notes Series 2012C		Taxable G.O. Refunding Bonds Series 2012D		State Trust Fund Loan		G.O. Corporate Purpose Bonds Series 2013A	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$3,530,000	4/1	23,024	23,024	62,884	9,525	300,000	7,514	44,750	5,616	325,000	93,819
2019			145,000	44,380	185,000	125,769	305,000	15,029	46,081	4,285	330,000	187,638
2020			155,000	40,698	625,000	117,669	315,000	11,259	47,475	2,891	330,000	182,725
2021			160,000	36,403	785,000	103,969	320,000	6,930	48,900	1,467	340,000	177,775
2022			155,000	31,720	880,000	86,919	170,000	2,295			340,000	172,750
2023			160,000	26,638	930,000	68,819					340,000	167,225
2024			105,000	22,041	970,000	49,819					350,000	160,313
2025			100,000	18,300	1,025,000	29,228					850,000	146,813
2026			85,000	14,775	815,000	9,169					905,000	125,938
2027			85,000	11,375							980,000	102,375
2028			85,000	7,763							1,000,000	76,375
2029			40,000	4,950							1,005,000	48,806
2030			40,000	3,150							285,000	31,069
2031			50,000	1,125							295,000	22,725
2032											300,000	13,800
2033											310,000	4,650
			1,365,000	286,340	6,215,000	653,844	1,240,000	43,027	187,207	14,260	7,945,000	1,714,794

1 - Mandatory redemption amounts  
*continued on next page*



**CITY OF WEST BEND**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt**  
**(As of May 3, 2018)**

Fiscal Year Ending	G.O. Promissory Notes Series 2013B		Taxable G.O. Promissory Notes Series 2013C		G.O. PF Bonds Series 2014A		G.O. Prom Notes Series 2014B		G.O. Prom Notes Series 2014C		G.O. Refunding Bonds Series 2014D	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$820,000	5/1	2,949	7,835	21,973	2/26/2014	2/26/2014	2/26/2014	7/9/2014	12/30/2014		
2019	80,000		5,898	15,670	43,385	\$1,740,000	\$6,370,000	\$3,135,000	12,750	750,000	19,200	
2020	100,000		4,898	4,070	42,225		790,000	560,000	25,500	135,000	8,400	
2021	100,000		3,598	3,168	40,875		635,000	51,150	8,550	145,000	4,350	
2022	110,000		2,018	2,078	39,375		740,000	37,400				
2023	65,000		569	731	80,000		400,000	25,500				
2024					35,745		400,000	16,000				
2025					33,638		400,000	5,500				
2026					31,275							
2027					28,665							
2028					25,798							
2029					22,625							
2030					19,140							
2031					15,413							
2032					11,435							
2033					7,100							
					2,400							
			455,000	19,928	1,470,000	458,730	3,365,000	233,650	1,130,000	46,800	1,030,000	31,950

1 - Mandatory redemption amounts  
continued on next page

**CITY OF WEST BEND**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt**  
**(As of May 3, 2018)**

Fiscal Year Ending	G.O. Corporate Purpose Bonds Series 2015A		G.O. Corporate Purpose Bonds Series 2016A		Taxable G.O. Refunding Bonds Series 2016B		GO Prom Note Series 2016C		GO Prom Note Series 2017A		GO Prom Note Series 2018A		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2018	6/10/2015	4/1	3/29/2016	3/29/2016	6/1/2016	5/11/2017	5/3/2018	75,000	105,000	40,000	97,952	825,000	628,619	1,453,619	52,112,207	1.56%	2018	
2019	\$3,850,000		\$5,525,000	\$1,135,000	\$800,000	\$2,230,000	\$2,595,000*	75,000	105,000	40,000	97,952	7,589,750	1,297,903	8,887,654	44,522,456	15.90%	2019	
2020								80,000	185,000	300,000	61,950	6,561,081	1,105,429	7,666,510	37,961,375	28.29%	2020	
2021								80,000	235,000	150,000	57,263	6,172,475	951,444	7,123,919	31,788,900	39.95%	2021	
2022								80,000	205,000	225,000	53,063	5,608,900	806,111	6,415,011	26,180,000	50.55%	2022	
2023								85,000	280,000	315,778	46,815	4,760,000	670,763	5,430,763	21,420,000	59.54%	2023	
2024								85,000	285,000	23,103	39,909	4,730,000	539,838	5,269,838	16,690,000	68.47%	2024	
2025								85,000	285,000	330,000	32,290	4,150,000	419,636	4,569,636	12,540,000	76.31%	2025	
2026								90,000	290,000	290,000	23,228	3,855,000	316,250	4,171,250	8,685,000	83.59%	2026	
2027								90,000	300,000	335,000	13,764	2,365,000	233,580	2,598,580	6,320,000	88.06%	2027	
2028										310,000	4,495	2,035,000	170,549	2,205,549	4,285,000	91.91%	2028	
2029												1,730,000	113,506	1,843,506	2,555,000	95.17%	2029	
2030												945,000	71,188	1,016,188	1,610,000	96.96%	2030	
2031												655,000	43,516	698,516	955,000	98.20%	2031	
2032												410,000	25,235	435,235	545,000	98.97%	2032	
2033												425,000	11,750	436,750	120,000	99.77%	2033	
												120,000	2,400	122,400	0	100.00%	2034	
												52,937,207	7,407,715	60,344,921				

\* Preliminary, subject to change.

**CITY OF WEST BEND**  
**Schedule of Bonded Indebtedness**  
**Revenue Debt Secured by Water System Revenues**  
**(As of May 3, 2018)**

**Water System Revenue Bonds Series 2008**      **Water System Revenue Bonds Series 2009**

Fiscal Year Ending	4/24/2008		4/7/2009		Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
	Amount	Maturity	Amount	Maturity						
2018					0	22,988	22,988	1,095,000	0.00%	2018
2019	275,000	3/1	70,000	3/1	345,000	39,073	384,073	750,000	31.51%	2019
2020	80,000	3/1	75,000	3/1	155,000	28,920	183,920	595,000	45.66%	2020
2021	85,000	3/1	75,000	3/1	160,000	22,320	182,320	435,000	60.27%	2021
2022	85,000	3/1	80,000	3/1	165,000	15,425	180,425	270,000	75.34%	2022
2023	90,000	3/1	85,000	3/1	175,000	8,078	183,078	95,000	91.32%	2023
2024			95,000	3/1	95,000	2,138	97,138	0	100.00%	2024
	615,000		480,000		1,095,000	138,940	1,233,940			

1 - Mandatory redemption amounts

**DEBT LIMIT** (includes the Notes)\*

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	\$ 2,680,139,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 134,006,975
Less: General Obligation Debt*	<u>(52,937,207)</u>
Unused Debt Limit*	<u><u>\$ 81,069,768</u></u>

\*Preliminary, subject to change.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2017 Equalized Value</b>	<b>% In City</b>	<b>Total G.O. Debt<sup>2</sup></b>	<b>City's Proportionate Share</b>
Washington County	\$ 14,614,348,100	18.3391%	\$ 7,010,000	\$ 1,285,571
West Bend School District	5,014,351,999	53.4494%	35,151,000	18,787,999
Moraine Park Technical College	26,519,160,102	10.1064%	18,310,000	<u>1,850,482</u>
City's Share of Total Overlapping Debt				<u><u>\$21,924,051</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> 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 \$2,680,143,500</b>	<b>Debt/ Per Capita 31,546<sup>1</sup></b>
Total General Obligation Debt (includes the Notes)*	\$ 52,937,207	0.20%	\$ 1,678.10
City's Share of Total Overlapping Debt	<u>21,924,051</u>	<u>0.08%</u>	<u>694.99</u>
Total*	\$ 74,861,258	0.28%	\$ 2,373.08

\*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 has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Estimated 2017 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2013/14	\$19,250,007	100%	\$8.61
2014/15	19,180,219	100%	8.56
2015/16	19,240,737	100%	8.49
2016/17	19,217,825	100%	8.29
2017/18	19,294,911	[ In process ]	7.83

Property tax statements are distributed to taxpayers by the town, village, and city clerks 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.

## 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>
2013/14	\$10.74	\$2.86	\$8.61	\$0.18	\$22.39
2014/15	9.29	2.69	8.56	0.18	20.72
2015/16	9.44	2.60	8.49	0.18	20.71
2016/17	9.31	2.58	8.29	0.18	20.36
2017/18	8.80	2.49	7.83	0.00	19.12

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

## LEVY LIMITS

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

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

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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.

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 exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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 on March 19, 1885 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. The Mayor is elected to a three-year term and the Alderpersons of the Common Council are elected to staggered two-year terms. The appointed staff of an Administrator, Clerk and Finance Administrator/Treasurer are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 218 full-time, 86 part-time, and 194 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 required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015") and the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,306,614 and \$1,227,990 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, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

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 2016, the City reported a liability of \$2,093,794 for its proportionate share of the net pension asset of the WRS. The net pension liability was measured as of December 31, 2015 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 0.1288504% of the aggregate WRS net pension asset as of December 31, 2015.

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>
West Bend Police Protective Association	December 31, 2018
West Bend Police Supervisors Association	December 31, 2018
Local 2025, International Association of Firefighters	December 31, 2018
Dispatcher and Clerical Association, Local 503	March 25, 2018*

\* The City is in negotiations with the Dispatcher and Clerical Association, Local 503 regarding a new contract.

## **OTHER POST EMPLOYMENT BENEFITS**

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 45 (GASB 45). The City's most recent actuarial study of its OPEB obligations shows an actuarial accrued liability of \$10,431,059 as of January 1, 2015. The City has been funding these obligations on a pay-as-you-go basis. There are no assets that have been segregated and restricted to provide for retiree medical benefits.

## **LITIGATION**

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

## **MUNICIPAL BANKRUPTCY**

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

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

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

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

**FUNDS ON HAND** (as of February 28, 2018)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$14,535,286
Debt Service	1,616,411
Capital Projects	1,850,262
Water Utility	4,132,335
Sewer Utility	9,924,320
Taxi	(291,214)
Library	920,119
BID	344,817
Cable TV	1,158,147
RDA	471,333
Room Tax	55,033
Park & Rec.	156,745
County Wide	424,237
Outreach Services	123,123
Library Trust	1,566
TIF 3	909,973
TIF 4	936,119
TIF 5	1,282,969
TIF 6	385,907
TIF 7	256,005
TIF 8	77,291
TIF 9	151,220
TIF 10	1,691,018
TIF 11	316,258
TIF 12	571,229
TIF 13	109,219
Park Trust	284,601
Revolving Loan	134,668
Economic Development	521,266
FAPS	43,821
Total Funds on Hand	<u><u>\$43,094,084</u></u>

## ENTERPRISE FUNDS

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

	2014	2015	2016
<b>Water</b>			
Total Operating Revenues	\$ 4,780,032	\$ 4,876,578	\$ 4,882,741
Less: Operating Expenses	<u>(3,498,018)</u>	<u>(3,853,791)</u>	<u>(3,292,713)</u>
Operating Income	\$ 1,282,014	\$ 1,022,787	\$ 1,590,028
Plus: Depreciation	953,093	956,693	906,665
Interest Income	<u>12,708</u>	<u>7,896</u>	<u>16,015</u>
Revenues Available for Debt Service	<u><u>\$ 2,247,815</u></u>	<u><u>\$ 1,987,376</u></u>	<u><u>\$ 2,512,708</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 3,633,904	\$ 3,772,272	\$ 3,758,111
Less: Operating Expenses	<u>(3,623,947)</u>	<u>(3,528,854)</u>	<u>(3,368,956)</u>
Operating Income	\$ 9,957	\$ 243,418	\$ 389,155
Plus: Depreciation	1,235,072	1,244,871	1,254,970
Interest Income	<u>114,304</u>	<u>82,099</u>	<u>92,774</u>
Revenues Available for Debt Service	<u><u>\$ 1,359,333</u></u>	<u><u>\$ 1,570,388</u></u>	<u><u>\$ 1,736,899</u></u>

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements.

		<b>FISCAL YEAR ENDING DECEMBER 31</b>				
<b>COMBINED STATEMENT</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Unaudited<sup>1</sup></b>	<b>Adopted Budget<sup>2</sup></b>
<b>Revenues</b>						
Taxes		\$ 13,793,083	\$ 14,124,188	\$ 14,097,151	\$ 14,397,051	\$ 14,545,986
Intergovernmental		3,823,278	3,838,763	3,713,412	3,650,608	3,666,417
Licenses and permits		597,153	650,507	821,568	882,275	763,340
Penalties and forfeitures		494,588	469,913	458,038	412,771	497,100
Public charges for services		1,349,709	1,573,521	1,545,488	2,079,381	1,898,738
Intergovernmental charges for service		435,692	425,025	425,000	425,000	425,000
Special assessments		53,693	113,061	17,525	39,695	4,955
Investment income		18,247	32,704	98,802	177,528	103,000
Miscellaneous general revenues		261,206	330,624	300,967	265,221	927,987
<b>Total Revenues</b>		<b>\$ 20,826,649</b>	<b>\$ 21,558,306</b>	<b>\$ 21,477,951</b>	<b>\$ 22,329,530</b>	<b>\$ 22,832,523</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government		\$ 4,106,875	\$ 4,649,455	\$ 4,204,757	\$ 4,678,047	\$ 4,476,926
Public safety		10,633,805	10,719,881	10,810,224	11,056,465	11,902,247
Public works		3,746,299	4,032,319	4,072,923	4,532,611	4,488,029
Leisure activities		1,634,919	1,704,844	1,613,828	1,459,747	1,548,791
Conservation and development		253,436	392,125	381,259	339,482	342,388
Contingency		0	0	0	286	34,984
Debt Service		0	0	0	0	39,158
<b>Total Expenditures</b>		<b>\$ 20,375,334</b>	<b>\$ 21,498,624</b>	<b>\$ 21,082,991</b>	<b>\$ 22,066,638</b>	<b>\$ 22,832,523</b>
<b>Excess of revenues over (under) expenditures</b>		<b>\$ 451,315</b>	<b>\$ 59,682</b>	<b>\$ 394,960</b>	<b>\$ 262,892</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of property		56,286	34,984	21,657	23,355	13,500
Operating transfers in		735,575	751,034	685,182	665,590	695,961
Operating transfers out		(471,598)	(133,857)	(184,138)	(167,409)	(39,158)
<b>Total Other Financing Sources (Uses)</b>		<b>\$ 320,263</b>	<b>\$ 652,161</b>	<b>\$ 522,701</b>	<b>\$ 521,536</b>	<b>\$ 670,303</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>		<b>\$ 771,578</b>	<b>\$ 711,843</b>	<b>\$ 917,661</b>	<b>\$ 784,428</b>	<b>\$ 670,303</b>
<b>General Fund Balance</b>						
General Fund Balance January 1		5,037,522	5,809,100	6,520,943	7,438,604	8,223,032
Residual Equity Transfer in (out)		0	0	0	0	
<b>General Fund Balance December 31</b>		<b>\$ 5,809,100</b>	<b>\$ 6,520,943</b>	<b>\$ 7,438,604</b>	<b>\$ 8,223,032</b>	<b>\$ 8,893,335</b>
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>						
Nonspendable		1,693,884	1,619,263	1,428,893	1,468,705	
Restricted		246,992	221,023	288,529	255,243	
Committed		0	0	0	0	
Assigned		309,307	602,573	482,927	765,307	
Unassigned		3,558,917	4,078,084	5,238,255	5,733,777	
<b>Total</b>		<b>\$ 5,809,100</b>	<b>\$ 6,520,943</b>	<b>\$ 7,438,604</b>	<b>\$ 8,223,032</b>	

<sup>1</sup> Unaudited data is as of March 23, 2018.

<sup>2</sup> The 2018 budget was adopted on November 13, 2017.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 31,078 and a current estimated population of 31,546, comprises an area of 30 square miles and is located approximately 35 miles northwest of Milwaukee, Wisconsin. West Bend is the County Seat of Washington County.

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

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
West Bend Mutual Insurance	Property/casualty insurance company	1,268
Washington County	County government and services	834
West Bend Joint School District No. 1	Elementary and secondary education	821
St. Joseph's Hospital	Hospitals	766 <sup>2</sup>
Cedar Community	Nursing and convalescent homes	550 <sup>3</sup>
Wal-Mart	Retail	600
Serigraph Inc.	Commercial screen and lithograph printing	580
The City	Municipal government and services	498
West Bend Clinic	Health care	311 <sup>4</sup>
YMCA Kettle Moraine	Community service, health and fitness	333

**Source:** *ReferenceUSA, written and telephone survey (March 2018), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

<sup>2</sup> 174FT/508PT

<sup>3</sup> Five locations in the City.

<sup>4</sup> 123 FT/188PT. There are three clinics in the City.

## BUILDING PERMITS

	2014	2015	2016	2017	2018 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	18	28	23	28	8
Valuation	\$3,748,430	\$5,937,968	\$4,594,765	\$6,909,649	\$1,422,800
<u>New Multiple Family Buildings</u>					
No. of building permits	7	5	8	18	0
Valuation	\$145,000	\$7,139,100	\$2,020,000	\$8,244,829	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	67	43	14	36	4
Valuation	\$15,509,795	\$6,385,023	\$33,838,636	\$14,520,707	\$134,532
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	693	660	577	419	33
Valuation	\$27,561,193	\$27,539,190	\$52,037,282	\$37,519,131	\$2,248,872

**Source:** The City.

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<sup>1</sup> As of February 28, 2018.



## U.S. CENSUS DATA

### Population Trend: City of West Bend

2000 U.S. Census	28,152
2010 U.S. Census	31,078
2017 Estimated Population	31,546
Percent of Change 2000 - 2010	+ 10.39%

### Income and Age Statistics

	City of West Bend	Washington County	State of Wisconsin	United States
2016 per capita income	\$28,947	\$34,722	\$29,253	\$29,829
2016 median household income	\$56,003	\$70,325	\$54,610	\$55,322
2016 median family income	\$70,586	\$84,308	\$69,925	\$67,871
2016 median gross rent	\$797	\$841	\$789	\$928
2016 median value owner occupied units	\$163,800	\$215,700	\$167,000	\$184,700
2016 median age	38.1 yrs.	42.4 yrs.	39.1 yrs.	37.7 yrs.

	State of Wisconsin	United States
City % of 2016 per capita income	98.95%	97.04%
City % of 2016 median family income	100.95%	104.00%

### Housing Statistics

	<u>City of West Bend</u>		
	2000	2016	Percent of Change
All Housing Units	11,926	13,858	16.20%

**Source:** 2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau ([www.factfinder2.census.gov](http://www.factfinder2.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>		<u>Average Unemployment</u>		
	Washington County	City of West Bend	Washington County	City of West Bend	State of Wisconsin
2014	72,391	16,206	4.6%	4.9%	5.4%
2015	73,263	16,351	3.8%	4.1%	4.5%
2016	74,040	16,525	3.5%	3.7%	4.0%
2017	75,684	16,816	2.8%	3.0%	3.3%
2018, January	75,493	16,774	2.6%	2.7%	3.1%

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

**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 the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, 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 WEST BEND**

West Bend, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF WEST BEND

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INDEPENDENT AUDITORS' REPORT

To the City Council  
City of West Bend  
West Bend, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Bend, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of West Bend's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

To the City Council  
City of West Bend

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of West Bend, Wisconsin, as of December 31, 2016 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.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary Information*

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

*Baker Tilly Veitchau Krause, LLP*

Madison, Wisconsin  
June 1, 2017

**City of West Bend  
Management Discussion and Analysis  
December 31, 2016  
UNAUDITED**

As management of the City of West Bend, we offer readers of the City of West Bend's financial statements this narrative overview and analysis of the financial activities of the City of West Bend for the fiscal year ended December 31, 2016.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of West Bend exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$167,152,068 (net position). Of this amount, there is \$18,250,974 of unrestricted net position.
- The City's total net position increased by \$4,175,771.
- At the close of the current fiscal year, the City of West Bend's governmental funds reported combined ending fund balances of \$11,545,683, a decrease of \$412,119 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,238,255 or 23% of total 2017 budgeted General Fund expenditures.
- The City's General Obligation debt decreased by \$4,945,929 during 2016, and total debt decreased by \$5,305,929.
- The City implemented GASB Statement No. 72 effective January 1, 2016, related to disclosures for investments. See Note III.A. for disclosures related to this standard.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of West Bend's basic financial statements. The City of West Bend's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City of West Bend that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of West Bend include general government, public safety, public works, leisure activities, and community development.

The business-type activities of the City of West Bend include the Water Utility and Sewer Utility.

The government-wide financial statements include not only the City of West Bend itself (known as the primary government) but also a legally separate Business Improvement District and a legally separate Redevelopment Authority for which the City of West Bend is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of West Bend, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of West Bend can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of West Bend maintains twenty-four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund, and TIF District No. 3 capital projects fund, all of which are considered major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Non-major governmental fund data is provided in the form of combining statements elsewhere in this report.

The City of West Bend adopts an annual appropriated budget for various funds. Amendments are made during the year to the adopted budgets. Budgetary comparison statements have been provided for the general fund.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

*Proprietary funds.* The City of West Bend uses enterprise funds to account for its Water and Sewer Utilities. Enterprise funds are used to report the same functions as business type activities in the government-wide financial statements. The Water Utility and Sewer Utility are considered to be major funds of the City of West Bend.

The basic proprietary fund financial statements can be found on pages 7-10 of this report.

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

The basic agency fund financial statement can be found on page 11 of this report.

*Notes to Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-61 of this report.

*Other Information.* The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65-79 of this report.

*Government-wide Financial Analysis.* Net position may serve over time as a useful indicator of a government's financial position. At year end, the City of West Bend's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$167,152,068.

The largest portion of the City of West Bend's net position (\$145,792,548) is its net investment in capital assets (land, buildings, machinery, equipment and infrastructure). The City used these capital assets to provide services to citizens and therefore these assets are not available for future spending. Although the City of West Bend's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of West Bend's net position represents restricted net position (\$3,108,546), or resources that are subject to external restrictions on how they may be used. The remaining portion of unrestricted net position is \$18,250,974.

At the end of the current fiscal year, the City of West Bend is able to report positive balances in all categories of net position for the business-type activities, and in governmental activities, for its net investment in capital assets and restricted net position.

There was a decrease of \$2,864,375 in restricted net position. This decrease is due mainly to the restriction for the net pension asset, which was not required for 2016 due to a shift from reporting a net pension asset to a liability.

The governmental activities' net position increased by \$2,879,470 during the current fiscal year.

**City of West Bend Net Position  
December 31, 2016 and 2015**

	Government Activities		Business-Type Activities		Total
	2016	2015	2016	2015	
Current and Other Assets	41,112,570	37,944,275	19,474,829	21,192,803	60,587,399
Capital Assets	152,079,357	152,211,400	52,541,502	51,941,079	205,220,859
<b>Total Assets</b>	<b>193,791,927</b>	<b>190,155,675</b>	<b>72,016,331</b>	<b>73,133,882</b>	<b>265,808,258</b>
Unamortized loss on refunding	1,362,654	1,139,875	-	-	1,362,654
Pension related items	3,170,245	10,840,555	312,590	1,027,387	3,492,835
<b>Total Deferred Outflows</b>	<b>4,532,899</b>	<b>11,980,430</b>	<b>312,590</b>	<b>1,027,387</b>	<b>4,845,489</b>
Long-term Liabilities	76,161,826	73,069,830	4,941,437	5,343,562	81,105,263
Current and Other Liabilities	2,817,665	2,600,908	738,488	491,230	3,556,153
<b>Total Liabilities</b>	<b>78,979,491</b>	<b>75,670,738</b>	<b>5,679,925</b>	<b>5,834,792</b>	<b>84,659,416</b>
Pension related items	-	4,025,174	-	381,180	4,406,354
Unearned revenues	23,018,034	23,233,402	-	-	23,018,034
<b>Total Deferred Inflows</b>	<b>23,018,034</b>	<b>27,258,576</b>	<b>-</b>	<b>381,180</b>	<b>23,018,034</b>
Net Investment in Capital Assets	95,819,111	99,393,906	48,458,824	47,672,108	142,948,819
Restricted	4,974,965	2,159,500	987,956	919,046	5,972,921
Unrestricted (deficit)	(4,406,775)	(2,376,615)	17,192,216	19,354,143	14,054,957
<b>Total Net Position</b>	<b>96,327,501</b>	<b>99,206,771</b>	<b>66,645,986</b>	<b>67,945,297</b>	<b>167,152,068</b>



**Changes In Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	4,595,202	4,600,370	8,651,962	8,644,700	13,247,164	13,245,070
Operating grants/contribution	3,117,376	3,188,661	13,544	3,807	3,130,920	3,192,468
Capital grants/contribution	6,544,988	1,911,908	9,075	-	6,554,063	1,911,908
<b>Total Program Revenue</b>	<b>14,257,566</b>	<b>9,700,939</b>	<b>8,674,581</b>	<b>8,648,507</b>	<b>22,932,147</b>	<b>18,349,446</b>
General revenues:						
Property taxes	22,271,202	22,389,387	-	-	22,271,202	22,389,387
Other taxes	479,704	594,792	-	-	479,704	594,792
Intergovernmental revenues	2,046,326	2,023,133	-	-	2,046,326	2,023,133
Investment income	85,605	183,854	89,995	108,789	175,600	292,643
Miscellaneous	177,560	283,330	-	16,555	177,560	299,885
<b>Total General revenue</b>	<b>25,060,397</b>	<b>25,474,496</b>	<b>89,995</b>	<b>125,344</b>	<b>25,150,392</b>	<b>25,999,840</b>
<b>Total revenues</b>	<b>39,317,963</b>	<b>35,175,435</b>	<b>8,764,576</b>	<b>8,773,851</b>	<b>48,082,539</b>	<b>43,949,286</b>
<b>Program expenses</b>						
General government	5,138,982	4,574,441	-	-	5,138,982	4,574,441
Public safety	11,712,386	12,550,970	-	-	11,712,386	12,550,970
Public works	9,648,833	8,718,819	-	-	9,648,833	8,718,819
Leisure activities	4,584,932	3,718,113	-	-	4,584,932	3,718,113
Conservation and development	1,003,390	1,500,299	-	-	1,003,390	1,500,299
Interest and fiscal charges	2,051,479	1,914,244	-	-	2,051,479	1,914,244
Water	-	-	3,978,363	3,414,123	3,978,363	3,414,123
Sewer	-	-	3,546,561	3,382,506	3,546,561	3,382,506
<b>Total expenses</b>	<b>34,140,002</b>	<b>32,976,886</b>	<b>7,524,924</b>	<b>6,796,629</b>	<b>41,664,926</b>	<b>39,773,515</b>
Transfers	843,140	680,921	(843,140)	(680,921)	-	-
<b>Change in Net Position</b>	<b>6,021,101</b>	<b>2,879,470</b>	<b>396,512</b>	<b>1,296,301</b>	<b>6,417,613</b>	<b>4,175,771</b>
<b>Net Position - Beginning of Year</b>	<b>90,306,200</b>	<b>96,327,301</b>	<b>66,252,484</b>	<b>66,648,996</b>	<b>156,558,684</b>	<b>162,976,297</b>
<b>Net Position - End of Year</b>	<b>96,327,301</b>	<b>99,206,771</b>	<b>66,648,996</b>	<b>67,945,297</b>	<b>162,976,297</b>	<b>167,152,068</b>

**Governmental Activities.** The net position in the governmental activities increased by \$2,879,470 during the fiscal year. This increase was due to decreased spending along with contributed infrastructure from a developer.

**Business-type Activities.** Business-type activities increased the City of West Bend's net position by \$1,296,301. Key elements are as follows:

- The Water Utility operation and maintenance expenses decreased by \$511,050.
- Sewer Utility operation and maintenance expenses decreased by \$169,997.

**Financial Analysis of the Government Funds.** As noted earlier, the City of West Bend uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of West Bend's governmental funds reported combined ending fund balances of \$11,545,683, a decrease of \$412,119. Approximately \$3,102,864 of this total fund balance constitutes unassigned fund balance. For 2016, \$482,927 of fund balance was assigned for use in the General Fund budget and for OPEBs.

The general fund is the chief operating fund of the City of West Bend. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,238,255, while total general fund balance was \$7,438,604. Unassigned fund balance represents 23% of total 2017 budgeted general fund expenditures, while total fund balance represents 33% of total 2017 budgeted general fund expenditures.

General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$917,661.

**Proprietary Funds.** The City of West Bend's proprietary funds provide the same type of information found in the government-wide statements.

Unrestricted net position of the Water Utility at the end of the year amounted to \$4,258,702 and for the Sewer Utility \$15,095,441. The total increases in net position for the funds were \$695,806, and \$600,495, respectively.

**General Fund Budgetary Highlights**

**Revenues**

- Sale of City property above budget by \$ 3,657.
- Investment income above budget by \$ 46,826.
- Special assessment revenue was below budget by \$ 4,018.
- Room tax revenues above budget by \$ 30,013.
- Municipal fines and parking violations below budget by \$ 43,782.
- Ambulance fees below budget by \$ 134,174.
- Payment in lieu of taxes from Water Utility below budget by \$ 63,369.
- State Shared Revenue was cut by \$ 40,342.

**Expenditures**

- Health insurance below final budget by \$ 323,267.
- Police costs below budget by \$ 250,353, due to position vacancies and overtime savings.
- Fire costs below budget by \$ 200,142.
- 2016 Public Works type expenditures within General Fund below budget by about \$ 517,703 due to position vacancies and budget controls.
- Within authorized statutory debt limits at 49.87% at EOY.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of West Bend's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$204,152,479 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and infrastructure. Infrastructure includes streets, bridges, sidewalks, drainage systems, sewer lines and other infrastructure. Capital assets net of accumulated depreciation decreased \$1,068,380 during 2016. The decrease in capital assets was due to current year depreciation costs exceeding asset additions.

**City of West Bend's Capital Assets  
(Net of Accumulated Depreciation)  
December 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land and Improvements	16,739,000	17,314,506	327,571	327,571	17,066,571	17,642,077
Right of Way	39,707,216	39,707,216	-	-	39,707,216	39,707,216
Buildings	20,741,452	20,735,582	-	-	20,741,452	20,735,582
Machinery and Equipment	6,927,986	7,168,580	-	-	6,927,986	7,168,580
Infrastructure	68,593,703	67,285,516	-	-	68,593,703	67,285,516
Construction in Progress	-	-	135,673	102,341	135,673	102,341
Water Utility Plant	-	-	26,213,780	26,476,397	26,213,780	26,476,397
Sewer Utility Plant	-	-	25,864,478	25,034,770	25,864,478	25,034,770
<b>Total</b>	<b>152,679,357</b>	<b>152,211,400</b>	<b>52,541,502</b>	<b>51,941,079</b>	<b>205,220,859</b>	<b>204,152,479</b>

**Long Term Debt.** At the end of the current fiscal year, the City of West Bend had total debt outstanding of \$63,822,835. Of this amount, \$61,982,835 represents general obligation debt, which is secured by the taxing authority of the city. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. - revenue bonds) in the amount of \$1,725,000, and other notes and loans in the amount of \$115,000. The City's total outstanding general obligation debt decreased by \$4,945,929.

**Economic Factors**

- The unemployment rate for the City of West Bend was 3.1% on December 2016. This compares to the state's average unemployment rate of 3.7%, and the national average rate of 4.7% (no seasonal adjustments to these rates).
- Equalized value increased approximately 2.79% for 2017 levy showing continued increase over the past three years.
- Continued emphasis on downtown/brownfield redevelopment in TIF District Nos. 5, 10, and 12.
- Tax increment levy sharing from TIF No. 6 to TIF No. 9 will continue in 2017. The City was approved for TID sharing to be continued and extended from TIF District Nos. 4 and 6 to TIF District Nos. 5 and 9 during 2016 for the 2017 Budget.

- Building permit activity for residential construction showing signs of growth along with reasonable activity expected for commercial/industrial construction.
- Approximately \$ 38.5 million of new construction value expected from 2016 activity to be applied to 2017 levy.

**2017 Budget Outlook**

- The City did not need to use fund balance for 2017 tax rate stabilization but instead looks to continue the trend of growing balance to a healthy level.
- City looks to reduce new debt over the next years to a level that offsets retiring debt.
- Attention to tax rate stabilization will likely continue for 2018 budget.
- More realistic revenue projections implemented for 2017 budget.

**Requests for Information.** This financial report is designed to provide a general overview of the City of West Bend's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Finance Administrator, City of West Bend, 1115 South Main Street, West Bend, Wisconsin, 53095.

**CITY OF WEST BEND**

STATEMENT OF NET POSITION  
As of December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business - type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 13,486,375	\$ 12,494,579	\$ 25,980,954	\$ 668,918
Taxes receivable	22,975,287	-	22,975,287	94,865
Special assessments receivable	26,617	1,142,781	1,169,398	-
Other receivables (net)	1,395,903	1,627,734	3,023,637	-
Loans receivable	1,059,260	-	1,059,260	-
Internal balances	(3,943,181)	3,943,181	-	-
Due from component units	1,546	-	1,546	-
Prepaid items and inventories	945,584	71,276	1,016,860	-
Land held for resale	800,000	-	800,000	4,492,383
Other assets	-	627,653	627,653	-
Restricted assets	-	-	-	-
Cash and investments	1,196,887	1,285,599	2,482,486	-
Capital Assets	-	-	-	-
Land	11,365,301	327,571	11,692,872	-
Right of ways	39,707,216	-	39,707,216	-
Construction in progress	-	102,341	102,341	-
Other capital assets, net of depreciation	101,138,883	51,511,167	152,650,050	-
Total Assets	190,155,678	73,133,882	263,289,560	5,256,166
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	1,139,875	-	1,139,875	-
Pension related items	10,840,535	1,027,387	11,867,922	-
Total Deferred Outflows of Resources	11,980,410	1,027,387	13,007,797	-
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	2,600,911	473,200	3,074,111	921
Due to primary government	-	-	-	1,546
Liabilities payable from restricted assets	-	18,030	18,030	-
Noncurrent liabilities	-	-	-	-
Due within one year	8,887,881	690,000	9,577,881	-
Due in more than one year	64,181,949	4,653,562	68,835,511	-
Total Liabilities	75,670,741	5,834,792	81,505,533	2,467
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	4,025,174	381,180	4,406,354	-
Unearned revenues	23,233,402	-	23,233,402	94,865
Total Deferred Inflows of Resources	27,258,576	381,180	27,639,756	94,865
<b>NET POSITION</b>				
Net investment in capital assets	99,393,906	47,672,108	145,792,548	-
Restricted for loans	219,592	-	219,592	-
Restricted for donations	290,519	-	290,519	-
Restricted for future HRA payments	254,204	-	254,204	-
Restricted for library	855,595	-	855,595	-
Restricted for debt service	-	146,151	146,151	-
Restricted for replacement	-	772,895	772,895	-
Restricted for TIF related projects	569,590	-	569,590	-
Unrestricted (deficit)	(2,376,635)	19,354,143	18,250,974	5,158,834
<b>TOTAL NET POSITION</b>	<b>\$ 99,206,771</b>	<b>\$ 67,945,297</b>	<b>\$ 167,152,068</b>	<b>\$ 5,158,834</b>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental Activities							
General government	\$ 4,574,441	\$ 476,081	\$ 174,126	\$ -	\$ (3,924,234)	\$ -	\$ (3,924,234)
Public safety	12,550,970	2,210,067	27,658	1,653	(10,311,592)	-	(10,311,592)
Public works	8,718,819	866,148	2,203,823	1,455,441	(4,193,407)	-	(4,193,407)
Leisure activities	3,718,113	440,452	783,054	24,600	(2,470,007)	-	(2,470,007)
Conservation and development	1,500,299	607,622	-	430,214	(462,463)	-	(462,463)
Interest and fiscal charges	1,914,244	-	-	-	(1,914,244)	-	(1,914,244)
Total Governmental Activities	32,976,886	4,600,370	3,188,661	1,911,908	(23,275,947)	-	(23,275,947)
Business-type Activities							
Water	3,414,123	4,882,741	3,807	-	1,472,425	1,472,425	1,472,425
Sewer	3,382,506	3,761,959	-	-	379,453	379,453	379,453
Total Business-type Activities	6,796,629	8,644,700	3,807	-	1,851,878	1,851,878	1,851,878
Total Primary Government	\$ 39,773,515	\$ 13,245,070	\$ 3,192,468	\$ 1,911,908	(23,275,947)	1,851,878	(21,424,069)
<b>Component Units</b>							
Business Improvement District	\$ 36,374	\$ -	\$ 94,322	\$ -	\$ -	\$ -	\$ 57,948
Redevelopment Authority	-	-	-	-	-	-	-
Total Component Units	\$ 36,374	\$ -	\$ 94,322	\$ -	\$ -	\$ -	\$ 57,948
<b>General Revenues</b>							
Taxes							
Property taxes, levied for general purposes					13,572,471		13,572,471
Property taxes, levied for special revenue funds					985,546		985,546
Property taxes, levied for debt service					2,939,595		2,939,595
Property taxes, levied for TIF					4,891,775		4,891,775
Other taxes					594,792		594,792
Intergovernmental revenues not restricted to specific programs					2,023,133		2,023,133
Investment income					183,854	108,789	292,643
Miscellaneous					283,330	16,555	299,885
Total General Revenues					25,474,496	125,344	25,599,840
Transfers					680,921	(680,921)	-
Change in Net Position					2,879,470	1,296,301	4,175,771
Net Position - Beginning of Year					96,327,301	66,648,996	162,976,297
<b>NET POSITION - END OF YEAR</b>					\$ 99,206,771	\$ 67,945,297	\$ 167,152,068
							\$ 5,158,834

See accompanying notes to financial statements.

**CITY OF WEST BEND**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	General	Debt Service	TIF District No. 3	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 6,168,962	\$ 66,540	\$ 782,225	\$ 6,468,648	\$ 13,486,375
Receivables					
Taxes	14,727,240	3,017,168	712,663	4,518,216	22,975,287
Delinquent personal property taxes	13,611	-	-	-	13,611
Accounts (net)	675,172	-	213,809	291,923	1,180,904
Special assessments	26,617	-	-	-	26,617
Delinquent special assessments	166,422	-	-	-	166,422
Accrued interest	14,080	-	-	-	14,080
Loans	-	-	-	1,059,260	1,059,260
Due from other funds	1,161,087	-	-	13,214	1,174,301
Due from component units	1,546	-	-	-	1,546
Due from other governments	-	-	-	20,885	20,885
Inventories	738,622	-	-	-	738,622
Prepaid items	206,962	-	-	-	206,962
Advances to other funds	303,276	-	-	303,333	606,609
Restricted cash and investments	-	-	-	1,196,887	1,196,887
<b>TOTAL ASSETS</b>	<b>\$ 24,203,597</b>	<b>\$ 3,083,708</b>	<b>\$ 1,708,697</b>	<b>\$ 13,872,366</b>	<b>\$ 42,868,368</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 956,152	\$ -	\$ 54,100	\$ 325,512	\$ 1,335,764
Accrued liabilities	777,900	-	-	45,874	823,774
Deposits	22,622	-	-	-	22,622
Due to other governments	2,548	-	-	-	2,548
Due to other funds	396,649	-	-	156,843	553,492
Advances from other funds	-	-	2,383,464	2,787,135	5,170,599
<b>Total Liabilities</b>	<b>2,155,871</b>	<b>-</b>	<b>2,437,564</b>	<b>3,315,364</b>	<b>7,908,799</b>
<b>Deferred Inflows of Resources</b>					
Unearned revenue	14,582,505	3,017,168	712,663	4,921,066	23,233,402
Unavailable revenue	26,617	-	138,809	15,058	180,484
<b>Total Deferred Inflows of Resources</b>	<b>14,609,122</b>	<b>3,017,168</b>	<b>851,472</b>	<b>4,936,124</b>	<b>23,413,886</b>
<b>Fund Balances</b>					
Nonspendable	1,428,893	-	-	-	1,428,893
Restricted	288,529	66,540	-	3,738,497	4,093,566
Committed	-	-	-	1,635,326	1,635,326
Assigned	482,927	-	-	802,107	1,285,034
Unassigned (deficit)	5,238,255	-	(1,580,339)	(555,052)	3,102,864
<b>Total Fund Balances</b>	<b>7,438,604</b>	<b>66,540</b>	<b>(1,580,339)</b>	<b>5,620,878</b>	<b>11,545,683</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 24,203,597</b>	<b>\$ 3,083,708</b>	<b>\$ 1,708,697</b>	<b>\$ 13,872,366</b>	<b>\$ 42,868,368</b>

See accompanying notes to financial statements.

## CITY OF WEST BEND

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2016

Fund balance - total governmental funds	\$ 11,545,683
Amounts reported for governmental activities in the statement of net position are different because:	
Land held for resale used in governmental funds is not a financial resource and, therefore, is not reported in the funds.	800,000
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	11,365,301
Right of ways	39,707,216
Other capital assets, net of depreciation	101,138,883
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note III. B.	180,484
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the funds.	10,840,535
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the funds.	(4,025,174)
Some deferred outflows and liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds and notes payable	(59,235,695)
Compensated absences	(3,401,317)
Other post-employment benefits	(7,794,963)
Net pension liability	(1,912,666)
Accrued interest	(416,202)
Unamortized loss on refunding	1,139,875
Unamortized debt premium	(725,189)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 99,206,771</u></b>

See accompanying notes to financial statements.

## CITY OF WEST BEND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	Debt Service	TIF District No. 3	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$14,097,151	\$ 2,939,596	\$ 620,042	\$ 5,327,391	\$22,984,180
Intergovernmental	3,713,412	19,816	8,113	1,781,271	5,522,612
Licenses and permits	821,568	-	-	462,641	1,284,209
Fines, forfeitures and penalties	458,038	-	-	-	458,038
Public charges for services	1,545,488	-	-	764,509	2,309,997
Intergovernmental charges for services	425,000	-	-	153,249	578,249
Special assessments	17,525	-	-	-	17,525
Investment income	98,802	3,007	3,150	78,893	183,852
Miscellaneous	300,967	-	132,579	603,899	1,037,445
Total Revenues	<u>21,477,951</u>	<u>2,962,419</u>	<u>763,884</u>	<u>9,171,853</u>	<u>34,376,107</u>
<b>EXPENDITURES</b>					
Current					
General government	4,204,757	-	2,104	22,057	4,228,918
Public safety	10,810,224	-	-	106	10,810,330
Public works	4,072,923	-	-	1,097,051	5,169,974
Leisure activities	1,613,828	-	-	2,609,756	4,223,584
Conservation and development	381,259	-	-	129,170	510,429
Capital Outlay	-	-	85,805	3,221,656	3,307,461
Debt Service					
Principal retirement	-	4,300,000	869,865	5,111,063	10,280,928
Interest and fiscal charges	-	639,565	139,567	1,027,487	1,806,619
Total Expenditures	<u>21,082,991</u>	<u>4,939,565</u>	<u>1,097,341</u>	<u>13,218,346</u>	<u>40,338,243</u>
Excess (deficiency) of revenues over expenditures	<u>394,960</u>	<u>(1,977,146)</u>	<u>(333,457)</u>	<u>(4,046,493)</u>	<u>(5,962,136)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	120,000	1,395,000	1,515,000
Refunding bonds issued	-	1,815,000	-	2,555,000	4,370,000
Premium on debt issued	-	38,219	3,497	71,945	113,661
Payment to refunded bond escrow agent	-	-	-	(1,186,394)	(1,186,394)
Sale of property	21,657	-	-	35,172	56,829
Transfers in	685,182	137,937	85,271	273,642	1,182,032
Transfers out	(184,138)	-	(1,766)	(315,207)	(501,111)
Total Other Financing Sources (Uses)	<u>522,701</u>	<u>1,991,156</u>	<u>207,002</u>	<u>2,829,158</u>	<u>5,550,017</u>
Net change in fund balances	917,661	14,010	(126,455)	(1,217,335)	(412,119)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>6,520,943</u>	<u>52,530</u>	<u>(1,453,884)</u>	<u>6,838,213</u>	<u>11,957,802</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 7,438,604</u>	<u>\$ 66,540</u>	<u>\$ (1,580,339)</u>	<u>\$ 5,620,878</u>	<u>\$11,545,683</u>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$ (412,119)
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 is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	3,307,461
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements.	385,577
Depreciation is reported in the government-wide statements	(4,646,887)
Net book value of assets retired	(113,368)
Contributed capital assets are reported as revenues in the government-wide statements.	599,260
Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	143,239
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(5,885,000)
Principal repaid	10,280,928
Debt refunded	1,105,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Vested compensated absences	(52,928)
Accrued interest on debt	76,736
Other post-employment benefits	(448,480)
Net pension liability	(4,887,427)
Deferred outflows of resources related to pensions	7,670,290
Deferred inflows of resources related to pensions	(4,025,174)
Governmental funds report debt discount as expenditures and debt premium as revenue. However, in the statement of net position, these are deferred and reported as noncurrent liabilities. These are allocated over the period the debt is outstanding in the statement of activities and are reported as amortization expense. The loss on refunding is reported on the statement of net position as a deferred outflow and also amortized on the statement of activities.	
Premium on long-term debt and other debt related items	5,141
Amortization of loss on refunding	<u>(222,779)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>2,879,470</u></b>

See accompanying notes to financial statements



CITY OF WEST BEND

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 2,997,318	\$ 5,498,579	\$ 8,495,897
Restricted Assets			
Redemption account	164,181	-	164,181
Interest receivable	1,089	8,147	9,236
Accounts receivable	894,467	724,031	1,618,498
Due from other funds	271,939	157,319	429,258
Inventories	70,976	-	70,976
Prepaid items	-	300	300
Current portion of advances to other funds	140,000	48,606	188,606
Total Current Assets	<u>4,539,970</u>	<u>6,436,982</u>	<u>10,976,952</u>
<b>NONCURRENT ASSETS</b>			
Restricted Assets			
Replacement account	-	513,782	513,782
Depreciation account	259,113	-	259,113
Reserve account	348,523	-	348,523
Capital Assets			
Property and equipment	42,365,737	50,305,992	92,671,729
Accumulated depreciation	(15,597,299)	(25,235,692)	(40,832,991)
Construction work in progress	48,933	53,408	102,341
Other Assets			
Special assessments receivable	356,966	785,815	1,142,781
Advances to other funds	280,000	4,095,384	4,375,384
Designated project investments	-	3,998,682	3,998,682
Property held for future use	447,747	-	447,747
Preliminary survey and investigation	-	104,906	104,906
Non-utility property	-	75,000	75,000
Total Noncurrent Assets	<u>28,509,720</u>	<u>34,697,277</u>	<u>63,206,997</u>
Total Assets	<u>33,049,690</u>	<u>41,134,259</u>	<u>74,183,949</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	652,272	375,115	1,027,387
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	109,591	130,847	240,438
Accrued liabilities	139,040	93,722	232,762
Due to other funds	861,440	188,627	1,050,067
Current portion of general obligation debt	315,000	60,000	375,000
Liabilities Payable From Restricted Assets			
Current portion of revenue bonds payable	315,000	-	315,000
Accrued interest payable on revenue bonds	18,030	-	18,030
Total Current Liabilities	<u>1,758,101</u>	<u>473,196</u>	<u>2,231,297</u>
<b>Long-Term Liabilities Net of Current Maturities</b>			
General obligation debt payable	2,105,000	382,140	2,487,140
Revenue bonds payable	1,410,000	-	1,410,000
Unamortized debt premium	30,353	-	30,353
Net pension liability	114,127	67,001	181,128
Compensated absences	116,574	24,515	141,089
OPEB obligation	273,122	130,730	403,852
Total Long-Term Liabilities	<u>4,049,176</u>	<u>604,386</u>	<u>4,653,562</u>
Total Liabilities	<u>5,807,277</u>	<u>1,077,582</u>	<u>6,884,859</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	240,178	141,002	381,180
<b>NET POSITION</b>			
Net investment in capital assets	22,990,541	24,681,567	47,672,108
Restricted for debt service	146,151	-	146,151
Restricted for replacement	259,113	513,782	772,895
Unrestricted	4,258,702	15,095,441	19,354,143
<b>TOTAL NET POSITION</b>	<u>\$ 27,654,507</u>	<u>\$ 40,290,790</u>	<u>\$ 67,945,297</u>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 4,882,741</u>	<u>\$ 3,758,111</u>	<u>\$ 8,640,852</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	2,386,048	2,113,986	4,500,034
Depreciation	<u>906,665</u>	<u>1,254,970</u>	<u>2,161,635</u>
Total Operating Expenses	<u>3,292,713</u>	<u>3,368,956</u>	<u>6,661,669</u>
Operating Income	<u>1,590,028</u>	<u>389,155</u>	<u>1,979,183</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental grants	3,807	-	3,807
Investment income	16,015	92,774	108,789
Interest expense	(104,497)	(9,615)	(114,112)
Amortization of premium and discount	(14,110)	-	(14,110)
Income from merchandising and jobbing	-	3,848	3,848
Miscellaneous revenues (expenses)	<u>12,423</u>	<u>(2,606)</u>	<u>9,817</u>
Total Nonoperating Revenue (Expenses)	<u>(86,362)</u>	<u>84,401</u>	<u>(1,961)</u>
Income Before Contributions and Transfers	<u>1,503,666</u>	<u>473,556</u>	<u>1,977,222</u>
<b>TRANSFERS</b>			
Transfers in	24,132	145,172	169,304
Transfers out	<u>(831,992)</u>	<u>(18,233)</u>	<u>(850,225)</u>
Total Transfers	<u>(807,860)</u>	<u>126,939</u>	<u>(680,921)</u>
<b>Change in Net Position</b>	695,806	600,495	1,296,301
NET POSITION – Beginning of Year	<u>26,958,701</u>	<u>39,690,295</u>	<u>66,648,996</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 27,654,507</u>	<u>\$ 40,290,790</u>	<u>\$ 67,945,297</u>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 5,003,867	\$ 3,844,005	\$ 8,847,872
Cash paid to suppliers for goods and services	(1,513,053)	(1,567,641)	(3,080,694)
Cash payments to employees for services	(881,623)	(521,418)	(1,403,041)
Net Cash Flows From Operating Activities	<u>2,609,191</u>	<u>1,754,946</u>	<u>4,364,137</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments sold and matured	302,928	2,892,266	3,195,194
Investments purchased	(307,270)	(3,075,038)	(3,382,308)
Investment income	18,041	59,677	77,718
Net Cash Flows From Investing Activities	<u>13,699</u>	<u>(123,095)</u>	<u>(109,396)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from (to) other funds	(129,229)	126,939	(2,290)
Advances to (received from) other funds	-	424,412	424,412
Paid to municipality for tax equivalent	(675,374)	-	(675,374)
Net Cash Flows From Noncapital Financing Activities	<u>(804,603)</u>	<u>551,351</u>	<u>(253,252)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,323,952)	(417,639)	(1,741,591)
Debt issued	1,591,413	-	1,591,413
Debt issuance costs paid	(23,240)	-	(23,240)
Special assessments received	10,985	25,509	36,494
Debt retired	(1,185,000)	(60,000)	(1,245,000)
Interest subsidy received	8,378	-	8,378
Interest paid	(115,655)	(11,156)	(126,811)
Net Cash Flows From Capital and Related Financing Activities	<u>(1,037,071)</u>	<u>(463,286)</u>	<u>(1,500,357)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>781,216</u>	<u>1,719,916</u>	<u>2,501,132</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>2,680,649</u>	<u>5,216,089</u>	<u>7,896,738</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,461,865</u>	<u>\$ 6,936,005</u>	<u>\$ 10,397,870</u>

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 1,590,028	\$ 389,155	\$ 1,979,183
Nonoperating revenue	12,423	1,242	13,665
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Income			
Noncash items included in income			
Depreciation	906,665	1,254,970	2,161,635
Depreciation charged to other accounts	61,902	-	61,902
Changes in assets, liabilities, and deferred outflows/inflows of resources			
Accounts receivable	20,830	36,987	57,817
Due from other funds	25,971	47,665	73,636
Inventories	(61)	-	(61)
Accounts payable	(28,717)	(91,825)	(120,542)
Accrued liabilities	(14,012)	4,360	(9,652)
Due to other funds	(77,295)	51,624	(25,671)
OPEB obligation	15,714	7,522	23,236
Compensated absences	-	1,805	1,805
Pension related assets, liabilities, and deferrals	95,743	51,441	147,184
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 2,609,191</b>	<b>\$ 1,754,946</b>	<b>\$ 4,364,137</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS</b>			
Cash and investments	\$ 2,997,318	\$ 5,498,579	\$ 8,495,897
Redemption account	164,181	-	164,181
Replacement account	-	513,782	513,782
Reserve account	348,523	-	348,523
Depreciation account	259,113	-	259,113
Designated project investments	-	3,998,682	3,998,682
Total Cash and Investments	3,769,135	10,011,043	13,780,178
Less: Noncash equivalents	(307,270)	(3,075,038)	(3,382,308)
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 3,461,865</b>	<b>\$ 6,936,005</b>	<b>\$ 10,397,870</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt paid by municipality	\$ 135,000	\$ -	\$ 135,000
Interest accrued on advances	\$ 18,059	\$ 35,129	\$ 53,188

See accompanying notes to financial statements.

**CITY OF WEST BEND**

**STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND**

As of December 31, 2016

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	<u>Agency Fund</u> Tax Collection Fund
<b>ASSETS</b>	
Cash and investments	\$ 25,483,797
Taxes receivable	<u>2,587,858</u>
<b>TOTAL ASSETS</b>	<b>\$ 28,071,655</b>
<b>LIABILITIES</b>	
Due to other taxing units	\$ 27,976,790
Due to component unit	<u>94,865</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 28,071,655</b>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

STATEMENT OF NET POSITION  
 COMPONENT UNITS  
 As of December 31, 2016

	Business Improvement District	Redevelopment Authority	Totals
<b>ASSETS</b>			
Cash and investments	\$ 197,585	\$ 471,333	\$ 668,918
Taxes receivable	94,865	-	94,865
Land held for resale	-	4,492,383	4,492,383
Total Assets	<u>292,450</u>	<u>4,963,716</u>	<u>5,256,166</u>
<b>LIABILITIES</b>			
Accounts payable	921	-	921
Due to primary government	1,546	-	1,546
Total Liabilities	<u>2,467</u>	<u>-</u>	<u>2,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	94,865	-	94,865
Total Deferred Inflows of Resources	<u>94,865</u>	<u>-</u>	<u>94,865</u>
<b>NET POSITION</b>			
Unrestricted	<u>195,118</u>	<u>4,963,716</u>	<u>5,158,834</u>
<b>TOTAL NET POSITION</b>	<u>\$ 195,118</u>	<u>\$ 4,963,716</u>	<u>\$ 5,158,834</u>

See accompanying notes to financial statements.

**CITY OF WEST BEND**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
COMPONENT UNITS  
For the Year Ended December 31, 2016

	Business Improvement District	Redevelopment Authority	Totals
<b>OPERATING REVENUES</b>	\$ 94,322	\$ -	\$ 94,322
<b>OPERATING EXPENSES</b>			
Operation and maintenance	36,374	-	36,374
<b>OPERATING INCOME</b>	57,948	-	57,948
<b>NONOPERATING REVENUES</b>			
Investment income	1,313	-	1,313
<b>CHANGE IN NET POSITION</b>	59,261	-	59,261
NET POSITION – Beginning of Year	135,857	4,963,716	5,099,573
<b>NET POSITION – END OF YEAR</b>	\$ 195,118	\$ 4,963,716	\$ 5,158,834

See accompanying notes to financial statements.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of West Bend, Wisconsin conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting is the Governmental Accounting Standards Board (GASB).

**A. REPORTING ENTITY**

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending, generally. Component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantially the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

**Discretely Presented Component Units**

**Business Improvement District**

In 2000, the city created a business improvement district ("district"). The district is a legally separate organization. The board of the district is appointed by the mayor, subject to approval of the city council, of West Bend. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the district, and also create a potential financial benefit to or burden on the city. See Note III, H. As a component unit, the district's financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2016. The district does not issue separate financial statements.

**CITY OF WEST BEND**

INDEX TO NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Redevelopment Authority of the City of West Bend

In 2001, the city created the Redevelopment Authority of the City of West Bend ("redevelopment authority"). The redevelopment authority is a legally separate organization. The board of the redevelopment authority is appointed by the mayor, subject to approval of the city council, of West Bend. Wisconsin statutes provide for circumstances whereby the city can impose its will on the redevelopment authority, and also create a potential financial benefit to or burden on the city. The financial information of the redevelopment authority for the year ended December 31, 2016 is included in the government-wide financial statements as a discretely presented component unit. See Note III. H. The redevelopment authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued Statement No. 72 – Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the city are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund – accounts for the city's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs other than Tax Incremental Financing (TIF) District or enterprise debt.
- TIF District No. 3 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

The city reports the following major enterprise funds:

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

The city reports the following nonmajor governmental funds:

- Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or major capital projects)

- Taxi Transit System
- Public Library
- Cable TV
- Revolving Loan
- Recreation
- Economic Development
- Park Development
- Library
- EMS FAPS Grant

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

- Capital Projects
- TIF District No. 4
- TIF District No. 5
- TIF District No. 6
- TIF District No. 7
- TIF District No. 8
- TIF District No. 9
- TIF District No. 10
- TIF District No. 11
- TIF District No. 12
- TIF District No. 13

Permanent Funds – used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Library

In addition, the city reports the following fund type:

Agency funds are used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund. At December 31, 2016, there were \$2,076,549 of unrecorded unearned special assessments, which are not receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water utility and sewer utility are charges to customers for sales and services. The rates used in the water utility were approved by the Public Service Commission. Sewer service charges are billed at rates established by the city's council. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

All Financial Statements

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

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

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by state statutes. Available investments are limited to:

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

Investment of library trust funds is regulated by Chapter 112. That section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has adopted an investment policy. That policy follows the state statute for allowable investments.

The city's investment policy addresses custodial credit risk by seeking to collateralize certificates of deposit or any other time deposit in an amount equal to 105% of the investment less the amount insured by the FDIC or guaranteed by the State of Wisconsin.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

1. Deposits and Investments (cont.)

Credit risk and interest rate risk are also addressed in the city's investment policy. Commercial paper issued with a maturity not exceeding 270 days shall have a rating of at least A1 by Standard & Poors at the time of purchase. Corporate notes and bonds with maturities not exceeding 5 years should be rated at least Aa by Moody's or AA by Standard & Poors at the time of purchase. All money market mutual funds should be rated AAAm by Standard & Poors or AAA by Moody's Investor Service at the time of purchase.

Concentration of credit risk is addressed generally by the city's investment policy. There are no specific limits on concentration 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 quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the 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 deferred revenues and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent real estate taxes	October 2016

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Receivables (cont.)

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 in the accompanying enterprise fund financial statements because the water and sewer utilities have the right by law to place delinquent bills on the tax roll.

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

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

The city has received federal grant funds for economic development loan programs to various businesses. The city records a loan receivable when the loan has been made and funds have been disbursed. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from the loan repayments is recognized as revenue when received in cash. Any unspent loan repayments would be presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories are recorded at cost based on weighted average. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market utilizing the average cost method of accounting and charged to construction or operation and maintenance expense when used.

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

4. Restricted Assets

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

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets and \$500 for utility assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	50 Years
Land Improvements	50 Years
Machinery and Equipment	5-50 Years
Utility System	4-77 Years
Infrastructure	20-100 Years

Fund Financial Statements

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

6. Other Assets

The governmental activities financial statements include a balance of land held for resale. This represents land purchased with the intent of selling the property for future development. This is recorded at the estimated market value.

The proprietary fund type financial statements include a balance of property held for future use. This represents land purchased and held for a possible water treatment facility, as well as donated wetlands to be used to offset future wastewater treatment levels.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

7. *Deferred Outflows of Resources*

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

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

8. *Compensated Absences*

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

9. *Long-Term Obligations/Conduit Debt*

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year-end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance for year-end gains/losses, as applicable, is shown as a deferred outflow/inflow in the statement of net position.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRBs outstanding at the end of the year is approximately \$8,289,154 made up of four issues.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

10. *Deferred Inflows of Resources*

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

11. *Equity Classifications*

*Government-Wide Statements*

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 90,393,906	\$ 47,672,108	\$ (1,273,466)	\$ 145,792,548
Unrestricted (deficit)	(2,376,635)	19,354,143	1,273,466	18,250,974

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

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**11. Equity Classifications (cont.)**

**Fund Financial Statements**

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

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The council may take official action to assign amounts; and 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The city has a formal fund balance policy. The policy requires that unassigned fund balance shall be maintained as of December 31 of each year equal to the current GFOA recommended minimum of 17% of the ensuing year's general fund expenditures, with a targeted maximum of 30%. Actual unassigned general fund balance was 23% of the 2017 budgeted general fund expenditures at December 31, 2016.

**12. Basis for Existing Rates**

Current water rates were approved by the PSCW effective April 1, 2011.

Current sewer rates were approved by the city council on December 1, 2006.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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

**13. 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.

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures and Other Financing Uses		Actual Expenditures and Other Financing Uses		Excess Expenditures and Other Financing Uses Over Budget
	\$		\$		
Economic Development	\$	18,215	\$	20,098	\$ 1,883

**B. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2016, the following individual funds held a deficit balance:

Taxi Transit System	\$ 237,317	Uncovered costs
TIF District No. 3	1,580,339	Uncovered costs
TIF District No. 4	196,329	Uncovered costs
TIF District No. 6	36,516	Uncovered costs
TIF District No. 8	84,890	Uncovered costs

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, grants, general tax revenues, or long-term borrowing.

**C. LIMITATIONS ON THE CITY'S TAX LEVY**

Wisconsin law limits the city's future tax levies. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the city's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The city's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 31,755,202	\$ 30,003,148	Custodial credit risk
Certificates of deposit – negotiable	5,863,834	5,863,834	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agencies – implicitly guaranteed	1,437,918	1,437,918	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agencies – explicitly guaranteed	1,130,702	1,130,702	Custodial credit risk, interest rate risk
Municipal bonds	151,538	151,538	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Corporate bonds	498,125	498,125	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
LGIP	13,102,725	13,102,725	Credit risk
Petty cash	7,193	-	N/A
<b>Total Cash and Investments</b>	<b>\$ 53,947,237</b>	<b>\$ 52,187,990</b>	

Reconciliation to financial statements

Per statement of net position	
Unrestricted cash and investments	\$ 25,980,964
Restricted cash and investments	2,482,486
Per statement of assets and liabilities - agency fund	25,498,450
<b>Total Cash and Investments</b>	<b>\$ 53,947,237</b>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantees Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$500,000 of the city's investments are covered by SIPC. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit.

The city maintains a collateral agreement with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$30,522,657 to secure the city's deposits.

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

The valuation methods for recurring fair value measurements are as follows:

- > Quoted prices or independent services
- > Most advantageous market for the investment/government
- > Current market prices

Investment Type	December 31, 2016		
	Level 1	Level 2	Level 3
Certificates of deposit – negotiable	\$ 5,863,834	\$ -	\$ 5,863,834
U.S. agencies – implicitly guaranteed	1,437,918	-	1,437,918
U.S. agencies – explicitly guaranteed	1,130,702	-	1,130,702
Municipal bonds	151,538	-	151,538
Corporate bonds	498,125	-	498,125
<b>Totals</b>	<b>\$ 9,082,117</b>	<b>\$ -</b>	<b>\$ 9,082,117</b>

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Custodial Credit Risk**

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

The city does not have any deposits exposed to custodial credit risk.

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

The city does not have any investments exposed to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2016, the city's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. agencies – implicitly guaranteed	AA+	Aaa
Municipal bonds	Not Rated	Aa3
Corporate bonds	AA+	Aa1

The city also had investments in the Local Government Investment Pool and certificates of deposit, which are not rated.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk (cont.)**

As of December 31, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1 year	1 – 4	More than 4 years	
US agencies – implicitly guaranteed	\$ 1,437,918	\$ –	\$ 704,864	\$ –	\$ 733,054
US agencies – explicitly guaranteed	1,130,702	–	883,902	–	246,800
Municipal bonds	151,538	–	151,538	–	–
Corporate bonds	498,125	–	498,125	–	–
Certificates of deposit	5,863,834	3,648,887	2,214,947	–	–
Totals	\$ 9,082,117	\$ 3,648,887	\$ 4,453,376	\$ –	\$ 979,854

See Note I, D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

Accounts receivable not expected to be collected within one year are as follows:

General fund	\$ 180,033
Nonmajor governmental funds	1,059,260
Total Amount Not Due Within One Year	\$ 1,239,293

An allowance for doubtful accounts has been established in the amount of \$196,480, which relates to ambulance billings.



**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

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

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$ 153,867	\$ 22,607,151
Developer payments receivable	26,617	-
Special assessments receivable	-	-
Subsequent period prepayments	-	626,251
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 180,484</u>	<u>\$ 23,233,402</u>

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

**Long Term Debt Accounts**

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

**Equipment Replacement Account**

The city established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

The following calculations support the amount of restricted net position:

<b>Water Utility</b>	
Restricted Assets	
Redemption account	\$ 164,181
Reserve account	348,523
Depreciation account	259,113
Total Restricted Assets	<u>771,817</u>
Less: Restricted Assets Not Funded by Revenues	
Reserve from borrowing	(348,523)
Current Liabilities Payable from Restricted Assets	<u>(18,030)</u>
Total Restricted Net Position as Calculated	<u>\$ 405,264</u>
<b>Sewer Utility</b>	
Restricted Assets	
Replacement account	<u>\$ 513,782</u>

There are also restricted assets reported in the governmental funds for the parkland acquisition trust and capital projects from unspent debt proceeds. The nonmajor governmental funds have \$ 197,227 and \$999,660, respectively, in restricted assets for these purposes.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 11,094,613	\$ 270,688	\$ -	\$ 11,365,301
Right of ways	39,707,216	-	-	39,707,216
Total Capital Assets Not Being Depreciated	50,801,829	270,688	-	51,072,517
Capital assets being depreciated				
Land improvements	8,470,223	469,355	-	8,939,578
Buildings	28,711,984	608,055	96,713	29,223,326
Machinery and equipment	19,548,827	1,409,705	899,938	19,958,594
Streets	79,108,424	1,100,150	231,648	79,976,928
Bridges	4,877,616	111,550	21,000	4,968,166
Traffic signals	2,546,000	228,940	-	2,774,940
Dams	650,000	-	-	650,000
Storm water system	32,169,758	93,855	8,905	32,254,708
Street lights	542,000	-	-	542,000
Other	1,411,000	-	-	1,411,000
Total Capital Assets Being Depreciated	178,035,832	4,021,610	1,358,202	180,699,240
Less: Accumulated depreciation for				
Land improvements	(2,825,836)	(166,920)	2,383	(2,990,373)
Buildings	(7,970,532)	(536,506)	19,294	(8,487,744)
Machinery and equipment	(12,620,841)	(1,137,727)	968,554	(12,790,014)
Streets	(35,046,136)	(1,999,423)	231,646	(36,813,913)
Bridges	(2,292,359)	(99,363)	14,349	(2,377,373)
Traffic signals	(1,283,564)	(92,406)	-	(1,375,970)
Dams	(347,000)	(13,000)	-	(360,000)
Storm water system	(12,669,966)	(538,654)	8,608	(13,200,012)
Street lights	(526,098)	(15,902)	-	(542,000)
Other	(575,972)	(46,986)	-	(622,958)
Total Accumulated Depreciation	(76,158,304)	(4,546,887)	1,244,834	(79,560,357)
Net Capital Assets Being Depreciated	101,877,528	(625,277)	113,368	101,138,883
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 152,679,357	\$ (354,589)	\$ 113,368	\$ 152,211,400

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
General government			\$ 282,476	401,481
Public safety			3,232,928	720,935
Public works, including infrastructure assets			720,935	9,087
Leisure activities			-	-
Conservation and development			-	-
Total Governmental Activities Depreciation Expense			\$ 4,646,887	
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 327,571	\$ -	\$ -	\$ 327,571
Construction in progress	135,673	1,624,218	1,657,550	102,341
Total Capital Assets Not Being Depreciated	463,244	1,624,218	1,657,550	429,912
Capital assets being depreciated				
Water utility plant	40,992,100	1,218,270	136,874	42,073,696
Sewer utility plant	49,906,674	418,454	53,866	50,270,462
Total Capital Assets Being Depreciated	90,898,774	1,636,724	190,740	92,344,158
Less: Accumulated depreciation for				
Water utility plant	(14,778,320)	(971,152)	152,173	(15,597,299)
Sewer utility plant	(24,041,395)	(1,254,870)	60,674	(25,235,692)
Total Accumulated Depreciation	(38,819,715)	(2,226,122)	212,847	(40,832,891)
Net Capital Assets Being Depreciated	52,079,059	(689,398)	(22,307)	51,511,167
Total Business-Type Activities Capital Assets, Net of Depreciation	\$ 52,541,502	\$ 1,034,820	\$ 1,635,243	\$ 51,941,079

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

<b>Business-type Activities</b>	
Water	\$ 906,665
Sewer	1,254,970
	<u>2,161,635</u>
<b>Total Business-Type Activities</b>	
Depreciation Expense	\$ 2,161,635

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage and cost of removal.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General	Water utility	\$ 861,440
General	Sewer utility	144,770
General	Nonmajor governmental funds	154,877
Water utility	General	227,972
Sewer utility	Sewer utility	43,857
Sewer utility	General	157,234
Water utility	Nonmajor governmental funds	85
Nonmajor governmental funds	Nonmajor governmental funds	1,771
Nonmajor governmental funds	Nonmajor governmental funds	11,443
Subtotal – Fund Financial Statements	General	<u>1,603,559</u>
Less: Fund eliminations		(211,948)
Less: Government-wide eliminations		(770,802)
Less: Interfund advances		<u>(4,563,990)</u>
Total Internal Balances – Government-Wide Statement of Net Position		\$ (3,943,181)

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 1,006,210
Business-type Activities	Governmental Activities	<u>(4,949,391)</u>
Total Government-Wide Financial Statements		\$ (3,943,181)

All interfund balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund receivables/payables are due within one year.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amounts Not Due Within One Year
General	Taxi Transit System	\$ 210,785	\$ 210,785
General	Capital Projects	92,491	92,491
Cable TV	Economic Development	303,333	291,667
Water utility	TIF District No. 3	235,000	160,000
Water utility	TIF District No. 4	120,000	80,000
Water utility	TIF District No. 6	65,000	40,000
Sewer utility	TIF District No. 3	2,148,464	2,148,464
Sewer utility	TIF District No. 4	81,212	81,212
Sewer utility	TIF District No. 6	11,267	11,267
Sewer utility	TIF District No. 8	153,593	153,593
Sewer utility	TIF District No. 9	75,065	75,065
Sewer utility	TIF District No. 10	480,421	480,421
Sewer utility	Public Library	3,606	-
Sewer utility	Capital Projects	20,362	20,362
Sewer utility	Economic Development	1,170,000	1,125,000
Sub-total - Interfund Advances		5,170,599	\$ 4,970,327
Less: Fund eliminations		<u>(606,609)</u>	
Total – Interfund Advances		\$ 4,563,990	

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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

The sewer utility is advancing funds to the capital projects fund, public library fund, TIF Districts No. 3, 4, No. 6, No. 8, No. 9, and No. 10. The sewer utility is charging these funds interest on the advance based on the average outstanding advance balance during the year with the exception of the advance to the public library fund. The rate varies from year to year. 2016's rate was 1.21%. No repayment schedules have been established for these advances. The sewer utility has also advanced funds to TIF Districts No. 5, No. 7, No. 9, No. 11, No. 12 and No. 13; however, these advances were determined to be uncollectible in 2013, with the exception of \$75,065 advanced to TIF No. 9 in 2015. An allowance is set up in the amount of \$3,030,843. The sewer utility is also advancing funds to the economic development fund. The economic development fund is paying \$45,000 annually in principal over a 30-year period which began in 2013 plus interest calculated at 0.69%.

The cable TV fund is advancing funds to the economic development fund. Interest is being charged at 0.69% on this advance and repayment is scheduled for \$11,667 annually over a 30 year period beginning in 2013.

The general fund is advancing funds to the taxi transit system fund and the capital projects fund. No interest is being charged on these advances. No repayment schedule has been established.

The water utility is advancing funds to TIF Districts No. 3, No. 4 and No. 6. The water utility is charging the TIF districts interest on the advance of 4.20 to 4.875% based on the following repayment schedules established during the borrowing of the 2008 mortgage revenue bonds.

Year	TIF District		TIF District		TIF District	
	No. 3	No. 4	No. 4	No. 6	No. 6	No. 6
2017	\$ 82,553	\$ 43,820	\$ 43,820	\$ 24,537		
2018	79,741	42,320	42,320	21,160		
2019	86,658	40,780	40,780	20,390		
Sub-totals	248,952	126,920	126,920	66,087		
Amount representing interest	(13,952)	(6,920)	(6,920)	(1,087)		
Principal Balance	\$ 235,000	\$ 120,000	\$ 120,000	\$ 65,000		

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General	Water utility	\$ 678,631
Water utility	Sewer utility	18,233
General	Nonmajor governmental funds	6,551
Debt service	Nonmajor governmental funds	137,937
Nonmajor governmental funds	Nonmajor governmental funds	21,401
Nonmajor governmental funds	General	184,138
Nonmajor governmental funds	TIF District No. 3	13
Sewer utility	Nonmajor governmental funds	145,172
Water utility	Nonmajor governmental funds	4,146
Water utility	TIF District No. 3	1,753
Nonmajor governmental funds	Water utility	68,090
TIF District No. 3	Water utility	85,271
Subtotal - Fund Financial Statements		1,351,336
Less: Fund eliminations		(368,273)
Less: Government-wide eliminations		(302,142)

Total Transfers - Government-Wide  
Statement of Activities

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 831,992
Business-type Activities	Governmental Activities	(151,071)
Total Government-wide Financial Statements		\$ 680,921

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

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2016 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable	\$ 64,566,623	\$ 5,885,000	\$ 11,330,928	\$ 59,120,695	\$ 6,657,182
General obligation debt	170,000	--	35,000	115,000	55,000
Other notes and loans	730,330	113,661	116,802	725,189	--
Unamortized debt premiums	65,486,953	5,698,661	11,504,730	59,680,884	6,712,182
Total Bonds and Notes Payable					
Other Liabilities					
Visited compensated absences	2,373,450	248,165	170,379	2,451,236	1,225,616
Sick leave	773,483	801,677	773,483	801,677	801,677
Vacation	201,456	361,638	414,690	148,404	148,404
Compensatory time	7,346,483	943,937	485,457	7,794,963	--
Other post employment benefits	--	1,912,666	--	1,912,666	--
Net pension liability	10,864,872	4,269,083	1,854,000	13,108,946	2,175,699
Total Other Liabilities					
Total Governmental Activities	\$ 76,181,825	\$ 10,266,744	\$ 13,358,739	\$ 73,069,830	\$ 8,887,881
Long-Term Liabilities:					
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable	\$ 2,392,140	\$ 1,875,000	\$ 1,075,000	\$ 2,862,140	\$ 375,000
General obligation debt	2,030,000	--	305,000	1,725,000	315,000
Revenue bonds	23,070	16,413	9,130	30,353	--
Unamortized bond premium	4,315,210	1,597,413	1,369,130	4,517,493	660,000
Total Bonds and Notes Payable					
Other Liabilities					
Compensated absences	145,610	17,209	21,730	141,089	--
Other post employment benefits	360,616	48,905	25,669	403,852	--
Net pension liability	--	181,128	--	181,128	--
Total Other Liabilities	526,226	247,242	47,399	726,069	--
Total Business-type Activities	\$ 4,941,436	\$ 1,838,655	\$ 1,436,529	\$ 5,343,562	\$ 680,000
Long-Term Liabilities					

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt**

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016 was \$124,286,390. Total general obligation debt outstanding at year-end was \$61,982,835.

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12/31/16
Governmental Activities					
General Obligation Debt					
General obligation notes	4/7/09	3/1/19	1.60-3.90%	\$ 3,505,000	\$ 670,000
General obligation community development bonds	4/7/09	3/1/29	3.00-5.00%	1,655,000	150,000
General obligation bonds	4/1/10	3/1/30	3.00-5.90%	1,120,000	915,000
General obligation refunding bonds	10/19/10	4/1/22	0.75-3.00%	6,800,000	3,400,000
General obligation taxable refunding bonds	10/19/10	3/1/26	2.00-4.25%	9,390,000	6,672,860
General obligation bonds	4/12/11	3/1/31	2.00-4.15%	2,505,000	2,025,000
General obligation refunding bonds	12/21/11	4/1/27	0.50-3.10%	1,840,000	1,050,000
General obligation taxable refunding bonds	1/5/12	4/1/31	0.50-4.50%	3,530,000	1,660,000
General obligation taxable refunding bonds	5/9/12	3/1/22	0.55-2.70%	1,620,000	1,105,000
General obligation notes	5/8/12	5/1/22	0.35-2.00%	2,955,000	1,830,000
General obligation refunding bonds	5/9/12	4/1/26	2.00-2.25%	6,570,000	6,355,000
Slate trust fund loan	6/4/12	3/15/22	3.00%	432,400	272,835
General obligation refunding bonds – 2013 A	6/6/13	5/1/33	1.00-3.00%	9,060,000	8,590,000
General obligation refunding notes – 2013 C	6/6/13	4/1/23	0.30-2.25%	5,980,000	4,685,000

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**  
**General Obligation Debt (cont.)**

Governmental Activities General Obligation Debt (cont.)	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12/31/16
General obligation notes – 2013 B	6/6/13	5/1/23	0.40-1.75%	\$ 820,000	\$ 615,000
General obligation bonds – 2014 A	2/26/14	2/1/34	0.50-4.00%	1,740,000	1,610,000
General obligation notes – 2014 B	2/26/14	2/1/24	2.00-2.75%	6,210,000	4,645,000
General obligation notes – 2014 C	7/9/14	4/1/20	2.00-3.00%	2,350,000	1,640,000
General obligation refunding bonds – 2014 D	12/30/14	10/1/20	3.00-4.00%	4,110,000	1,780,000
General obligation bonds – 2015 A	6/10/15	4/1/25	1.50-3.00%	3,730,000	3,565,000
General obligation bonds – 2016 A	3/29/16	3/1/30	2.60-2.50%	4,750,000	4,750,000
General obligation refunding bonds – 2016 B	3/29/16	4/1/22	0.90-1.90%	1,135,000	1,135,000
<b>Total Governmental Activities – General Obligation Debt</b>					<b>\$ 59,120,695</b>

**Business-type Activities  
General Obligation Debt**

Business-type Activities General Obligation Debt	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12/31/16
General obligation taxable refunding bonds	10/19/10	3/1/26	4.29%	\$ 500,080	\$ 127,140
General obligation bonds	4/12/11	3/1/31	2.00-4.15%	310,000	260,000
General obligation refunding bonds	5/9/12	4/1/26	2.00-2.25%	235,000	225,000
General obligation refunding bonds	2/26/14	2/1/17	2.00%	160,000	55,000
General obligation refunding notes	7/9/14	4/1/20	2.00%	785,000	530,000
General obligation bonds	6/10/15	4/1/26	1.50-3.00%	120,000	90,000
General obligation refunding bonds	3/29/16	3/1/30	2.60-2.50%	775,000	775,000
General obligation notes	6/1/16	6/1/25	1.35%	800,000	800,000
<b>Total Business-type Activities - General Obligation Debt</b>					<b>\$ 2,862,140</b>

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**  
**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 6,657,182	\$ 1,409,702	\$ 375,000	\$ 63,210
2018	7,278,447	1,267,956	325,000	50,878
2019	7,109,750	1,102,595	335,000	43,028
2020	5,741,081	957,047	335,000	35,604
2021	5,585,335	819,190	202,140	29,539
2022-2026	19,358,900	2,342,729	940,000	95,257
2027-2031	6,435,000	588,090	350,000	22,615
2032-2034	955,000	39,385	-	-
<b>Totals</b>	<b>\$ 59,120,695</b>	<b>\$ 8,526,694</b>	<b>\$ 2,862,140</b>	<b>\$ 340,731</b>

**Revenue Debt**

Business-type revenue bonds are payable only from revenues derived from the operation of the water utility. The city has pledged future water utility revenues, net of specified operating expenses, to repay \$3.745 million in revenue bonds issued during 2008 through 2009. Proceeds from the bonds provided financing for water infrastructure. The bonds are payable solely from water utility revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require 10% of net revenues on average. The total principal and interest remaining to be paid on the bonds is \$1,957,175. Principal and interest paid for the current year and total customer net revenues as defined were \$362,254 and \$2,516,515, respectively.

Revenue debt payable at December 31, 2016 consists of the following:

**Business-type Activities Revenue Debt**

	Date of Issue	Due Date	Interest Rates	Original Indebtedness	Balance 12/31/16
<b>Water Utility</b>					
Revenue bonds	4/24/08	3/1/23	2.70-4.20%	\$ 2,725,000	\$ 1,115,000
Revenue bonds	4/7/09	3/1/24	4.00-4.50%	1,020,000	610,000
<b>Total Business-type Activities Revenue Debt</b>					<b>\$ 1,725,000</b>

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Revenue Debt	Interest
2017	\$ 315,000	\$ 64,131
2018	315,000	52,091
2019	345,000	39,073
2020	155,000	28,920
2021	160,000	22,320
2022-2024	435,000	25,640
Totals	\$ 1,725,000	\$ 232,175

**Other Notes and Loans**

Date of Issue	Due Date	Original Indebtedness	Balance 12/31/16
7/29/08	3/1/18	\$ 500,000	\$ 115,000

Promissory note – Washington County  
Debt service requirements to maturity on the 2008 promissory note are as follows:

Years	Principal	Interest
2017	\$ 55,000	\$ 3,719
2018	60,000	1,275
Totals	\$ 115,000	\$ 4,994

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Debt Information**

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

**Advance and Current Refunding**

On March 29, 2016, the City issued \$5,525,000 in general obligation bonds (Series 2016A) with an average coupon rate of 2.12% to advance refund \$1,105,000 of outstanding 2009B general obligation community development bonds with an average coupon rate of 3.88%, as well as current refund \$3,005,000 of the outstanding 2010B general obligation Build America bonds with an average coupon rate of 4.17%. The remaining proceeds were for city capital projects. A portion of the net proceeds along with \$15,006 of existing funds of the City were used to purchase U.S. government securities for the advance refunded debt. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded bonds. As a result, the advance refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance and current refundings were \$5,513,925 from 2016 through 2030. The cash flow requirements on the 2016 refunding bonds are \$4,959,135 from 2016 through 2030. The advance and current refundings resulted in a combined economic gain (difference between the present values of the debt service payments on the old and new debt) of \$459,290.

**Current Refunding**

On March 29, 2016, the City issued \$1,135,000 in general obligation bonds (Series 2016B) with an average coupon rate of 1.67 to current refund \$1,125,000 of outstanding 2007B general obligation community development bonds with an average coupon rate of 5.26%.  
The cash flow requirements on the refunded debt prior to the current refunding are \$1,345,766 from 2016 through 2022. The cash flow requirements on the 2016 refunding bonds are \$1,210,381 from 2016 through 2022. The current refunding resulted in a combined economic gain (difference between the present values of the debt service payments on the old and new debt) of \$127,379.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Bond Covenant Disclosures**

**Debt Coverage**

Under terms of the resolutions providing for the issuance of revenue bonds, certain utility revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service on the bonds. The coverage only includes revenue debt. The coverage requirement was met as follows:

Operating revenues	\$ 4,882,741
Investment income	16,015
Interest subsidy	3,807
Less: Operation and maintenance expenses	<u>(2,386,048)</u>
	\$ 2,516,515
Minimum required earnings:	
Highest annual debt service	\$ 384,073
Coverage factor	<u>1.25</u>
Minimum Required Earnings	\$ 480,091
Actual Debt Coverage	<u>6.55</u>

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Bond Covenant Disclosures (cont.)**

**Number of Customers and Billed Volumes - Water Utility**

	Number of Customers	Sales (000 gals)
Residential	10,775	484,857
Multifamily residential	184	92,394
Commercial	785	139,122
Industrial	80	89,330
Public authority	<u>71</u>	<u>38,854</u>
Totals	11,895	844,547

**G. NET POSITION/FUND BALANCES**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2016 includes the following:

**Governmental Activities**

Net investment in capital assets	
Land	\$ 11,365,301
Right of ways	39,707,216
Other capital assets, net of accumulated depreciation	101,138,883
Less: capital related long-term debt outstanding	(56,152,077)
Plus: unspent capital related debt proceeds	<u>2,334,563</u>
Total Net Investment in Capital Assets	\$ 99,393,906



CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

Fund Balance	Major Funds		Non-Major Funds	Totals
	General Fund	TIF District No. 3		
<b>Nonspendable</b>				
Inventories	\$ 738,622	\$ -	\$ -	\$ 738,622
Prepaid items	206,952	-	-	206,952
Delinquent personal property taxes	13,611	-	-	13,611
Delinquent special assessments	166,422	-	-	166,422
Advances	303,276	-	-	303,276
<b>Restricted for:</b>				
Debt service	-	66,540	-	66,540
Library purposes	-	-	855,595	855,595
Fire department equipment funds	7,352	-	7,352	14,704
Fire department training funds	7,792	-	-	7,792
Rescue squad	3,801	-	-	3,801
Parks and recreation	12,680	-	217,134	229,814
Park impact fee	2,700	-	-	2,700
EMS	-	-	39,060	39,060
Loans	-	-	219,592	219,592
Future HRA payments	254,204	-	-	254,204
TIF related projects	-	-	1,407,456	1,407,456
Future capital related projects	-	-	999,660	999,660
<b>Committed to:</b>				
Cable TV	-	-	1,513,517	1,513,517
Recreation programs	-	-	121,809	121,809
<b>Assigned to:</b>				
Carryforwards	432,927	-	-	432,927
Future capital projects	-	-	802,107	802,107
OPEB	50,000	-	-	50,000
<b>Unassigned (deficit)</b>	<b>\$ 5,238,255</b>	<b>\$ (1,580,339)</b>	<b>\$ (555,052)</b>	<b>\$ 3,102,864</b>
<b>Total Fund Balances</b>	<b>\$ 7,438,604</b>	<b>\$ 66,540</b>	<b>\$ 5,620,876</b>	<b>\$ 11,545,683</b>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 327,571
Construction in progress	102,341
Other capital assets, net of accumulated depreciation	51,511,167
Less: related long-term debt outstanding	(4,587,141)
Less: unamortized debt premium	(30,353)
Plus: unspent capital related debt proceeds	348,523
<b>Total Invested in Capital Assets</b>	<b>\$ 47,672,108</b>

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. COMPONENT UNITS

This report contains the Business Improvement District (BID) and the Redevelopment Authority of the City of West Bend (redevelopment authority), which are included as component units. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the government-wide financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation:

a. Basis of Accounting/Measurement Focus

The redevelopment authority follows the full accrual basis of accounting and the flow of economic resources measurement focus. The BID follows the modified accrual basis of accounting and the flow of financial resources measurement focus. No conversion adjustments are required for the BID statements to present full accrual information.

b. Deposits and Investments

The component units' cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance
Demand deposits	\$ 668,918	\$ 668,918

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest bearing).

Custodial Credit Risk

Custodial credit risk is associated with the demand deposits.

See Note III, A, for a description of custodial credit risk

As of December 31, 2016, the component unit's bank balance of \$668,918 was commingled with City of West Bend funds. Custodial credit risk related to the redevelopment authority and BID funds cannot be determined.

The city has adopted an investment policy, which is also followed by the redevelopment authority and BID.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**H. COMPONENT UNITS (cont.)**

**Custodial Credit Risk (cont.)**

- c. Land Held for Resale  
This balance is made up of land purchased by the redevelopment authority. It is carried at the lower of cost or realizable value.
- d. Transactions with the Primary Government  
At December 31, 2016, the Business Improvement District has a receivable of \$94,865 from the city's tax collection fund for the subsequent year's annual assessment.

**NOTE IV – OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

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

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

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

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

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

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
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

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

During the reporting period, the WRS recognized \$1,227,990 in contributions from the city.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city reported a liability of \$2,093,794 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.1288504%, which was a decrease of 0.0044586% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$2,518,017.

At December 31, 2016, 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	\$ 354,211	\$ 4,406,354
Changes of actuarial assumptions	1,464,910	-
Net differences between projected and actual earnings on pension plan investments	8,572,592	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	278,575	-
Employer contributions subsequent to the measurement date	1,197,634	-
Total	\$ 11,867,922	\$ 4,406,354

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,197,634 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 in the year ended December 31, 2016. 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:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 2,773,517	\$ 1,066,346
2018	2,773,517	1,066,346
2019	2,773,517	1,066,346
2020	2,298,763	1,066,346
2021	50,974	140,370

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation:	3.2%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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 %	Destination Target Allocation %	Long-Term	
			Expected Nominal Rate of Return %	Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5

Variable Fund Asset Class

U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

CITY OF WEST BEND

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

City's proportionate share of the Net pension liability (asset)	1% Decrease to Discount Rate (6.20%)		Current Discount Rate (7.20%)		1% Increase to Discount Rate (8.20%)	
	\$		\$		\$	
	14,685,911		2,093,794		(7,740,874)	

**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://efw.wi.gov/publications/cafr.htm> and reference report number 15-11.

At December 31, 2016, the city reported a payable to the pension plan of \$197,330, which represents contractually required contributions outstanding as of the end of the year.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**B. Risk Management**

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers compensation; and health care of its employees. The city purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; workers compensation; and errors and omission. There have been no significant reductions in insurance coverage for any risk of loss in the past year, and settled claims have not exceeded the commercial coverage in any of the past three years. However, other risks, such as health care of its employees are accounted for and financed by the city in the general fund.

**Self Insurance**

For health claims, the uninsured risk of loss is \$90,000 per incident and \$4,184,491 in the aggregate for a policy year. The city has purchased commercial insurance for claims in excess of those amounts. There have been no significant reductions in coverage compared to the prior year, and settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the city participate in the risk management program. Amounts payable to the general fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An amount for claims that have been incurred but not reported (IBNR) has not been recorded as it is not material to these financial statements at December 31, 2016. The city does not allocate overhead costs or other nonincremental costs to the claims liability. Changes in the current claims liability, which is recorded in the general fund follows:

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 390,194	\$ 325,974
Current year claims and changes in estimates	3,744,214	2,806,137
Claim payments	(3,808,434)	(2,917,493)
Unpaid Claims - End of Year	\$ 325,974	\$ 214,618

**Claims Liability**

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

Under the terms of stipulation orders issued by the State of Wisconsin Department of Industry, Labor and Human Relations, the city was making monthly payments to a former police officer and a former fireman of the city.

The city is party to various pending claims and legal proceedings. Although the outcome of such pending claims and legal proceedings 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.

In 2008, the city signed an agreement with a developer located within TIF District No. 12 that requires the city to issue a monetary obligation to the developer in an amount not to exceed \$5,000,000 plus accrued interest. The monetary obligation also referred to as a grant within the agreement, is to be paid to the developer from TIF increment collected. Once the grant has been earned, as defined within the developer agreement, it shall be paid by the city to the developer in one or more installments, with interest, through the monetary obligation. The city may use tax increments or any other available funds as a source of payments for the monetary obligation, but no tax increments are pledged.

The city agrees to make payments of the principal and interest on the monetary obligation prior to or on each September 1, subject to conditions within the agreement. The monetary obligation shall terminate when the principal and accrued interest have been fully paid or upon termination of the TIF. Since the amount of future payments is contingent on conditions within the agreement, the obligation is not reported as a liability in the accompanying financial statements. In addition, the city and the developer are in the process of revising the agreement; therefore, the balance of the commitment at December 31, 2016, is not determinable.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**D. JOINT VENTURE**

**Mid-Moraine Municipal Court**

The sixteen municipalities from Washington and Ozaukee Counties jointly operate the local municipal court, which is called the Mid-Moraine Municipal Court and provides noncriminal citation processing. The communities share in the annual operation of the district as follows:

Municipality	% Fines
City of West Bend	22.64%
Village of Germantown	10.14
City of Hartford	7.86
Village of Kewaskum	3.77
Village of Slinger	7.32
Village of Jackson	5.12
City of Port Washington	7.16
Village of Graton	7.22
Village of Saukville	5.78
Town of Hartford	.70
Town of Trenton	2.44
Village of Newburg	0.81
City of Cedarburg	3.71
Village of Fredonia	1.11
Village of Thiensville	2.50
City of Mequon	11.72
<b>Total</b>	<b>100.00%</b>

The governing committee is made up of employees from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the court. Financial information of the court as of December 31, 2016 is available directly from the municipal court in West Bend, Wisconsin.

The City of West Bend accounts for its share of the operation in the general fund. The City of West Bend does not have an equity interest in the organization.

**E. OTHER POSTEMPLOYMENT BENEFITS**

The city administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance coverage for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**E. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The city makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The city contributes 90% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses depending on union classification and hiring dates. Plan members receiving benefits contribute 10% of their premium costs for a family and a single plan.

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. 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 to the Retiree Health Plan:

Annual Required Contribution	\$ 1,135,975
Interest on net OPEB obligation	251,131
Adjustment to annual required contribution	<u>(394,263)</u>
Annual OPEB cost	992,843
Contributions made	<u>(521,128)</u>
Increase in net OPEB obligation	471,715
Net OPEB Obligation – Beginning of Year	<u>7,727,100</u>
Net OPEB Obligation – End of Year	<u>\$ 8,198,815</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ 992,843	52.5%	\$ 8,198,815
12/31/2015	1,213,968	51.6%	7,727,100
12/31/2014	1,213,968	51.6%	7,139,160

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**E. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 10,431,059
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,431,059
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,693,320
UAAL as percentage of covered payroll	97.5%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funded status, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.25% investment rate of return and an annual healthcare cost trend rate of 7.95% initially, reduced to an ultimate rate of 4.6% after 70 years. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized on a level dollar amortization method. The amortization period at December 31, 2016, was 30 years.

**CITY OF WEST BEND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – OTHER INFORMATION (cont.)**

**F. RELATED ORGANIZATION**

**Housing Authority**

The city officials are responsible for appointing board members of the City of West Bend's Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

**G. SUBSEQUENT EVENTS**

On May 11, 2017, the city issued \$2,230,000 in general obligation notes, Series 2017A, for capital projects and water main replacement. Interest rates range from 2.15 to 3.00% with final maturity in 2027.

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

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

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*

When they become effective, application of these standards may restate portions of these financial statements.

**CITY OF WEST BEND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,979,928	\$ 13,979,928	\$ 14,097,161	\$ 117,233
Intergovernmental	3,707,638	3,715,633	3,713,412	(2,221)
Licenses and permits	1,044,352	1,071,242	821,588	(249,674)
Fines, forfeitures and penalties	496,640	496,140	498,038	(38,102)
Public charges for services	1,611,776	1,629,929	1,545,488	(84,441)
Intergovernmental charges for services	425,000	425,000	425,000	-
Special assessments	17,578	21,543	17,525	(4,018)
Investment income	53,000	53,000	98,802	45,802
Miscellaneous revenues	203,800	306,918	300,967	(5,951)
Total Revenues	21,535,712	21,699,333	21,477,951	(221,382)
<b>EXPENDITURES</b>				
Current				
General government	4,691,363	4,902,384	4,204,757	697,627
Public safety	11,118,334	11,297,773	10,810,224	487,549
Public works	4,370,514	4,590,626	4,072,923	517,703
Leisure activities	1,674,793	1,769,585	1,613,828	155,757
Conservation and development	369,621	408,013	381,259	26,754
Total Expenditures	22,244,625	22,968,381	21,082,991	1,885,390
Excess (Deficiency) of Revenues Over Expenditures	(708,913)	(1,269,048)	394,960	1,864,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	18,000	18,000	21,657	3,657
Transfers in	742,000	746,551	685,162	(663,389)
Transfers out	(51,087)	(51,087)	(184,138)	(133,051)
Total Other Financing Sources (Uses)	708,913	713,464	522,701	(197,763)
Net change in fund balances	-	(553,584)	917,661	1,471,245
FUND BALANCES - Beginning of Year	6,520,943	6,520,943	6,520,943	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,520,943</b>	<b>\$ 5,967,359</b>	<b>\$ 7,438,604</b>	<b>\$ 1,471,245</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

See independent auditor's report and accompanying notes to required supplementary information.  
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**CITY OF WEST BEND**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 For the Year Ended December 31, 2016

**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 I.C.

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 council action. Appropriations lapse at year-end unless specifically carried over. Carryovers are shown in Note III.G. Budgets are adopted at the function level of expenditure.

**NOTE 2 – FUNDING PROGRESS DATA**

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

**NOTE 3 – WISCONSIN RETIREMENT SYSTEM**

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

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

See independent auditors' report.

**CITY OF WEST BEND**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**  
 As of December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (arb)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/c
1/1/12	\$ -	\$ 14,334,314	\$ 14,334,314	0%	\$ 12,282,380	116.7%
1/1/14	-	12,156,492	12,156,492	0%	10,488,887	115.8%
1/1/16	-	10,431,059	10,431,059	0%	10,693,320	97.5%

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM**

For the Year Ended December 31, 2016

Fiscal Year-Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Share of the Net Pension Liability (Asset) as a Percentage of the Total Pension Liability	
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/16	0.12865040%	\$ 2,095,794	\$ 13,590,193	15.41%	98.20%
12/31/15	0.13330900%	(3,274,434)	13,505,764	24.24%	102.74%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM**

For the Year Ended December 31, 2016

Fiscal Year-Ending	Contributions in Relation to the Contractually Required Contributions		Contributions as a Percentage of Covered Payroll	
	Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 1,197,637	\$ 1,197,637	\$ 13,332,848	8.98%
12/31/15	1,227,987	1,227,987	13,590,193	9.04%

See independent auditor's report and accompanying notes to required supplementary information.

**CITY OF WEST BEND**

GENERAL FUND  
**DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property tax	\$ 13,569,288	\$ 13,569,288	\$ 13,572,471	\$ 3,183
Mobile home taxes	190	190	37	(153)
Room tax	339,100	339,100	369,113	30,013
Taxes from housing authority	35,525	35,525	35,128	(397)
Taxes from cell towers	14,864	14,864	14,864	-
Delinquent personal property chargebacks	9,161	9,161	98,878	89,717
Interest on taxes	11,800	11,800	6,660	(5,140)
<b>TOTALS</b>	<b>\$ 13,979,928</b>	<b>\$ 13,979,928</b>	<b>\$ 14,097,151</b>	<b>\$ 117,223</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
Shared taxes from state	\$ 1,715,871	\$ 1,715,871	\$ 1,675,529	\$ (40,342)
Fire insurance tax from state	114,000	114,000	119,303	5,303
Federal aid - ambulance grants	-	-	40,742	40,742
State aid - service to state facilities	142,291	142,291	120,482	(21,809)
State aid - police training	9,600	17,595	18,083	488
State aid - road allotment	1,396,683	1,396,683	1,395,999	(684)
State aid - exempt computer aid	109,418	109,418	106,916	(2,502)
State aid - connecting streets	128,765	128,765	127,468	(1,297)
State aid - lottery credit administration	10	10	-	(10)
State aid - recycling assistance	87,000	87,000	103,335	16,335
State aid - fire training	4,000	4,000	3,555	(445)
<b>TOTALS</b>	<b>\$ 3,707,638</b>	<b>\$ 3,715,633</b>	<b>\$ 3,713,412</b>	<b>\$ (2,221)</b>
<b>LICENSES AND PERMITS</b>				
Liquor and mall beverage licenses	\$ 43,120	\$ 43,120	\$ 46,395	\$ 3,275
Operators' licenses	26,706	26,706	25,017	(889)
Weights and measures	16,135	16,135	16,135	-
Cigarette licenses	3,000	3,000	3,600	600
Bicycle licenses	1,835	1,835	1,895	60
Dog licenses	18,000	18,000	19,441	1,441
Amusement device licenses	9,750	9,750	7,820	(1,930)
Car licenses	3,250	3,250	3,602	352
Other miscellaneous licenses	9,953	9,953	11,510	1,557
Building permits	543,658	543,658	250,173	(293,485)
State building permits	960	960	1,240	280
Electrical permits	60,890	60,890	47,378	(13,512)
Plumbing permits	60,690	60,690	85,253	24,563

**SUPPLEMENTARY INFORMATION**

**CITY OF WEST BEND**

GENERAL FUND  
 DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (cont.)  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>LICENSES AND PERMITS (cont.)</b>				
Erosion control	\$ 14,200	\$ 14,200	\$ 20,200	\$ 6,000
Occupancy permits	9,400	9,400	7,180	(2,220)
Hearing permits	67,480	67,480	47,933	(19,547)
Sign permits	7,000	7,000	18,605	11,605
Sidewalk permits	5,000	5,000	6,380	1,380
Street opening permits applied	20,000	20,000	14,670	(5,330)
Zoning	9,315	9,315	16,725	7,410
Yardwaste drop permits	63,000	63,000	68,180	5,180
Storm water management permits	500	500	1,055	555
Plan examination fees	25,400	25,400	33,935	8,535
Engineering inspection fees	25,000	51,890	65,781	13,891
Plan handling fees	200	200	215	15
Other regulatory permits / fees	110	110	250	140
<b>TOTALS</b>	<b>\$ 1,044,352</b>	<b>\$ 1,071,242</b>	<b>\$ 821,568</b>	<b>\$ (249,674)</b>

**FINES, FORFEITURES AND PENALTIES**

Parking violations	\$ 100,500	\$ 100,500	\$ 104,941	\$ 4,441
Municipal court fines and penalties	386,440	386,440	338,217	(48,223)
Awards and damages	5,700	9,200	14,880	5,680
<b>TOTALS</b>	<b>\$ 492,640</b>	<b>\$ 496,140</b>	<b>\$ 458,038</b>	<b>\$ (38,102)</b>

**PUBLIC CHARGES FOR SERVICES**

Copy revenue	\$ 1,180	\$ 1,180	\$ 462	\$ (718)
Clerk fees	170	170	1,284	1,124
Treasurer fees	11,610	11,610	14,465	2,855
NSF charges	2,400	2,400	1,680	(720)
License publication fees	1,388	1,388	1,484	96
Assessor fees	75	75	170	95
Payroll processing fees	215	215	141	(74)
Miscellaneous departmental revenue	3,250	3,250	11,522	8,272
Police department fees	98,600	98,600	95,865	(2,935)
Registration suspension fees	4,200	4,200	3,130	(1,070)
False alarm assessments	8,350	8,350	17,850	9,500
Fire department fees	18,000	18,000	26,255	8,255
Ambulance fees	1,212,500	1,212,500	1,078,326	(184,174)
Snow and ice control	1,000	1,000	1,246	246
Airport	47,035	47,035	49,674	2,639
Sale of street materials and services	7,000	11,411	29,815	18,404

**CITY OF WEST BEND**

GENERAL FUND  
 DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (cont.)  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES (cont.)</b>				
Sale of materials and services - sanitation	\$ 1,000	\$ 1,000	\$ 3,440	\$ 2,440
Swimming pools	96,000	96,000	8	8
Outside services	44,465	44,465	78,417	(17,583)
Other recreation revenues	3,300	3,300	55,555	11,090
Weed control	2,800	2,800	1,933	(1,367)
Subdivision fees	8,000	8,000	6,370	(3,670)
Site plan revenue	250	250	11,660	3,060
Refuse and garbage collection	11,738	11,988	11,045	(250)
Lac Lawrann Conservancy revenues	1,000	1,000	13,482	(943)
Street tree revenue	50	50	170	(830)
Attorney fees	26,000	26,000	15	(36)
Economic development			30,004	4,004
Uncollectible receivable collected				
<b>TOTALS</b>	<b>\$ 1,611,776</b>	<b>\$ 1,629,929</b>	<b>\$ 1,545,488</b>	<b>\$ (84,441)</b>

**INTERGOVERNMENTAL CHARGES FOR SERVICES**

Local fire protection services	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
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**SPECIAL ASSESSMENTS**

Street construction	\$ 651	\$ 651	\$ 651	\$ -
Curb and gutter	118	118	118	-
Sidewalks	1,200	5,165	5,165	-
Storm sewer	308	308	308	-
Street lights	138	138	138	-
Traffic signals	6,093	6,093	6,093	-
Vehicle maintenance recovery	100	100	21	(79)
Administrative fees	8,970	8,970	5,031	(3,939)
<b>TOTALS</b>	<b>\$ 17,578</b>	<b>\$ 21,543</b>	<b>\$ 17,525</b>	<b>\$ (4,018)</b>

**INVESTMENT INCOME**

Investment income on temporary investments	\$ 50,000	\$ 50,000	\$ 96,826	\$ 46,826
Interest on special assessments	3,000	3,000	1,976	(1,024)
<b>TOTALS</b>	<b>\$ 53,000</b>	<b>\$ 53,000</b>	<b>\$ 98,802</b>	<b>\$ 45,802</b>

**CITY OF WEST BEND**

GENERAL FUND  
 DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (cont.)  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Final Budget
<b>MISCELLANEOUS REVENUES</b>					
Crime prevention donations	\$ 16,000	\$ 1,000	\$ 7,500	\$ (8,500)	\$ -
Fireworks donations	-	910	-	910	-
Disc golf donations	32,461	35,427	35,427	2,966	2,966
Rent of city property	53,335	53,335	-	-	-
Rent of airport property	37,554	39,292	39,292	1,738	1,738
Rent of mutual mail	4,950	4,035	-	(915)	(915)
Sale of materials	-	8,028	8,028	-	-
Summer picnic program	29,500	116,328	89,148	(27,180)	(27,180)
Insurance recoveries	-	2,356	2,666	330	330
Miscellaneous donations	30,000	30,000	33,368	3,368	3,368
Commercial card rebate	-	3,996	-	-	-
Energy program	-	-	22,242	22,242	22,242
Insurance rebate	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 203,800</b>	<b>\$ 306,918</b>	<b>\$ 300,967</b>	<b>\$ (5,951)</b>	<b>\$ (5,951)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in - tax equivalent	\$ 742,000	\$ 6,551	\$ 6,551	\$ -	\$ -
Sale of city property	18,000	742,000	678,631	(63,369)	(63,369)
<b>TOTALS</b>	<b>\$ 760,000</b>	<b>\$ 748,551</b>	<b>\$ 706,839</b>	<b>\$ (59,712)</b>	<b>\$ (59,712)</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 22,295,712</b>	<b>\$ 22,465,894</b>	<b>\$ 22,184,790</b>	<b>\$ (281,094)</b>	<b>\$ (281,094)</b>

**CITY OF WEST BEND**

GENERAL FUND  
 DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Final Budget
<b>GENERAL GOVERNMENT</b>					
Council	\$ 38,020	\$ 38,020	\$ 40,049	\$ (2,029)	\$ (2,029)
Mayor	13,466	13,466	12,743	723	723
Administrator	86,181	72,169	60,980	11,189	11,189
Clerk -	-	-	-	-	-
Legislative support	171,837	171,837	109,031	62,806	62,806
Elections	82,089	82,089	86,242	15,847	15,847
Personnel -	-	-	-	-	-
Recruitment	149,408	149,408	158,481	(9,073)	(9,073)
Financial administration -	-	-	-	-	-
Treasury	347,445	351,245	344,281	6,964	6,964
Assessment	297,564	297,564	247,654	49,910	49,910
Independent auditing	45,673	45,673	36,165	9,508	9,508
Legal counseling	101,747	101,747	98,214	3,533	3,533
Municipal buildings	522,378	536,111	395,131	140,980	140,980
Risk management	590,040	590,040	531,372	58,668	58,668
Health insurance	1,655,531	2,155,531	1,832,264	323,267	323,267
GIS	30,017	45,017	44,121	896	896
Information systems	210,036	213,136	182,617	30,519	30,519
Other general government	39,331	39,331	45,412	(6,081)	(6,081)
<b>TOTALS</b>	<b>\$ 4,891,363</b>	<b>\$ 4,902,384</b>	<b>\$ 4,204,757</b>	<b>\$ 697,627</b>	<b>\$ 697,627</b>
<b>PUBLIC SAFETY</b>					
Police -					
Patrol	\$ 5,931,351	\$ 5,988,778	\$ 5,713,346	\$ 285,432	\$ 285,432
Criminal and juvenile investigation	714,487	720,152	761,114	(40,962)	(40,962)
Crossing guards	120,904	120,904	115,021	5,883	5,883
Fire -					
Administration	568,533	568,936	550,871	18,065	18,065
Suppression	2,432,080	2,435,866	2,337,113	98,753	98,753
Prevention	173,686	173,686	153,320	20,366	20,366
Training	360,813	361,825	267,951	93,874	93,874
Rescue	625,043	625,043	665,959	(30,916)	(30,916)
Building inspection	188,258	188,258	155,812	32,446	32,446
Sealer of weights and measures	10,800	10,800	10,800	-	-
Hydrant rental	31,919	31,919	29,171	2,748	2,748
Communications system	60,460	61,608	59,746	1,860	1,860
<b>TOTALS</b>	<b>\$ 11,118,334</b>	<b>\$ 11,297,773</b>	<b>\$ 10,810,224</b>	<b>\$ 487,549</b>	<b>\$ 487,549</b>

**CITY OF WEST BEND**

**GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (cont.)  
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC WORKS</b>				
Garage	\$ 310,968	\$ 312,368	\$ 305,791	\$ 6,577
Public works administration	96,338	125,822	95,902	29,720
Engineering	209,025	333,865	247,855	86,010
Streets and related facilities	16,284	16,284	6,563	9,721
Street maintenance	1,019,692	1,023,593	974,489	49,104
Snow and ice control	474,481	474,481	457,231	17,250
Traffic control	73,275	123,562	109,138	14,424
Street lighting	863,406	863,406	724,159	139,247
Storm sewers	46,000	46,000	30,014	15,986
Airport	96,025	96,325	87,481	9,444
Garbage and refuse collection	102,909	112,609	115,658	(3,049)
Recycling	582,125	582,125	468,118	114,007
Sanitary landfill	479,986	479,986	450,524	29,462
<b>TOTALS</b>	<b>\$ 4,370,514</b>	<b>\$ 4,590,626</b>	<b>\$ 4,072,923</b>	<b>\$ 517,703</b>
<b>LEISURE ACTIVITIES</b>				
Tourism fund contributions	\$ 251,686	\$ 251,686	\$ 246,478	\$ 5,208
Recreation administration	283,455	283,455	252,152	31,303
Other summer recreation	60,343	60,343	13,521	46,822
Parks	657,297	657,297	640,249	17,048
Public areas	462,555	516,804	461,428	55,376
<b>TOTALS</b>	<b>\$ 1,674,793</b>	<b>\$ 1,769,585</b>	<b>\$ 1,613,828</b>	<b>\$ 155,757</b>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	\$ 60,028	\$ 73,520	\$ 63,437	\$ 10,083
Lac Lawaunn Conservancy	37,584	37,834	35,219	2,615
Urban development	292,009	296,639	282,603	14,036
<b>TOTALS</b>	<b>\$ 389,621</b>	<b>\$ 408,013</b>	<b>\$ 381,259</b>	<b>\$ 26,754</b>
<b>TRANSFERS OUT</b>				
Transfer to nonmajor funds	\$ 51,087	\$ 51,087	\$ 184,138	\$ (133,051)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 22,295,712</b>	<b>\$ 23,019,468</b>	<b>\$ 21,267,129</b>	<b>\$ 1,752,339</b>

**CITY OF WEST BEND**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016**

	Special Revenue Funds			
	Taxi Transit System	Public Library	Cable TV	Revolving Loan
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 879,570	\$ 1,163,120	\$ 132,959
Taxes receivable	-	709,869	-	-
Accounts receivable	59,833	80,379	109,245	-
Loans receivable	-	-	-	-
Due from other funds	-	-	10	-
Due from other governments	-	-	-	-
Advances to other funds	-	-	303,333	-
Restricted cash and investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 59,833</b>	<b>\$ 1,649,818</b>	<b>\$ 1,575,708</b>	<b>\$ 132,959</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 84,528	\$ 38,986	\$ 26,745	\$ -
Accrued liabilities	1,837	35,075	6,220	-
Due to other funds	-	123,496	29,226	-
Advances from other funds	210,785	3,606	-	-
Total Liabilities	297,150	201,163	62,191	-
Deferred Inflows of Resources	-	709,869	-	-
Unearned revenue	-	-	-	-
Unavailable	-	-	-	-
Total Deferred Inflows of Resources	-	709,869	-	-
Fund Balances (Deficit)	-	738,786	-	132,959
Restricted	-	-	1,513,517	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(237,317)	-	-	-
Total Fund Balances (Deficit)	(237,317)	738,786	1,513,517	132,959
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 59,833</b>	<b>\$ 1,649,818</b>	<b>\$ 1,575,708</b>	<b>\$ 132,959</b>

**CITY OF WEST BEND**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 As of December 31, 2016

	Special Revenue Funds			Capital Project Funds		
	Economic Development	Park Development	Library	EMS FAPS Grant	Recreation	Capital Projects
<b>ASSETS</b>						
Cash and investments	\$ 502,769	\$ 32,244	\$ 55,842	\$ 39,060	\$ 126,287	\$ 1,019,841
Taxes receivable	-	-	-	-	-	4,883
Accounts receivable	-	-	-	-	272	983,444
Loans receivable	1,059,260	-	-	-	-	21,970
Due from other funds	-	-	-	-	-	13,204
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	197,227	-	-	-	999,660
<b>TOTAL ASSETS</b>	\$ 1,562,029	\$ 229,471	\$ 55,842	\$ 39,060	\$ 126,559	\$ 2,054,675
	\$ 2,063	\$ 9,487	\$ -	\$ -	\$ 504	\$ 139,199
Liabilities	-	-	-	-	2,742	-
Accounts payable	-	-	-	-	1,504	-
Accrued liabilities	1,473,333	-	-	-	-	856
Due to other funds	-	-	-	-	-	112,853
Advances from other funds	-	-	-	-	-	201,212
<b>Total Liabilities</b>	1,475,396	9,487	-	-	4,750	252,908
	-	2,850	-	-	-	-
Deferred inflows of Resources	-	-	-	-	-	983,444
Unearned revenue	-	-	-	-	-	-
Unavailable	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-	-	-	983,444
	86,633	217,134	55,842	39,060	121,809	999,660
Fund Balances (Deficit)	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	802,107
Unassigned (deficit)	86,633	217,134	55,842	39,060	121,809	(196,329)
Total Fund Balances (Deficit)	\$ 1,562,029	\$ 229,471	\$ 55,842	\$ 39,060	\$ 126,559	\$ 2,054,675

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	Special Revenue Funds			Capital Project Funds		
	Economic Development	Park Development	Library	EMS FAPS Grant	Recreation	Capital Projects
	\$ 419,589	\$ 39,751	\$ 438,080	\$ 477,831	\$ 244,569	\$ 97,092
Taxes receivable	606,304	-	-	-	-	-
Accounts receivable	15,286	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	\$ 1,041,179	\$ 477,831	\$ 438,080	\$ 477,831	\$ 244,569	\$ 97,092
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	76,267	-	-	-	153,593
Advances from other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	-	76,267	-	-	-	153,593
	606,304	438,080	224,694	28,389	-	-
Deferred inflows of Resources	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Unavailable	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	606,304	438,080	224,694	28,389	-	-
	434,875	-	-	-	-	19,875
Fund Balances (Deficit)	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	(36,516)	-	-	(84,890)
Unassigned (deficit)	434,875	-	(36,516)	-	-	(84,890)
Total Fund Balances (Deficit)	\$ 1,041,179	\$ 477,831	\$ 438,080	\$ 477,831	\$ 244,569	\$ 97,092

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

**CITY OF WEST BEND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 For the Year Ended December 31, 2016

	Special Revenue Funds			
	Taxi Transit System	Public Library	Cable TV	Revolving Loan
<b>REVENUES</b>				
Taxes	\$ 577,021	709,973	\$ -	\$ -
Intergovernmental	-	807,391	-	-
Licenses and permits	379,611	71,968	444,260	-
Public charges for services	-	153,249	-	-
Intergovernmental charges for services	-	10,398	9,011	849
Investment income	-	39,101	-	-
Miscellaneous	956,832	1,592,170	453,271	849
<b>Total Revenues</b>	<b>1,087,051</b>	<b>2,088,719</b>	<b>311,338</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	1,087,051	-	-	-
Public works	-	-	-	-
Leisure activities	-	2,080,489	282,266	-
Conservation and development	-	7,911	29,072	-
Capital Outlay	-	-	-	-
Debt Service	-	318	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,087,051</b>	<b>2,088,719</b>	<b>311,338</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(140,419)	(486,548)	141,933	849
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	1,777	-	-	-
Sale of property	137,892	-	-	-
Transfers in	-	(107,374)	-	-
Transfers out	139,069	(107,374)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,360)</b>	<b>(603,922)</b>	<b>141,933</b>	<b>849</b>
<b>Net change in fund balances</b>	<b>(235,867)</b>	<b>1,342,708</b>	<b>1,371,564</b>	<b>132,110</b>
<b>FUND BALANCES (DEFICIT)</b> - Beginning of Year	<b>(237,317)</b>	<b>738,786</b>	<b>1,513,517</b>	<b>132,989</b>

Continued From  
Previous Page

TIF District No. 9	Capital Project Funds				TIF District No. 13	Permanent Fund Library	Total Nonmajor Funds
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13			
\$ 176,031	\$ 1,495,455	\$ 157,761	\$ 62,969	\$ 10,972	\$ 60,967	\$ 6,468,648	
336,312	392,272	312,524	388,992	97,336	-	4,518,216	
24,938	-	-	-	-	-	291,923	
-	-	-	-	-	-	1,059,260	
-	-	-	-	-	-	13,214	
20,885	-	-	-	-	-	20,885	
-	-	-	-	-	-	303,333	
-	-	-	-	-	-	1,196,887	
<b>\$ 558,166</b>	<b>\$ 1,887,727</b>	<b>\$ 470,285</b>	<b>\$ 451,961</b>	<b>\$ 108,308</b>	<b>\$ 60,967</b>	<b>\$ 13,672,366</b>	
\$ 500	\$ -	\$ -	\$ 23,500	\$ -	\$ -	\$ 325,512	
1,761	-	-	-	-	-	45,674	
75,065	480,421	-	-	-	-	156,843	
77,326	480,421	-	23,500	-	-	2,787,135	
336,312	792,272	312,524	388,992	97,336	-	4,921,066	
15,068	-	-	-	-	-	15,068	
351,370	792,272	312,524	388,992	97,336	-	4,936,124	
129,470	615,034	157,761	39,469	10,972	60,967	3,738,497	
-	-	-	-	-	-	1,635,326	
-	-	-	-	-	-	802,107	
-	-	-	-	-	-	(955,052)	
129,470	615,034	157,761	39,469	10,972	60,967	5,620,878	
<b>\$ 558,166</b>	<b>\$ 1,887,727</b>	<b>\$ 470,285</b>	<b>\$ 451,961</b>	<b>\$ 108,308</b>	<b>\$ 60,967</b>	<b>\$ 13,672,366</b>	

Continued on  
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**CITY OF WEST BEND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2016

	Special Revenue Funds				Capital Project Funds	
	Economic Development	Park Development	EMS FAPS Grant	Library	Recreation	TIF District No. 4
\$	31,669	18,381	8,495	-	275,673	988,364
	73,888	43,538	-	-	-	5,680
	33,257	1,157	-	269,402	-	-
	34,414	765	-	-	-	-
	-	-	-	-	9,910	1,941
	-	-	-	-	51,158	-
	136,366	33,257	8,495	270,167	356,741	995,985
	6,000	1,000	-	-	-	-
	13,516	-	106	-	-	1,850
	1,000	-	-	227,485	-	-
	-	-	-	-	2,345,290	150
	-	-	-	-	55,000	920,000
	-	-	-	-	28,654	78,769
	7,000	13,516	106	227,485	2,428,944	1,000,769
	129,366	20,898	8,389	42,682	(2,082,203)	(4,764)
	-	-	-	-	1,395,000	-
	-	-	-	-	37,241	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(14,951)	-	-	54,967	45,270
	-	(14,951)	-	-	(30,478)	-
	-	-	-	-	1,456,790	45,270
	11,571	114,415	8,389	42,682	(635,473)	40,486
	102,719	34,944	30,671	79,127	2,437,240	(236,815)
	217,134	55,842	39,060	121,809	1,801,767	(196,320)

	TIF District No. 5			Capital Project Funds		
	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 6	TIF District No. 7	TIF District No. 8
\$	860,532	376,550	232,267	4,701	3,619	26,425
	44,512	-	-	-	-	-
	2,048	520	276	-	-	398
	907,092	381,771	236,152	-	-	26,823
	1,823	1,823	1,823	-	-	1,823
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,638	9,177	209	-	-	16,553
	751,332	400,000	205,225	-	-	1,636
	130,600	17,760	29,876	-	-	-
	881,393	428,760	237,233	-	-	20,212
	15,699	(46,989)	(1,071)	-	-	6,611
	185,000	-	-	-	-	-
	5,238	-	-	-	-	-
	(160,192)	-	-	-	-	-
	851	22,820	-	-	-	-
	-	(8,426)	-	-	-	-
	10,897	14,394	-	-	-	-
	26,596	(32,595)	(1,071)	-	-	6,611
	408,278	(3,921)	20,946	-	-	(91,501)
	434,675	(36,516)	19,875	-	-	(84,690)



**CITY OF WEST BEND**  
STATEMENT OF CASH FLOWS  
COMPONENT UNIT  
For the Year Ended December 31, 2016

TIF District No. 9	Capital Project Funds				TIF District No. 13	Permanent Fund Library	Total Nonmajor Funds
	TIF District No. 10	TIF District No. 11	TIF District No. 12	TIF District No. 13			
\$ 741,060	\$ 372,508	\$ 310,386	\$ 338,333	\$ 95,420	\$ -	\$ 5,327,391	
353,800	712	2,530	172,536	74	-	1,781,271	
-	-	-	-	-	-	462,641	
-	-	-	-	-	-	764,509	
1,268	5,488	913	1,406	307	-	153,249	
6,495	400,000	-	-	-	-	78,893	
1,102,623	778,718	313,829	512,276	95,801	-	603,893	
1,823	1,823	1,823	5,623	1,823	-	22,057	
-	-	-	-	-	-	106	
-	-	-	-	-	-	1,097,051	
-	-	-	-	-	-	2,609,756	
469,688	204	227	60,484	56,918	-	129,170	
1,662,582	660,890	250,000	157,210	28,824	-	3,221,656	
237,067	280,959	121,400	84,937	4,654	-	5,111,063	
2,371,160	963,876	373,450	643,018	94,219	-	1,027,487	
(1,265,537)	(185,158)	(69,621)	(130,743)	1,582	-	13,218,346	
1,540,000	270,000	205,000	375,000	-	-	(4,046,493)	
11,273	5,078	5,434	7,681	-	-	1,395,000	
(397,432)	(150,472)	(101,757)	(376,541)	-	-	2,555,000	
33,985	3,372	-	-	-	-	71,945	
8,470	(1,032)	(1,610)	(149,760)	-	-	(1,186,394)	
1,194,730	126,946	107,067	143,620	-	-	35,172	
(73,607)	(58,212)	47,446	(274,363)	1,562	-	273,642	
203,277	673,246	110,315	313,832	9,390	80,967	(315,207)	
\$ 129,470	\$ 615,034	\$ 157,761	\$ 39,469	\$ 10,972	\$ 60,967	2,629,156	
						(1,217,355)	
						6,838,213	
						\$ 5,620,878	

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Redevelopment Authority
Cash paid to suppliers for goods and services	\$ -
Net Cash Flows From Operating Activities	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest paid	-
Net Cash Flows From Capital and Related Financing Activities	-
<b>Net Decrease in Cash and Cash Equivalents</b>	471,333
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 471,333
<b>NONCASH FINANCING ACTIVITY</b>	
None	

**FORM OF LEGAL OPINION**

*(See following pages.)*

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

May 3, 2018

Re: City of West Bend, Wisconsin ("Issuer")  
\$2,595,000 General Obligation Promissory Notes, Series 2018A,  
dated May 3, 2018 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$40,000	___%
2020	300,000	___
2021	150,000	___
2022	225,000	___
2023	305,000	___
2024	265,000	___
2025	330,000	___
2026	335,000	___
2027	335,000	___
2028	310,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on November 1, 2018.

The Notes maturing on May 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2025 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 resolution authorizing 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 corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. 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 West Bend, Washington County, Wisconsin (the "Issuer") in connection with the issuance of \$2,595,000 General Obligation Promissory Notes, Series 2018A, dated May 3, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on April 16, 2018 (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 17, 2018 delivered in connection with the Securities, which is available from the MSRB.

"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 West Bend, Washington County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 1115 S. Main Street, West Bend, Wisconsin, phone (262) 335-5103, fax (262) 335-5164.

"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, 2017, 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; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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 3rd day of May, 2018.

(SEAL)

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Kraig Sadownikow  
Mayor

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Stephanie Justmann  
City Clerk

**NOTICE OF SALE**

**\$2,595,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A  
CITY OF WEST BEND, WISCONSIN**

Bids for the purchase of \$2,595,000\* General Obligation Promissory Notes, Series 2018A (the "Notes") of the City of West Bend, Wisconsin (the "City") will be received at the offices of Ehlers & 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 16, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purpose of financing capital projects, including street improvements, water system projects and public safety 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 May 3, 2018, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$40,000	2023	\$305,000	2027	\$335,000
2020	300,000	2024	265,000	2028	310,000
2021	150,000	2025	330,000		
2022	225,000	2026	335,000		

**ADJUSTMENT OPTION**

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

**TERM BOND OPTION**

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

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing November 1, 2018, 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. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** 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.

## OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2026 shall be subject to optional redemption prior to maturity on May 1, 2025 and on 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 May 3, 2018, 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 Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

## SUBMISSION OF BIDS

Bids must not be for less than \$2,569,050 nor more than \$2,750,700 plus accrued interest on the principal sum of \$2,595,000 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) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) 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 \$51,900 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

## **AWARD**

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

## **BOND INSURANCE**

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

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

## **CUSIP NUMBERS**

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **CONTINUING DISCLOSURE**

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

## **NEW ISSUE PRICING**

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

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

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

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

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

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the Underwriter. 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 Underwriter on its bid form to determine the issue price for the Notes. On its bid form, each Underwriter 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 Underwriter 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 shall promptly advise the City when the underwriters have 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, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.

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 the hold-the-price rule, 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 hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail 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 hold-the-offering-price rule, as set forth in the retail 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 hold-the-offering-price rule 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 retail distribution agreement to comply with its corresponding agreement regarding 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 Underwriter selects the 10% test, the Underwriter 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 the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (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 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 that is a party to a retail 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 retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (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 or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party to an underwriter 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 retail 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 (i) at least 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), (ii) 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 (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

## **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](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

Jay Shambeau, City Administrator  
City of West Bend, Wisconsin



# BID FORM

The Common Council  
City of West Bend, Wisconsin

April 16, 2018

RE: \$2,595,000\* General Obligation Promissory Notes, Series 2018A  
DATED: May 3, 2018

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 \$2,569,050 nor more than \$2,750,700) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2019	_____ % due	2023	_____ % due	2027
_____ % due	2020	_____ % due	2024	_____ % due	2028
_____ % due	2021	_____ % due	2025		
_____ % due	2022	_____ % due	2026		

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

**The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** 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%.

We enclose our Deposit in the amount of \$51,900, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. 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. 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. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & 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 May 3, 2018.

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

We have received and reviewed the Official Statement 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 the (circle one): 10% test / 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 May 3, 2018 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of West Bend, Wisconsin, on April 16, 2018.

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