PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2019

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

The City will designate the Bonds 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 DELAVAN, WISCONSIN
(Walworth County)

$5,975,000* GENERAL OBLIGATION MAINTENANCE FACILITY BUILDING BONDS, SERIES 2019A

BID OPENING: March 19, 2019, 10:00 A.M., C.T. **CONSIDERATION**: March 19, 2019, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $5,975,000* General Obligation Maintenance Facility Building Bonds, Series 2019A (the "Bonds") of the City of Delavan, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of a building for the housing of machinery and equipment, consisting of the construction and equipping of a maintenance facility. The Bonds are valid and binding 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 Bonds 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 BONDS: April 11, 2019

MATURITY: March 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2020	$60,000	2027	$290,000	2034	$355,000
2021	70,000	2028	295,000	2035	365,000
2022	245,000	2029	305,000	2036	385,000
2023	255,000	2030	320,000	2037	395,000
2024	265,000	2031	325,000	2038	405,000
2025	280,000	2032	320,000	2039	410,000
2026	285,000	2033	345,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: March 1, 2020 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing March 1, 2028 and thereafter are subject to call for prior redemption on March 1, 2027 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: $5,900,312.

MAXIMUM BID: $6,333,500.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $119,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: May be named by Issuer.

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 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

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

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 Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, 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 Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, 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 Bonds; (3) a certificate evidencing the due execution of the Bonds, 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 Bonds, (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 Bonds 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 Bonds 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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BID FORM

CITY OF DELAVAN
COMMON COUNCIL

		Term Expires
Mel Nieuwenhuis	Mayor	April 2020
Gary Stebnitz	Alderman	April 2020
Ron Henriott	Alderman	April 2019
Bruce DeWitt	Alderman	April 2020
Carri Deschner-Brandt	Alderman	April 2019
Jeff Johnson	Alderman	April 2020
Ryan Schroeder	Alderman	April 2019

ADMINISTRATION

Denise Pieroni, City Administrator
Kelly Hayden, Finance Director
Andrea White, City Clerk

PROFESSIONAL SERVICES

Steve Koch, City Attorney, Elkhorn, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Delavan, Wisconsin (the "City") and the issuance of its $5,975,000* General Obligation Maintenance Facility Building Bonds, Series 2019A (the "Bonds"). Any descriptions or summaries of the Bonds, 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 Bonds to be included in the resolution authorizing the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on March 19, 2019.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 11, 2019. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2020, to the registered owners of the Bonds 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds 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 Bonds 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 Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds 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 Bonds shall be payable as provided in the Award Resolution.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2028 shall be subject to optional redemption prior to maturity on March 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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.

*Preliminary, subject to change.

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 Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of a building for the housing of machinery and equipment, consisting of the construction and equipping of a maintenance facility.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$5,975,000	
Est. Int. Earnings	28,554	
Total Sources		**$6,003,554**
Uses		
Total Underwriter's Discount	$74,688	
Costs of Issuance	64,250	
Deposit to Project Construction Fund	5,864,616	
Total Uses		**$6,003,554**

*Preliminary, subject to change

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrepealable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds 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 "A1" by Moody's Investors Service ("Moody's").

The City has requested a rating on the Bonds 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 Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, 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 Bonds 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 the Bonds are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule.

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 Bonds 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. Ehlers is currently engaged as disclosure dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds 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 Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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 Bonds under existing law substantially in the following form:

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

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

Prospective purchasers of the Bonds should be aware that ownership of the Bonds 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 Bonds 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 Bonds. 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 Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the

amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds 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 Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. 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, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2017, 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 Bonds 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 Bonds 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 Bonds. 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 Bonds 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 Bonds 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 Bonds 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 Bonds. 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 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds 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 Bonds.

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 Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds 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 Bonds. 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 Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2018 Equalized Value	$605,174,600
2018 Equalized Value Reduced by Tax Increment Valuation	$584,656,700
2018 Assessed Value	$620,225,600

2018 EQUALIZED VALUE BY CLASSIFICATION

	2018 Equalized Value	Percent of Total Equalized Value
Residential	$ 328,180,900	54.229%
Commercial	221,466,400	36.595%
Manufacturing	34,090,800	5.633%
Agricultural	166,900	0.028%
Undeveloped	18,800	0.003%
Personal Property	21,250,800	3.512%
Total	$ 605,174,600	100.000%

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value[1]	Percent Increase/Decrease in Equalized Value
2014	$ 550,780,800	$ 548,772,100	-3.47%
2015	544,747,300	548,590,800	-0.03%
2016	552,873,300	550,068,500	0.27%
2017	548,950,400	587,247,100	6.76%
2018	620,225,600	605,174,600	3.05%

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

[1] Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2018 Equalized Value[1]	Percent of City's Total Equalized Value
Delavan Lake Lawn LLC	Commercial	$ 16,002,121	2.64%
Wal-Mart Real Estate Business Trust	Commercial	9,854,905	1.63%
Lowes Home Centers	Commercial	9,203,993	1.52%
Ten Patels Delavan LLC	Commercial	8,345,934	1.38%
Pentair Flow Technologies LLC	Commercial	5,882,207	0.97%
Kohl's Value Services	Commercial	5,413,953	0.89%
Delavan 88 LLC	Commercial	5,410,928	0.89%
Nodon Properties LLC	Commercial	5,372,582	0.89%
CAPVIEW Income and Value Fund	Commercial	4,707,912	0.78%
SPX Flow US LLC	Commercial	3,983,040	0.66%
Total		**$ 74,177,575**	**12.26%**
City's Total 2018 Equalized Value[2]		$605,174,600	

Source: The City.

[1] Calculated by dividing the 2018 Assessed Values by the 2018 Aggregate Ratio of assessment for the City.

[2] Includes tax increment valuation.

DEBT

DIRECT DEBT[1] (includes the Bonds)*

General Obligation Debt (see schedules following)

Total General Obligation Debt	$17,287,163

Revenue Debt (see schedules following)

Total revenue debt secured by water revenues	$ 1,492,466

*Preliminary, subject to change.

[1] Outstanding debt is as of the dated date of the Bonds.

CITY OF DELAVAN, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of April 11, 2019)

	Taxable Land Remediation Notes		Promissory Notes Series 2010A		Fire Station Building Bonds Series 2011		Promissory Notes Series 2011B		Refunding Bonds Series 2011C		GO Ref Bonds Series 2014A	
Dated	7/27/2005		5/4/2010		5/26/2011		12/6/2011		12/6/2011		2/27/2014	
Amount	$1,102,089		$2,435,000		$2,770,000		$3,055,000		$3,360,000		$3,030,000	
Maturity	5/1		3/1		3/1		3/1		3/1		3/1	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2019	57,350	0		3,060		26,288		14,140		21,581		25,348
2020	57,350	0	170,000	3,060	210,000	49,635	620,000	21,615	240,000	40,163	100,000	49,895
2021	57,350	0			220,000	43,395	650,000	7,475	250,000	34,038	200,000	47,195
2022	57,350	0			225,000	36,608			260,000	27,500	200,000	43,195
2023	57,350	0			235,000	29,360			265,000	20,444	250,000	38,220
2024	57,350	0			240,000	21,640			275,000	12,675	250,000	32,220
2025	57,350	0			250,000	13,430			285,000	4,275	300,000	25,120
2026					255,000	4,590					315,000	16,735
2027											425,000	6,163
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
2038												
2039												
	401,448	0	170,000	6,120	1,635,000	224,945	1,270,000	43,230	1,575,000	160,675	2,040,000	284,090

(Continued on next page.)

CITY OF DELAVAN, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of April 11, 2019)

	GO Ref Bonds Series 2017A		GO Comm Dev Bonds Series 2018A		State Trust Fund Loan		GO Maint Fac Building Bonds Series 2019A							
Dated	10/12/2017		10/3/2018		12/28/2018		4/11/2019							
Amount	$1,650,000		$2,150,000		$565,715		$5,975,000*							
Maturity	12/1		3/1		3/15		3/1							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal***	**Interest***	**Total Principal***	**Total Interest***	**Principal & Interest***	**Principal Outstanding***	**Principal %Paid***	**Year**
2019	150,000	25,395		58,871					207,350	174,683	382,032	17,079,813	1.20%	2019
2020	150,000	23,745	170,000	62,065	47,652	30,897	60,000	239,515	1,825,002	520,590	2,345,592	15,254,811	11.76%	2020
2021	155,000	21,945	170,000	56,965	55,237	23,313	70,000	170,963	1,827,587	405,288	2,232,874	13,427,224	22.33%	2021
2022	160,000	19,930	175,000	51,790	57,723	20,827	245,000	167,650	1,380,072	367,499	1,747,572	12,047,152	30.31%	2022
2023	165,000	17,690	180,000	46,465	60,320	18,230	255,000	162,286	1,467,670	332,694	1,800,364	10,579,483	38.80%	2023
2024	170,000	15,133	190,000	40,915	62,992	15,558	265,000	156,551	1,510,342	294,692	1,805,033	9,069,141	47.54%	2024
2025	180,000	12,243	195,000	35,140	65,869	12,681	280,000	150,321	1,613,219	253,209	1,866,427	7,455,922	56.87%	2025
2026	185,000	8,913	200,000	29,215	68,833	9,717	285,000	143,553	1,308,833	212,722	1,521,555	6,147,089	64.44%	2026
2027	190,000	4,750	205,000	23,140	71,931	6,619	290,000	136,365	1,181,931	177,036	1,358,967	4,965,158	71.28%	2027
2028			215,000	16,840	75,158	3,391	295,000	128,758	585,158	148,990	734,148	4,380,000	74.66%	2028
2029			220,000	10,315			305,000	120,610	525,000	130,925	655,925	3,855,000	77.70%	2029
2030			230,000	3,508			320,000	111,651	550,000	115,158	665,158	3,305,000	80.88%	2030
2031							325,000	102,039	325,000	102,039	427,039	2,980,000	82.76%	2031
2032							320,000	92,220	320,000	92,220	412,220	2,660,000	84.61%	2032
2033							345,000	81,876	345,000	81,876	426,876	2,315,000	86.61%	2033
2034							355,000	70,761	355,000	70,761	425,761	1,960,000	88.66%	2034
2035							365,000	59,114	365,000	59,114	424,114	1,595,000	90.77%	2035
2036							385,000	46,831	385,000	46,831	431,831	1,210,000	93.00%	2036
2037							395,000	33,941	395,000	33,941	428,941	815,000	95.29%	2037
2038							405,000	20,580	405,000	20,580	425,580	410,000	97.63%	2038
2039							410,000	6,888	410,000	6,888	416,888	0	100.00%	2039
	1,505,000	149,743	2,150,000	435,229	565,715	141,232	5,975,000	2,202,471	17,287,163	3,133,485	17,115,647			

*Preliminary, subject to change.

CITY OF DELAVAN, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt
(As of April 11, 2019)

Safe Drinking Water Fund Loan

Dated	4/22/2009
Amount	$2,739,708
Maturity	5/1

Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
2019	132,192	38,056	132,192	38,056	170,248	1,360,274	8.86%	2019
2020	135,719	34,482	135,719	34,482	170,201	1,224,555	17.95%	2020
2021	139,340	30,812	139,340	30,812	170,152	1,085,215	27.29%	2021
2022	143,057	27,045	143,057	27,045	170,103	942,158	36.87%	2022
2023	146,874	23,177	146,874	23,177	170,052	795,284	46.71%	2023
2024	150,793	19,207	150,793	19,207	169,999	644,491	56.82%	2024
2025	154,816	15,130	154,816	15,130	169,946	489,675	67.19%	2025
2026	158,946	10,944	158,946	10,944	169,891	330,728	77.84%	2026
2027	163,187	6,647	163,187	6,647	169,834	167,541	88.77%	2027
2028	167,541	2,235	167,541	2,235	169,776	0	100.00%	2028
	1,492,466	207,735	1,492,466	207,735	1,700,201			

DEBT LIMIT (includes the Bonds)*

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	$ 605,174,600
Multiply by 5%	0.05
Statutory Debt Limit	$ 30,258,730
Less: General Obligation Debt* (includes the Bonds)	(17,287,163)
Unused Debt Limit*	$ 12,971,567

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2018 Equalized Value	% In City	Total G.O. Debt[2]	City's Proportionate Share
Walworth County	$ 14,834,270,000	4.0796%	$ 13,425,000	$ 547,686
Walworth County Metropolitan Sewerage District	3,662,102,412	16.5253%	14,534,550	2,401,878
Delavan-Darien School District	1,831,728,762	33.0384%	18,400,846	6,079,345
Gateway Technical College District	45,272,714,289	1.3367%	72,385,000	967,570
City's Share of Total Overlapping Debt				$ 9,996,480

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

[2] Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value $605,174,600	Debt/ Per Capita 8,368[1]
Total General Obligation Debt (includes the Bonds)*	$ 17,287,163	2.86%	$ 2,065.87
City's Share of Total Overlapping Debt	9,996,480	1.65%	1,194.61
Total*	$ 27,283,643	4.51%	$ 3,260.47

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

Due to an oversight, the City of Delavan, Wisconsin failed to timely post the March 1, 2019 principal payments for the $1,065,000 General Obligation Promissory Notes, Series 2009; $2,435,000 General Obligation Promissory Notes, Series 2010A; $2,770,000 General Obligation Fires Station Building Bonds, Series 2011; $3,055,000 General Obligation Promissory Notes, Series 2011B; $3,360,000 General Obligation Refunding Bonds, Series 2011C; $3,030,000 General Obligation Refunding Bonds, Series 2014A. The payments have since been posted.

FUTURE FINANCING

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

[1] Estimated 2018 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
2014/15	$5,365,031	100%	$10.18
2015/16	5,495,637	100%	10.48
2016/17	5,598,104	100%	10.61
2017/18	5,633,931	100%	9.99
2018/19	5,630,664	In process	9.63

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

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

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools[1]	County	Local	Other[2]	Total
2014/15	$10.23	$4.60	$10.18	$0.18	$25.19
2015/16	10.44	4.59	10.48	0.18	25.69
2016/17	10.26	4.49	10.61	0.18	25.54
2017/18	9.47	4.23	9.99	0.18	23.87
2018/19	9.34	3.91	9.63	0.00	22.88

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

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

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

majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

The 2017-2019 state budget ("2017 Wisconsin Act 59") expanded the types of personal property that are exempt from taxation. The expansion includes machinery, tools, patterns not used in manufacturing ("newly exempt personal property"). 2017 Wisconsin Act 59 also included aid (beginning in 2019) to taxing jurisdictions equal to the property taxes that would have been levied on the newly exempt personal property. The DOR has indicated that the City will receive a personal property aid payment of $42,272.67 in 2019. In addition to providing aid to jurisdictions, the 2017 Wisconsin Act 59 also adjusted the levy limit down by the same amount as the personal property aid payment.

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

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1897 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to staggered two-year terms. The appointed City Administrator, Finance Director and Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 57 full-time, 22 part-time, and 4 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 generally to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the fiscal year ended December 31, 2016 ("Fiscal Year 2016") and the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled $289,632, $278,688 and $271,713 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, 2016, the total pension liability of the WRS was calculated as $93.4 billion and the fiduciary net position of the WRS was calculated as $92.6 billion, resulting in a net pension liability of $0.8 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 2017, the City reported a liability of $238,763 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 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 0.00053156% of the aggregate WRS net pension liability as of December 31, 2016.

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:

Bargaining Unit	Expiration Date of Current Contract
Delavan Policeman's Protective Association	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits based on contractual agreements and State Statutes. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 45). The City has undertaken a review of its OPEB liabilities and has determined that no reserve is necessary in that no direct cash payments are required.

Source: The City's most recent actuarial study.

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 Bonds or otherwise questioning the validity of the Bonds.

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 Bonds 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 Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations 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 Obligations.

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 Obligations would not occur.

FUNDS ON HAND (as of December 31, 2018)

Fund	Total Cash and Investments
General	$ 7,384,188
Special Revenue	494,245
Debt Service	31,937
Capital Projects	1,392,050
Enterprise Funds	4,534,158
Total Funds on Hand	$ 13,836,578

ENTERPRISE FUNDS

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

	2015	2016	2017	2018 (Unaudited)
Water				
Total Operating Revenues	$ 1,742,246	$ 1,761,741	$ 1,726,387	$ 1,758,596
Less: Operating Expenses	(1,689,510)	(1,334,163)	(1,383,933)	(1,284,257)
Operating Income	$ 52,736	$ 427,578	$ 342,454	$ 474,339
Plus: Depreciation	539,936	543,120	551,409	556,320
Interest Income	10,700	22,007	33,554	61,432
Revenues Available for Debt Service	$ 603,372	$ 992,705	$ 927,417	$ 1,092,091
Sewer				
Total Operating Revenues	$ 1,982,594	$ 1,923,498	$ 1,798,206	$ 1,815,388
Less: Operating Expenses	(1,797,665)	(1,793,313)	(1,834,948)	(1,848,960)
Operating Income	$ 184,929	$ 130,185	$ (36,742)	$ (33,572)
Plus: Depreciation	112,766	112,800	114,000	116,400
Interest Income	4,634	4,835	10,006	22,194
Revenues Available for Debt Service	$ 302,329	$ 247,820	$ 87,264	$ 105,022
Delbrook Operations				
Total Operating Revenues	$ 617,622	$ 614,615	$ 590,044	$ 568,758
Less: Operating Expenses	(657,286)	(697,551)	(700,549)	(757,434)
Operating Income	$ (39,664)	$ (82,936)	$ (110,505)	$ (188,676)
Plus: Depreciation	92,106	102,796	106,341	100,000
Interest Income	0	0	0	0
Revenues Available for Debt Service	$ 52,442	$ 19,860	$ (4,164)	$ (88,676)

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 2017 audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31				
COMBINED STATEMENT	**2015 Audited**	**2016 Audited**	**2017 Audited**	**2018 Unaudited[1]**	**2019 Adopted Budget[2]**
Revenues					
Taxes and special assessments	$5,400,203	$ 5,494,153	$ 5,598,674	$ 5,638,962	$ 5,632,664
Intergovernmental	1,044,401	775,330	884,965	918,312	780,852
Licenses and permits	210,075	218,695	306,930	367,017	318,910
Penalties and forfeitures	157,514	198,163	173,934	145,979	159,500
Public charges for services	175,275	191,467	194,496	180,630	178,550
Intergovernmental charges for services	676,684	587,719	600,865	605,293	640,220
Interest	32,063	30,844	33,105	59,004	12,200
Miscellaneous general revenues	27,909	46,878	45,583	37,425	6,840
Total Revenues	$ 7,724,124	$ 7,543,249	$ 7,838,552	$ 7,952,622	$ 7,729,736
Expenditures					
Current:					
General government	$ 935,299	$ 896,180	$ 858,545	$ 936,480	$ 1,054,641
Public safety	3,145,131	3,270,038	3,290,787	3,419,684	3,571,622
Public works	1,116,346	1,142,717	1,047,219	1,071,523	1,196,574
Culture and recreation	449,909	481,831	514,584	539,923	556,226
Conservation and development	24,812	8,828	8,741	7,902	8,500
Capital outlay	122,111	103,591	35,714	121,475	154,750
Total Expenditures	$ 5,793,608	$ 5,903,185	$ 5,755,590	$ 6,096,987	$ 6,542,313
Excess of revenues over (under) expenditures	$ 1,930,516	$ 1,640,064	$ 2,082,962	$ 1,855,635	$ 1,187,423
Other Financing Sources (Uses)					
Proceeds from sale of assets	52,363	4,211	13785	34,127	21,000
Proceeds of long-term debt	0	0	0	0	0
Operating transfers in	484,497	486,753	459,296	460,151	465,000
Operating transfers out	(2,421,159)	(2,117,250)	(2,266,710)	(2,426,542)	(1,947,661)
Total Other Financing Sources (Uses)	$(1,884,299)	$(1,626,286)	$(1,793,629)	$(1,932,264)	$ (1,461,661)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ 46,217	$ 13,778	$ 289,333	$ (76,629)	$ (274,238)
General Fund Balance January 1	2,934,444	2,980,661	2,994,439	3,283,772	3,207,143
General Fund Balance December 31	$ 2,980,661	$ 2,994,439	$ 3,283,772	$ 3,207,143	$ 2,932,905
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	733,060	717,848	688,127	688,127	688,127
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	350,444	369,972	396,732	274,238	274,238
Unassigned	1,897,157	1,906,619	2,198,913	2,244,778	1,970,540
Total	$ 2,980,661	$ 2,994,439	$ 3,283,772	$ 3,207,143	$ 2,932,905

[1] Unaudited data is as of December 31, 2018.

[2] The 2018 budget was adopted on November 20, 2018.

GENERAL INFORMATION

LOCATION

The City of Delavan, with a 2010 U.S. Census population of 8,463 and a current estimated population of 8,368 comprises an area of 5 square miles and is located in southwestern Walworth County in the southeastern portion of Wisconsin.

LARGER EMPLOYERS[1]

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Pentair Flow Technologies	Water solutions and technical products	900
Wal-Mart	Retail	350
SPX Flow Technology	Supplier of pumps, valves, fittings & heat exchanger	340
School District of Delavan-Darien	Elementary and secondary education	256
Delavan Lake Lawn LLC	Resort Hotel	230
Andes Candies Inc.	Candy & Confectionery Manufacturing	150
Fleet Farm	Retail	150
Wisconsin School for the Deaf	School	150
Lowe's Home Improvement	Retail	140
City of Delavan	Municipal government and services	121[2]
Swiss-Tech LLC	Precision Turned Product Manufacturing	105
Bor Indak Inc.	Electronics Manufacturer	100

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

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

[2] 56 full-time, 23 part-time and 42 seasonal employees.

BUILDING PERMITS

	2015	2016	2017	2018	2019[1]
New Single Family Homes					
No. of building permits	6	5	2	8	0
Valuation	$741,900	$879,000	$400,000	$1,386,200	$0
New Multiple Family Buildings					
No. of building permits	0	0	0	0	0
Valuation	$0	$0	$0	$0	$0
New Commercial/Industrial					
No. of building permits	2	3	2	4	0
Valuation	$455,000	$1,070,000	$25,650,000	$15,763,995	$0
All Building Permits *(including additions and remodelings)*					
No. of building permits	231	244	207	229	7
Valuation	$4,514,589	$10,776,526	$33,264,474	$34,685,336	$548,630

Source: The City.

[1] As of January 25, 2019.

U.S. CENSUS DATA

Population Trend: City of Delavan

2000 U.S. Census		7,956
2010 U.S. Census		8,463
2018 Estimated Population		8,368
Percent of Change 2000 - 2010	+	6.37%

Income and Age Statistics

	City of Delavan	Walworth County	State of Wisconsin	United States
2017 per capita income	$21,520	$29,192	$30,557	$31,177
2017 median household income	$44,931	$58,401	$56,759	$57,652
2017 median family income	$53,182	$73,224	$72,542	$70,850
2017 median gross rent	$788	$833	$813	$982
2017 median value owner occupied units	$144,400	$192,500	$169,300	$193,500
2017 median age	36.7 yrs.	39.4 yrs.	39.2 yrs.	37.8 yrs.

	State of Wisconsin	United States
City % of 2017 per capita income	70.43%	69.03%
City % of 2017 median family income	73.31%	75.06%

Housing Statistics

	City of Delavan		
	2000	2017	Percent of Change
All Housing Units	3,215	3,546	10.30%

Source: *2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

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

	Average Employment	Average Unemployment	
Year	Walworth County	Walworth County	State of Wisconsin
2014	53,861	5.5%	5.4%
2015	54,385	4.6%	4.5%
2016	55,615	4.0%	4.0%
2017	56,356	3.3%	3.3%
2018, December	56,632	2.5%	2.6%

Source: *Wisconsin Department of Workforce Development.*

APPENDIX A

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 Bonds, 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 DELAVAN

Delavan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CITY OF DELAVAN

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CITY OF DELAVAN

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Delavan
Delavan, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delavan, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Delavan'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 Delavan'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 Delavan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delavan, Wisconsin, as of December 31, 2017 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 Delavan'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 Virchow Krause, LLP

Madison, Wisconsin
May 31, 2018

As management of the City of Delavan, Wisconsin (the "city"), we offer readers of the city's financial statement this narrative overview and analysis of the financial activities of the city for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the city's overall financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Delavan, both governmental and business-type activities, exceeded its liabilities at the close of the most recent fiscal year by $73,736,905 (*net position*). Of this amount, $11,909,369 (*unrestricted net position*) may be used to meet the government's obligations to citizens and creditors. The total net position includes all major infrastructure networks.

- The city's total net position increased by $2,303,529. Of this amount, $2,223,055 is related to an increase in the governmental activities, and $80,474 from the business-type activities.

- As of the close of the current fiscal year, the City of Delavan's governmental funds reported combined ending fund balances of $3,646,960. Approximately 48% of the ending fund balance, $1,753,201 is non-spendable, restricted or committed. Fund balance of $1,167,342 or 32% of fund balance is available for use within the city's assignments. Unassigned fund balance equals $726,417 or 20% of total fund balance.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $2,198,913 or approximately 27% of the total general fund actual expenditures and transfers out. With regard to business-type activities, the unrestricted net positions were as follows: Water $4,929,082, Sewer $1,382,223, and Delbrook ($91,425).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private – sector business.

The *Statement of Net Position* presents information on all of the city's assets, deferred inflows, liabilities, and deferred outflows, with the net amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. This statement also is the basis to evaluating the capital structure and assessing the liquidity and financial flexibility. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Government-Wide Statements (cont.)

The *Statement of Activities* presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 include general government; public safety; public works; leisure activities; and conservation and development. The business-type activities of the City of Delavan include the water and sewer utilities, the golf course (Delbrook), and water sports.

The government-wide financial statements can be found on pages 1 to 3 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, 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 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 maintains 24 individual 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, General Debt Service Fund, TIF District No. 4 and Capital Equipment and Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4 to 9 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Proprietary Funds – The city maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its Water and Sewer Utilities, Delbrook Operations, and Water Sports.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utilities, Delbrook Operations since they are considered to be major funds of the city. A non-major fund of Water Sports is also included.

The basic proprietary fund financial statements can be found on pages 10 to 14 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 statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 15 of this report.

Notes to the 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 17 to 59 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget and pension related schedules. This information can be found on pages 60 to 63 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 66 to 73 of this report. Additional Water and Sewer detail regarding plant additions and deletions, operating revenues and expenditures, and the water rate of return can be found on pages 74 to 79.

FINANCIAL ANALYSIS OF THE CITY

An analysis of the city's financial position begins with a review of the **Statement of Net Position** and the **Statement of Revenues, Expenses, and Changes in Net Position**. These two statements report the city's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Delavan, assets exceeded liabilities by $73,736,905 as of December 31, 2017.

City of Delavan's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$ 13,840,739	$ 13,561,601	$ 7,039,051	$ 7,402,362	$ 20,879,790	$ 20,963,963
Capital Assets	45,388,068	44,710,947	28,466,512	28,284,750	73,854,580	72,995,697
Total Assets	59,228,807	58,272,548	35,505,563	35,687,112	94,734,370	93,959,660
Pension Related Amounts	1,658,840	2,400,750	195,439	290,803	1,854,279	2,691,553
Total Deferred Outflows of Resources	1,658,840	2,400,750	195,439	290,803	1,854,279	2,691,553
Long-term Liabilities	11,060,908	13,128,245	3,415,891	3,756,523	14,476,799	16,884,768
Other Liabilities	709,025	447,416	705,840	692,911	1,414,865	1,140,327
Total Liabilities	11,769,933	13,575,661	4,121,731	4,449,434	15,891,664	18,025,095
Unearned Revenues	6,185,850	6,161,569	22,865	21,744	6,208,715	6,183,313
Pension Related Amounts	678,496	905,755	72,869	103,674	751,365	1,009,429
Total Deferred Inflows of Resources	6,864,346	7,067,324	95,734	125,418	6,960,080	7,192,742
Net Position						
Net Investments in Capital Assets*	35,815,551	33,646,304	25,005,289	24,376,587	60,491,682	57,547,697
Restricted	1,077,510	794,708	258,344	494,989	1,335,854	1,289,697
Unrestricted *	5,360,307	5,589,301	6,219,904	6,531,487	11,909,369	12,595,982
Total Net Position	$ 42,253,368	$ 40,030,313	$ 31,483,537	$ 31,403,063	$ 73,736,905	$ 71,433,376

*Totals impacted by footnote adjustment found on page 28 of financial statements

The largest portion of the city's net position, including both governmental and business-type activities, (approximately 82%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position, including both governmental and business-type activities, (approximately 2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

FINANCIAL ANALYSIS OF THE CITY (cont.)

Analysis of City Operations-The second tool, referenced earlier, used to analyze the financial position of the City is the Condensed Statement of Revenues, Expenses, and Changes in Net Position. The following table provides a summary of the City's operations for the year ended December 31, 2017. Governmental activities increased the City of Delavan's net position by $2,223,055 and the business-type activities increased the city's net position by $80,474 resulting in a net increase of $2,303,529 in net position.

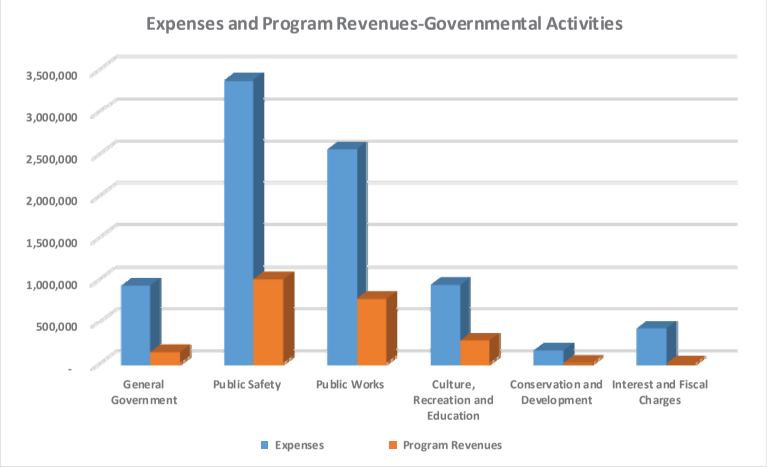
City of Delavan
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	$ 1,364,118	$ 1,239,267	$ 4,131,017	$ 4,320,855	$ 5,495,135	$ 5,560,122
Operating grants and contributions	805,295	885,119	-	-	805,295	885,119
Capital grants and contributions	1,381,453	160,164	64,851	24,934	1,446,304	185,098
General Revenues:						
Property taxes	6,161,569	6,108,158	-	-	6,161,569	6,108,158
Other taxes	709,421	680,343	-	-	709,421	680,343
Intergovernmental	690,032	674,826	-	-	690,032	674,826
Investment income	57,406	32,694	152,136	118,471	209,542	151,165
Miscellaneous	57,920	44,781	2,542	4,109	60,462	48,890
Gain on sale of assets	4,227	-	-	-	4,227	-
Total Revenues	$ 11,231,441	$ 9,825,352	$ 4,350,546	$ 4,468,369	$ 15,581,987	$ 14,293,721
Expenses:						
General government	$ 975,908	$ 989,160	$ -	$ -	$ 975,908	$ 989,160
Public safety	3,983,581	3,695,705	-	-	3,983,581	3,695,705
Public works	2,672,299	2,839,849	-	-	2,672,299	2,839,849
Culture, recreation and education	1,006,348	1,101,820	-	-	1,006,348	1,101,820
Conservation and development	150,025	156,954	-	-	150,025	156,954
Interest and fiscal charges	408,390	377,743	-	-	408,390	377,743
Water utility	-	-	1,509,727	1,461,363	1,509,727	1,461,363
Sewer utility	-	-	1,834,948	1,793,313	1,834,948	1,793,313
Delbrook operations	-	-	703,019	701,161	703,019	701,161
Water sports	-	-	34,213	39,269	34,213	39,269
Total Expenses	$ 9,196,551	$ 9,161,231	$ 4,081,907	$ 3,995,106	$ 13,278,458	$ 13,156,337
Change in net position before transfers	$ 2,034,890	$ 664,121	$ 268,639	$ 473,263	$ 2,303,529	$ 1,137,384
Transfers	188,165	35,553	(188,165)	(35,553)	-	-
Increase/decrease in net position	2,223,055	699,674	80,474	437,710	2,303,529	1,137,384
NET POSITION-January 1	40,030,313	39,330,639	31,403,063	30,965,353	71,433,376	70,295,992
NET POSITION-December 31	$ 42,253,368	$ 40,030,313	$ 31,483,537	$ 31,403,063	$ 73,736,905	$ 71,433,376

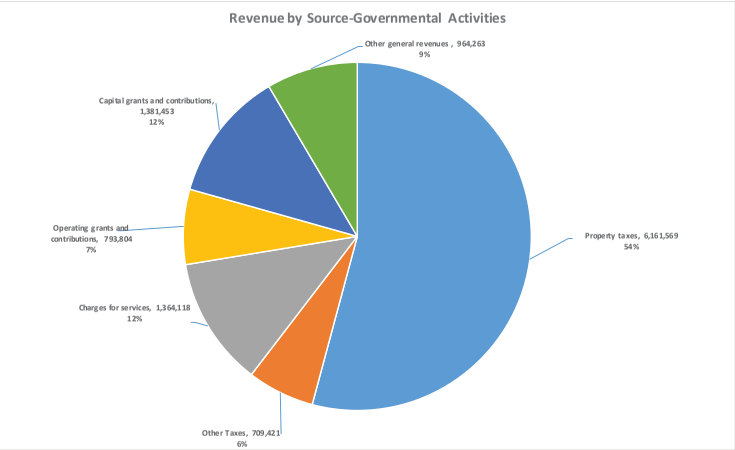
FINANCIAL ANALYSIS OF THE CITY (cont.)

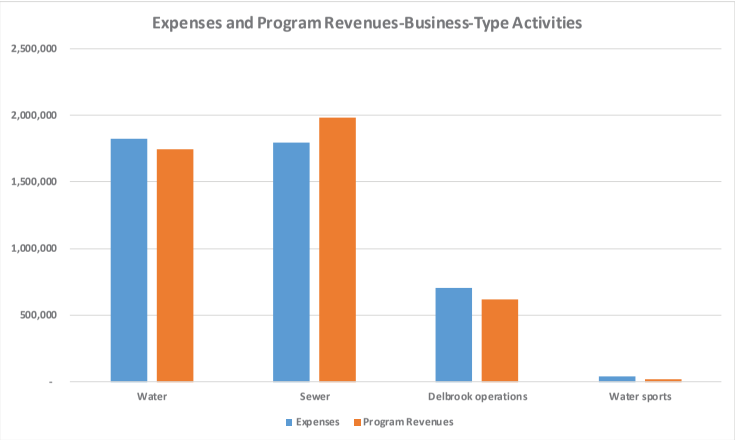
Approximately 54% of the governmental activity revenue comes from property taxes, and the remaining 46% is generated through services charges, operating and capital grants, other taxes, investment income, miscellaneous programming revenue and charges to intergovernmental agencies.

The business-type activities do not have a property tax element to fund their operations. Approximately 95% of their revenue comes from charges for service and the remaining 5% is generated through impact fees, miscellaneous programming revenue, and investment income to offset their expenses.



FINANCIAL ANALYSIS OF THE CITY (cont.)





FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City of Delavan'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Delavan's governmental funds reported combined ending fund balances of $3,646,960. Approximately 52% of this total amount, $1,893,759, is available for spending.

The remainder of the fund balance is not available for new spending because it is 1) non-spendable $688,127; 2) restricted $906,992; and 3) committed $158,082.

Of the $1,893,759 available for spending, the use of $1,167,342 or approximately 62% is assigned at year-end for the subsequent year budget or specific capital purposes, leaving an unassigned balance of $726,417.

General Fund: The general fund is the main operating fund of the city. The general fund balance increased from $2,994,439 to $3,283,772, an increase of $289,333.

Debt Service Fund: The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs. Fund balance in the debt service fund remained unchanged from 2016 to 2017 with balance of $6,478.

Tax Incremental District No. 4 – Capital Projects: This district was created in 2003 and is currently in its expenditure period. Fund balance decreased $237,354 during 2017, increasing the fund balance deficit to ($1,330,409).

Capital Equipment and Projects: This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance decreased by $156,001, resulting in a fund balance of $770,610.

Proprietary Funds

The City of Delavan's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water and Sewer Utility: The Delavan Water & Sewage Utilities (the "utilities") are enterprise funds of the City of Delavan. The utilities were created by the City of Delavan in 1893. The purpose of the utilities is to provide water and sewer service to properties located within the municipality.

In 2017, the utility served 2,906 water customers and 2,867 sewer customers in the City of Delavan. The utility maintains and operates five wells, two booster pumping stations, three water treatment facilities, and five elevated water towers. The utility owns and maintains 291,470 feet of water main, 2,646 water services, 586 fire hydrants, and 2,975 water meters (includes rental, hydrant and stock meters). The utility has contracted since 1983 with the Walworth County Metropolitan Sewer District for the processing the City of Delavan's wastewater. The utility owns and maintains 232,320 feet (44 miles) of sanitary sewer mains in the City of Delavan.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

The business-type activities portion of the above stated net position includes both the city's water and sewer utilities, Delbrook, and water sports. The water and sewer's net position accounts for $29,553,383 of the city's overall net position of $73,736,905.

Water and Sewer Net Position

	Water Activities		Sewer Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$ 5,822,427	$ 6,226,124	$ 2,006,238	$ 1,996,995	$ 7,828,665	$ 8,223,119
Capital Assets	18,443,905	18,304,184	7,811,052	7,723,474	26,254,957	26,027,658
Total Assets	24,266,332	24,530,308	9,817,290	9,720,469	34,083,622	34,250,777
Pension related amounts	104,926	159,907	97,198	70,688	202,124	230,595
Total Deferred Outflows of Resources	104,926	159,907	48,102	70,688	202,124	230,595
Total Liabilities						
Long-term Liabilities	3,295,872	3,582,319	251,322	250,561	3,547,194	3,832,880
Other Liabilities	824,309	804,470	235,325	128,710	1,059,634	933,180
Total Liabilities	4,120,181	4,386,789	486,647	379,271	4,606,828	4,766,060
Unearned Revenues	20,403	19,431	-	-	20,403	19,431
Pension Related Amounts	43,073	60,766	12,963	20,257	56,036	81,023
Total Deferred Inflows of Resources	63,476	80,197	12,963	20,257	76,439	100,454
Net Position						
Net Investements in Capital Assets Net of Related Debt	15,172,682	14,776,021	7,811,052	7,723,474	22,983,734	22,499,495
Restricted	85,837	323,865	172,507	171,124	258,344	494,989
Unrestricted	4,929,082	5,123,343	1,382,223	1,497,031	6,311,305	6,620,374
Total Net Position	$ 20,187,601	$ 20,223,229	$ 9,365,782	$ 9,391,629	$ 29,553,383	$ 29,614,858

The City's utility net position decreased $61,475.

The water utility continues to pay down existing debt. The long-term debt decreased by approximately $290,000 a result of current year debt payments for the 2007 Mortgage Revenue Bond and the Safe Drinking Water Fund Loan. The sewer utility remains debt free; however, it does have long-term liabilities of $251,322 to cover compensated absences along with customer advances for construction.

Independent of one another, the water utility recognized an decrease in their net position of $35,628, and the sewer utility experienced a decrease of $25,847.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Water and Sewer
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Water Activities		Sewer Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Operating revenues	$ 1,726,387	$ 1,761,741	$ 1,798,206	$ 1,923,498	$ 3,524,593	$ 3,685,239
Non-operating revenues	142,157	113,698	10,895	4,835	153,052	118,533
Total Revenues	$ 1,868,544	$ 1,875,439	$ 1,809,101	$ 1,928,333	$ 3,677,645	$ 3,803,772
Expenses:						
Depreciation expense	$ 551,409	$ 543,120	$ 114,000	$ 112,800	$ 665,409	$ 655,920
Other operating expenses	832,524	791,043	1,720,948	1,680,513	2,553,472	2,471,556
Non-operating expenses	125,794	127,200	-	-	125,794	127,200
Total Expenses	$ 1,509,727	$ 1,461,363	$ 1,834,948	$ 1,793,313	$ 3,344,675	$ 3,254,676
Income before capital Contributions and Transfers	$ 358,817	$ 414,076	$ (25,847)	$ 135,020	$ 332,970	$ 549,096
Capital Contributions	64,851	24,934	-	-	64,851	24,934
Transfers Tax Equivalent	(459,296)	(486,753)	-	-	(459,296)	(486,753)
Changes in Net Position	(35,628)	(47,743)	(25,847)	135,020	(61,475)	87,277
NET POSITION-January 1	20,223,229	20,270,972	9,391,629	9,256,609	29,614,858	29,527,581
NET POSITION-December 31	$ 20,187,601	$ 20,223,229	$ 9,365,782	$ 9,391,629	$ 29,553,383	$ 29,614,858

The water utility's operating revenues in 2017 decreased $35,354, from $1,761,741 to $1,726,387.

Water operating revenues decreased in every sales category, generating an overall decrease in sales revenue of approximately $20,500.

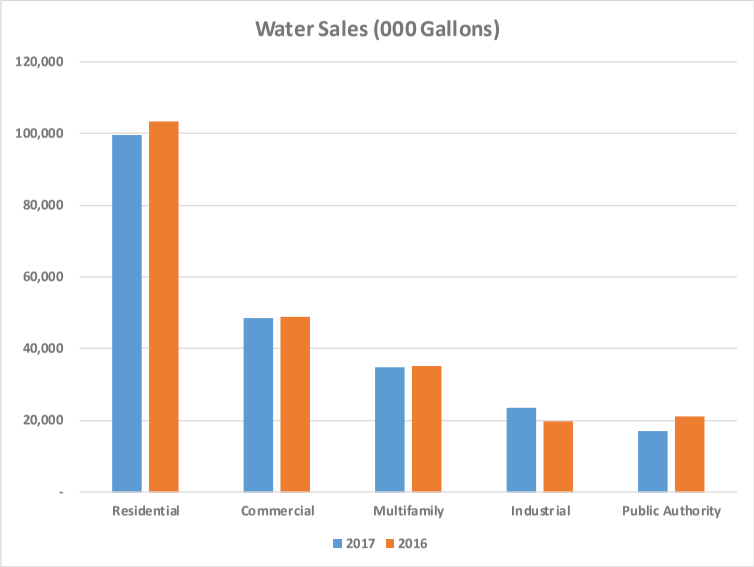
Water utility operating expenses increased in 2017 by $41,481.

The sewer utility's operating revenues decreased by $125,292, from $1,923,498 to $1,798,206 in 2017.This was largely due to both a decrease in the high strength charges from Andes in 2017, in addition to refunding the company $22,000, at their request for an exceptionally high 2016 4th quarter.

Sewer utility operating expenses increased in 2017 by $40,435.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Water consumption decreased from 2016 to 2017 in every category, with the exception of industrial users. Overall, water consumption for the utility decreased by approximately 4,783,000 gallons or approximately 2%.



Water and Sewer
Condensed Statements of Cash Flow

	Water Activities		Sewer Activities		Totals	
	2017	2016	2017	2016	2017	2016
Cash Flows:						
Operating activity	$ 969,467	$ 820,247	$ 118,549	$ 254,959	$ 1,088,016	$ 1,075,206
Non-capital financing activities	(486,753)	(483,955)	-	-	(486,753)	(483,955)
Capital and related financing activities	(950,786)	(395,664)	(83,984)	(66,137)	(1,034,770)	(461,801)
Investing activities	140,789	429,948	17,321	111,496	158,110	541,444
Net change cash and equivalents	$ (327,283)	$ 370,576	$ 51,886	$ 300,318	$ (275,397)	$ 670,894
Cash and Equivalents-January 1	1,320,929	950,353	1,276,894	976,576	2,597,823	1,926,929
Cash and Equivalents-December 31	993,646	1,320,929	1,328,780	1,276,894	2,322,426	2,597,823
Long Term Investments	2,421,073	2,528,308	243,483	250,798	2,664,556	2,779,106
Total Cash and Investments	$ 3,414,719	$ 3,849,237	$ 1,572,263	$ 1,527,692	$ 4,986,982	$ 5,376,929

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Delbrook Operations: There is a seven-member Commission, appointed by the Mayor and confirmed by the Common Council, that oversees the operations and that has all the powers necessary and convenient for the effective and efficient management, control, supervision, and operation of the Delbrook Golf Course, subject to budgetary approval by the Common Council. The Commission is authorized to call upon other city commissions, personnel, officers, and departments for such services and assistance as said Commission deems necessary. The Commission has, in conjunction with the Golf Manager and Public Works Director, jurisdiction over the buildings, personal property, and real property which now or in the future comprises the Delbrook Golf Course.

The Delbrook operations fund had an operating loss of $110,505 and an increase in net position of $141,925 in 2017. Operating losses, with the exception of depreciation, are financed through other funds. In 2017, no interfund transfer was required for operations. In addition, the amount of the advance to cover operating costs in the past years was reduced by $4,075, resulting in a year-end advance balance of $104,530.

During the year, Delbrook received a transfer from the governmental funds to cover its debt principal and interest payments totaling $192,470 and a capital transfer totaling $70,804 for a grand total of $253,274. Delbrook operations have general obligation bonds outstanding at the end of 2017 in the amount of $190,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues and other financing sources exceeded budgeted amounts by $96,185. Actual expenditures, including other financing uses, were under budget by $567,124. The 2017 fiscal budget produced $663,309 of revenue in excess of expenditures.

CAPITAL ASSETS

At the end of 2017, the governmental activities and business-type activities had invested a total of $73,854,580 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

Major capital asset events during the current fiscal year included the following:

Road projects of $1,114,638.

- The Wisconsin D.O.T. reconstructed Highway 50 in the City limits from Wisconsin Street through Wright Street, which the City assisted by funding some localized landscaping improvements and updating of the existing street lights.
- The 2017 road projects consisted of one street reconstruction of Mound Road between Racine Street and Hallberg Street, along with the complete repaving of Marino Avenue. The Mound Road project received funding assistance from the Town of Delavan, as a small portion of that street is within the Town limits.

CAPITAL ASSETS (cont.)

- Some smaller maintenance pavement repairs occurred on Hobbs Drive, and an additional storm inlet was installed and the curbing replaced in front of Andes Candies.

Water utility additions of $720,483.

- The 2017 water plant additions included 2,805 feet of 12" water main replacement, 1,231 feet of 8" water main replacement and 160 feet of 6" water main replacement, 7 hydrants and 20 services. All additions took place on 7th St between Wisconsin St and Geneva St and Geneva St and Park Ave.

- The water plant also made additions on Mound Rd, which included a main offset and five 1" services.

Sewer utility additions of $201,578

- The 2017 sanitary sewer pipe liner and rehabilitation project included the lining of one 12" sanitary sewer sections, five 10" sanitary sewer sections, four 8" sanitary sewer sections and two sanitary sewer excavation point repairs.

- The sewer plant additions on Mound Road included two 8" sewer pipe sections, three sanitary manholes and one sanitary sewer point repair.

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	$ 1,995,142	$ 1,865,142	$ 913,121	$ 913,121	$ 2,908,263	$ 2,778,263
Right-of-ways	2,115,790	2,115,790	-	-	2,115,790	2,115,790
Land improvements-nondepreciable	7,007,320	7,001,691	-	-	7,007,320	7,001,691
Land improvements	171,354	168,764	1,076,522	1,103,758	1,247,876	1,272,522
Stormwater basin	1,815,413	1,815,413	-	-	1,815,413	1,815,413
Construction in progress	26,135	147,009	-	-	26,135	147,009
Buildings	3,198,750	3,229,328	165,157	173,455	3,363,907	3,402,783
Machinery and equipment	2,836,397	2,933,054	312,100	322,103	3,148,497	3,255,157
Streets	14,859,458	15,151,236	-	-	14,859,458	15,151,236
Bridges and dams	823,291	835,543	-	-	823,291	835,543
Traffic signals	379,871	108,402	-	-	379,871	108,402
Street lights	460,831	356,493	-	-	460,831	356,493
Stormwater	7,900,089	7,590,203	-	-	7,900,089	7,590,203
Sidewalks	1,798,227	1,392,879	-	-	1,798,227	1,392,879
Water plant	-	-	18,188,560	18,048,839	18,188,560	18,048,839
Sewer plant	-	-	7,811,052	7,723,474	7,811,052	7,723,474
Totals	$ 45,388,068	$ 44,710,947	$ 28,466,512	$ 28,284,750	$ 73,854,580	$ 72,995,697

Additional information on the City of Delavan's capital assets can be found in note IV.D. of this report.

LONG-TERM DEBT

In 2017, the governmental activities repaid $1,857,350 in general obligation debt and the Utility refinanced a revenue bond as general obligation, which resulted in an increase of general obligation debt in the amount of $1,460,000. The outstanding general obligation debt at the end of 2017, for both governmental and business-type activities, was $12,378,794. All of the remaining debt will be satisfied in the year 2027.

Under Wisconsin State Statutes, Chapter 67, the city's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the city which, based on the city's equalized value, is $29,362,355. The amount that the City still has in borrowing capacity is $16,983,561 and currently the City holds outstanding debt in the amount of $12,378,794.

City of Delavan
Outstanding Debt General Obligation Bonds

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes payable	$ 10,538,794	$ 12,396,144	$ 1,840,000	$ 380,000	$ 12,378,794	$ 12,776,144
Revenue Bonds	-	-	1,621,223	3,536,634	1,621,223	3,536,634
Total outstanding general obligation and revenue debt	$ 10,538,794	$ 12,396,144	$ 3,461,223	$ 3,916,634	$ 14,000,017	$ 16,312,778

Additional information on the City of Delavan's long-term debt can be found in footnote IV.F. of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions have been considered in preparing this report.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact the City of Delavan.

City of Delavan
123 S. Second St
Delavan, WI 53115
Phone: 262-728-5585 x 117
Email: financedir@ci.delavan.wi.us

General information relating to the City of Delavan, Wisconsin, can be found at the city's website, www.ci.delavan.wi.us.

CITY OF DELAVAN

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	$ 5,261,720	$ 4,723,137	$ 9,984,857
Receivables (net)			
Taxes receivable	6,254,213	-	6,254,213
Delinquent personal property taxes	36,889	-	36,889
Accounts	260,039	337,867	597,906
Loans	176,996	-	176,996
Special assessments	1,198,800	-	1,198,800
Delinquent special assessments	45,256	-	45,256
Land contract receivable	297,453	-	297,453
Other receivables	-	28,499	28,499
Due from other governments	-	6,351	6,351
Prepaid items	91,327	13,999	105,326
Internal balances - interfunds	450,659	(450,659)	-
Internal balances - advances	(2,097,914)	2,097,914	-
Inventories	-	15,476	15,476
Other assets	-	913	913
Restricted cash and investments	216,722	265,554	482,276
Land held for resale	1,648,579	-	1,648,579
Capital Assets			
Capital Assets not being depreciated	12,959,800	913,121	13,872,921
Capital Assets being depreciated	32,428,268	27,553,391	59,981,659
Total Assets	59,228,807	35,505,563	94,734,370
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	1,658,840	195,439	1,854,279
LIABILITIES			
Accounts payable	403,710	268,142	671,852
Accrued liabilities	297,989	3,866	301,855
Other accrued liabilities and deposits	7,326	297,865	305,191
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	128,757	128,757
Interest accrued on revenue bonds	-	7,210	7,210
Noncurrent Liabilities			
Due within one year	2,029,098	335,000	2,364,098
Due in more than one year	9,031,810	3,080,891	12,112,701
Total Liabilities	11,769,933	4,121,731	15,891,664
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	6,185,850	22,865	6,208,715
Pension related amounts	678,496	72,869	751,365
Total Deferred Inflows of Resources	6,864,346	95,734	6,960,080
NET POSITION			
Net investment in capital assets	35,815,551	25,005,289	60,491,682
Restricted for			
Debt service	-	85,837	85,837
Impact fees	216,722	172,507	389,229
Loans	255,767	-	255,767
Tourism	96,264	-	96,264
Library	320,074	-	320,074
Other	188,683	-	188,683
Unrestricted net position	5,360,307	6,219,904	11,909,369
TOTAL NET POSITION	$ 42,253,368	$ 31,483,537	$ 73,736,905

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 975,908	$ 129,865	$ -	$ -
Public safety	3,983,581	959,902	43,987	-
Public works	2,672,299	178,080	586,090	1,381,453
Culture, recreation and education	1,006,348	91,222	175,218	-
Conservation and development	150,025	5,049	-	-
Interest and fiscal charges	408,390	-	-	-
Total Governmental Activities	9,196,551	1,364,118	805,295	1,381,453
Business-type Activities				
Water	1,509,727	1,726,387	-	64,851
Sewer	1,834,948	1,798,206	-	-
Golf course	703,019	590,044	-	-
Water Sports Fund	34,213	16,380	-	-
Total Business-type Activities	4,081,907	4,131,017	-	64,851
Totals	$ 13,278,458	$ 5,495,135	$ 805,295	$ 1,446,304

General Revenues
- Taxes
  - Property taxes, levied for general purposes
  - Property taxes, levied for debt service
  - Property taxes, levied for TIF districts
  - Other taxes
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Gain on disposal of assets
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
$ (846,043)	$ -	$ (846,043)
(2,979,692)	-	(2,979,692)
(526,676)	-	(526,676)
(739,908)	-	(739,908)
(144,976)	-	(144,976)
(408,390)	-	(408,390)
(5,645,685)	-	(5,645,685)
-	281,511	281,511
-	(36,742)	(36,742)
-	(112,975)	(112,975)
-	(17,833)	(17,833)
-	113,961	113,961
(5,645,685)	113,961	(5,531,724)
3,921,127	-	3,921,127
1,676,978	-	1,676,978
563,464	-	563,464
709,421	-	709,421
690,032	-	690,032
57,406	43,560	100,966
4,227	-	4,227
57,920	111,118	169,038
7,680,575	154,678	7,835,253
188,165	(188,165)	-
7,868,740	(33,487)	7,835,253
2,223,055	80,474	2,303,529
40,030,313	31,403,063	71,433,376
$ 42,253,368	$ 31,483,537	$ 73,736,905

See accompanying notes to financial statements.

CITY OF DELAVAN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	General Debt Service Fund	Capital Equipment and Projects
ASSETS			
Cash and investments	$ 2,745,003	$ 6,478	$ 900,751
Receivables			
Taxes	5,677,156	-	26,387
Delinquent taxes	36,889	-	-
Accounts	116,435	-	38,460
Loans	-	-	-
Special assessments	9,538	-	160,105
Land contract receivable	-	-	297,453
Delinquent special assessments	-	-	45,256
Due from other funds	459,296	-	-
Prepaid items	87,412	-	-
Advances to other funds	104,530	-	116,026
Restricted cash and investments	-	-	-
TOTAL ASSETS	$ 9,236,259	$ 6,478	$ 1,584,438
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 71,237	$ -	$ 329,883
Accrued liabilities	193,875	-	-
Due to other funds	8,637	-	-
Advances from other funds	-	-	-
Deposits	-	-	-
Total Liabilities	273,749	-	329,883
Deferred Inflows of Resources			
Unearned revenues	5,635,180	-	-
Unavailable revenues	43,558	-	483,945
Total Deferred Inflows of Resources	5,678,738	-	483,945
Fund Balances (Deficit)			
Nonspendable	688,127	-	-
Restricted	-	6,478	-
Committed	-	-	-
Assigned	396,732	-	770,610
Unassigned (deficit)	2,198,913	-	-
Total Fund Balances (Deficit)	3,283,772	6,478	770,610
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 9,236,259	$ 6,478	$ 1,584,438

See accompanying notes to financial statements.

Tax Incremental District No. 4	Nonmajor Governmental Funds	Totals
$ 813,896	$ 795,592	$ 5,261,720
550,670	-	6,254,213
-	-	36,889
-	105,144	260,039
-	176,996	176,996
1,029,157	-	1,198,800
-	-	297,453
-	-	45,256
-	8,218	467,514
102	3,813	91,327
-	-	220,556
58,565	158,157	216,722
$ 2,452,390	$ 1,247,920	$ 14,527,485
$ 39	$ 2,551	$ 403,710
489	20,294	214,658
-	8,218	16,855
2,202,444	116,026	2,318,470
-	7,326	7,326
2,202,972	154,415	2,961,019
550,670	-	6,185,850
1,029,157	176,996	1,733,656
1,579,827	176,996	7,919,506
-	-	688,127
58,565	841,949	906,992
-	158,082	158,082
-	-	1,167,342
(1,388,974)	(83,522)	726,417
(1,330,409)	916,509	3,646,960
$ 2,452,390	$ 1,247,920	$ 14,527,485

See accompanying notes to financial statements.

CITY OF DELAVAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2017

Total Fund Balances - Governmental Funds	$ 3,646,960
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D.	45,388,068
Land held for resale	1,648,579
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,733,656
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,658,840
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(678,496)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	(11,144,239)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 42,253,368

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	General Debt Service Fund	Capital Equipment and Projects
REVENUES			
Taxes	$ 5,598,105	$ -	$ 479,414
Intergovernmental	884,965	-	505,369
Licenses and permits	306,930	-	-
Fines, forfeitures and penalties	173,934	-	-
Public charges for services	194,496	-	16,247
Intergovernmental charges for services	600,865	-	-
Special assessments	569	-	70,740
Investment income	33,105	-	13,460
Miscellaneous	45,583	-	4,227
Total Revenues	7,838,552	-	1,089,457
EXPENDITURES			
Current			
General government	858,545	-	-
Public safety	3,290,787	-	-
Public works	1,047,219	-	-
Culture, recreation and education	514,584	-	-
Conservation and development	8,741	-	-
Capital Outlay	35,714	-	1,446,529
Debt Service			
Principal	-	1,332,350	-
Interest and fiscal charges	-	152,158	-
Total Expenditures	5,755,590	1,484,508	1,446,529
Excess (deficiency) of revenues over expenditures	2,082,962	(1,484,508)	(357,072)
OTHER FINANCING SOURCES (USES)			
Sales of capital assets	13,785	-	-
Transfers in	459,296	1,676,978	261,875
Transfers out	(2,266,710)	(192,470)	(60,804)
Total Other Financing Sources (Uses)	(1,793,629)	1,484,508	201,071
Net Change in Fund Balances	289,333	-	(156,001)
FUND BALANCES (DEFICIT) - Beginning of Year	2,994,439	6,478	926,611
FUND BALANCES (DEFICIT) - END OF YEAR	$ 3,283,772	$ 6,478	$ 770,610

See accompanying notes to financial statements.

Tax Incremental District No. 4	Nonmajor Governmental Funds	Totals
$ 563,464	$ 230,007	$ 6,870,990
3,717	171,990	1,566,041
-	-	306,930
-	-	173,934
-	72,631	283,374
-	-	600,865
-	-	71,309
5,784	2,376	54,725
-	53,433	103,243
572,965	530,437	10,031,411
21,854	-	880,399
-	2,116	3,292,903
-	-	1,047,219
-	516,181	1,030,765
-	139,492	148,233
5,182	69,093	1,556,518
525,000	-	1,857,350
258,283	-	410,441
810,319	726,882	10,223,828
(237,354)	(196,445)	(192,417)
-	-	13,785
-	315,606	2,713,755
-	(5,606)	(2,525,590)
-	310,000	201,950
(237,354)	113,555	9,533
(1,093,055)	802,954	3,637,427
$ (1,330,409)	$ 916,509	$ 3,646,960

See accompanying notes to financial statements.

CITY OF DELAVAN

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, 2017

Net change in fund balances - total governmental funds	$	9,533
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		1,556,518
Some items reported as capital outlay were not capitalized		(458,570)
Depreciation is reported in the government-wide statements		(1,638,474)
Net book value of retired assets		(10,488)
Contributed capital assets are reported as revenues in the government-wide financial statements.		1,228,135
Property held for resale recorded as an asset in the government-wide statements but recorded as a capital outlay in the fund financial statements.		229
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(25,196)
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.		
Principal repaid		1,857,350
Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Amortization of debt discount		(13,262)
Amortization of debt premium		6,631
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.		
Compensated absences		(3,244)
Accrued interest on debt		8,682
Net pension asset/liability		219,862
Deferred outflows of resources related to pensions		(741,910)
Deferred inflows of resources related to pensions		227,259
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	2,223,055

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
ASSETS					
Current Assets					
Cash and investments	$ 3,321,672	$ 1,399,756	$ 1,709	$ -	$ 4,723,137
Receivables					
Accounts receivable, net	152,483	185,384	-	-	337,867
Other accounts receivable	17,335	11,164	-	-	28,499
Due from other funds	6,003	2,634	-	-	8,637
Due from other governments	6,351	-	-	-	6,351
Inventories	13,409	2,067	-	-	15,476
Prepaid items	8,770	1,883	3,239	107	13,999
Current portion of advance to other funds	184,228	-	-	-	184,228
Restricted Assets					
Redemption account	93,047	-	-	-	93,047
Total Current Assets	3,803,298	1,602,888	4,948	107	5,411,241
Noncurrent Assets					
Restricted Assets					
Impact fees	-	172,507	-	-	172,507
Capital Assets					
Land	255,345	-	657,776	-	913,121
Capital assets being depreciated	26,003,246	10,068,550	3,259,312	-	39,331,108
Less: Accumulated depreciation	(7,814,686)	(2,257,498)	(1,705,533)	-	(11,777,717)
Other Assets					
Preliminary survey and investigation	913	-	-	-	913
Interfund/Advance					
Due from other funds	-	230,843	-	-	230,843
Advance to other funds	2,018,216	-	-	-	2,018,216
Total Noncurrent Assets	20,463,034	8,214,402	2,211,555	-	30,888,991
Total Assets	24,266,332	9,817,290	2,216,503	107	36,300,232
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension related amounts	104,926	48,102	42,411	-	195,439

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
LIABILITIES					
Current Liabilities					
Accounts payable	$ 42,965	$ 221,531	$ 3,563	$ 83	$ 268,142
Accrued interest payable	2,845	-	1,021	-	3,866
Due to other funds	459,296	-	-	-	459,296
Current portion of general obligation debt	145,000	-	190,000	-	335,000
Other current liabilities	38,236	13,794	4,992	-	57,022
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	128,757	-	-	-	128,757
Accrued interest	7,210	-	-	-	7,210
Total Current Liabilities	824,309	235,325	199,576	83	1,259,293
Noncurrent Liabilities					
Long-Term Debt					
Compensated absences	41,193	13,731	-	-	54,924
General obligation debt	1,505,000	-	-	-	1,505,000
Revenue bonds payable	1,492,466	-	-	-	1,492,466
Advances from other funds	-	-	104,530	-	104,530
Due to other funds	230,843	-	-	-	230,843
Other accrued liabilities	10,000	-	-	-	10,000
Customer advances for construction	-	230,843	-	-	230,843
Net pension liability	16,370	6,748	5,383	-	28,501
Total Noncurrent Liabilities	3,295,872	251,322	109,913	-	3,657,107
Total Liabilities	4,120,181	486,647	309,489	83	4,916,400
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	20,403	-	2,462	-	22,865
Deferred inflows related to pension	43,073	12,963	16,833	-	72,869
Total Deferred Inflows of Resources	63,476	12,963	19,295	-	95,734
NET POSITION					
Net investment in capital assets	15,172,682	7,811,052	2,021,555	-	25,005,289
Restricted for					
Debt service	85,837	-	-	-	85,837
Impact fees	-	172,507	-	-	172,507
Unrestricted net position (deficit)	4,929,082	1,382,223	(91,425)	24	6,219,904
TOTAL NET POSITION	$ 20,187,601	$ 9,365,782	$ 1,930,130	$ 24	$ 31,483,537

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
OPERATING REVENUES					
Public charges for services	$ 1,637,069	$ 1,788,630	$ 590,044	$ 16,380	$ 4,032,123
Other	89,318	9,576	-	-	98,894
Total Operating Revenues	1,726,387	1,798,206	590,044	16,380	4,131,017
OPERATING EXPENSES					
Operation and maintenance	832,524	1,720,948	594,208	34,213	3,181,893
Depreciation	551,409	114,000	106,341	-	771,750
Total Operating Expenses	1,383,933	1,834,948	700,549	34,213	3,953,643
Operating Income (Loss)	342,454	(36,742)	(110,505)	(17,833)	177,374
NONOPERATING REVENUES (EXPENSES)					
Investment income	33,554	10,006	-	-	43,560
Miscellaneous	-	889	1,626	-	2,515
Income from nonutility operations	27	-	-	-	27
Investment income TIF	108,576	-	-	-	108,576
Interest expense	(114,053)	-	(2,470)	-	(116,523)
Amortization of debt discount	(11,741)	-	-	-	(11,741)
Total Nonoperating Revenues (Expenses)	16,363	10,895	(844)	-	26,414
Income (Loss) Before Contributions and Transfers	358,817	(25,847)	(111,349)	(17,833)	203,788
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	64,851	-	-	-	64,851
Transfers in	-	-	253,274	17,857	271,131
Transfers out	(459,296)	-	-	-	(459,296)
Total Contributions and Transfers	(394,445)	-	253,274	17,857	(123,314)
Change in Net Position	(35,628)	(25,847)	141,925	24	80,474
NET POSITION - Beginning of Year	20,223,229	9,391,629	1,788,205	-	31,403,063
NET POSITION - END OF YEAR	$ 20,187,601	$ 9,365,782	$ 1,930,130	$ 24	$ 31,483,537

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 1,718,316	$ 1,836,430	$ 591,670	$ 16,380	$ 4,162,796
Paid to suppliers for goods and services	(429,737)	(1,580,633)	(315,413)	(11,237)	(2,337,020)
Paid to employees for services	(319,112)	(137,248)	(270,622)	(23,142)	(750,124)
Net Cash Flows From Operating Activities	969,467	118,549	5,635	(17,999)	1,075,652
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments sold and matured	2,125,143	250,798	-	-	2,375,941
Investment income	33,554	10,006	-	-	43,560
Marketable securities purchased	(2,017,908)	(243,483)	-	-	(2,261,391)
Net Cash Flows From Investing Activities	140,789	17,321	-	-	158,110
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(486,753)	-	-	-	(486,753)
Transfer from other funds	-	-	253,274	17,857	271,131
Net Cash Flows From Noncapital Financing Activities	(486,753)	-	253,274	17,857	(215,622)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from debt issued	1,650,000	-	-	-	1,650,000
Debt retired	(1,915,411)	-	(190,000)	-	(2,105,411)
Interest paid	(118,665)	-	(2,470)	-	(121,135)
Debt issuance costs	(11,975)	-	-	-	(11,975)
Premium on debt issued	8,705	-	-	-	8,705
Acquisition and construction of capital assets	(692,222)	(83,984)	(60,655)	-	(836,861)
Contributions in aid of construction	64,851	-	-	-	64,851
Paid/received on advance from other funds	(44,645)	-	(4,075)	-	(48,720)
Interest received on advance	108,576	-	-	-	108,576
Net Cash Flows From Capital and Related Financing Activities	(950,786)	(83,984)	(257,200)	-	(1,291,970)
Net Change in Cash and Cash Equivalents	(327,283)	51,886	1,709	(142)	(273,830)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,320,929	1,276,894	-	142	2,597,965
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 993,646	$ 1,328,780	$ 1,709	$ -	$ 2,324,135

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 342,454	$ (36,742)	$ (110,505)	$ (17,833)	$ 177,374
Nonoperating revenue	27	889	1,626	-	2,542
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	551,409	114,000	106,341	-	771,750
Depreciation charged to other funds	29,353	-	-	-	29,353
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(3,468)	(2,317)	-	-	(5,785)
Other accounts receivable	(8,046)	39,970	-	-	31,924
Due from/to other funds	3,457	-	-	-	3,457
Inventories	(1,178)	(9)	-	-	(1,187)
Prepaid items	(2,916)	288	(223)	(107)	(2,958)
Accounts payable	26,870	(11,654)	1,357	(59)	16,514
Other current liabilities	5,731	2,021	434	-	8,186
Unearned revenues	(16,721)	-	-	-	(16,721)
Pension related deferrals	42,495	12,421	6,605	-	61,521
Due to other funds	-	(318)	-	-	(318)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 969,467	$ 118,549	$ 5,635	$ (17,999)	$ 1,075,652
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	$ 3,321,672	$ 1,399,756	$ 1,709	$ -	$ 4,723,137
Restricted cash and investments	93,047	172,507	-	-	265,554
Total Cash and Investments	3,414,719	1,572,263	1,709	-	4,988,691
Less: Noncash equivalents	(2,421,073)	(243,483)	-	-	(2,664,556)
CASH AND CASH EQUIVALENTS	$ 993,646	$ 1,328,780	$ 1,709	$ -	$ 2,324,135
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest receivable on customer advances	$ -	$ 2,286	$ -	$ -	
Interest accrued on receivable from Water	$ -	$ 2,286	$ -	$ -	
Interest accrued on due to sewer	$ 2,286	$ -	$ -	$ -	

See accompanying notes to financial statements.

CITY OF DELAVAN

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017

	Agency Fund
ASSETS	
Cash and investments	$ 4,956,219
Taxes receivable	2,768,754
TOTAL ASSETS	$ 7,724,973
LIABILITIES	
Due to other governments	$ 7,724,973
TOTAL LIABILITIES	$ 7,724,973

See accompanying notes to financial statements.

CITY OF DELAVAN

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As of and for the Year Ended December 31, 2017

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CITY OF DELAVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. 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 substantively 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.

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

A. Reporting Entity (cont.)

Discretely Presented Component Unit

Redevelopment Authority

The government-wide financial statements include the Redevelopment Authority ("RDA") as a component unit. The RDA is a legally separate organization. The board of the RDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the RDA, and also create a potential financial benefit to or burden on the city. The Redevelopment Authority is part of the reporting entity of the City of Delavan. However, the RDA had no financial transactions during 2017 which are material to these financial statements. Also, the RDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The RDA does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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 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 and report all financial resources except those accounted for and reported in another fund.
General 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 TID or enterprise debt.
Capital Equipment and Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays..
Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID 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
Delbrook Operations Fund - accounts for operations of the golf course

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise 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 capital projects).

Community Park Fund	Skateboard Park
Library Donations	Arboretum
Park and Recreation	Betterment of Lake Delavan
Park Department Memorial	Fire Impact Fees
EMS Donations	Library Fund
CDBG Housing Grant	Escrow Funds Held by City
Fire Donations	Garden Meadows
Police Donations	Tourism
Tourism Legislation Commission	Friends of Delbrook

Capital Projects Fund - 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.

Tax Incremental District No. 5

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Water Sport Fund

In addition, the city reports the following fund type:

Agency Fund - 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 Agency Fund

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. 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 and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

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 by the county are reported as receivables and unavailable revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)

Fund Financial Statements (cont.)

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, sewer, water sports, and Delbrook operations are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 Wisconsin 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.

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.)

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.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2017, 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 IV. 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 receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

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.)

2. Receivables (cont.)

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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

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 governmental-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 a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal grant funds for housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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.)

3. Inventories and Prepaid Items

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

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 $5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition 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.

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.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Buildings	20-40	Years
Land Improvements	30	Years
Machinery and Equipment	5-30	Years
Infrastructure	20-85	Years
Water System	7-135	Years
Sewer System	5-100	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 way as in the government-wide statements.

6. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at historical cost.

7. Other Assets

Preliminary survey and investigation represents initial project engineering costs that will be capitalized when and if construction commences on the project.

8. Deferred Outflows of Resources

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

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.)

9. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary 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 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, 2017, are determined on the basis of current salary rates and include salary related payments.

10. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

11. Deferred Inflows of Resources

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

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.)

12. 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 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. Unrestricted net position - All other net positions that do not meet the definitions 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 the 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	$ 35,815,551	$ 25,005,289	$ (329,158)	$ 60,491,682
Unrestricted	5,360,307	6,219,904	329,158	11,909,369

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

Fund Statements

Governmental fund balances are 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.

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.)

12. Equity Classifications (cont.)

Fund Statements (cont.)

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 do not meet the criteria to be classified as restricted or committed. The Council or management may take official action to assign amounts. 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 considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal minimum fund balance policy. That policy is to maintain a minimum unassigned fund balance that is sufficient to provide financial resources for the city in the event of an emergency or loss of a major revenue source. As such, the city has set the minimum unassigned balance for the general fund at a percentage equal to 15% of general fund expenditures and transfers out. Furthermore, any unassigned fund balance in excess of 25% of expenditures and transfers out will be transferred, by action of the council, to the capital improvement fund. The unassigned balance for the general fund was 27.4% of expenditures and transfers out.

See Note IV. H. for further information.

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 asset (liability), 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.

14. Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective January 1, 2011. A change to direct bill public fire protection was authorized by PSCW in December 2011 effective January 1, 2012.

Sewer Utility

Current sewer rates were approved by the utility commission effective May 1, 2017.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (cont.)

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	$ 10,538,794
Compensated absences	334,971
Net pension liability	210,262
Accrued interest	83,331
Unamortized debt premium	(44,129)
Unamortized debt discount	21,010
Combined Adjustment for Long-Term Liabilities	$ 11,144,239

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess Expenditures and Other Financing Uses Over Appropriations

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Library Donation Fund	$ 1,000	$ 1,794	$ 794
Community Park Fund	5,000	57,995	52,995

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

B. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2017, the following individual funds held a deficit balance:

Fund	Amount	Reason
Tax Incremental District No. 4	$ 1,330,409	Excess of expenditures over revenues
Tax Incremental District No. 5	83,522	Excess of expenditures over revenues

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. Deficit Balances (cont.)

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 thereafter 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.

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.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 3,297,365	$ 2,762,340	Custodial credit
Money markets	7,781,805	7,647,714	Custodial credit
Certificates of deposit (negotiable)	4,202,562	4,202,562	Credit, custodial credit, concentration of credit, interest rate
Certificates of deposit	140,369	140,369	Custodial credit
LGIP	827	827	Credit
Petty cash	424	-	N/A
Total Deposits and Investments	$ 15,423,352	$ 14,753,812	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	$ 9,984,857		
Restricted cash and investments	482,276		
Per statement of assets and liabilities			
Agency Fund	4,956,219		
Total Deposits and Investments	$ 15,423,352		

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. Deposits and Investments (cont.)

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 deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee 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.

The city is a beneficiary of an irrevocable letter of credit in the amount of $13,000,000.

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 market prices

	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	$ -	$ 4,202,562	$ -	$ 4,202,562
Total	$ -	$ 4,202,562	$ -	$ 4,202,562

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.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. Deposits and Investments (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The city had investments in negotiable certificates of deposits which are not rated.

The city held investments in the following external pool which is not rated:

Local Government Investment Pool

Interest Rate Risk

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

As of December 31, 2017, the city's investments were as follows:

		Maturity (In Years)	
Investment Type	Fair Value	Less than 1	1-3
Negotiable certificates of deposit	$ 4,202,562	$ 402,822	$ 3,799,740
Totals	$ 4,202,562	$ 402,822	$ 3,799,740

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Equipment and Projects	Tax Incremental District No. 4	Nonmajor Funds	Totals
Receivables					
Taxes	$ 5,677,156	$ 26,387	$ 550,670	$ -	$ 6,254,213
Delinquent taxes	36,889	-	-	-	36,889
Accounts	440,868	38,460	-	105,144	584,472
Land contract receivable	-	297,453	-	-	297,453
Special assessments	9,538	160,105	1,029,157	-	1,198,800
Loans	-	-	-	176,996	176,996
Delinquent special assessments	-	45,256	-	-	45,256
Gross receivables	6,164,451	567,661	1,579,827	282,140	8,594,079
Less: Allowance for uncollectibles	(324,433)	-	-	-	(324,433)
Net Total Receivables	$ 5,840,018	$ 567,661	$ 1,579,827	$ 282,140	$ 8,269,646
Amounts not expected to be collected within one year	$ 46,427	$ 495,095	$ 1,029,157	$ 176,996	$ 1,747,675

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 6,185,850	$ -
Loans	-	176,996
Special assessments not yet due	-	1,189,262
Special assessments and other charges on tax roll	-	21,681
Courts receivable	-	43,558
Interest on investments	-	4,706
Land contract receivable	-	285,962
Total Unearned/Unavailable Revenue for Governmental Funds	$ 6,185,850	$ 1,722,165

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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.

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets
Bond redemption account	$ 93,047
Impact fee account - utility	172,507
Impact fee account - city	216,722
Total	$ 482,276

D. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,865,142	$ 130,000	$ -	$ 1,995,142
Land - right of way	2,115,790	-	-	2,115,790
Land improvements	7,001,691	5,629	-	7,007,320
Stormwater basin	1,815,413	-	-	1,815,413
Construction in progress	147,009	18,014	138,888	26,135
Total Capital Assets Not Being Depreciated	12,945,045	153,643	138,888	12,959,800

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. Capital Assets (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	$ 424,340	$ 12,414	$ 7,353	$ 429,401
Buildings	7,772,013	57,995	-	7,830,008
Machinery and equipment	5,785,313	220,813	92,075	5,914,051
Streets	28,656,543	674,537	312,614	29,018,466
Stormsewer	9,883,752	447,044	43,953	10,286,843
Sidewalks	2,422,742	452,779	28,548	2,846,973
Bridges and dams	1,157,661	5,645	-	1,163,306
Traffic signals	608,649	307,204	201,152	714,701
Street lighting	786,335	132,897	61,591	857,641
Total Capital Assets Being Depreciated	57,497,348	2,311,328	747,286	59,061,390
Total Capital Assets	70,442,393	2,464,971	886,174	72,021,190
Less: Accumulated depreciation for				
Land improvements	(255,576)	(8,543)	6,072	(258,047)
Buildings	(4,542,685)	(88,573)	-	(4,631,258)
Machinery and equipment	(2,852,259)	(308,263)	82,868	(3,077,654)
Streets	(13,505,307)	(966,315)	312,614	(14,159,008)
Stormsewer	(2,293,549)	(137,158)	43,953	(2,386,754)
Sidewalks	(1,029,863)	(47,431)	28,548	(1,048,746)
Bridges and dams	(322,118)	(17,897)	-	(340,015)
Traffic signals	(500,247)	(35,735)	201,152	(334,830)
Street lighting	(429,842)	(28,559)	61,591	(396,810)
Total Accumulated Depreciation	(25,731,446)	(1,638,474)	736,798	(26,633,122)
Net Capital Assets Being Depreciated	31,765,902	672,854	10,488	32,428,268
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 44,710,947	$ 826,497	$ 149,376	$ 45,388,068

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 12,131
Public safety	238,892
Public works, which includes infrastructure	1,301,752
Culture, recreation and education	85,699
Total Governmental Activities Depreciation Expense	$ 1,638,474

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. Capital Assets (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	$ 255,345	$ -	$ -	$ 255,345
Total Capital Assets Not Being Depreciated	255,345	-	-	255,345
Capital assets being depreciated				
Source of supply	1,000,894	-	-	1,000,894
Pumping	1,031,246	-	-	1,031,246
Water treatment	4,825,695	-	-	4,825,695
Transmission and distribution	18,202,954	720,483	61,160	18,862,277
General	283,134	-	-	283,134
Total Capital Assets Being Depreciated	25,343,923	720,483	61,160	26,003,246
Total Capital Assets	25,599,268	720,483	61,160	26,258,591
Less: Accumulated depreciation for				
Water utility	(7,295,084)	(580,762)	61,160	(7,814,686)
Total Accumulated Depreciation	(7,295,084)	(580,762)	61,160	(7,814,686)
Net Capital Assets Being Depreciated	18,048,839	139,721	-	18,188,560
Net Water Capital Assets	$18,304,184	$ 139,721	$ -	$18,443,905

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets being depreciated				
Collecting system	$ 9,653,335	$ 201,578	$ -	$ 9,854,913
General	213,637	-	-	213,637
Total Capital Assets Being Depreciated	9,866,972	201,578	-	10,068,550
Less: Accumulated depreciation for				
Sewer utility	(2,143,498)	(114,000)	-	(2,257,498)
Total Accumulated Depreciation	(2,143,498)	(114,000)	-	(2,257,498)
Net Capital Assets Being Depreciated	7,723,474	87,578	-	7,811,052
Net Sewer Capital Assets	$ 7,723,474	$ 87,578	$ -	$ 7,811,052

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. Capital Assets (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Delbrook Operations				
Capital assets not being depreciated				
Land and land rights	$ 657,776	$ -	$ -	$ 657,776
Total Capital Assets Not Being Depreciated	657,776	-	-	657,776
Capital assets being depreciated				
Land improvements	2,089,282	48,098	-	2,137,380
Buildings	331,959	-	-	331,959
Machinery and equipment	777,267	12,706	-	789,973
Total Capital Assets Being Depreciated	3,198,508	60,804	-	3,259,312
Total Capital Assets	3,856,284	60,804	-	3,917,088
Less: Accumulated depreciation for				
Land improvements	(985,524)	(75,334)	-	(1,060,858)
Buildings	(158,504)	(8,298)	-	(166,802)
Machinery and equipment	(455,164)	(22,709)	-	(477,873)
Total Accumulated Depreciation	(1,599,192)	(106,341)	-	(1,705,533)
Net Capital Assets Being Depreciated	1,599,316	(45,537)	-	1,553,779
Net Delbrook Operations Capital Assets	$ 2,257,092	$ (45,537)	$ -	$ 2,211,555
Business-type Capital Assets, Net of Accumulated Depreciation	$ 28,284,750	$ 181,762	$ -	$ 28,466,512

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 551,409
Sewer	114,000
Delbrook	106,341
Total Business-type Activities Depreciation Expense	$ 771,750

The difference between depreciation expense reported on the income statement ($771,750) and what is reported in the footnote ($801,103) is related to cost of removal and salvage.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Enterprise Fund - Water utility	$ 459,296	$ -
Enterprise Fund - Water utility	General Fund	6,003	-
Enterprise Fund - Sewer utility	General Fund	2,634	-
Enterprise Fund - Sewer utility	Enterprise Fund - Water utility	230,843	230,843
Special Revenue Fund - Tourism	Special Revenue Fund - Tourism Legislation Commission	8,218	-
Total - Fund Financial Statements		706,994	
Less: Fund eliminations		(239,061)	
Less: Government-wide eliminations		(17,274)	
Total Internal Balances - Government-Wide Statement of Net Position		$ 450,659	

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ 459,296
Business-type Activities	Governmental Activities	(8,637)
Total Government-Wide Financial Statements		$ 450,659

The principal purpose of these interfunds is to fund timing differences, record year end tax-related transactions, and fund temporary cash deficits. All remaining 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.

Advances

The Water utility is advancing funds to Tax Incremental District No. 4. The amount advanced is determined by the project costs funded by the water utility from the 2007 revenue bonds and 2009 safe drinking water loan. A repayment schedule has been established.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers (cont.)

Advances (cont.)

The Capital Equipment and Projects Fund is advancing funds to Tax Incremental District No. 5. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. A repayment schedule has not been established.

The General Fund is advancing funds to Delbrook Operations. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. A repayment schedule has not been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Enterprise Fund - Water Utility	Tax Incremental District No. 4	$ 2,202,444	$ 2,018,216
Capital Equipment and Projects Fund	Tax Incremental District No. 5	116,026	116,026
General Fund	Delbrook Operations	104,530	104,530
Total - Fund Financial Statements		2,423,000	
Less: Fund eliminations		(325,086)	
Total - Interfund Advances - Government-Wide Statement of Net Position		$ 2,097,914	

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ (104,530)
Business-type Activities	Governmental Activities	2,202,444
Total Government-Wide Financial Statements		$ 2,097,914

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers (cont.)

Advances (cont.)

The following is the repayment schedule for the TIF 4 advance:

Years	Principal	Interest
2018	$ 184,228	$ 44,358
2019	190,191	38,282
2020	191,559	35,367
2021	197,594	32,277
2022	203,666	28,950
2023-2027	1,124,691	83,519
2028-2029	110,515	867
Totals	$ 2,202,444	$ 263,620

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	$ 459,296	Payment in lieu of tax
General debt service fund	General fund	1,676,978	Taxes for debt service
Capital equipment and projects	General fund	261,875	Capital project improvements
Delbrook operations	General debt service fund	192,470	To pay GO debt
Library fund	General fund	310,000	Fund operations
Betterment of Lake Delavan	Tourism Legislation Commission	5,606	Room tax for dredging
Delbrook operations	Capital equipment and projects	60,804	Capital contributions
Water sport fund	General fund	17,857	Fund operations
Total - Fund Financial Statements		2,984,886	
Less: Fund eliminations		(2,796,721)	
Total Transfers - Government-Wide Statement of Activities		$ 188,165	

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. Interfund Receivables/Payables, Advances and Transfers (cont.)

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	$ 459,296
Business-type Activities	Governmental Activities	(271,131)
Total Government-wide Financial Statements		$ 188,165

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.

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 12,396,144	$ -	$ 1,857,350	$ 10,538,794	$ 2,012,350
(Discounts)/Premiums	(29,750)	-	(6,631)	(23,119)	-
Sub-totals	12,366,394	-	1,850,719	10,515,675	2,012,350
Other Liabilities					
Vested compensated absences	331,727	16,749	13,505	334,971	16,748
Net pension liability	430,124	-	219,862	210,262	-
Total Other Liabilities	761,851	16,749	233,367	545,233	16,748
Total Governmental Activities Long-Term Liabilities	$ 13,128,245	$ 16,749	$ 2,084,086	$ 11,060,908	$ 2,029,098

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 380,000	$ 1,650,000	$ 190,000	$ 1,840,000	$ 335,000
Revenue bonds	3,536,634	-	1,915,411	1,621,223	128,757
(Discounts)/Premiums	(8,471)	-	(8,471)	-	-
Sub-totals	3,908,163	1,650,000	2,096,940	3,461,223	463,757
Other Liabilities					
Vested compensated absences	49,539	5,385	-	54,924	-
Net pension liability	49,232	-	20,731	28,501	-
Total Other Liabilities	98,771	5,385	20,731	83,425	-
Total Business-type Activities Long-Term Liabilities	$ 4,006,934	$ 1,655,385	$ 2,117,671	$ 3,544,648	$ 463,757

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, 2017, was $29,362,355. Total general obligation debt outstanding at year end was $12,378,794.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. 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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2005 G.O. land remediation promissory notes	05/01/05	05/01/25	0.20%	$ 1,061,820	$ 458,794
2009 G.O. promissory notes	04/14/09	03/01/19	1.4-3.7%	1,065,000	235,000
2010 G.O. promissory notes	05/04/10	03/01/20	1.1-3.6%	2,435,000	505,000
2011 G.O. fire station building bonds	05/26/11	03/01/26	1.4-3.6%	2,770,000	2,035,000
2011B promissory notes	12/06/11	03/01/21	0.4-2.3%	3,055,000	2,275,000
2011C G.O. refunding bonds	12/06/11	03/01/25	2.0-3.0%	3,360,000	2,040,000
2014A G.O. refunding bonds	02/27/14	03/01/27	0.4-2.9%	3,030,000	2,240,000
2015A G.O. refunding bonds	03/03/15	03/01/18	0.5-0.95%	2,195,000	750,000
Total Governmental Activities - General Obligation Debt					$ 10,538,794

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2015A G.O. refunding bonds	03/03/15	03/01/18	0.5-0.95%	$ 570,000	$ 190,000
2017A G.O. refunding bonds	10/12/17	12/01/27	1.87%	1,650,000	1,650,000
Total Business-type Activities - General Obligation Debt					$ 1,840,000

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2018	$ 2,012,350	$ 235,118	$ 335,000	$ 31,402
2019	1,492,350	200,252	150,000	25,395
2020	1,397,350	166,088	150,000	23,745
2021	1,377,350	133,536	155,000	21,945
2022	3,834,394	328,879	160,000	19,930
2023-2027	425,000	6,163	890,000	58,729
Totals	$ 10,538,794	$ 1,070,036	$ 1,840,000	$ 181,146

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water utility.

The water utility has pledged future operating revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the water utility plant. The bonds are payable solely from water utility revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 14.00% of net revenues. The total principal and interest remaining to be paid on the bonds is $1,870,495. Principal and interest paid for the current year and total customer net revenues were $207,207 and $1,103,599, respectively.

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Utility					
2009 water revenue bonds	04/22/09	05/01/28	2.668%	$ 2,536,718	$ 1,621,223
Total Business-type Activities - Revenue Debt					$ 1,621,223

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

	Business-type Activities Revenue Debt	
Years	Principal	Interest
2018	$ 128,757	$ 41,537
2019	132,192	38,056
2020	135,719	34,482
2021	139,340	30,813
2022	143,057	27,044
2023-2027	774,617	75,105
2028	167,541	2,235
Totals	$ 1,621,223	$ 249,272

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation, and net pension obligation attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the water utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The water utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Current Refunding

On October 12, 2017, bonds in the amount of $1,650,000 were issued with an average interest rate of 1.87% along with restricted cash on hand of $218,000 to refund $1,790,000 of outstanding 2007 Mortgage Revenue bonds with an average interest rate of 4.10%. The net proceeds were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was $2,237,384 from 2018 through 2027. The cash flow requirements on the new bonds are $1,830,243 from 2018 through 2027. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $17,015.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures

Insurance

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

The utility is covered under the following insurance policies at December 31, 2017:

Type	Coverage	Expiration
General Liability	$ 4,000,000	1/1/18
Automobile	2,000,000	1/1/18
Excess Liability	2,000,000	1/1/18
Workers Compensation	500,000	1/1/18

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2017 as follows:

Operating revenues	$ 1,726,387
Investment income	33,554
Miscellaneous nonoperating income	27
Interest income from TIF	108,576
Less: Operation and maintenance expenses	(764,945)
Net Defined Earnings	$ 1,103,599
Minimum Required Earnings per Resolution:	
Subsequent year debt service	$ 170,294
Coverage factor	1.25
Minimum Required Earnings	$ 212,868
Actual Debt Coverage	6.48

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2017:

	Customers	
	2017	2017
Residential	2,427	99,469
Multi Family Residential	81	34,816
Commercial	353	48,492
Industrial	24	18,927
Public Authority	34	16,120
Totals	2,919	217,824

G. LEASE DISCLOSURES

Lessee - Operating Leases

The city leases golf course equipment and golf cars for the Delbrook Golf Course. The lease agreement for golf course equipment expires on April 1, 2019. The lease agreement for golf cars expires on November 1, 2019. The total rental expenses during 2017 were $103,642.

Years	Business-type Activities Principal
2018	$ 103,642
2019	103,642
Totals	$ 207,284

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 4,110,932
Construction in progress	26,135
Nondepreciable land improvements	8,822,733
Other capital assets, net of accumulated depreciation	32,428,268
Less: Capital related long-term debt outstanding	(9,595,635)
Plus: Unamortized debt discount	44,128
Less: Unamortized debt premium	(21,010)
Total Net Investment in Capital Assets	35,815,551
Restricted	
Impact fees	216,722
Loans	255,767
Tourism	96,264
Library	320,074
Other	188,683
Total Restricted	1,077,510
Unrestricted	5,360,307
Total Governmental Activities Net Position	$ 42,253,368

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. Net Position/Fund Balances (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Debt Service Fund	General Debt Service Fund	Capital Equipment and Projects	Tax Incremental District No. 4	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Delinquent items	$ 36,889	$ -	$ -	$ -	$ -	$ 36,889
Prepaid items	87,412	-	-	-	-	87,412
Noncurrent receivables	104,530	-	-	-	-	104,530
2017 payment in lieu of taxes	459,296	-	-	-	-	459,296
Sub-total	688,127	-	-	-	-	688,127
Restricted for:						
Debt service	-	6,478	-	-	-	6,478
Utility impact fees	-	-	-	58,565	-	58,565
Park impact fees	-	-	-	-	96,500	96,500
CDBG Housing Grant	-	-	-	-	78,771	78,771
Fire impact fees	-	-	-	-	61,657	61,657
Library	-	-	-	-	120,744	120,744
Library donations	-	-	-	-	199,330	199,330
EMS donations	-	-	-	-	600	600
Fire donations	-	-	-	-	23,023	23,023
Police donations	-	-	-	-	128	128
Skateboard park	-	-	-	-	11,445	11,445
Arboretum	-	-	-	-	77,826	77,826
Lake Delavan Betterment	-	-	-	-	59,849	59,849
Friends of Delbrook	-	-	-	-	15,812	15,812
Tourism Legislation Commission	-	-	-	-	96,264	96,264
Sub-total	-	6,478	-	58,565	841,949	906,992
Committed to:						
Tourism	-	-	-	-	125,699	125,699
Park and recreation	-	-	-	-	11,350	11,350
Park Department Memorial	-	-	-	-	21,033	21,033
Sub-total	-	-	-	-	158,082	158,082
Assigned to:						
Capital projects	-	-	770,610	-	-	770,610
Subsequent year's expenditures	396,732	-	-	-	-	396,732
Sub-total	396,732	-	770,610	-	-	1,167,342
Unassigned (deficit):	2,198,913	-	-	(1,388,974)	(83,522)	726,417
Total Fund Balances (Deficit)	$ 3,283,772	$ 6,478	$ 770,610	$ (1,330,409)	$ 916,509	$ 3,646,960

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. Net Position/Fund Balances (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	$ 913,121
Other capital assets, net of accumulated depreciation	27,553,391
Less: Capital related long-term debt outstanding	(3,461,223)
Total Net Investment in Capital Assets	25,005,289
Restricted	
Debt service	85,837
Impact fees	172,507
Total Restricted	258,344
Unrestricted	6,219,904
Total Business-type Activities Net Position	$ 31,483,537

NOTE V - 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 1200 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.

NOTE V - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

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.

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
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
2016	0.5	(5)

NOTE V - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

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. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $271,713 in contributions from the city.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the city reported a liability of $238,763 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the city's proportion was 0.02896765%, which was a decrease of 0.00053156% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of $647,232.

NOTE V - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

At December 31, 2017, 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	$ 91,040	$ 750,887
Changes in assumptions	249,635	-
Net differences between projected and actual earnings on pension plan investments	1,188,484	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,506	478
Employer contributions subsequent to the measurement date	308,615	-
Totals	$ 1,854,280	$ 751,365

$308,615 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. 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
2018	$ 561,699	$ 239,885
2019	561,698	239,885
2020	459,184	239,885
2021	(37,437)	31,710
2022	521	-

NOTE V - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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 2015 using experience from 2012 – 2014 The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

NOTE V - 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 Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	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

NOTE V - 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 3.78%. 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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability(asset)	$3,141,075	$238,763	$(1,996,149)

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://etf.wi.gov/publications/cafr.htm.

B. Risk Management

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

C. Commitments and Contingencies

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 are only reported in governmental funds 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.

NOTE V - OTHER INFORMATION (cont.)

C. Commitments and Contingencies (cont.)

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

The city has active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

D. Effect of New Accounting Standards on Current-Period Financial Statements

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

- 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. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

A-50

CITY OF DELAVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	$ 5,598,104	$ 5,598,105	$ 1
Total Taxes	5,598,104	5,598,105	1
INTERGOVERNMENTAL REVENUES			
State shared revenues	351,412	351,412	-
Fire insurance tax (2% fire dues)	24,000	24,292	292
State expenditure restraint	192,726	208,245	15,519
State aid - exempt computer	52,500	53,171	671
State owned facilities	76,794	66,185	(10,609)
State aid - law enforcement improvement	3,040	3,520	480
State aid - streets	148,682	148,682	-
State aid - recycling	25,850	25,765	(85)
Other local government grants	-	3,693	3,693
Total Intergovernmental Revenues	875,004	884,965	9,961
LICENSES AND PERMITS			
Liquor and malt beverage licenses	16,000	17,145	1,145
Operators' license	6,000	7,230	1,230
Refuse hauler license	5,500	6,460	960
Cigarette licenses	1,500	1,900	400
Cable television franchise fees	85,000	84,076	(924)
Dog licenses	600	660	60
Sundry licenses	2,400	1,556	(844)
Plumbing permits	4,500	7,281	2,781
Landlord licensing	26,160	34,441	8,281
Building permits	55,000	116,956	61,956
Electrical permits	9,000	19,949	10,949
Erosion control permits	1,200	6,077	4,877
Zoning permits and fees	3,250	3,199	(51)
Total Licenses and Permits	216,110	306,930	90,820
FINES, FORFEITURES AND PENALTIES			
Law and ordinance violations	2,200	4,920	2,720
Court penalties and costs	145,000	125,093	(19,907)
Parking violations	28,000	38,056	10,056
Other law and ordinance violations	6,000	5,865	(135)
Total Fines, Forfeitures and Penalties	181,200	173,934	(7,266)

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

CITY OF DELAVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES			
General government	$ 2,000	$ 1,562	$ (438)
Police services	77,000	85,502	8,502
Snow and ice control	5,500	-	(5,500)
County highway maintenance and construction	8,000	(1,442)	(9,442)
Adult summer recreation programs	18,000	21,015	3,015
Youth summer recreation programs	32,000	38,340	6,340
Youth school year recreation programs	5,000	4,760	(240)
Park rental	5,000	8,384	3,384
Bulletin advertising	2,000	95	(1,905)
Real estate status reports	5,000	4,325	(675)
Zoning review application fees	1,500	3,600	2,100
Finance charge on accounts receivable	3,000	3,448	448
Economic development	7,250	6,571	(679)
Weed and nuisance control	12,000	18,336	6,336
Total Public Charges for Services	183,250	194,496	11,246
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Administrative support - TIF No. 4	1,500	1,500	-
Local - law enforcement services	568,000	568,464	464
Local - recreation services	17,000	17,000	-
Local - building inspection	5,000	12,161	7,161
Maintenance support water and sewer	1,500	1,740	240
Total Intergovernmental Charges for Services	593,000	600,865	7,865
SPECIAL ASSESSMENTS			
Curb and gutter assessments	250	-	(250)
Interest on special assessments	-	569	569
Total Special Assessments	250	569	319
INVESTMENT INCOME			
Interest on temporary investments	38,500	33,105	(5,395)
MISCELLANEOUS REVENUES			
Interest on personal property	250	1,052	802
Rent	10,280	11,480	1,200
Insurance dividends	15,000	27,651	12,651
Insurance recoveries	-	916	916
Other miscellaneous	500	4,484	3,984
Total Miscellaneous Revenues	26,030	45,583	19,553
Total Revenues	7,711,448	7,838,552	127,104

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

CITY OF DELAVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
Municipal court	$ 58,491	$ 54,471	$ 4,020
City council	26,775	26,199	576
Mayor	8,605	8,326	279
City administrator	87,539	85,447	2,092
City clerk	103,237	96,470	6,767
City treasurer	41,480	40,638	842
City attorney	65,000	55,960	9,040
Finance director	74,419	72,866	1,553
Other insurance	163,800	164,099	(299)
Other general government	130,750	81,131	49,619
Miscellaneous charges	66,855	61,665	5,190
Data processing	51,695	33,653	18,042
City buildings	96,210	77,620	18,590
Total General Government	974,856	858,545	116,311
PUBLIC SAFETY			
Police	2,898,751	2,807,021	91,730
Fire protection	212,524	205,405	7,119
Ambulance	160,847	136,064	24,783
Building inspection	161,001	136,365	24,636
Crossing guards	1,557	-	1,557
Weights and measures	4,800	4,800	-
Dam inspection	6,300	1,132	5,168
Total Public Safety	3,445,780	3,290,787	154,993
PUBLIC WORKS			
Garages	88,043	82,250	5,793
Public works director	270,437	269,412	1,025
Street department	736,973	563,545	173,428
Recycling	116,739	132,012	(15,273)
Total Public Works	1,212,192	1,047,219	164,973
CULTURE, RECREATION AND EDUCATION			
Recreation programs and events	181,414	171,177	10,237
Parks	346,087	326,327	19,760
Other culture	18,000	17,080	920
Total Culture, Recreation and Education	545,501	514,584	30,917

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

CITY OF DELAVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
CONSERVATION AND DEVELOPMENT			
Weed control	$ 6,000	$ 8,741	$ (2,741)
Total Conservation and Development	6,000	8,741	(2,741)
CAPITAL OUTLAY			
Miscellaneous capital expenses	129,450	35,714	93,736
Total Expenditures	6,313,779	5,755,590	558,189
Excess of revenues over expenditures	1,397,669	2,082,962	685,293
OTHER FINANCING SOURCES (USES)			
Sales of capital assets	21,000	13,785	(7,215)
Transfers in	483,000	459,296	(23,704)
Transfers out	(2,275,645)	(2,266,710)	8,935
Total Other Financing Sources (Uses)	(1,771,645)	(1,793,629)	(21,984)
Net Change in Fund Balance	(373,976)	289,333	663,309
FUND BALANCE - Beginning of Year	2,994,439	2,994,439	-
FUND BALANCE - END OF YEAR	$ 2,620,463	$ 3,283,772	$ 663,309

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

CITY OF DELAVAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	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
12/31/15	0.02964918%	$ (728,265)	$ 3,499,089	20.81%	102.74%
12/31/16	0.02949921%	479,356	3,515,051	13.64%	98.20%
12/31/17	0.02896765%	238,763	3,500,586	6.82%	99.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 295,008	$ 295,008	$ -	$ 3,515,051	8.39%
12/31/16	301,970	301,970	-	3,497,915	8.63%
12/31/17	308,615	308,615	-	3,473,020	8.89%

See independent auditors' report and accompanying notes to the required supplementary information.

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 functional categories and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

The city is required to present the last ten 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.

SUPPLEMENTARY INFORMATION

CITY OF DELAVAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds										
	Community Park Fund	Library Donations Fund	Park and Recreation Fund	Park Department Memorial	EMS Donations	CDBG Housing Grant	Fire Donations	Police Donations	Tourism Legislation Commission	Skateboard Park	Arboretum
ASSETS											
Cash and investments	$ -	$ 199,330	$ 11,350	$ 21,033	$ 600	$ 78,771	$ 23,023	$ 128	$ -	$ 11,445	$ 77,826
Receivables											
Accounts	-	-	-	-	-	-	-	-	104,482	-	-
Loans	-	-	-	-	-	176,996	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and investments	96,500	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 96,500	$ 199,330	$ 11,350	$ 21,033	$ 600	$ 255,767	$ 23,023	$ 128	$ 104,482	$ 11,445	$ 77,826
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	8,218	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	8,218	-	-
Deferred Inflows of Resources											
Unavailable revenues	-	-	-	-	-	176,996	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	176,996	-	-	-	-	-
Fund Balances (Deficit)											
Restricted	96,500	199,330	-	-	600	78,771	23,023	128	96,264	11,445	77,826
Committed	-	-	11,350	21,033	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances (deficit)	96,500	199,330	11,350	21,033	600	78,771	23,023	128	96,264	11,445	77,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 96,500	$ 199,330	$ 11,350	$ 21,033	$ 600	$ 255,767	$ 23,023	$ 128	$ 104,482	$ 11,445	$ 77,826

CITY OF DELAVAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds				Special Revenue Funds			Capital Project Fund	
	Betterment of Lake Delavan	Fire Impact Fees	Library Fund	Escrow Funds held by City	Garden Meadows	Tourism	Friends of Delbrook	Tax Incremental District No. 5	Total Nonmajor Governmental Funds
ASSETS									
Cash and investments	$ 59,849	$ -	$ 139,114	$ 4,611	$ 2,715	$ 117,481	$ 15,812	$ 32,504	$ 795,592
Receivables									
Accounts	-	-	662	-	-	-	-	-	105,144
Loans	-	-	-	-	-	-	-	-	176,996
Due from other funds	-	-	-	-	-	8,218	-	-	8,218
Prepaid items	-	-	3,813	-	-	-	-	-	3,813
Restricted cash and investments	-	61,657	-	-	-	-	-	-	158,157
TOTAL ASSETS	$ 59,849	$ 61,657	$ 143,589	$ 4,611	$ 2,715	$ 125,699	$ 15,812	$ 32,504	$ 1,247,920
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ -	$ 2,551	$ -	$ -	$ -	$ -	$ -	$ 2,551
Accrued liabilities	-	-	20,294	-	-	-	-	-	20,294
Due to other funds	-	-	-	-	-	-	-	-	8,218
Advances from other funds	-	-	-	-	-	-	-	116,026	116,026
Deposits	-	-	-	4,611	2,715	-	-	-	7,326
Total Liabilities	-	-	22,845	4,611	2,715	-	-	116,026	154,415
Deferred Inflows of Resources									
Unavailable revenues	-	-	-	-	-	-	-	-	176,996
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	176,996
Fund Balances (Deficit)									
Restricted	59,849	61,657	120,744	-	-	-	15,812	-	841,949
Committed	-	-	-	-	-	125,699	-	-	158,082
Unassigned (deficit)	-	-	-	-	-	-	-	(83,522)	(83,522)
Total Fund Balances (deficit)	59,849	61,657	120,744	-	-	125,699	15,812	(83,522)	916,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 59,849	$ 61,657	$ 143,589	$ 4,611	$ 2,715	$ 125,699	$ 15,812	$ 32,504	$ 1,247,920

CITY OF DELAVAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES- NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds			
	Community Park Fund	Library Donations Fund	Park and Recreation Fund	Park Department Memorial
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	606	1,073	-	-
Miscellaneous	-	1,314	4,485	-
Total Revenues	606	2,387	4,485	-
EXPENDITURES				
Current				
Public safety	-	-	-	-
Culture, recreation and education	-	1,794	4,349	-
Conservation and development	-	-	-	-
Capital Outlay	57,995	-	-	-
Total Expenditures	57,995	1,794	4,349	-
Excess (deficiency) of revenues over expenditures	(57,389)	593	136	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(57,389)	593	136	-
FUND BALANCES (DEFICIT) - Beginning of Year	153,889	198,737	11,214	21,033
FUND BALANCES (DEFICIT) - END OF YEAR	$ 96,500	$ 199,330	$ 11,350	$ 21,033

	Special Revenue Funds						
	EMS Donations	CDBG Housing Grant	Fire Donations	Police Donations	Tourism Legislation Commission	Skateboard Park	Arboretum
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ 230,007	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-	-
Investment income	-	464	139	-	-	-	94
Miscellaneous	-	17,723	13,782	5	-	-	4,828
Total Revenues	-	18,187	13,921	5	230,007	-	4,922
EXPENDITURES							
Current							
Public safety	-	-	1,827	289	-	-	-
Culture, recreation and education	-	-	-	-	-	-	9,712
Conservation and development	-	1,307	-	-	128,137	-	-
Capital Outlay	-	-	4,600	-	-	-	-
Total Expenditures	-	1,307	6,427	289	128,137	-	9,712
Excess (deficiency) of revenues over expenditures	-	16,880	7,494	(284)	101,870	-	(4,790)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(5,606)	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(5,606)	-	-
Net Change in Fund Balances	-	16,880	7,494	(284)	96,264	-	(4,790)
FUND BALANCES (DEFICIT) - Beginning of Year	600	61,891	15,529	412	-	11,445	82,616
FUND BALANCES (DEFICIT) - END OF YEAR	$ 600	$ 78,771	$ 23,023	$ 128	$ 96,264	$ 11,445	$ 77,826

CITY OF DELAVAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES- NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds				Special Revenue Funds	Capital Project Fund	
	Betterment of Lake Delavan	Fire Impact Fees	Library Fund	Tourism	Friends of Delbrook	Tax Incremental District No. 5	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,007
Intergovernmental	-	-	170,121	-	-	1,869	171,990
Public charges for services	-	54,003	18,628	-	-	-	72,631
Investment income	-	-	-	-	-	-	2,376
Miscellaneous	-	-	224	-	5,097	5,975	53,433
Total Revenues	-	54,003	188,973	-	5,097	7,844	530,437
EXPENDITURES							
Current							
Public safety	-	-	-	-	-	-	2,116
Culture, recreation and education	-	-	500,326	-	-	-	516,181
Conservation and development	-	-	-	-	-	10,048	139,492
Capital Outlay	-	-	-	-	-	6,498	69,093
Total Expenditures	-	-	500,326	-	-	16,546	726,882
Excess (deficiency) of revenues over expenditures	-	54,003	(311,353)	-	5,097	(8,702)	(196,445)
OTHER FINANCING SOURCES (USES)							
Transfers in	5,606	-	310,000	-	-	-	315,606
Transfers out	-	-	-	-	-	-	(5,606)
Total Other Financing Sources (Uses)	5,606	-	310,000	-	-	-	310,000
Net Change in Fund Balances	5,606	54,003	(1,353)	-	5,097	(8,702)	113,555
FUND BALANCES (DEFICIT) - Beginning of Year	54,243	7,654	122,097	125,699	10,715	(74,820)	802,954
FUND BALANCES (DEFICIT) - END OF YEAR	$ 59,849	$ 61,657	$ 120,744	$ 125,699	$ 15,812	$ (83,522)	$ 916,509

CITY OF DELAVAN

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
SOURCE OF SUPPLY				
Land and land rights	$ 183,296	$ -	$ -	$ 183,296
Wells and springs	1,000,893	-	-	1,000,893
Total Source of Supply	1,184,189	-	-	1,184,189
PUMPING				
Structures and improvements	163,653	-	-	163,653
Electric pumping equipment	735,701	-	-	735,701
Diesel pumping equipment	2,749	-	-	2,749
Other pumping equipment	129,144	-	-	129,144
Total Pumping	1,031,247	-	-	1,031,247
WATER TREATMENT				
Structures and improvements	1,597,423	-	-	1,597,423
Water treatment equipment	3,228,273	-	-	3,228,273
Total Water Treatment	4,825,696	-	-	4,825,696
TRANSMISSION AND DISTRIBUTION				
Land and land rights	71,250	-	-	71,250
Distribution reservoirs and standpipes	3,019,788	-	-	3,019,788
Transmission and distribution mains	10,414,464	610,826	15,533	11,009,757
Services	2,574,063	65,429	31,663	2,607,829
Meters	605,543	-	102	605,441
Hydrants	1,588,160	44,228	13,862	1,618,526
Other transmission and distribution plant	935	-	-	935
Total Transmission and Distribution	18,274,203	720,483	61,160	18,933,526
GENERAL				
Land and land rights	799	-	-	799
Structures and improvements	139,930	-	-	139,930
Computer equipment	19,526	-	-	19,526
Transportation equipment	71,963	-	-	71,963
Tools, shop and garage equipment	10,666	-	-	10,666
Power-operated equipment	41,049	-	-	41,049
Total General	283,933	-	-	283,933
TOTAL WATER UTILITY PLANT	$ 25,599,268	$ 720,483	$ 61,160	$ 26,258,591

CITY OF DELAVAN

WATER UTILITY OPERATING REVENUES AND EXPENSES
For the Year Ended December 31, 2017

OPERATING REVENUES	
Sales of Water	
Metered	
Residential	$ 635,856
Multifamily residential	150,585
Commercial	227,056
Industrial	65,902
Public authorities	57,866
Total Metered Sales	1,137,265
Private fire protection	54,876
Public fire protection	444,928
Total Sales of Water	1,637,069
Other Operating Revenues	
Forfeited discounts	10,127
Rents from water property	61,613
Other	17,578
Total Operating Revenues	1,726,387
OPERATING EXPENSES	
Operation and Maintenance	
Source of Supply	
Operation labor	20,966
Operation supplies	11,319
Maintenance	1,310
Total Source of Supply	33,595
Pumping	
Operation labor	885
Fuel or power purchased for pumping	102,385
Operation supplies	7,925
Maintenance	5,322
Total Pumping	116,517
Water Treatment	
Operation labor	27,065
Chemicals	16,929
Operation supplies	4,153
Maintenance	65,894
Total Water Treatment	114,041
Transmission and Distribution	
Operation labor	61,374
Maintenance	
Distribution reservoirs and standpipes	9,836
Mains	35,173
Services	16,231
Meters	12,120
Hydrants	10,604
Other	25,372
Total Transmission and Distribution	170,710

CITY OF DELAVAN

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.)
For the Year Ended December 31, 2017

OPERATING EXPENSES (cont.)	
Operation and Maintenance (cont.)	
Customer Accounts	
Meter reading labor	$ 1,285
Accounting and collecting labor	34,289
Supplies	15,083
Total Customer Accounts	50,657
Administrative and General	
Salaries	72,995
Office supplies	21,980
Outside services employed	18,435
Property insurance	24,576
Injuries and damages	8,861
Employee pensions and benefits	127,663
Miscellaneous	7,512
Transportation	21,166
Maintenance	20,147
Total Administrative and General	323,335
Taxes	23,669
Total Operation and Maintenance	832,524
Depreciation	551,409
Total Operating Expenses	1,383,933
OPERATING INCOME	$ 342,454

CITY OF DELAVAN

WATER UTILITY RATE OF RETURN - REGULATORY BASIS
For the Year Ended December 31, 2017

Utility Financed Plant in Service	
Beginning of year	$ 18,185,090
End of year	18,802,163
Average	18,493,627
Utility Financed Accumulated Depreciation	
Beginning of year	(5,574,383)
End of year	(5,952,385)
Average	(5,763,384)
Materials and Supplies	
Beginning of year	12,231
End of year	13,409
Average	12,820
Regulatory Liability	
Beginning of year	(165,343)
End of year	(141,723)
Average	(153,533)
AVERAGE NET RATE BASE	$ 12,589,530
OPERATING INCOME - REGULATORY BASIS	$ 49,559
RATE OF RETURN (PERCENT)	0.39

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

CITY OF DELAVAN

SEWER UTILITY PLANT
As of and for the Year Ended December 31, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
COLLECTING SYSTEM				
Collecting mains	$ 9,374,715	$ 201,578	$ -	$ 9,576,293
Other collecting system equipment	228,387	-	-	228,387
Deduct meters	50,233	-	-	50,233
Total Collecting System	9,653,335	201,578	-	9,854,913
GENERAL				
Structures and improvements	112,986	-	-	112,986
Computer equipment	19,526	-	-	19,526
Transportation equipment	45,398	-	-	45,398
Other general equipment	35,727	-	-	35,727
Total General	213,637	-	-	213,637
TOTAL SEWER UTILITY PLANT	$ 9,866,972	$ 201,578	$ -	$10,068,550

CITY OF DELAVAN

SEWER UTILITY OPERATING REVENUES AND EXPENSES
For the Year Ended December 31, 2017

OPERATING REVENUES	
Sewer Revenues	
Residential	$ 987,958
Multifamily residential	271,509
Commercial	317,866
Industrial	113,597
Public authorities	68,607
High strength customer surcharges	29,093
Total Sewer Revenues	1,788,630
Other Operating Revenues	
Forfeited discounts	9,576
Total Operating Revenues	1,798,206
OPERATING EXPENSES	
Operation and Maintenance	
Operation	
Supervision and labor	19,215
Treatment charges - WalCoMet	1,396,462
Utilities	2,135
Other operating supplies	10,026
Joint metering costs	37,603
Transportation	1,961
Total Operation	1,467,402
Maintenance	
Collection system	34,398
General plant structures and equipment	9,103
Total Maintenance	43,501
Customer Accounts	
Accounting and collecting	49,161
Administrative and General	
Salaries	69,626
Office supplies	6,463
Outside services employed	17,482
Insurance	8,192
Employees pensions and benefits	47,499
Miscellaneous	-
Total Administrative and General	149,262
Taxes	11,622
Total Operation and Maintenance	1,720,948
Depreciation	114,000
Total Operating Expenses	1,834,948
OPERATING INCOME (LOSS)	$ (36,742)

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

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

April 11, 2019

Re: City of Delavan, Wisconsin ("Issuer")
$5,975,000 General Obligation Maintenance Facility Building Bonds, Series 2019A, dated April 11, 2019 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. 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 Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate
2020	$60,000	___%
2021	70,000	___
2022	245,000	___
2023	255,000	___
2024	265,000	___
2025	280,000	___
2026	285,000	___
2027	290,000	___
2028	295,000	___
2029	305,000	___
2030	320,000	___
2031	325,000	___
2032	320,000	___
2033	345,000	___
2034	355,000	___
2035	365,000	___
2036	385,000	___
2037	395,000	___
2038	405,000	___
2039	410,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2020.

The Bonds maturing on March 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2027 or on any date thereafter. Said Bonds 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 Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution awarding the Bonds, 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds.

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

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

The rights of the owners of the Bonds 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

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

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 Delavan, Walworth County, Wisconsin (the "Issuer") in connection with the issuance of $5,975,000 General Obligation Maintenance Facility Building Bonds, Series 2019A, dated April 11, 2019 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on January 22, 2019 and March 19, 2019 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org 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 March 20, 2019 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

"Issuer Contact" means the City Administrator of the Issuer who can be contacted at 123 S. Second Street, Delavan, Wisconsin 53115, phone (262) 728-5585, fax (262) 728-4566.

"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, 2018, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

7. Modification to rights of holders of the Securities, if material;

8. Securities calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 11th day of April, 2019.

_____
Mel Nieuwenhuis
Mayor

(SEAL)

_____
Andrea White
City Clerk

APPENDIX E

NOTICE OF SALE

$5,975,000* GENERAL OBLIGATION MAINTENANCE FACILITY BUILDING BONDS, SERIES 2019A
CITY OF DELAVAN, WISCONSIN

Bids for the purchase of $5,975,000* General Obligation Maintenance Facility Building Bonds, Series 2019A (the "Bonds") of the City of Delavan, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on March 19, 2019, 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 , 6:30 P.M. Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of a building for the housing of machinery and equipment, consisting of the construction and equipping of a maintenance facility. The Bonds are valid and binding 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 Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated April 11, 2019, will be issued as fully registered Bonds in the denomination of $5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2020	$60,000	2027	$290,000	2034	$355,000
2021	70,000	2028	295,000	2035	365,000
2022	245,000	2029	305,000	2036	385,000
2023	255,000	2030	320,000	2037	395,000
2024	265,000	2031	325,000	2038	405,000
2025	280,000	2032	320,000	2039	410,000
2026	285,000	2033	345,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds 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 Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2020, to the registered owners of the Bonds 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds 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 Bonds 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 Bonds, 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 Bonds. So long as Cede & Co. is the registered owner of the Bonds, 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 Bonds.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2028 shall be subject to optional redemption prior to maturity on March 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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 Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about April 11, 2019, the Bonds 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 Bonds is then

pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds 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 Bonds 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 Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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 $5,900,312, nor more than $6,333,500, plus accrued interest on the principal sum of $5,975,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

1) Electronically to bondsale@ehlers-inc.com; or

2) 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, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of $119,500 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 and 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 Bonds 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 Bonds 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 Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds 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 Bonds 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 Bonds. 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds) will apply to the initial sale of the Bonds (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 Bonds to the bidder who submits a firm offer to purchase the Bonds 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 Bonds, 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 Bonds to the bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (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 Bonds (the "hold-the-offering-price rule").

(d) <u>If all of the requirements of a "competitive sale" are not satisfied and the bidder selects the hold-the-offering-price rule</u>, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds 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 Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

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

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, 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 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

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

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

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

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

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

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

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

agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

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

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

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

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds 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 Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of $10.00 per copy.

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

By Order of the Common Council

Denise Pieroni, City Administrator
City of Delavan, Wisconsin

BID FORM

The Common Council **March 19, 2019**
City of Delavan, Wisconsin

RE: $5,975,000* General Obligation Maintenance Facility Building Bonds, Series 2019A
DATED: April 11, 2019

For all or none of the above Bonds, 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 $5,900,312, nor more than $6,333,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2020	_____	% due	2027	_____	% due	2034
_____	% due	2021	_____	% due	2028	_____	% due	2035
_____	% due	2022	_____	% due	2029	_____	% due	2036
_____	% due	2023	_____	% due	2030	_____	% due	2037
_____	% due	2024	_____	% due	2031	_____	% due	2038
_____	% due	2025	_____	% due	2032	_____	% due	2039
_____	% due	2026	_____	% due	2033			

* The City reserves the right to increase or decrease the principal amount of the Bonds 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds 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 $119,500, to be held by the City 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 and Associates Good Faith Account No. 3208138.** Such Deposit shall be received by Ehlers and Associates no later than two hours after the bid opening time. The City reserves the right to award the Bonds 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 Bonds 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 and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about April 11, 2019.

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

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 Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds 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 <u>not</u> met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 11, 2019 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 Delavan, Wisconsin, on March 19, 2019.

By: _____ By: _____

Title: _____ Title: _____