

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 4, 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 Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

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

CITY OF PLYMOUTH, WISCONSIN (Sheboygan County)

\$1,560,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2019A

BID OPENING: November 12, 2019, 11:00 A.M., C.T. **CONSIDERATION:** November 12, 2019, 8:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,560,000* General Obligation Promissory Notes, Series 2019A (the "Notes") of the City of Plymouth, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, water system projects, sanitary sewer improvements and storm sewer projects in the Appleton Street project area and other projects in the City's capital improvement plan. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: December 5, 2019

MATURITY: May 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2020	\$145,000	2024	\$155,000	2028	\$165,000
2021	145,000	2025	155,000	2029	170,000
2022	150,000	2026	160,000		
2023	150,000	2027	165,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: May 1, 2020 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on May 1, 2027 and thereafter are subject to call for prior optional redemption on May 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$1,544,400.

MAXIMUM BID: \$1,638,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$31,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: May be named by the 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 Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the 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 delivery of the Notes.

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

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

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

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers 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 required to comply with the Rule.

CLOSING CERTIFICATES

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

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CITY OF PLYMOUTH COMMON COUNCIL

		<u>Term Expires</u>
Donald Pohlman	Mayor	April 2020
Diane Gilson	Aldersperson	April 2021
Greg Hildebrand	Aldersperson	April 2020
John Nelson	Aldersperson	April 2021
Jim Sedlacek	Aldersperson	April 2020
Amy Odekirk	Aldersperson	April 2021
Jack Fernsler	Aldersperson	April 2020
Charles Hansen	Aldersperson	April 2021
Jim Wilson	Aldersperson	April 2020

ADMINISTRATION

Brian Yerges, City Administrator/Utilities Manager

Sabrina Dittman, City Clerk/Treasurer

PROFESSIONAL SERVICES

Crystal Fieber, City Attorney, Sheboygan, 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 Plymouth, Wisconsin (the "City") and the issuance of its \$1,560,000* General Obligation Promissory Notes, Series 2019A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on November 12, 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 Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 5, 2019. The Notes will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2020, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2027 shall be subject to optional redemption prior to maturity on May 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

*Preliminary, subject to change.

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, water system projects, sanitary sewer improvements and storm sewer projects in the Appleton Street project area and other projects in the City’s capital improvement plan.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$1,560,000	
Estimated Interest Earnings	<u>3,000</u>	
Total Sources		\$1,563,000
Uses		
Total Underwriter's Discount	\$15,600	
Costs of Issuance	45,450	
Deposit to Project Construction Fund	1,500,000	
Rounding Amount	<u>1,950</u>	
Total Uses		\$1,563,000

*Preliminary, subject to change

SECURITY

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

RATING

General obligation debt of the City is currently rated "Aa3" by Moody's Investors Service, Inc. (“Moody’s”).

The City has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

TAX EXEMPTION

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

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

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

BOND PREMIUM

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

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

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

Premium Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Notes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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, 2018 have been audited by Corson, Peterson & Hamann S.C., Sheboygan, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2019 Equalized Value	\$810,909,500
2019 Equalized Value Reduced by Tax Increment Valuation	\$667,593,300
2019 Assessed Value	\$753,448,600

2019 EQUALIZED VALUE BY CLASSIFICATION

	2019 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 467,714,300	57.678%
Commercial	208,213,800	25.677%
Manufacturing	102,499,000	12.640%
Agricultural	46,700	0.006%
Undeveloped	62,400	0.008%
Forest	3,600	0.000%
Personal Property	32,369,700	3.992%
Total	<u><u>\$ 810,909,500</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2014	\$ 709,261,100	\$ 667,470,100	2.36%
2015	718,168,800	700,920,400	5.01%
2016	737,435,500	715,648,500	2.10%
2017	734,860,300	735,830,400	2.82%
2018	746,508,600	777,019,900	5.60%
2019	753,448,600	810,909,500	4.36%

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 Value¹	Percent of City's Total Equalized Value
Sargento Foods	Cheese Processing	\$ 57,539,358	7.41%
OCS Plymouth, LLC	Cold Storage and Transit	18,522,172	2.38%
Masters Gallery Foods Inc.	Cheese Processing	16,813,303	2.16%
JHK Company - Great Lakes Cheese	Cheese Processing	15,171,776	1.95%
ARHC, LLC	Health Care Facility	14,124,499	1.82%
Wal-Mart Stores Inc.	Grocery/Retail	12,750,265	1.64%
GTS Solutions/Glacier Transit	Cold Storage & Transit	8,614,073	1.11%
Sartori Foods Co. LLC	Cheese Processing	7,595,953	0.98%
Plymouth Cold Storage	Cold Storage & Transit	6,136,530	0.79%
WE South River Village, LLC	Housing/Rental	5,596,964	0.72%
Total		\$162,864,893	20.96%
City's Total 2018 Equalized Value ²		\$777,019,900	

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 DEBT¹ (includes the Notes)*

General Obligation Debt (see schedules following)

Total General Obligation Debt* \$18,415,000

Revenue Debt (see schedules following)

Total revenue debt secured by electric, sewer, water revenues \$ 5,087,500

Other Obligations

Issue Date	Original Amount	Name of Issue	Final Maturity	Amount Outstanding
07/06/12	\$ 500,000	WPPI Energy Promissory Note (0% Interest)	07/08/22	\$ 137,500
12/21/12	500,000	USDA Promissory Note (0% Interest)	12/20/22	180,530
02/07/19	300,000	WPPI Energy Promissory Note (0% Interest)	03/28/29	280,000

*Preliminary, subject to change.

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

**City of Plymouth, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 12/05/2019)**

Dated Amount	Taxable GO Bonds Series 2011		GO Bonds Series 2012A		GO Bonds Series 2012B		GO Bonds Series 2013A		GO Bonds Series 2014A	
	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
	10/06/2011	\$2,080,000	04/25/2012	\$3,785,000	12/04/2012	\$4,545,000	09/19/2013	\$3,200,000	09/04/2014	\$1,435,000
	03/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	245,000	11,421	310,000	29,750	435,000	23,789	275,000	43,445	175,000	5,350
2021	260,000	3,965	350,000	23,460	480,000	18,231	280,000	37,615	180,000	1,800
2022			395,000	15,615	500,000	11,582	290,000	30,983		
2023			490,000	5,635	500,000	4,000	300,000	23,305		
2024							320,000	14,540		
2025							330,000	4,950		
2026										
2027										
2028										
2029	505,000	15,386	1,545,000	74,460	1,915,000	57,601	1,795,000	154,838	355,000	7,150

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City of Plymouth, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/05/2019)

Calendar Year Ending	GO Bonds Series 2015A		GO Bonds Series 2016A		GO Notes Series 2019A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2020							3,065,000	344,497	3,409,497	15,350,000	16.64%	2020
2021							3,240,000	285,979	3,525,979	12,110,000	34.24%	2021
2022							2,955,000	225,135	3,180,135	9,155,000	50.29%	2022
2023							3,195,000	163,769	3,358,769	5,960,000	67.64%	2023
2024							2,415,000	104,614	2,519,614	3,545,000	80.75%	2024
2025							2,440,000	50,039	2,490,039	1,105,000	94.00%	2025
2026							380,000	18,390	398,390	725,000	96.06%	2026
2027							390,000	10,811	400,811	335,000	98.18%	2027
2028							165,000	5,261	170,261	170,000	99.08%	2028
2029							170,000	1,785	171,785	0	100.00%	2029
							18,415,000	1,210,280	19,625,280			

* Preliminary, subject to change.

**City of Plymouth, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric, Sewer, and Water Revenues
(As of 12/05/2019)**

Utility Rev Bonds Series 2011		Electric Rev Notes WPPI Loan	
Dated Amount	07/06/2011 \$6,920,000	02/07/2019 \$300,000	
Maturity	05/01	Monthly	
Calendar Year Ending	Principal	Interest	Principal
2019	0	0	2,500
2020	320,000	190,675	30,000
2021	335,000	177,575	30,000
2022	345,000	163,975	30,000
2023	360,000	149,875	30,000
2024	375,000	135,175	30,000
2025	390,000	119,875	30,000
2026	400,000	104,075	30,000
2027	425,000	87,575	30,000
2028	450,000	69,794	29,000
2029	470,000	50,525	6,000
2030	470,000	30,550	
2031	470,000	10,281	
	4,810,000	1,289,950	277,500
			0
			5,087,500
		1,289,950	
			6,377,450
			0
			2,500
		190,675	540,675
		177,575	542,575
		163,975	538,975
		149,875	539,875
		135,175	540,175
		119,875	539,875
		104,075	534,075
		87,575	542,575
		69,794	548,794
		50,525	526,525
		30,550	500,550
		10,281	480,281
			0
			5,085,000
			4,735,000
			4,370,000
			3,995,000
			3,605,000
			3,200,000
			2,780,000
			2,350,000
			1,895,000
			1,416,000
			940,000
			470,000
			0
			.05%
			6.93%
			14.10%
			21.47%
			29.14%
			37.10%
			45.36%
			53.81%
			62.75%
			72.17%
			81.52%
			90.76%
			100.00%
			2019
			2020
			2021
			2022
			2023
			2024
			2025
			2026
			2027
			2028
			2029
			2030
			2031

DEBT LIMIT (includes the Notes)*

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

Equalized Value	\$ 810,909,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 40,545,475
Less: General Obligation Debt*	<u>(18,415,000)</u>
Unused Debt Limit*	<u><u>\$ 22,130,475</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2019 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Sheboygan County	\$ 10,142,962,300	7.9948%	\$ 30,165,000	\$ 2,411,631
Lakeland Technical College District	16,238,215,618	4.9938%	28,735,000	1,434,968
School District of Plymouth	1,642,764,796	49.3625%	28,910,000	<u>14,270,699</u>
City's Share of Total Overlapping Debt				<u><u>\$ 18,117,299</u></u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$810,909,500	Debt/ Per Capita 8,758¹
Total General Obligation Debt (includes the Notes)*	\$ 18,415,000	2.27%	\$ 2,102.65
City's Share of Total Overlapping Debt	<u>18,117,299</u>	<u>2.23%</u>	<u>2,068.66</u>
Total*	\$ 36,532,299	4.51%	\$ 4,171.31

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City may plan to refinance some obligations of Utility within the next 12 months.

¹ Estimated 2019 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	\$4,008,042	100%	\$6.87
2015/16	4,008,042	100%	6.63
2016/17	4,108,042	100%	6.77
2017/18	4,208,042	100%	6.79
2018/19	4,308,042	100%	6.60

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	Schools¹	County	Local	Other²	Total
2014/15	\$9.47	\$5.49	\$6.87	\$0.20	\$22.03
2015/16	9.23	5.62	6.63	0.20	21.68
2016/17	9.13	5.50	6.77	0.20	21.60
2017/18	8.96	5.27	6.79	0.00	21.02
2018/19	9.11	5.13	6.60	0.00	20.84

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

LEVY LIMITS

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

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

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.

favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

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

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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

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

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

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

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

THE ISSUER

CITY GOVERNMENT

The City was incorporated in April 1877 and is governed by a Mayor and an eight-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 and Clerk/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 63 full-time, 12 part-time, and 66 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$295,575, \$288,509 and \$322,928 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, 2017, the total pension liability of the WRS was calculated as \$101.4 billion and the fiduciary net position of the WRS was calculated as \$104.4 billion, resulting in a net pension asset of \$3 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 2018, the City reported an asset of \$919,124 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 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 0.03095614% of the aggregate WRS net pension asset as of December 31, 2017.

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

Recognized and Certified Bargaining Units

All eligible 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
Plymouth Police Department Association Local 215	December 31, 2022

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent audit shows a total OPEB liability of \$558,990 as of December 31, 2018. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent audit.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of June 30, 2019)

Fund	Total Cash and Investments
General	\$ 2,723,528
Special Revenue	654,251
Debt Service	10,302
Capital Projects	1,855,853
Enterprise Funds	14,611,143
TIF Districts	1,001,640
Internal Service	<u>1,716,335</u>
Total Funds on Hand	<u>\$ 22,573,052</u>

ENTERPRISE FUNDS

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

	2016	2017	2018
Combined Utility			
Total Operating Revenues	\$ 28,706,800	\$ 28,721,286	\$ 28,499,558
Less: Operating Expenses	<u>(25,990,013)</u>	<u>(25,882,649)</u>	<u>(25,518,107)</u>
Operating Income	\$ 2,716,787	\$ 2,838,637	\$ 2,981,451
Plus: Depreciation	2,884,417	2,841,160	2,663,864
Interest Income	<u>684,471</u>	<u>862,536</u>	<u>957,696</u>
Revenues Available for Debt Service	<u>\$ 6,285,675</u>	<u>\$ 6,542,333</u>	<u>\$ 6,603,011</u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2015 Audited	2016 Audited	2017 Audited	2018 Audited	2019 Adopted Budget ¹
Revenues					
Taxes and special assessments	\$ 3,703,523	\$ 3,691,569	\$ 4,325,555	\$ 4,455,385	\$ 4,511,832
Intergovernmental revenues	1,443,506	1,389,565	1,508,026	1,432,372	1,424,407
Licenses and permits	262,181	297,697	292,659	254,611	252,600
Fines, forfeits and penalties	75,648	92,810	78,134	83,298	76,970
Public charges for services	268,842	280,456	314,728	268,531	260,700
Intergovernmental charges for services	104,082	83,462	144,092	151,437	124,200
Miscellaneous general revenues	429,477	535,390	387,256	321,143	366,124
Total Revenues	\$ 6,287,259	\$ 6,370,949	\$ 7,050,450	\$ 6,966,777	\$ 7,016,833
Expenditures					
Current:					
General government	\$ 1,823,716	\$ 1,818,018	\$ 1,854,589	\$ 1,897,519	\$ 2,131,029
Public safety	1,626,569	1,664,121	1,773,087	1,697,102	1,818,572
Public works	825,010	826,548	896,499	792,845	1,017,006
Health and human services	149,246	148,443	150,552	152,419	126,800
Culture, recreation and education	821,900	832,398	820,765	850,334	796,763
Conservation and development	134,157	139,444	218,395	118,618	122,150
Capital outlay	208,997	235,977	199,428	91,702	0
Total Expenditures	\$ 5,589,595	\$ 5,664,949	\$ 5,913,315	\$ 5,600,539	\$ 6,012,320
Excess of revenues over (under) expenditures	\$ 697,664	\$ 706,000	\$ 1,137,135	\$ 1,366,238	\$ 1,004,513
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	732,765	770,149	756,686	793,764	766,984
Transfers out	(1,370,305)	(1,280,400)	(1,863,498)	(1,866,383)	(1,771,497)
Total Other Financing Sources (Uses)	\$ (637,540)	\$ (510,251)	\$ (1,106,812)	\$ (1,072,619)	\$ (1,004,513)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 60,124	\$ 195,749	\$ 30,323	\$ 293,619	\$ 0
General Fund Balance					
General Fund Balance January 1	2,007,754	2,067,878	2,263,627	2,293,950	2,587,569
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$ 2,067,878	\$ 2,263,627	\$ 2,293,950	\$ 2,587,569	\$ 2,587,569
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	16,862	48,088	46,100	52,112	
Restricted	0	110,000	16,806	0	
Committed	449,918	385,165	239,717	233,495	
Assigned	0	0	0	0	
Unassigned	1,601,098	1,720,374	1,991,327	2,301,962	
Total	\$ 2,067,878	\$ 2,263,627	\$ 2,293,950	\$ 2,587,569	

¹ The 2019 budget was adopted on November 13, 2018.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 8,445 and a current estimated population of 8,758 comprises an area of four square miles and is located approximately 55 miles north of Milwaukee and ten miles west of Sheboygan.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Sargento Cheese Company	Cheese processing	1,133
Masters Gallery Foods	Cheese processing	741
Great Lakes Cheese of Wisconsin	Cheese processing	575
Sartori Cheese	Cheese processing	435
School District of Plymouth	Elementary and secondary education	340
Walmart Super Center	Grocery & retail	215
Aurora	Health Care	186
Plymouth Foam, Inc.	Plastics-Foam Manufacturer	150
Toro	Manufacturing	110
Plymouth Industries	Manufacturing	59

Source: *ReferenceUSA, written and telephone survey (October 2019), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

BUILDING PERMITS

	2015	2016	2017	2018	2019 ¹
<u>New Single Family Homes</u>					
No. of building permits	9	19	23	16	14
Valuation	\$2,179,958	\$5,372,000	\$6,388,827	\$4,101,272	\$4,448,272
<u>New Multiple Family Buildings</u>					
No. of building permits	3	0	8	0	0
Valuation	\$1,440,000	\$0	\$6,800,000	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	4	3	8	5	1
Valuation	\$17,276,565	\$530,000	\$5,283,000	\$4,933,164	\$1,100,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	381	429	444	448	300
Valuation	\$25,594,775	\$34,391,373	\$31,712,550	\$40,490,907	\$23,552,924

Source: The City.

¹ As of September 30, 2019.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	7,781
2010 U.S. Census	8,445
2019 Estimated Population	8,758
Percent of Change 2000 - 2010	+ 8.53%

Income and Age Statistics

	The City	Sheboygan County	State of Wisconsin	United States
2017 per capita income	\$29,651	\$28,849	\$30,557	\$31,177
2017 median household income	\$51,229	\$56,114	\$56,759	\$57,652
2017 median family income	\$72,955	\$70,127	\$72,542	\$70,850
2017 median gross rent	\$674	\$680	\$813	\$982
2017 median value owner occupied units	\$143,500	\$149,800	\$169,300	\$193,500
2017 median age	42.3 yrs.	41.3 yrs.	39.2 yrs.	37.8 yrs.

	State of Wisconsin	United States
City % of 2017 per capita income	97.04%	95.11%
City % of 2017 median family income	100.57%	102.97%

Housing Statistics

	<u>The City</u>		
	2000	2017	Percent of Change
All Housing Units	3,395	4,226	24.48%

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.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Sheboygan County	Sheboygan County	State of Wisconsin	
2015	58,942	3.8%	4.6%	
2016	59,760	3.4%	4.0%	
2017	60,986	2.8%	3.3%	
2018	61,332	2.5%	3.0%	
2019, August ¹	62,738	2.7%	3.3%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

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

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

City of Plymouth
Plymouth, Wisconsin
Financial Statements
Year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

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 Plymouth, Wisconsin (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Plymouth Utilities, which is both a major fund and 100% of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plymouth Utilities, is based solely on the report of the other auditors. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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'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, based on our audit and the report of other auditors, 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, as well as each fiduciary fund type, of the City of Plymouth, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective January 1, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 and other auditors 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and other information listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Corson, Peterson & Hamann S.C.

Sheboygan, Wisconsin
October 9, 2019

This discussion and analysis of the City of Plymouth's financial information provides an overall review of financial activities for the year. The analysis generally focuses on City financial performance as a whole. A comparison to prior year data is also presented for additional analysis. The prior year data has not been restated to include the implementation of GASB Statement No. 75 effective January 1, 2018. This discussion and analysis should be read in conjunction with the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The City's overall financial position, as reflected in total net position, increased \$3,661,410. Net position of governmental activities increased \$1,161,129 and net position of business-type activities increased \$2,500,281.
- In the governmental funds, total fund balances increased \$138,574, including an increase of \$293,619 in the general fund.
- The City retired \$2,920,000 of general obligation debt and \$300,000 of revenue bond debt during the year.
- The capital improvements fund has \$936,335 committed for future capital improvements of the City. Expenditures of the capital improvements fund will continue to be funded with current tax levy.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. In addition, other information supplementary to the basic financial statements is provided.

Government-wide financial statements

- The government-wide financial statements are the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*.
- The *statement of net position* presents information on all of the City's assets, deferred outflow of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the City's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the year.
- The government-wide financial statements are shown on pages 13 to 15 of this report.

Fund financial statements

- The City also produces *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. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating the City's near-term financing requirements.
- There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances*. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balances.
- Because the focus of fund financial statements is narrower than that of the government-wide financial statements it is useful to make comparisons between the information presented. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided on separate statements.
- The City has three kinds of funds: *governmental, proprietary* and *fiduciary*. *Governmental funds* include the City's six permanent funds (general, debt service, revolving loan, USDA, revolving loan, garbage/recycling and housing grant) and individual capital project funds as needed. In the current year the City has four capital project funds, including three TIF Districts. The City's *proprietary funds* consist of enterprise funds (the Plymouth Utilities) and internal service funds (health care and risk management). The City's only *fiduciary fund* is the agency property tax fund.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances* for the general, debt service, TIF District #4 and capital improvements funds as these funds are considered to be major funds. Data for the remaining funds are combined into a single, aggregate column. Data for each of the individual nonmajor funds is provided separately as other supplementary information. The governmental fund financial statements are shown on pages 16 and 18 of this report.
- The proprietary fund statements for the enterprise funds and internal service funds are prepared on the same basis of accounting and measurement focus as the government-wide financial statements. In addition, the City provides a *statement of cash flows* for the proprietary funds. The internal service funds have been allocated between the governmental activities and business-type activities in the government-wide financial statements. The proprietary fund financial statements are shown on pages 20 to 24 of this report.
- The City serves as the trustee, or fiduciary, for assets that belong to other governments including State, County, School District and Vocational School tax collections. The City is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The City excludes the activities from the government-wide financial statements because it cannot use these assets to finance its operations. The fiduciary fund financial statement is presented on page 25.
- The City adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate budget compliance. The budgetary comparison schedule is on page 65.

Notes to the basic financial statements

The notes to the *basic financial statements* provide additional information that is essential to the 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 26 to 64 of this report.

Major features of the government-wide and fund financial statements

The major features of the City's financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table.

	Fund Financial Statements		
	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City (except fiduciary funds)	Proprietary funds consist of enterprise funds (the Plymouth Utilities) and internal service funds (health care and risk management)	Instances in which the City administers resources on behalf of someone else, such as State, County, School District and Vocational School tax collections
Required financial statements	Statement of net position Statement of activities	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Basis of accounting and measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; the City's funds do not currently contain any capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid	All additions or deductions during the year, regardless of when cash is received or paid

FINANCIAL ANALYSIS

The City as a Whole

Net position. Table 1, below, provides a summary of the City's net position for the year ended December 31, 2018 compared to 2017.

	Governmental Activities		Business-Type Activities		Total
	2018	2017	2018	2017	
Assets					
Current assets	\$12,916,926	\$12,790,222	\$ 17,262,237	\$17,510,070	\$ 30,179,163
Non-current assets	29,696,272	23,441,494	67,193,098	66,234,217	90,889,280
Capital assets - net	1,929,952	1,123,523	15,927,842	16,026,382	17,457,794
Other assets					
Total assets	\$38,143,150	\$37,355,239	\$100,383,087	\$99,770,669	\$138,626,237
Deferred outflows of resources	\$ 1,061,750	\$ 1,335,194	\$ 763,333	\$ 991,207	\$ 1,825,083
Liabilities					
Long-term debt	\$ 7,957,500	\$ 9,062,500	\$ 17,358,866	\$19,579,426	\$ 25,316,366
Other liabilities	1,405,726	1,263,481	3,265,479	3,164,901	4,671,205
Total liabilities	\$ 9,363,226	\$10,325,981	\$ 20,624,345	\$22,744,327	\$ 29,987,571
Deferred inflows of resources	\$ 8,289,167	\$ 7,491,914	\$ 699,832	\$ 413,486	\$ 8,988,999
Net position					
Net investment in capital assets	\$16,180,801	\$14,679,602	\$ 51,379,476	\$48,026,109	\$ 67,560,279
Restricted	3,272,163	2,867,602	17,618,015	17,440,400	33,347,480
Unrestricted	2,098,369	2,986,294	26,684,756	28,177,514	28,769,659
Total net position	\$21,552,507	\$20,872,538	\$ 79,822,243	\$ 77,604,063	\$101,374,750
					\$ 98,476,601

- Current assets include cash and investments, taxes receivable and accounts receivable.
- Net capital assets were little changed during the year.
- Other assets include restricted assets, long-term receivables and investment in ATC.
- Deferred outflows of resources consists of deferred outflows related to pension and OPEB.
- Long-term debt decreased due to debt payments during the year.
- Other liabilities include accounts payable, accrued expenses, accrued sick leave, net pension liability and net OPEB liability.
- Deferred inflows of resources consists of unearned revenue and deferred inflows related to pension and OPEB.

Change in net position. Table 2 shows the change in net position for the years ended December 31, 2018 and 2017.

	Governmental Activities	Business-Type Activities	Total
	2018	2017	2018
Revenues			
Program revenues	\$ 1,194,144	\$ 29,693,702	\$ 30,887,846
Charges for services	686,074	816,987	1,503,061
Operating grants and contributions	133,014	16,584	149,598
Capital grants and contributions			
General revenues	4,208,045	4,208,045	8,416,090
General property taxes	1,309,502	1,199,940	2,509,442
Other taxes	720,067	714,803	1,434,870
Shared revenues	183,867	989,322	1,173,189
Investment income	151,982	11,629	163,611
Other			
Total revenues	\$ 8,596,075	\$ 29,503,471	\$ 38,100,146
Expenses			
General government	\$ 2,247,336	\$ -	\$ 2,247,336
Public safety	1,939,967	-	1,939,967
Public works	2,310,121	-	2,310,121
Health and human services	188,027	-	188,027
Culture, recreation and education	1,061,469	-	1,061,469
Conservation and development	312,021	-	312,021
Interest and fees on debt	153,649	-	153,649
Plymouth Utilities	-	26,226,146	26,226,146
Total expenses	\$ 8,212,590	\$ 26,226,146	\$ 34,438,736
Change in net position before transfers	\$ 384,085	\$ 3,277,325	\$ 3,661,410
Transfers	777,044	(777,044)	-
Change in net position	\$ 1,161,129	\$ 2,500,281	\$ 3,661,410
Net position, Beginning of year	20,872,538	77,604,063	98,476,601
Change in accounting principal	(481,160)	(282,101)	(763,261)
Net position, End of year	\$ 21,552,507	\$ 79,822,243	\$ 101,374,750

- Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions, totaled \$2,013,232 for governmental activities and \$28,516,142 for business-type activities. In total, program revenues decreased \$933,876 compared to 2017.
- General revenues, including property taxes, shared revenues and investment income, totaled \$6,583,443 for governmental activities and \$987,329 for business-type activities. General property taxes increased \$100,003 compared to 2017.

Governmental Activities

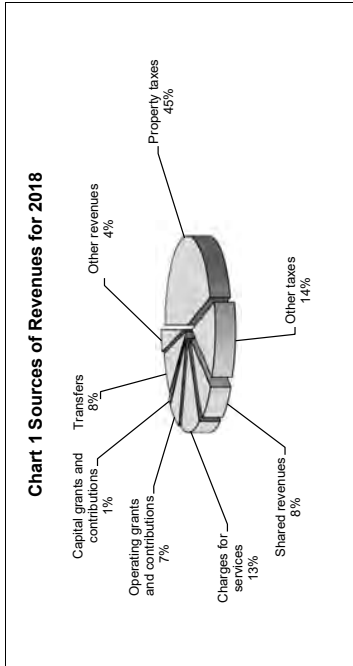
Net cost of governmental activities. Table 3 reports the cost of seven major City activities for the years ended December 31, 2018 and 2017. The table also shows each activity's net cost (total cost less fees generated by the activities and grants and contributions provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 2,247,336	\$ 2,181,813	\$ 2,057,179	\$ 1,988,081
Public safety	1,939,967	2,004,312	1,545,484	1,504,902
Public works	2,310,121	2,401,287	1,492,152	1,636,572
Health and human services	188,027	160,701	177,927	152,268
Culture, recreation and education	1,061,469	1,053,730	521,878	159,410
Conservation and development	312,021	374,653	251,069	182,533
Interest and fees on debt	153,649	180,988	153,649	180,988
Totals	\$ 8,212,590	\$ 8,357,484	\$ 6,199,358	\$ 5,804,754

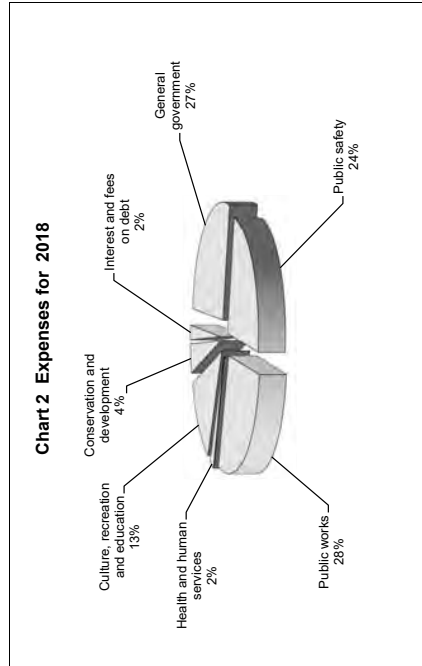
- The total cost of all governmental activities for the year was \$8,212,590, a decrease of \$144,894 compared to 2017.
- Individuals, other governments and others who directly participated in or benefited from a program paid \$1,194,144 of the costs.
- Governmental and other operating grants and contributions, including transportation aid and library County reimbursement, accounted for \$686,074 of the costs.
- Capital grants and contributions, including County sales tax for road improvements, accounted for \$133,014 of the costs.
- The net cost of governmental activities were financed with general revenues and transfers, which consists of general property taxes, other taxes, shared revenues, exempt computer aid, investment income, miscellaneous items and a transfer from the business-type activities.

Governmental Activities

- Property and other taxes account for the greatest portion of revenues for the City as illustrated in Chart 1.



- Expenses by major function are illustrated in Chart 2.



Business-Type Activities

Revenues for the City's business-type activities (Plymouth Utilities) are comprised of charges for services, capital grants and contributions and investment income. (See Table 2)

- The Utilities revenues exceeded expenses by \$2,500,281, an increase of \$14,093 compared to 2017.
- Charges for services, which are amounts paid by individuals and others for electric, water and sewage service, totaled \$28,499,558 for 2018, a decrease of \$221,728 compared to 2017.
- Capital grants and contributions from customers and developers totaled \$16,584, a decrease of \$172,650 compared to 2017.

Governmental Funds

The City completed the year with a total governmental fund balance of \$4,430,696, which was \$138,574 more than last year's ending fund balance of \$4,292,122.

- The general fund had an increase in fund balance of \$293,619, due to favorable budget variances.
- The debt service fund had a decrease in fund balance of \$14,300.
- The TIF District #4 fund had a decrease in fund balance of \$227,141.
- The capital improvements fund had a decrease in fund balance of \$123,720.

General Fund Budgetary Highlights

Consistent with current state statutes and regulations the Common Council adopts a general fund budget. Generally, the budget is not significantly modified during the year. The general fund had a favorable budget variance of \$293,619 for the year. The general fund budgetary comparison schedule is shown on page 65 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the City had invested over \$172 million in a broad range of capital assets, including land, land improvements, buildings and building improvements, infrastructure, utility transmission and distribution systems and furniture and equipment. (See Table 4) Additional information about capital assets can be found in Note 5. Accumulated depreciation on these assets totaled \$41,018,462 for governmental activities and \$40,748,321 for business-type activities.

- Major capital asset additions for the year include police vehicles, street improvements, snow blower, parking ramp upgrade, Meyer Nature Park restrooms, Stayer Park shelter, land purchase and utility system improvements.

Capital Assets - Continued

Table 4
 Capital Assets
 December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total
	2018	2017	2018	2017	
Land	\$ 2,452,695	\$ 2,056,822	\$ 1,498,234	\$ 1,499,078	\$ 3,950,929
Land improvements	2,412,348	2,131,875	-	-	2,412,348
Buildings and building improv.	7,789,219	7,489,244	8,149,925	8,149,925	15,938,144
Infrastructure	46,521,328	46,020,747	92,767,792	91,273,852	185,089,169
Utility plant	-	-	92,767,792	91,273,852	185,089,169
Furniture and equipment	5,540,144	5,408,778	4,207,387	4,149,324	9,747,551
Construction in progress	-	-	1,318,031	233,235	1,318,031
Accumulated depreciation	\$ 64,714,734	\$ 63,107,466	\$ 107,941,329	\$ 105,305,414	\$ 172,656,063
	(41,018,462)	(39,865,972)	(40,748,321)	(39,071,197)	(81,766,783)
Totals	\$ 23,896,272	\$ 23,441,494	\$ 67,193,008	\$ 66,234,217	\$ 90,889,280

Long-Term Obligations

At year end, the City had \$25,964,619 in general obligation debt, revenue bonds and other long-term obligations outstanding - a decrease of \$3,384,664 from last year. Additional information about the City's long-term obligations is presented in Note 6 to the financial statements.

Table 5
 Outstanding Long-Term Obligations
 December 31, 2018 and 2017

	Total		Increase (Decrease) 2018-2017
	2018	2017	
General obligation debt	\$ 19,795,000	\$ 22,715,000	\$ (2,920,000)
Revenue bonds	5,120,000	5,420,000	(300,000)
Promissory notes	401,366	506,926	(105,560)
Accrued sick leave	467,251	505,951	(38,700)
Unamortized premium on debt	174,689	201,406	(26,717)
Customer advances for construction	6,313	-	6,313
Totals	\$ 25,964,619	\$ 29,349,282	\$ (3,384,664)

- The City retired \$2,920,000 of general obligation debt and \$300,000 of revenue bond debt during the year.

FACTORS BEARING ON THE CITY'S FUTURE

Currently known circumstances that will impact the City's financial status in the future are:

- In March 2019, Moody's Investors Service upgraded Plymouth Utilities revenue bond rating two steps from A2 to Aa3, on par with the City rating for general obligation debt.
- The City of Plymouth is in the process of issuing a \$1.5 million general obligation (GO) bond to support infrastructure projects under the Tax Incremental Finance District No. 5 project plan. Debt repayments will be made by the cashflows of the District over a 10-year period.
- In 2019, the Plymouth Common Council approved the creation of a Stormwater Utility as part of the enterprise fund activities for Plymouth Utilities. Billing for the utility will begin in 2020 upon update of the billing system and customer account information. The initial Equivalent Runoff Unit (ERU) includes a base rate administrative charge of \$0.50 and \$2.00 rate charge per ERU for stormwater management activities.
- Sewer Utility volume rates for budget year 2020 were increased by 2.9%. The average residential customer is expected to have a 2.1% increase to their sewer utility bill for year 2020.
- The business CDBG revolving loan fund program became defederalized and state and federal CDBG regulations no longer apply to the funds. The City transferred \$500,000 in funding from this program to capitalize a water/sewer lateral loan program to support the replacement of lead water laterals, leaking or failed water laterals, and/or failed or deficient sewer laterals. Loan funds will be repaid through a special charge on the property tax bill.
- The Plymouth Common Council adopted resolution 16 of 2019 establishing the legislative intent to extend the life of Tax Incremental Finance District #4 for one additional year to 2026 in order to establish a \$2.2 million housing revolving loan fund program to provide low-interest loans to encourage housing stock investment.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator/Utilities Manager, City of Plymouth, P O Box 107, Plymouth, Wisconsin 53073.

City of Plymouth
Statement of Net Position
December 31, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash and investments	\$ 8,052,524	\$ 13,405,866	\$ 21,458,390
Receivables			
Taxes	4,573,398	-	4,573,398
Delinquent PP taxes	1,036	-	1,036
Special charges	173,380	-	173,380
Accounts	42,204	1,936,268	1,978,472
Interest	5,216	137,624	142,840
Restricted assets			
Redemption account	-	241,580	241,580
Internal balances - interfunds	8,596	(8,596)	-
Due from other governments	36,727	-	36,727
Materials and supplies	-	376,442	376,442
Prepaid expenses	23,845	17,493	41,338
Current portion of receivable from TIF	-	1,100,000	1,100,000
Current portion of note receivable	-	55,560	55,560
	<u>-</u>	<u>55,560</u>	<u>55,560</u>
Total current assets	<u>\$12,916,926</u>	<u>\$ 17,262,237</u>	<u>\$ 30,179,163</u>
Non-current assets			
Restricted assets			
Reserve account	\$ -	\$ 651,001	\$ 651,001
Replacement account	-	1,200,001	1,200,001
Construction account	-	450,715	450,715
Net pension asset	567,317	351,807	919,124
	<u>567,317</u>	<u>351,807</u>	<u>919,124</u>
Total restricted assets	<u>\$ 567,317</u>	<u>\$ 2,653,524</u>	<u>\$ 3,220,841</u>
Other assets			
Revolving loans receivable	\$ 1,424,224	\$ -	\$ 1,424,224
Advance to stormwater utility	-	36,688	36,688
Receivable from TIF	-	6,712,965	6,712,965
Internal balances - advances	(461,589)	461,589	-
Note receivable	-	166,640	166,640
Investment in American Transmission Company	-	5,896,436	5,896,436
	<u>-</u>	<u>5,896,436</u>	<u>5,896,436</u>
Total other assets	<u>\$ 962,635</u>	<u>\$ 13,274,318</u>	<u>\$ 14,236,953</u>
Capital assets			
Land and construction in progress	\$ 2,452,695	\$ 2,816,265	\$ 5,268,960
Other capital assets, net of accumulated depreciation	21,243,577	64,376,743	85,620,320
	<u>21,243,577</u>	<u>64,376,743</u>	<u>85,620,320</u>
Total capital assets	<u>\$23,696,272</u>	<u>\$ 67,193,008</u>	<u>\$ 90,889,280</u>
Total non-current assets	<u>\$25,226,224</u>	<u>\$ 83,120,850</u>	<u>\$108,347,074</u>
Total assets	<u>\$38,143,150</u>	<u>\$100,383,087</u>	<u>\$138,526,237</u>
Deferred outflows of resources			
Unamortized loss on advance refunding	\$ -	\$ 93,679	\$ 93,679
Deferred outflows related to pension	1,043,677	654,613	1,698,290
Deferred outflows related to OPEB	18,073	15,041	33,114
	<u>18,073</u>	<u>15,041</u>	<u>33,114</u>
Total deferred outflows of resources	<u>\$ 1,061,750</u>	<u>\$ 763,333</u>	<u>\$ 1,825,083</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Net Position
December 31, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 365,227	\$ 1,638,370	\$ 2,003,597
Accrued payroll taxes and benefits	58,085	-	58,085
Due to other governments	11,429	-	11,429
Customer deposits	-	72,404	72,404
Accrued taxes	-	770,719	770,719
Accrued interest	38,820	77,392	116,212
Accrued vacation leave	-	89,756	89,756
Other current liabilities	-	31,622	31,622
Commitment to Community	-	3,477	3,477
Unearned revenue	16,616	-	16,616
Current portion of long-term obligations			
General obligation debt	1,167,500	1,772,500	2,940,000
Revenue bonds	-	310,000	310,000
Promissory notes	-	105,560	105,560
	<u>1,657,677</u>	<u>4,871,800</u>	<u>6,529,477</u>
Total current liabilities			
Non-current liabilities			
Non-current portion of long-term obligations			
General obligation debt	\$ 6,790,000	\$10,065,000	\$ 16,855,000
Revenue bonds	-	4,810,000	4,810,000
Promissory notes	-	295,806	295,806
Accrued sick leave	246,449	220,802	467,251
Unamortized premium on debt	135,471	39,218	174,689
Customer advances for construction	-	6,313	6,313
Net OPEB liability	533,629	315,406	849,035
	<u>7,705,549</u>	<u>15,752,545</u>	<u>23,458,094</u>
Total non-current liabilities			
Total liabilities			
	<u>\$ 9,363,226</u>	<u>\$20,624,345</u>	<u>\$ 29,987,571</u>
Deferred inflows of resources			
Unearned revenue	\$ 7,160,338	\$ -	\$ 7,160,338
Deferred inflows related to pension	1,118,618	691,395	1,810,013
Deferred inflows related to OPEB	10,211	8,437	18,648
	<u>8,289,167</u>	<u>699,832</u>	<u>8,988,999</u>
Total deferred inflows of resources			
Net position			
Net investment in capital assets	\$16,180,801	\$51,379,478	\$ 67,560,279
Restricted for			
Debt service	-	206,207	206,207
TIF District #4	298,649	-	298,649
TIF District #5	404,770	-	404,770
Revolving loan programs	1,894,929	-	1,894,929
Housing grants	107,738	-	107,738
Equipment replacement	-	1,200,001	1,200,001
Pension	567,317	351,807	919,124
Unrestricted	<u>2,098,303</u>	<u>26,684,750</u>	<u>28,783,053</u>
Total net position			
	<u>\$21,552,507</u>	<u>\$79,822,243</u>	<u>\$101,374,750</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Activities
Year ended December 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities						
General government	\$ 2,247,336	\$ -	\$ -	\$(2,057,179)	-	\$ (2,057,179)
Public safety	1,939,967	57,833	-	(1,545,484)	-	(1,545,484)
Public works	2,310,121	415,770	104,514	(1,492,152)	-	(1,492,152)
Health and human services	188,027	-	-	(177,927)	-	(177,927)
Culture, recreation and education	1,061,469	212,471	28,500	(521,878)	-	(521,878)
Conservation and development	312,021	-	-	(251,089)	-	(251,089)
Interest and fees on debt	153,649	-	-	(153,649)	-	(153,649)
Total governmental activities	<u>\$ 8,212,590</u>	<u>\$ 1,194,144</u>	<u>\$ 133,014</u>	<u>\$(6,199,358)</u>	<u>\$ -</u>	<u>\$ (6,199,358)</u>
Business-type activities						
Plymouth Utilities	\$26,226,146	\$28,499,558	\$ 16,584	-	\$ 2,289,996	\$ 2,289,996
Total government	<u>\$34,438,736</u>	<u>\$29,693,702</u>	<u>\$149,598</u>	<u>\$(6,199,358)</u>	<u>\$ 2,289,996</u>	<u>\$ (3,909,362)</u>
General revenues						
Taxes						
General property taxes				\$ 4,208,045	-	\$ 4,208,045
Tax increments - net				1,062,845	-	1,062,845
Other taxes				246,657	-	246,657
State aids not restricted to specific functions						
Shared revenues				720,067	-	720,067
Exempt computer aid				86,129	-	86,129
Other income						
Investment income				193,867	975,700	1,169,567
Miscellaneous				65,833	11,629	77,462
Total general revenues				\$ 6,583,443	\$ 987,329	\$ 7,570,772
Transfers				777,044	(777,044)	-
Total general revenues and transfers				<u>\$ 7,360,487</u>	<u>\$ 210,285</u>	<u>\$ 7,570,772</u>
Change in net position				\$ 1,161,129	\$ 2,500,281	\$ 3,661,410
Net position, Beginning of year				20,872,538	77,604,063	98,476,601
Cumulative effect of a change in accounting principle				(481,160)	(282,101)	(763,261)
Net position, End of year				<u>\$21,552,507</u>	<u>\$79,822,243</u>	<u>\$101,374,750</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Balance Sheet
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>TIF District #4</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Assets						
Cash and investments	\$4,101,820	\$10,174	\$1,047,353	\$1,078,250	\$1,331,934	\$ 7,569,531
Receivables						
Taxes	2,859,915	-	1,434,726	-	278,757	4,573,398
Delinquent PP taxes	1,036	-	-	-	-	1,036
Special charges	2,693	-	-	-	170,687	173,380
Accounts	13,464	-	-	2,997	5,170	21,631
Interest	3,838	-	-	-	-	3,838
Due from other funds	19,274	-	-	-	-	19,274
Due from other governments	36,727	-	-	-	-	36,727
Prepaid expenses	23,845	-	-	-	-	23,845
Advances to other funds	<u>28,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,267</u>
Total assets	<u>\$7,090,879</u>	<u>\$10,174</u>	<u>\$2,482,079</u>	<u>\$1,081,247</u>	<u>\$1,786,548</u>	<u>\$12,450,927</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 97,492	\$ -	\$ -	\$ 137,397	\$ 38,340	\$ 273,229
Accrued payroll taxes and benefits	58,085	-	-	-	-	58,085
Due to other funds	3,958	-	-	6,720	-	10,678
Due to other governments	10,634	-	-	795	-	11,429
Unearned revenue	16,616	-	-	-	-	16,616
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,856</u>	<u>489,856</u>
Total liabilities	<u>\$ 186,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,912</u>	<u>\$ 528,196</u>	<u>\$ 859,893</u>
Deferred inflows of resources						
Unearned revenue	<u>\$4,316,525</u>	<u>\$ -</u>	<u>\$2,165,459</u>	<u>\$ -</u>	<u>\$ 678,354</u>	<u>\$ 7,160,338</u>
Fund balances						
Non-spendable	\$ 52,112	\$ -	\$ -	\$ -	\$ -	\$ 52,112
Restricted	-	10,174	316,620	-	985,658	1,312,452
Committed	233,495	-	-	936,335	88,329	1,258,159
Unassigned (deficit)	<u>2,301,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(493,989)</u>	<u>1,807,973</u>
Total fund balances	<u>\$2,587,569</u>	<u>\$10,174</u>	<u>\$ 316,620</u>	<u>\$ 936,335</u>	<u>\$ 579,998</u>	<u>\$ 4,430,696</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$7,090,879</u>	<u>\$10,174</u>	<u>\$2,482,079</u>	<u>\$1,081,247</u>	<u>\$1,786,548</u>	<u>\$12,450,927</u>

See accompanying notes to the basic financial statements.

City of Plymouth
 Reconciliation of the Governmental Funds Balance Sheet
 with the Government-Wide Statement of Net Position
 December 31, 2018

Total fund balances - governmental funds \$ 4,430,696

Amounts reported for governmental activities in the statement of net position are different because:

Long-term receivables are not financial resources and therefore are not reported in the fund statements. Long-term receivables reported in the statement of net position include:

Revolving loans 1,424,224

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Governmental capital assets	\$ 64,714,734	
Governmental accumulated depreciation	<u>(41,018,462)</u>	23,696,272

Restricted assets related to the City's participation in the WRS are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Net pension asset - WRS 567,317

Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Deferred outflows of resources	\$ 1,061,750	
Deferred inflows of resources	<u>(1,128,829)</u>	(67,079)

A portion of internal service funds are reported in the statement of net position as governmental funds:

412,946

Governmental funds report premiums associated with the issuance of long-term debt as other financing sources, but these items are amortized over the life of the debt issuance on the statement of activities. Amounts reported for governmental activities in the statement of net position include:

Unamortized premium on debt (135,471)

Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the fund balance sheet are:

General obligation debt	\$ 7,957,500	
Accrued interest on long-term debt	38,820	
Accrued sick leave	246,449	
Net OPEB liability	<u>533,629</u>	<u>(8,776,398)</u>

Total net position - governmental activities \$21,552,507

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>TIF District #4</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Revenues						
General property taxes	\$ 4,208,045	\$ -	\$ -	\$ -	\$ -	\$ 4,208,045
Other taxes	247,340	-	2,026,905	-	405,244	2,679,489
Intergovernmental revenues	1,432,372	-	31,682	106,780	11,450	1,582,284
Licenses and permits	254,611	-	-	-	-	254,611
Fines, forfeits and penalties	83,298	-	-	-	-	83,298
Public charges for services	268,531	-	-	-	279,385	547,916
Intergovernmental charges for services	151,437	-	-	-	-	151,437
Miscellaneous	321,143	441	11,356	33,600	490,077	856,617
Total revenues	\$ 6,966,777	\$ 441	\$ 2,069,943	\$ 140,380	\$1,186,156	\$10,363,697
Expenditures						
Current						
General government	\$ 1,897,519	\$ -	\$ 6,057	\$ -	\$ 9,186	\$ 1,912,762
Public safety	1,697,102	-	-	-	-	1,697,102
Public works	792,845	-	-	-	385,477	1,178,322
Health and human services	152,419	-	-	-	-	152,419
Culture, recreation and education	850,334	-	-	-	-	850,334
Conservation and development	118,618	-	58,616	-	380,092	557,326
Capital outlay	91,702	-	399,568	1,457,852	-	1,949,122
Debt service						
Principal	-	436,763	593,237	-	125,000	1,155,000
Interest	-	77,471	89,563	-	12,935	179,969
Fees	-	507	-	-	-	507
Total expenditures	\$ 5,600,539	\$ 514,741	\$ 1,147,041	\$ 1,457,852	\$ 912,690	\$ 9,632,863
Excess (deficiency) of revenues over expenditures	\$ 1,366,238	\$(514,300)	\$ 922,902	\$(1,317,472)	\$ 273,466	\$ 730,834
Other financing sources (uses)						
Transfer from capital improvements fund	\$ 14,600	\$ -	\$ -	\$ (14,600)	\$ -	\$ -
Transfer from revolving loan fund	2,120	-	-	-	(2,120)	-
Transfer from enterprise fund	777,044	-	-	-	-	777,044
Transfer to debt service fund	(500,000)	500,000	-	-	-	-
Transfer to capital improvements fund	(1,208,352)	-	-	1,208,352	-	-
Transfer to garbage/recycling fund	(158,031)	-	-	-	158,031	-
TIF taxes to Utility	-	-	(1,150,043)	-	(219,261)	(1,369,304)
Net other financing sources (uses)	\$(1,072,619)	\$ 500,000	\$(1,150,043)	\$ 1,193,752	\$ (63,350)	\$ (592,260)
Net change in fund balances	\$ 293,619	\$ (14,300)	\$ (227,141)	\$ (123,720)	\$ 210,116	\$ 138,574
Fund balances, Beginning of year	2,293,950	24,474	543,761	1,060,055	369,882	4,292,122
Fund balances, End of year	\$ 2,587,569	\$ 10,174	\$ 316,620	\$ 936,335	\$ 579,998	\$ 4,430,696

See accompanying notes to the basic financial statements.

City of Plymouth
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances with the Government-Wide Statement of Activities
 Year ended December 31, 2018

Net change in fund balances - total governmental funds		\$ 138,574
Amounts reported for governmental activities in the statement of activities are different because:		
<p>In the governmental funds, revolving loans are reported as expenditures when made and revenue when collected. These items are not reported in the statement of activities, but rather increase or decrease a receivable in the statement of net position. In the current period, these amounts are:</p>		
Revolving loans made	\$ 255,000	
Revolving loans collected	<u>(415,888)</u>	(160,888)
<p>In the statement of activities, accrued sick leave benefits are measured by the amounts <i>earned</i> during the year. In the governmental funds, however, expenditures for these benefits are measured by the amount <i>paid</i>. In the current period:</p>		
Accrued sick leave benefits paid were greater than benefits earned in the amount of:		13,454
<p>In the governmental funds, pension contributions are reported as an expenditure when paid or payable. However, in the statement of activities, pension expense is adjusted for the net change in pension related deferred outflows, deferred inflows and the net pension liability (asset) during the year. In the current period, these amounts are:</p>		
Change in pension related items		(65,626)
<p>In the governmental funds, OPEB contributions are reported as an expenditure when paid or payable. However, in the statement of activities, OPEB expense is adjusted for the net change in OPEB related deferred outflows, deferred inflows and the net OPEB liability during the year. In the current period, these amounts are:</p>		
Change in OPEB related items		(44,607)
<p>Internal service funds are used by management to charge health care and risk management costs to individual funds. The change in net position of the internal service funds reported with governmental activities for the year is:</p>		
		(101,097)
<p>Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital outlays	\$ 1,703,615)	
Depreciation expense	<u>(1,448,837)</u>	254,778
<p>Repayment of principal on long-term debt is reported as an expenditure in the governmental funds, but is reported as a reduction in long-term liabilities in the statement of net position. In the current period, these amounts consisted of:</p>		
Principal paid on long-term debt		1,105,000
<p>In governmental funds interest payments on long-term debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred. In the current period, these amounts are:</p>		
Interest paid	\$ 174,683	
Interest accrued	<u>(169,563)</u>	5,120
<p>Governmental funds report the effect of debt premium when the debt is issued, whereas this amount is deferred and amortized in the statement of activities. In the current period, these amounts are:</p>		
Amortization of debt premium		<u>16,421</u>
Change in net position - governmental activities		<u>\$1,161,129</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities Enterprise Funds <u>Plymouth Utilities</u>	Internal Service Funds
Assets		
Current assets		
Cash and investments	\$ 12,293,675	\$1,595,184
Accounts receivable	1,930,427	26,414
Interest receivable	132,908	6,094
Restricted assets		
Redemption account	241,580	-
Due from other funds	10,678	-
Materials and supplies	376,442	-
Prepaid expenses	17,493	-
Current portion of receivable from TIF	1,100,000	-
Current portion of note receivable	<u>55,560</u>	<u>-</u>
Total current assets	<u>\$ 16,158,763</u>	<u>\$1,627,692</u>
Non-current assets		
Restricted assets		
Reserve account	\$ 651,001	\$ -
Replacement account	1,200,001	-
Construction account	450,715	-
Net pension asset	<u>351,807</u>	<u>-</u>
Total restricted assets	<u>\$ 2,653,524</u>	<u>\$ -</u>
Other assets		
Advance to stormwater utility	\$ 36,688	\$ -
Receivable from TIF	6,712,965	-
Advances to other funds	461,589	-
Note receivable	166,640	-
Investment in American Transmission Company	<u>5,896,436</u>	<u>-</u>
Total other assets	<u>\$ 13,274,318</u>	<u>\$ -</u>
Capital assets		
Electric plant	\$ 54,231,537	\$ -
Water plant	25,229,291	-
Sewage plant	<u>28,480,501</u>	<u>-</u>
	\$107,941,329	\$ -
Less: Accumulated depreciation	<u>(40,748,321)</u>	<u>-</u>
Total capital assets	<u>\$ 67,193,008</u>	<u>\$ -</u>
Total non-current assets	<u>\$ 83,120,850</u>	<u>\$ -</u>
Total assets	<u>\$ 99,279,613</u>	<u>\$1,627,692</u>
Deferred outflows of resources		
Unamortized loss on advance refunding	\$ 93,679	\$ -
Deferred outflows related to pension	654,613	-
Deferred outflows related to OPEB	<u>15,041</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 763,333</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities Enterprise Funds <u>Plymouth Utilities</u>	Internal Service Funds
Liabilities		
Current liabilities		
Accounts payable	\$ 1,605,536	\$ 124,832
Due to other funds	19,274	-
Customer deposits	72,404	-
Accrued taxes	770,719	-
Accrued interest	41,479	-
Accrued vacation leave	89,756	-
Other current liabilities	31,622	-
Commitment to Community	3,477	-
Current portion of general obligation debt	1,772,500	-
Current portion of promissory notes	105,560	-
Current liabilities payable from restricted assets		
Current portion of revenue bonds	310,000	-
Accrued interest	<u>35,913</u>	<u>-</u>
Total current liabilities	<u>\$ 4,858,240</u>	<u>\$ 124,832</u>
Non-current liabilities		
Non-current portion of long-term obligations		
General obligation debt	\$10,065,000	\$ -
Revenue bonds	4,810,000	-
Promissory notes	295,806	-
Accrued sick leave	220,802	-
Unamortized premium on debt	39,218	-
Customer advances for construction	6,313	-
Net OPEB liability	<u>315,406</u>	<u>-</u>
Total non-current liabilities	<u>\$15,752,545</u>	<u>\$ -</u>
Total liabilities	<u>\$20,610,785</u>	<u>\$ 124,832</u>
Deferred inflows of resources		
Deferred inflows related to pension	\$ 691,395	\$ -
Deferred inflows related to OPEB	<u>8,437</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 699,832</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$51,379,478	\$ -
Restricted for		
Debt service	206,207	-
Equipment replacement	1,200,001	-
Pension	351,807	-
Unrestricted	<u>25,594,836</u>	<u>1,502,860</u>
Total net position	<u>\$78,732,329</u>	<u>\$1,502,860</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.		
	<u>1,089,914</u>	
Net position of business-type activities	<u>\$79,822,243</u>	

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended December 31, 2018

	Business-Type Activities Enterprise Funds <u>Plymouth Utilities</u>	Internal <u>Service Funds</u>
Operating revenues		
Charges for services	\$28,387,031	\$1,377,743
Other operating revenues	<u>112,527</u>	<u>95,682</u>
Total operating revenues	<u>\$28,499,558</u>	<u>\$1,473,425</u>
Operating expenses		
Operation and maintenance	\$22,854,243	\$1,631,052
Depreciation	<u>2,663,864</u>	<u>-</u>
Total operating expenses	<u>\$25,518,107</u>	<u>\$1,631,052</u>
Operating income (loss)	<u>\$ 2,981,451</u>	<u>\$ (157,627)</u>
Non-operating revenues (expenses)		
Investment income	\$ 957,696	\$ 26,731
Income from merchandising and jobbing	11,629	-
Gain (loss) on disposal of assets	(189,900)	-
Interest expense	(459,283)	-
Amortization of debt premium	10,296	-
Amortization of loss on advance refunding	<u>(21,349)</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>\$ 309,089</u>	<u>\$ 26,731</u>
Income (loss) before contributions and transfers	\$ 3,290,540	\$ (130,896)
Capital contributions	16,584	-
Transfer to general fund	(777,044)	-
Change in net position	\$ 2,530,080	\$ (130,896)
Net position, Beginning of year	76,484,350	1,633,756
Cumulative effect of a change in accounting principle	<u>(282,101)</u>	<u>-</u>
Net position, End of year	<u>\$78,732,329</u>	<u>\$1,502,860</u>
 <u>Reconciliation to the government-wide statement of activities</u>		
Change in net position (above)	\$ 2,530,080	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>(29,799)</u>	
Change in net position of business-type activities	<u>\$ 2,500,281</u>	

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2018

	Business-Type Activities Enterprise Funds <u>Plymouth Utilities</u>	Internal Service Funds
Cash flows from operating activities		
Received from customers	\$ 28,544,344	\$ 1,377,743
Received from municipality for services	151,082	-
Other operating cash receipts	-	90202
Paid to suppliers for goods and services	(21,360,760)	(1,582,374)
Paid to employees for operating payroll	<u>(1,269,322)</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 6,065,344</u>	<u>\$ (114,429)</u>
Cash flows from noncapital financing activities		
Paid to municipality for tax equivalent	\$ (746,003)	\$ -
Transfers to other funds	(6,325)	-
Repayment of note receivable	55,560	-
Debt retired	(105,560)	-
Interest paid	<u>(5,287)</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>\$ (807,615)</u>	<u>\$ -</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	\$ (4,073,012)	\$ -
Capital contributions received	69,720	-
Received from TIF	1,161,000	-
Debt retired	(2,115,000)	-
Interest paid	<u>(456,923)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>\$ (5,414,215)</u>	<u>\$ -</u>
Cash flows from investing activities		
Investments purchased	\$ (1,681,000)	\$ -
Investments sold and matured	4,182,290	-
Investment in American Transmission Company	(244,199)	-
Investment income	<u>824,855</u>	<u>19,062</u>
Net cash flows from investing activities	<u>\$ 3,081,946</u>	<u>\$ 19,062</u>
Net change in cash and cash equivalents	\$ 2,925,460	\$ (95,367)
Cash and cash equivalents, Beginning of year	<u>2,063,779</u>	<u>889,145</u>
Cash and cash equivalents, End of year	<u>\$ 4,989,239</u>	<u>\$ 793,778</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2018

	Business-Type Activities Enterprise Funds <u>Plymouth Utilities</u>	Internal Service Funds
<u>Noncash capital and related financing activities</u>		
Dividends reinvested in American Transmission Company	\$ <u>136,416</u>	\$ <u>-</u>
Loss on disposal of assets	\$ <u>189,900</u>	\$ <u>-</u>
<u>Reconciliation of operating income (loss) to net cash flows from operating activities</u>		
Operating income (loss)	\$ 2,981,451	\$ (157,627)
Non-operating revenues	\$ 11,629	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Depreciation	2,663,864	-
Depreciation charged to other accounts	247,311	-
Changes in assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	149,780	(23,014)
Due from other funds	27,343	-
Materials and supplies	2,824	-
Prepaid expenses	52,617	-
Due from stormwater utility	(36,688)	-
Accounts payable	(82,365)	66,212
Due to other funds	19,274	-
Customer deposits	43,914	-
Accrued vacation and sick leave	(84,089)	-
Other current liabilities	(231)	-
Commitment to Community	(8,547)	-
Pension related deferrals and liabilities	50,556	-
OPEB related deferrals and liabilities	<u>26,701</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 6,065,344</u>	<u>\$ (114,429)</u>
<u>Reconciliation of cash and cash equivalents to statement of net position</u>		
Cash and investments	\$12,293,675	\$1,595,184
Restricted assets		
Cash and investments	<u>\$ 2,543,297</u>	<u>-</u>
Total cash and investments	\$14,836,972	\$1,595,184
Less: Noncash equivalents	<u>(9,847,733)</u>	<u>(801,406)</u>
Cash and cash equivalents	<u>\$ 4,989,239</u>	<u>\$ 793,778</u>

See accompanying notes to the basic financial statements.

City of Plymouth
Statement of Net Position
Fiduciary Funds
December 31, 2018

	<u>Agency Fund</u>
Assets	
Cash and investments	\$3,137,460
Taxes receivable	<u>6,160,109</u>
Total assets	<u>\$9,297,569</u>
Liabilities	
Due to other governments	<u>\$9,297,569</u>

See accompanying notes to the basic financial statements.

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Plymouth (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity/Component Units

The City is governed by a mayor and an 8 member elected common council and provides the following services: public safety (police protection, fire protection, inspections and civil defense), streets, sanitation, health and human services, culture, recreation and education, public improvements, planning and zoning and general administrative services. Other services include electric, water and sewage services.

The accompanying financial statements present the activities of the City of Plymouth. Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. All significant activities and organizations with which the City exercises oversight responsibility have been considered for inclusion in the financial statements. The City of Plymouth is not a component unit of another reporting entity nor does it have any component units.

B. Government-Wide and Fund Financial Statements

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective January 1, 2018. The primary objective of this Statement is to improve the accounting and financial reporting by state and local governments for post-employment benefits other than pensions. The cumulative impact of this implementation is reported in Note 16.

Government-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the City's governmental and business-type activities as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Note 1. Summary of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - Continued

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund.

Debt Service Fund - This fund accounts for and reports financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest and related costs, other than TIF District or Utility debt.

TIF District #4 Fund - This fund accounts for activities associated with the design, construction, debt service payments and related costs of TIF District #4.

Capital Improvements Fund - This fund accounts for the financial resources to be used for the acquisition, construction or maintenance of capital facilities and other capital assets.

The City also reports the following nonmajor governmental funds:

Revolving Loan Fund	Housing Grant Fund
USDA Revolving Loan Fund	TIF District #5 Fund
Garbage/Recycling Fund	TIF District #6 Fund

The City reports two proprietary fund types - enterprise funds and internal service funds.

Enterprise funds are used to account for operations where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Plymouth Utilities, which accounts for the City's electric, water and sewage service operations, is reported in this fund.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the City on a cost-reimbursement basis. All internal service funds are combined into a single aggregate column in the proprietary fund financial statements. Individual fund information is provided as other supplementary information for the health care and risk management internal service funds.

The City's fiduciary funds account for activities in which the City acts as a trustee or in an agency capacity for other governments. These resources are not available to support City operations.

Note 1. Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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. Unbilled receivables are recorded as revenues when services are provided.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and deferred inflows. 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 to the resources and the amounts are available. Amounts received before eligibility requirements are met are recorded as liabilities.

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

Note 1. Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting - Continued

Fund Financial Statements - Continued

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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 proprietary funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

Cash and Investments

For purposes of the statement of cash flows, the City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate accounts.

State statutes, and the City's investment policy, permit the City to invest available cash balances in the following:

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

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Cash and Investments - Continued

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. For investments subject to market fluctuation, fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized costs. Adjustments necessary to record investments at fair value are recorded in the financial statements as increases or decreases in investment income. Fair values may have changed significantly after year end.

Property Taxes

The aggregate amount of property taxes to be levied is determined according to State statute. The City collects its own property taxes and also taxes for the State, Sheboygan County, Lakeshore Technical College and Plymouth Joint School District. Property taxes attach an enforceable lien as of January 1 and are recognized when levied. The City collects the taxes through January 31.

Property tax calendar - 2017 tax roll collect 2018

Levy date	December 2017
Tax bills mailed	December 2017
Real property taxes	
Payment in full or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes	
Payment in full	January 31, 2018

Property taxes uncollected on January 31 are turned over to Sheboygan County for collection. Sheboygan County pays the remainder of the tax levy (excluding special assessments and special charges) to the City during August. Special assessments and special charges are paid to the City when collected by the County. Delinquent personal property taxes are retained at the local level for collection.

Property taxes for the subsequent year are reported as unearned revenue on the financial statements.

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Internal Receivables and Payables

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

In the governmental fund financial statements, advances to other funds are equally offset by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for current appropriation.

Materials and Supplies - Proprietary Funds

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

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.

Advance to Stormwater Utility

This account is used to accumulate monies advanced to the stormwater utility, formed in 2019.

Receivables from TIF Districts - Proprietary Funds

On September 11, 2001, the Common Council adopted a resolution to create TIF District #4. During 2001 - 2017, the Utility financed construction of electric, water and sewage facilities, which are eligible TIF-plan projects.

On January 29, 2008, the Common Council adopted a resolution to create TIF District #5. During 2008 - 2012, the Utility financed construction of water utility facilities, which are eligible TIF-plan projects.

On December 7, 2010, the Common Council adopted a resolution to create TIF District #6. During 2011 - 2012, the Utility financed construction of water and sewage utility facilities, which are eligible TIF-plan projects.

A receivable has been recorded as project costs are incurred. A repayment schedule for the TIF Districts will be established when the corresponding costs for the construction of utility facilities are finalized. The current portion of the receivable is based on the TIF share of the Utility's financing of these projects.

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Investment in American Transmission Company (ATC)

The Electric Utility is a member of the ATC, which was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The Utility owns less than 1/2 of 1 percent of the ATC. The investment in the ATC can only be redeemed by the ATC or another existing member.

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the Utility has the option to contribute additional funds to maintain their proportionate share of ownership. The investment is valued at net asset value per share which is equal to the original cost, plus additional contributions and reinvested dividends and approximates fair value.

Capital Assets

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to the City.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
<u>Governmental Activities</u>			
Land improvements	\$5,000	Straight-line	20-50 Years
Buildings and building improvements	5,000	Straight-line	45-50 Years
Infrastructure	5,000	Straight-line	10-100 Years
Furniture and equipment	5,000	Straight-line	5-20 Years
<u>Business-Type Activities</u>			
Electric plant	5,000	Straight-line	7-50 Years
Water plant	5,000	Straight-line	4-77 Years
Sewage plant	5,000	Straight-line	15-100 Years

In the fund financial statements, capital assets used in governmental fund operations are reported as an expenditure when acquired by the City. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

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 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Customer Deposits

This account represents amounts deposited with the Utility by customers as security for payment of customer receivables.

Commitment to Community

The Electric Utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance ("Commitment to Community") programs. The Utility is acting as an agent administering the program and accordingly net collections and expenditures/remittances associated with the program are recorded as a current liability on the statement of net position.

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.

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. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Promissory Notes and Note Receivable

WPPI Energy has established a non-interest bearing loan program pursuant to which money may be loaned to members or member utilities of WPPI to support eligible renewable energy projects and eligible energy efficiency projects. The Utility received a \$500,000 loan to fund a geothermal HVAC system with payments due monthly until July 28, 2022.

The City received a rural economic development loan through the Utility, for which GTS Solutions LLC was the ultimate recipient of the loan proceeds. The City will be responsible for making the monthly payments on this loan, and as a result, a note receivable has also been recorded.

Customer Advances for Construction

The balance represents fees collected for future capital improvements. The fees may be refundable based on rules filed with the PSCW or statutory requirements.

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

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.

E. Pensions

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

F. Other Post-Employment Benefits (OPEB) - Health Care and Local Retiree Life Insurance Fund

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Post-Employment Benefit Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

G. Net Position

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in the following three categories:

Net investment in capital assets - Consists of the historical cost of capital assets less accumulated depreciation less any debt that remains outstanding that was used to finance those assets.

Restricted net position - Consists of net position with constraints placed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted net position - All other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by unrestricted resources as needed.

Note 1. Summary of Significant Accounting Policies - Continued

H. Fund Balances

In the governmental fund financial statements, the City's fund balances are displayed in the following five categories:

Nonspendable - Amounts that are not in a spendable form (such as long-term receivables and prepaid expenses) or are required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the City's Common Council, the highest level of decision making authority for the City.

Assigned - Amounts that are constrained by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed.

Unassigned - The residual classification of the City's general fund or any fund balance deficit.

The City's Common Council has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the approval of the majority of the Common Council, the City's highest level of decision making authority. Commitments, once made, can only be modified by a majority vote of the Common Council.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first, followed by unrestricted funds as needed. Also, when an expenditure is incurred for which committed, assigned or unassigned funds are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, unless the Common Council has provided otherwise in their commitment or assignment actions.

In the general fund it is the policy of the City to maintain a minimum unassigned fund balance that will maintain working capital to meet the cash flow needs of the City and thus reducing the need for short-term borrowing, serve as a safeguard for unanticipated expenditures and show fiscal responsibility. Per the City's fund balance policy, the unassigned fund balance in the general fund shall be maintained at a level of 20% to 25% of the budgeted general fund appropriations and any excess shall be allocated according to Council policy.

I. Capital Contributions - Proprietary Funds

Cash and capital assets are contributed to the Utilities by customers, the City and others. The value of property contributed to the Utilities is reported as revenue on the statement of revenues, expenses and changes in net position.

Note 1. Summary of Significant Accounting Policies - Continued

J. Employee Benefits

Vacation - City employees are granted vacation in varying amounts, based on length of service and other factors. City policy generally requires that vacation be used in the year it is earned.

Sick Leave - City employees may accumulate varying amounts of sick leave. Accumulated sick leave is paid at varying percentages at termination, retirement or death.

Pension Plan - City employees participate in the Wisconsin Retirement System, a cost-sharing multiple-employer defined benefit pension plan. See Note 9 for more details.

Other Post-Employment Benefits - Health Care - Upon retirement and eligible for WRS, retirees may choose to self-pay the full amount of premium equivalent rates to remain on the City's group medical plan until Medicare eligibility if hired prior to January 1, 2014. Those hired after that date may only self-pay the premium for the duration of COBRA. See Note 10 for more details.

Other Post-Employment Benefits - Local Retiree Life Insurance Fund - City employees may participate in the Local Retiree Life Insurance Fund, a multiple-employer defined benefit other post-employment benefit plan. See Note 11 for more details.

K. Tax Equivalent - Proprietary Funds

The Plymouth Utilities records a transfer to the City as an annual payment in lieu of taxes.

L. Utility Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utility does not accrue revenues beyond billing dates.

M. Budgetary Accounting

Annual budgets are adopted for the general fund. All annual appropriations lapse at year end, except those intended to accumulate funds for future projects. Reported budget amounts are as originally adopted and as amended by Common Council resolution, if applicable.

N. 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.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies - Continued

P. Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* and Statement No. 91, *Conduit Debt Obligations*. When they become effective, application of these standards may restate portions of these financial statements.

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

a. Long-Term Revenues/Expenses

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. Reporting differences in long-term revenues/expenses include revolving loans, pensions, OPEB, sick leave benefits and internal service fund reporting differences.

b. Capital Related Items

Capital related differences include (1) the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale or disposal of assets as reported on the statement of activities and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

c. Long-Term Debt Transactions

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred and principal payments are recorded as a reduction of liabilities.

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-Wide Statements - Continued

Revenues and Other Sources	Total Gov't Funds	(a) Long-term Revenues/Expenses	(b) Capital Related Items	(c) Long-term Debt Transactions	Statement of Activities Total
Taxes					
General property taxes	\$ 4,208,045	\$ -	\$ -	\$ -	\$ 4,208,045
Tax increments	2,432,149	-	-	-	2,432,149
Other taxes	246,657	-	-	-	246,657
Investment income	683	-	-	-	683
Intergovernmental revenues					
General state aid	806,196	-	-	-	806,196
Operating grants and contributions	671,574	-	-	-	671,574
Capital grants and contributions	104,514	-	-	-	104,514
Licenses and permits					
Charges for services	254,611	-	-	-	254,611
Fines, forfeits and penalties					
Charges for services	83,298	-	-	-	83,298
Public charges for services					
Charges for services	547,916	-	-	-	547,916
Intergovernmental charges for services					
Charges for services	151,437	-	-	-	151,437
Miscellaneous					
Charges for services	156,882	-	-	-	156,882
Operating grants and contributions	28,500	-	-	-	28,500
Revolving loan payments	477,014	(415,888)	-	-	61,126
Debt service reimbursements	55,286	-	(55,286)	-	-
Investment income	123,330	8,728	-	-	132,058
Miscellaneous	1,105	64,728	-	-	65,833
Other financing sources					
Transfer from enterprise fund	777,044	-	-	-	777,044
Total revenues and other sources	\$11,140,741	\$(342,432)	\$ -	\$(55,286)	\$10,743,023
Expenditures/Expenses					
Current					
General government	\$ 1,912,762	\$ 284,647	\$ 49,927	\$ -	\$ 2,247,336
Public safety	1,697,102	3,762	239,103	-	1,939,967
Public works	1,178,322	3,406	1,128,393	-	2,310,121
Health and human services	152,419	-	35,608	-	188,027
Culture, recreation and education	890,334	(20,483)	231,618	-	1,061,469
Conservation and development	57,326	(255,000)	-	-	312,021
Capital outlay	1,305,472	-	(1,949,122)	-	636,350
Debt service	1,395,476	-	-	-	1,395,476
TIF taxes to Utility	1,369,304	-	-	(1,181,827)	1,369,304
Total expenditures/expenses	\$11,002,167	\$ 16,332	\$(254,778)	\$11,81,827	\$ 9,581,894
Net change for year	\$ 138,574	\$(558,764)	\$ 254,778	\$(1,126,541)	\$ 1,161,129

Note 3. Cash and Investments

The City's cash and investments at December 31, 2018 are summarized as follows:

	Carrying Value
Checking and money market	\$15,402,574
Certificates of deposit	3,189,612
Local government investment pool	100
U.S. treasuries	298,028
U.S. agency securities - implicitly guaranteed	8,211,313
Municipal bonds	34,570
Petty cash	<u>2,950</u>
Total cash and investments	\$27,139,147
Cash and investments held by fiduciary funds - Agency fund	<u>3,137,460</u>
Cash and investments reported on the statement of net position	<u>\$24,001,687</u>

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (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 non-interest 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 (SDGF) in the amount of \$400,000.

In addition, the City has collateral or depository insurance agreements with various financial institutions as of December 31, 2018.

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, 2018, the fair value of the LGIP's assets were substantially equal to the City's share.

Note 3. Cash and Investments - Continued

Fair Value Measurement

The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. 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.

As of December 31, 2018, the City's investments were classified within the fair value hierarchy as follows:

<u>Investment Type</u>	<u>Fair Value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
U.S. treasuries	\$298,028	\$ -	\$ -	\$ 298,028
U.S. agency securities	-	8,211,313	-	8,211,313
Municipal bonds	-	34,570	-	34,570
Totals	<u>\$298,028</u>	<u>\$8,245,883</u>	<u>\$ -</u>	<u>\$8,543,911</u>

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 it. The City's investment policy addresses this risk by requiring full collateralization of all deposit accounts, however, \$15,558 was uninsured or uncollateralized as of December 31, 2018.

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. The City's investment policy addresses this risk by stating that securities will be held by an independent third party custodian in the City's name.

Note 3. Cash and Investments - Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2018, the City's investments were rated as follows:

Investment Type

U.S. agency securities	AA+
Municipal bonds	Not Rated

The City also held investments in the Local Government Investment Pool which is an external pool that is not rated.

The City's investment policy addresses this risk by limiting investments to the types of securities approved in the investment policy and by pre-qualifying financial institutions, brokers/dealers, intermediaries and advisors which the City does business with. Additionally, the City diversifies the investment portfolio in an effort to minimize the impact of potential losses from any one type of security or individual issuer.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

As of December 31, 2018, the City's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
FFCB	U.S. agency securities - implicitly guaranteed	46%
FHLB	U.S. agency securities - implicitly guaranteed	17%
Fannie Mae	U.S. agency securities - implicitly guaranteed	20%
Freddie Mac	U.S. agency securities - implicitly guaranteed	13%

The City's investment policy addresses this risk by diversifying the City's portfolio. The City will invest in securities with varying maturities, continuously investing in readily available funds, limiting maturities on investments and avoiding over investing in securities from a specific issuer or business.

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 3. Cash and Investments - Continued

Interest Rate Risk

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

As of December 31, 2018, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>Over 5</u>
U.S. treasuries	\$ 298,028	\$ 298,028	\$ -	\$ -
U.S. agency securities	8,211,313	1,277,205	6,934,108	-
Municipal bonds	34,570	-	34,570	-
Totals	<u>\$8,543,911</u>	<u>\$1,575,233</u>	<u>\$6,968,678</u>	<u>\$ -</u>

The City's investment policy addresses this risk by adopting weighted average maturity limitations and not directly investing in securities maturing more than five years from the date of purchase. Operating funds are to be invested primarily in shorter-term securities, money market mutual funds or similar investment pools.

Note 4. Restricted Assets

Restricted Accounts

Certain proceeds of the Utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Construction - Used to report debt proceeds restricted for use in construction.

Replacement Account

As a condition of receiving State and Federal funds for wastewater plant construction, the Utility has established an account for replacement of certain mechanical equipment.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 5. Capital Assets

Capital asset balances and activity for the year ended December 31, 2018 were as follows:

	Balances 12-31-17	Additions	Deletions	Balances 12-31-18
Governmental activities				
Capital assets				
Land	\$ 2,056,822	\$ 385,873	\$ -	\$ 2,442,695
Land improvements	2,131,875	297,894	17,421	2,412,348
Buildings and building improvements	7,489,244	298,975	-	7,788,219
Infrastructure	46,020,747	500,581	-	46,521,328
Furniture and equipment	5,408,778	210,292	78,926	5,540,144
Total capital assets	<u>\$ 63,107,466</u>	<u>\$1,703,615</u>	<u>\$ 96,347</u>	<u>\$ 64,714,734</u>
Less accumulated depreciation for				
Land improvements	\$ 1,396,959	\$ 75,767	\$ 17,421	\$ 1,455,305
Buildings and building improvements	3,158,083	157,206	-	3,315,289
Infrastructure	31,496,301	981,669	-	32,477,970
Furniture and equipment	3,614,629	254,195	78,926	3,789,898
Total accumulated depreciation	<u>\$ 39,665,972</u>	<u>\$1,448,837</u>	<u>\$ 96,347</u>	<u>\$ 41,018,462</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 23,441,494</u>	<u>\$ 254,778</u>	<u>\$ -</u>	<u>\$ 23,696,272</u>
Business-type activities				
Capital assets				
Electric plant	\$ 52,195,795	\$2,671,227	\$ 635,485	\$ 54,231,537
Water plant	24,771,307	1,017,504	559,520	25,229,291
Sewage plant	28,338,312	236,670	94,481	28,480,501
Total capital assets	<u>\$105,305,414</u>	<u>\$3,925,401</u>	<u>\$1,289,486</u>	<u>\$107,941,329</u>
Less accumulated depreciation for				
Electric plant	\$ 21,247,843	\$1,866,805	\$ 705,944	\$ 22,408,704
Water plant	5,254,202	768,614	558,276	5,454,540
Sewage plant	12,569,152	410,407	94,482	12,885,077
Total accumulated depreciation	<u>\$ 39,071,197</u>	<u>\$3,035,826</u>	<u>\$1,358,702</u>	<u>\$ 40,748,321</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 66,234,217</u>	<u>\$ 889,575</u>	<u>\$ (69,216)</u>	<u>\$ 67,193,008</u>
Depreciation expense was charged to governmental functions as follows:				
General government		\$ 38,427		
Public safety		172,947		
Public works		1,058,310		
Health and human services		2,635		
Culture, recreation and education		176,518		
Total depreciation expense for governmental activities		<u>\$1,448,837</u>		

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 6. Long-Term Liabilities

Long-term liability balances and activity for the year ended December 31, 2018 were as follows:

Type	Balances 12-31-17	Additions	Reductions	Balances 12-31-18	Amounts Due Within	
					One Year	One Year
General obligation debt	\$22,715,000	\$ -	\$2,920,000	\$19,795,000	\$2,940,000	\$19,795,000
Revenue bonds	5,420,000	-	300,000	5,120,000	310,000	5,120,000
Promissory notes	506,926	-	105,560	401,366	105,560	401,366
Accrued sick leave	505,951	50,771	89,471	467,251	-	467,251
Unamortized premium on debt	201,406	-	26,717	174,689	-	174,689
Customer advances for construction	-	6,313	-	6,313	-	6,313
Totals	\$29,349,283	\$57,084	\$3,441,748	\$25,964,619	\$3,355,560	\$25,964,619

Bonds, notes and other long-term liability payments are made by the general fund, debt service fund, TIF District funds and enterprise fund, therefore the above long-term liabilities are reported in the governmental activities and business-type activities on the government-wide statements. The breakdown between governmental activities and business-type activities as of December 31, 2018 is as follows:

Type	Total	Business-Type Activities	
		Governmental Activities	Business-Type Activities
General obligation debt	\$19,795,000	\$7,957,500	\$11,837,500
Revenue bonds	5,120,000	-	5,120,000
Promissory notes	401,366	-	401,366
Accrued sick leave	467,251	246,449	220,802
Unamortized premium on debt	174,689	135,471	39,218
Customer advances for construction	6,313	-	6,313
Totals	\$25,964,619	\$8,339,420	\$17,625,199

Total interest paid and accrued during the year on long-term bonds, notes and other long-term liabilities were as follows:

Type	Paid	Accrued
General obligation debt	\$418,267	\$411,220
Revenue bonds	215,475	214,475
Other	3,151	3,151
Totals	\$636,893	\$628,846

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 6. Long-Term Liabilities - Continued

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City, including business-type activity debt, if any. General obligation debt is expected to be repaid with general property taxes, tax increments and Utility revenues. General obligation debt at December 31, 2018 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Date of Final Maturity	Balances 12-31-18
Bonds*	10-06-11	2.55-3.05%	03-01-21	\$ 745,000
Refunding bonds*	04-25-12	1.60-2.30%	05-01-23	1,985,000
Bonds*	12-04-12	1.00-1.60%	05-01-23	2,340,000
Refunding bonds*	09-19-13	2.00-3.00%	05-01-25	2,060,000
Refunding bonds*	09-04-14	2.00%	05-01-21	525,000
Refunding bonds*	06-03-15	1.25-2.375%	05-01-25	6,745,000
Refunding bonds*	05-18-16	2.00%	04-01-27	5,395,000
Total general obligation debt				\$19,795,000

Maturities of General Obligation Debt

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest as of December 31, 2018 is as follows:

Year	Principal	Interest	Total
2019	\$ 2,940,000	\$ 372,513	\$ 3,312,513
2020	2,920,000	320,601	3,240,601
2021	3,095,000	261,604	3,356,604
2022	2,805,000	202,967	3,007,967
2023	3,045,000	143,934	3,188,934
2024	2,260,000	87,296	2,347,296
2025	2,285,000	35,434	2,320,434
2026	220,000	6,700	226,700
2027	225,000	2,250	227,250
Totals	\$19,795,000	\$1,433,299	\$21,228,299

Note 6. Long-Term Liabilities - Continued

Revenue Bond Debt

Revenue bond debt has been issued by the Plymouth Utilities and is expected to be repaid with income derived from the acquired or constructed assets and tax increments. Revenue bond debt at December 31, 2018 is comprised of the following issue:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate (%)</u>	<u>Date of Final Maturity</u>	<u>Balance 12-31-18</u>
Revenue bonds	07-06-11	4.00-4.375%	05-01-31	<u>\$5,120,000</u>
<u>Maturities of Revenue Bond Debt</u>				
Aggregate cash flow requirements for the retirement of revenue bond debt principal and interest as of December 31, 2018 is as follows:				
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$ 310,000	\$ 203,275	\$ 513,275	
2020	320,000	190,675	510,675	
2021	335,000	177,575	512,575	
2022	345,000	163,975	508,975	
2023	360,000	149,875	509,875	
2024	375,000	135,175	510,175	
2025	390,000	119,875	509,875	
2026	400,000	104,075	504,075	
2027	425,000	87,575	512,575	
2028	450,000	69,794	519,794	
2029	470,000	50,525	520,525	
2030	470,000	30,550	500,550	
2031	<u>470,000</u>	<u>10,281</u>	<u>480,281</u>	
Totals	\$5,120,000	\$1,483,225	\$6,613,225	

Note 6. Long-Term Liabilities - Continued

Other Long-Term Debt - Promissory Notes

In July 2012, WPPI Energy loaned the Utilities \$500,000 for eligible renewable energy projects and eligible energy efficiency projects. The loan does not accrue interest unless there are delinquent monthly payments or in the event of a default and is payable through July 28, 2022.

In December 2012, the USDA loaned the Utilities \$500,000 on behalf of the City of Plymouth, Glacier Transit & Storage Inc., GTS Solutions LLC and TID 4 Development Agreement for economic rural development. The loan does not accrue interest unless there are delinquent monthly payments or in the event of a default. Payments began on January 20, 2014 and are payable through December 20, 2022. The City will make the payments to the USDA on a monthly basis, and as a result, the Utilities also recorded a note receivable for \$500,000.

Other long-term debt at December 31, 2018 is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Date of Final Maturity</u>	<u>Balances 12-31-18</u>
Promissory note - WPPI Energy	07-06-12	0%	07-28-22	\$222,200
Promissory note - USDA	12-21-12	0%	12-20-22	<u>179,166</u>
Total other long-term debt				<u>\$401,366</u>
<u>Maturities of Other Long-Term Debt</u>				
Aggregate cash flow requirements for the retirement of other long-term debt principal as of December 31, 2018 is as follows:				
<u>Year</u>	<u>Principal</u>			
2019	\$105,560			
2020	105,560			
2021	105,560			
2022	<u>84,686</u>			
Total	\$401,366			

Note 6. Long-Term Liabilities - Continued

General Obligation Debt Limit Calculation

The 2018 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$777,019,900. The legal debt limit and margin of indebtedness as of December 31, 2018, in accordance with Section 67.03(1) of the Wisconsin Statutes follows:

Debt limit (5% of \$777,019,900)	\$ 38,850,995
Deduct long-term debt applicable to debt margin*	<u>(19,795,000)</u>
Margin of indebtedness	<u>\$ 19,055,995</u>

Note 7. Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements as of December 31, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise	\$19,274
Enterprise	General	3,958
Enterprise	Capital improvements	<u>6,720</u>
Total		<u>\$29,952</u>

The principal purpose of these interfund balances result from the time lag between the dates the goods or services are provided or reimbursable expenditures occur and payment between funds are made.

In addition, the general fund and enterprise fund have advanced the TIF District #6 fund \$28,267 and \$461,589, respectively, to cover the fund balance deficit.

Transfers during the year are detailed on the financial statements.

Transfers from the general fund to the debt service fund, capital improvements fund and garbage/recycling fund were part of the 2018 budget or fund balance policy transfers. Transfers to the general fund include unspent funds from the capital improvements fund, an administration fee from the revolving loan fund and a tax equivalent payment and other appropriations from the enterprise fund.

Note 8. Fund Balances

As of December 31, 2018, the TIF District #6 fund had a fund balance deficit of \$483,989.

Nonspendable fund balance in the general fund represents amounts which are not in spendable form and consists of long-term receivables (advances to other funds) of \$28,267 and an amount equal to prepaid expenses of \$23,845.

Portions of fund balance are restricted and are not available for current appropriation or expenditure as follows:

<u>Fund</u>	<u>Restricted For:</u>	<u>Amount</u>
Debt service	Debt payments	\$ 10,174
TIF District #4	Project costs	316,620
Revolving loan	Revolving loan program	420,365
USDA revolving loan	Revolving loan program	50,340
Housing grant	Housing grants	107,738
TIF District #5	Project costs	<u>407,215</u>
Total		<u>\$1,312,452</u>

In addition, the Common Council has established the following accounts to include the City's current plans for accumulating funds for use in subsequent periods as follows:

<u>Fund</u>	<u>Committed To:</u>	<u>Amount</u>
General	Subsequent periods	\$ 233,495
Capital improvements	Capital improvements	936,335
Garbage/recycling	Garbage/recycling	<u>88,329</u>
Total		<u>\$1,258,159</u>

Committed fund balance in the general fund as of December 31, 2018 includes the City's current plans for accumulating funds for use in subsequent periods as follows:

<u>Committed To:</u>	<u>Amount</u>
Sick leave payout	\$ 55,000
Police continuing education	5,000
Police honor guard	1,931
Dog unit	39,435
Safety patrol	4,124
SCBA bottles	14,600
Parks and playgrounds	17,694
Veteran's park memorial	3,664
Room tax commission	37,847
Mural maintenance	<u>54,200</u>
Total	<u>\$ 233,495</u>

Note 9. Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12-31-16) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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.

Note 9. Defined Benefit Pension Plan - Continued

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)%	(42.0)%
2010	(1.3)%	22.0%
2011	(1.2)%	11.0%
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0)%
2017	2.0%	4.0%

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

During the reporting period, the WRS recognized \$322,928 in contributions from the employer.

Contribution rates as of December 31, 2018 are as follows:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with social security	6.7%	10.7%
Protective without social security	6.7%	14.9%

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

At December 31, 2018, the City reported a liability (asset) of \$(919,124) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was .03095614%, which was an increase of .00050528% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$439,110.

Note 9. Defined Benefit Pension Plan - Continued

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,167,770	\$ 546,244
Changes in assumptions	181,601	-
Net differences between projected and actual earnings on pension plan investments	-	1,263,251
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,313	518
Employer contributions subsequent to the measurement date	<u>326,606</u>	<u>-</u>
Total	<u>\$1,698,290</u>	<u>\$1,810,013</u>

\$326,606 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year	Total
2019	\$ 110,510
2020	(276)
2021	(312,289)
2022	(238,479)
2023	<u>2,205</u>
	<u>\$ (438,329)</u>

Actuarial Assumptions - The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2016
Measurement date of net pension liability (asset)	December 31, 2017
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.

Note 9. Defined Benefit Pension Plan - Continued

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

Asset Allocation Targets and Expected Returns
As of December 31, 2018

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8%	6.5%	3.6%
Private Equity/Debt	8%	9.4%	6.5%
Multi-Asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	7.8%	4.9%
Total Variable Fund	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 9. Defined Benefit Pension Plan - Continued

Single Discount Rate - A single discount rate of 7.2% 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 7.2% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.2% 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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
City's proportionate share of the net pension liability (asset)	\$2,378,088	\$(919,124)	\$(3,425,108)

Payables to the Pension Plan - Payables to the pension plan at December 31, 2018 were \$56,733. This represents the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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://efit.wi.gov/publications/cafr.htm>.

Note 10. Other Post-Employment Benefits (OPEB) - Health Care

General Information about the OPEB Plan

Plan Description - The City administers a single-employer defined benefit OPEB plan, the Retiree Benefits Plan (RBP), which provides OPEB benefits to all full-time employees of the City. The authority to establish and amend benefit provisions is with the Common Council.

Benefits Provided - Upon retirement and eligible for WRS, retirees may choose to self-pay the full (100%) amount of premium equivalent rates to remain on the City's group medical plan until Medicare eligibility is hired prior to January 1, 2014. Those hired after January 1, 2014 may only self-pay the full premium equivalent rates for the duration of COBRA.

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	4
Active plan members	<u>62</u>
Total	<u>71</u>

Total OPEB Liability

The City's total OPEB liability of \$558,990 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00% and level thereafter
Retiree's share of benefit-related costs	100%

The discount rate was based on the 20-year Bond Buyer GO Index.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions use in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

Note 10. Other Post-Employment Benefits (OPEB) - Health Care - Continued

Changes in the Total OPEB Liability

Balances at December 31, 2017	<u>\$529,218</u>
Changes for the year:	
Service cost	\$ 26,035
Interest	18,716
Benefit payments	<u>(14,979)</u>
Net changes	<u>\$ 29,772</u>
Balances at December 31, 2018	<u>\$558,990</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease to Discount Rate <u>(2.5%)</u>	Current Discount Rate <u>(3.5%)</u>	1% Increase to Discount Rate <u>(4.5%)</u>
Total OPEB liability	<u>\$601,876</u>	<u>\$558,990</u>	<u>\$518,741</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB liability	<u>\$503,999</u>	<u>\$558,990</u>	<u>\$622,438</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$44,751. At December 31, 2018, the City did not have any deferred outflows of resources and deferred inflows of resources related to OPEB.

Note 11. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund

General Information about the Other Post-Employment Benefits

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

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

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

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

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

Contribution rates as of December 31, 2018 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Note 11. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

Attained Age	Life Insurance	
	Employee Contribution Rates	Basic
Under 30		\$0.05
30-34		0.06
35-39		0.07
40-44		0.08
45-49		0.12
50-54		0.22
55-59		0.39
60-64		0.49
65-69		0.57

During the reporting period, the LRLIF recognized \$1,830 in contributions from the employer.

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

At December 31, 2018, the City reported a liability of \$290,045 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was .09640600%, which was a decrease of .00691600% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$28,387.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,087
Net differences between projected and actual earnings on OPEB plan investments	3,340	-
Changes in assumptions	28,028	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	14,561
Employer contributions subsequent to the measurement date	1,746	-
Total	\$33,114	\$18,648

Note 11. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

\$1,746 reported as deferred outflows related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	
2019	\$ 2,272
2020	2,272
2021	2,272
2022	1,437
2023	1,437
2024	758
2025	758
Total	\$12,720

Actuarial Assumptions - The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2017
Measurement date of net OPEB liability	December 31, 2017
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	3.44%
Long-term expected rate of return	5.00%
Discount rate	3.63%
Salary increases	3.20%
Inflation	0.2% - 5.6%
Seniority/Merit	Wisconsin 2012 Mortality Table
Mortality	

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

Note 11. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Local OPEB Life Insurance	
				Asset Allocation Targets and Expected Returns As of December 31, 2017	
US Government Bonds	Barclays Government	1%	1.13%		
US Credit Bonds	Barclays Credit	65%	2.61%		
US Long Credit Bonds	Barclays Long Credit	3%	3.08%		
US Mortgages	Barclays MBS	31%	2.19%		
Inflation			2.30%		
Long-term expected rate of return			5.00%		

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

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

1% Decrease to Discount Rate	(2.63%)	Current Discount Rate	(3.63%)	1% Increase to Discount Rate	(4.63%)
	\$409,944		\$290,045		\$198,035
City's proportionate share of the net OPEB liability					

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://efr.wi.gov/publications/cafr.htm>.

Note 12. Operating Income - Enterprise Funds

The City operates an electric, water and sewage utility, which are combined and presented as the Plymouth Utilities, a major enterprise fund. Summary financial information for each activity is presented below.

Summary Schedule of Operating Income

	Electric	Water	Sewage	Total
Operating revenues	\$23,955,298	\$2,245,466	\$2,186,267	\$28,387,031
Charges for services	80,163	19,274	13,090	112,527
Other operating revenues	\$24,035,461	\$2,264,740	\$2,199,357	\$28,499,558
Total operating revenues				
Operating expenses	\$20,882,681	\$ 844,089	\$1,127,473	\$22,854,243
Operation and maintenance	1,665,010	548,085	450,769	2,663,864
Depreciation	\$22,547,691	\$1,392,174	\$1,578,242	\$25,518,107
Total operating expenses				
Operating income	\$ 1,487,770	\$ 872,566	\$ 621,115	\$ 2,981,451

Note 13. 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. These risks are covered through the City's participation in CVMIC programs, commercial insurance and the City's partially self-funded health care program. 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.

Beginning January 1, 2013, the City switched to an insurance internal service fund method of accounting for its health care and risk management programs. The purpose of an internal services fund is "to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursements basis." In this case, health care and risk management costs are being centralized and provided as a benefit to all City departments.

Note 13. Risk Management - Continued

Wisconsin Municipal Insurance Commission/Cities and Villages Mutual Insurance Company

The Wisconsin Municipal Insurance Commission (WMIC) is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August 1987 for the purpose of facilitating the organization, establishment and capitalization of the Cities and Villages Mutual Insurance Company (CVMIC) and has numerous municipalities as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the municipalities which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 for each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

Management of each Organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of the WMIC and CVMIC can be obtained directly from the CVMIC's offices.

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000.

Health Care Program

Effective January 1, 2013, the City and Utilities transferred \$815,824 and \$667,500, respectively to establish the new health care internal service fund. The purpose of this fund is to pay medical and prescription drug claims of all City employees and their dependents and to minimize the total costs of annual insurance coverage.

For the current plan year, the City utilized Prairie States Enterprises as the third-party administrator for processing claims and uses Health Payment Systems (as a supplemental option) for pre-processing the claims for further discounts. In addition to maintaining a reserve fund, the City carries stop-loss coverage with ASG / Companion Life, which covers claims in excess of \$75,000 per individual up to an aggregate of \$1,361,650.

In 2011, the City joined the Center for Health & Wellness. The consortium provides medical doctor, nurse practitioner, physical therapist, chiropractic care, urgent care and limited wellness services to its members at a reduced cost. The public-private partnership contracts with Prevea Health to staff the center. Costs related to the Center for Health & Wellness are part of the health care internal service fund.

Note 14. Commitments and Contingencies

Long-Term Contracts - WPPI Energy

The Electric Utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa and Michigan. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the Utility payable from any operating and maintenance fund established for that system.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$342 million as of December 31, 2018.

Claims and Judgments

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 City management and legal counsel 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.

Note 15. Significant Customers

The Electric Utility has one significant customer who was responsible for 17% of operating revenues in 2018.

The Sewage Utility has one significant customer who was responsible for 13% of operating revenues in 2018.

City of Plymouth
Notes to the Basic Financial Statements
Year ended December 31, 2018

Note 16. Cumulative Effect of a Change in Accounting Principle

The City adopted GASB Statement No. 75 effective January 1, 2018. The cumulative effect of implementation is reflected as a cumulative effect of a change in accounting principle.

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net OPEB liability, January 1, 2018	\$(780,070)	\$(492,206)	\$(287,864)
Deferred outflows, January 1, 2018	<u>16,809</u>	<u>11,046</u>	<u>5,763</u>
Cumulative effect of a change in accounting principle	<u>\$(763,261)</u>	<u>\$(481,160)</u>	<u>\$(282,101)</u>

Additional information required for retroactive implementation was not provided by the OPEB plans.

Note 17. Subsequent Events

The City evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Utility Creation

On February 26, 2019 the City approved the formation of a stormwater utility.

Debt Issue

On November 27, 2018 the Common Council approved a loan from WPPI Energy for \$300,000 to finance the AMI Project. The loan is payable over 10 years at 0% interest. Funds were not received until 2019.

Required Supplementary Information

City of Plymouth
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year ended December 31, 2018

	Original and Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues			
General property taxes	\$ 4,208,042	\$ 4,208,045	3
Other taxes	178,795	247,340	68,545
Intergovernmental revenues	1,411,755	1,432,372	20,617
Licenses and permits	246,360	254,611	8,251
Fines, forfeits and penalties	82,200	83,298	1,098
Public charges for services	260,100	268,531	8,431
Intergovernmental charges for services	122,400	151,437	29,037
Miscellaneous	260,511	321,143	60,632
Total revenues	\$ 6,770,163	\$ 6,986,777	\$196,614
Expenditures			
Current			
General government	\$ 2,006,014	\$ 1,897,519	\$108,495
Public safety	1,746,055	1,697,102	48,953
Public works	858,801	792,845	65,956
Health and human services	152,970	152,419	551
Culture, recreation and education	880,149	850,334	29,815
Conservation and development	104,740	118,618	(13,878)
Capital outlay	-	91,702	(91,702)
Total expenditures	\$ 5,748,729	\$ 5,600,539	\$148,190
Excess (deficiency) of revenues over expenditures	\$ 1,021,434	\$ 1,386,238	\$344,804
Other financing sources (uses)			
Transfer from capital improvements fund	-	14,600	\$ 14,600
Transfer from revolving loan fund	2,400	2,120	(280)
Transfer from enterprise fund	755,000	777,044	22,044
Transfer to debt service fund	(500,000)	(500,000)	-
Transfer to capital improvements fund	(1,120,803)	(1,208,352)	(87,549)
Transfer to garbage/recycling fund	(158,031)	(158,031)	-
Net other financing sources (uses)	\$ (1,021,434)	\$ (1,072,619)	\$ (51,185)
Net change in fund balance	\$ -	\$ 293,619	\$293,619
Fund balance, Beginning of year	2,293,950	2,293,950	-
Fund balance, End of year	\$ 2,293,950	\$ 2,587,569	\$293,619

See independent auditor's report and accompanying notes to the budgetary comparison schedule.

City of Plymouth
 Notes to the Budgetary Comparison Schedule
 Year ended December 31, 2018

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in note 1.

The budgeted amounts as presented reflect the original budget for the City. No budget amendments were adopted during the year. Generally, the budget is not significantly modified during the year. Transfers between departments and changes to the overall budget must be approved by Council action.

Appropriations lapse at year end unless specifically carried over.

The following functions in the general fund had an excess of actual expenditures over budget for the year ended December 31, 2018.

Function	Excess Expenditures
Conservation and development	\$13,878
Capital outlay	91,702
Transfer to capital improvements fund	87,549

See independent auditor's report.

City of Plymouth
 Schedules of Proportionate Share of the Net Pension
 Liability (Asset) and Employer Contributions
 Wisconsin Retirement System
 Last Ten Fiscal Years
 December 31, 2018

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System

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 (Asset)
12-31-18	.03095614%	\$(919,124)	\$4,106,942	- 22.38%	102.93%
12-31-17	.03045086%	250,988	3,910,997	6.42%	99.12%
12-31-16	.03095444%	503,004	3,908,249	12.87%	98.20%
12-31-15	.03147406%	(773,089)	3,807,620	- 20.30%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System

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
12-31-18	\$326,606	\$326,606	\$ -	\$4,196,530	7.78%
12-31-17	322,928	322,928	-	4,106,943	7.86%
12-31-16	288,509	288,509	-	3,910,997	7.38%
12-31-15	295,575	295,575	-	3,908,249	7.56%

Notes to Schedules

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

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

Changes in Assumptions - There were no changes in assumptions.

See independent auditor's report.

City of Plymouth
 Schedule of Changes in the Total OPEB Liability and Related Ratios
 Health Care
 Last Ten Fiscal Years
 December 31, 2018

	2018
<u>Total OPEB Liability</u>	
Service cost	\$ 26,035
Interest	18,716
Benefit payments	(14,979)
Net change in total OPEB liability	\$ 29,772
Total OPEB liability, beginning of year	529,218
Total OPEB liability, end of year	<u>\$ 558,990</u>
Covered payroll	\$3,470,233
Total OPEB liability as a percentage of covered payroll	16.11%

Notes to Schedule

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

Funded Status of the Plan - The City has no assets accumulated in a trust or equivalent arrangement to pay the related other post-employment benefits.

Changes in Benefit Terms - There were no changes of benefit terms.

Changes in Assumptions - There were no changes in assumptions.

The City implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

See independent auditor's report.

City of Plymouth
Schedules of Proportionate Share of the Net OPEB
Liability and Employer Contributions
Local Retiree Life Insurance Fund
Last Ten Fiscal Years
December 31, 2018

Schedule of Proportionate Share of the Net OPEB Liability - Local Retiree Life Insurance Fund

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Other Supplementary Information
12-31-18	.09640600%	\$290,045	\$4,054,148	7.15%	44.81%	

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

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
12-31-18	\$ 1,830	\$ 1,830	-	\$4,054,148	.05%

Notes to Schedules

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

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

Changes in Assumptions - There were no changes in assumptions.

See independent auditor's report

City of Plymouth
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Revolving Loan	USDA Revolving Loan	Garbage/ Recycling	Housing Grant	TIF District #5	TIF District #6	Total Nonmajor Governmental
Assets							
Cash and investments	\$415,195	\$50,340	\$207,536	\$113,805	\$488,746	\$ 56,312	\$1,331,934
Receivables	-	-	-	-	160,078	118,679	278,757
Taxes	-	-	170,687	-	-	-	170,687
Special charges	5,170	-	-	-	-	-	5,170
Accounts							
Total assets	<u>\$420,365</u>	<u>\$50,340</u>	<u>\$378,223</u>	<u>\$113,805</u>	<u>\$648,824</u>	<u>\$ 174,991</u>	<u>\$1,786,548</u>
Liabilities, deferred inflows of resources and fund balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 32,273	\$ 6,067	\$ -	\$ -	\$ 38,340
Advances from other funds	-	-	-	-	-	489,856	489,856
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,273</u>	<u>\$ 6,067</u>	<u>\$ -</u>	<u>\$ 489,856</u>	<u>\$ 528,196</u>
Deferred inflows of resources							
Unearned revenue	\$ -	\$ -	\$257,621	\$ -	\$241,609	\$ 179,124	\$ 678,354
Fund balances (deficit)							
Restricted	\$420,365	\$50,340	\$ -	\$107,738	\$407,215	\$ -	\$ 985,658
Committed	-	-	88,329	-	-	-	88,329
Unassigned (deficit)	-	-	-	-	-	(493,989)	(493,989)
Total fund balances (deficit)	<u>\$420,365</u>	<u>\$50,340</u>	<u>\$ 88,329</u>	<u>\$107,738</u>	<u>\$407,215</u>	<u>\$(493,989)</u>	<u>\$ 579,998</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$420,365</u>	<u>\$50,340</u>	<u>\$378,223</u>	<u>\$113,805</u>	<u>\$648,824</u>	<u>\$ 174,991</u>	<u>\$1,786,548</u>

City of Plymouth
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year ended December 31, 2018

	Revolving Loan	USDA Revolving Loan	Garbage/ Recycling	Housing Grant	TIF District #5	TIF District #6	Total Nonmajor Governmental
Revenues							
Other taxes	\$ -	\$ -	\$ -	-	\$ 224,415	\$ 180,829	\$ 405,244
Intergovernmental revenues	-	-	-	-	8,914	2,536	11,450
Public charges for services	-	-	224,693	54,692	-	-	279,385
Miscellaneous	<u>429,312</u>	<u>50,162</u>	<u>-</u>	<u>1,703</u>	<u>8,900</u>	<u>-</u>	<u>490,077</u>
Total revenues	<u>\$429,312</u>	<u>\$50,162</u>	<u>\$ 224,693</u>	<u>\$ 56,395</u>	<u>\$242,229</u>	<u>\$ 183,365</u>	<u>\$1,186,156</u>
Expenditures							
Current							
General government	\$ 4,684	\$ -	\$ -	-	\$ 3,518	\$ 984	\$ 9,186
Public works	-	-	385,477	-	-	-	385,477
Conservation and development	255,104	-	-	6,789	118,049	150	380,092
Debt service							
Principal	-	-	-	-	80,000	45,000	125,000
Interest	-	-	-	-	8,215	4,720	12,935
Total expenditures	<u>\$259,788</u>	<u>\$ -</u>	<u>\$ 385,477</u>	<u>\$ 6,789</u>	<u>\$209,782</u>	<u>\$ 50,854</u>	<u>\$ 912,690</u>
Excess (deficiency) of revenues over expenditures	<u>\$169,524</u>	<u>\$50,162</u>	<u>\$(160,784)</u>	<u>\$ 49,606</u>	<u>\$ 32,447</u>	<u>\$ 132,511</u>	<u>\$ 273,466</u>
Other financing sources (uses)							
Transfer from general fund	\$ -	\$ -	\$ 158,031	-	\$ -	\$ -	\$ 158,031
Transfer to general fund	(2,120)	-	-	-	-	-	(2,120)
TIF taxes to Utility	-	-	-	-	(82,617)	(136,644)	(219,261)
Net other financing sources (uses)	<u>\$ (2,120)</u>	<u>\$ -</u>	<u>\$ 158,031</u>	<u>\$ -</u>	<u>\$(82,617)</u>	<u>\$(136,644)</u>	<u>\$ (63,350)</u>
Net change in fund balances	\$167,404	\$50,162	\$ (2,753)	\$ 49,606	\$(50,170)	\$ (4,133)	\$ 210,116
Fund balances (deficit), Beginning of year	<u>252,961</u>	<u>178</u>	<u>91,082</u>	<u>58,132</u>	<u>457,385</u>	<u>(489,856)</u>	<u>369,882</u>
Fund balances (deficit), End of year	<u>\$420,365</u>	<u>\$50,340</u>	<u>\$ 88,329</u>	<u>\$107,738</u>	<u>\$407,215</u>	<u>\$(493,989)</u>	<u>\$ 579,998</u>

City of Plymouth
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	<u>Health Care</u>	<u>Risk Management</u>	<u>Total</u>
Assets			
Current assets			
Cash and investments	\$1,339,254	\$255,930	\$1,595,184
Accounts receivable	26,414	-	26,414
Interest receivable	<u>5,895</u>	<u>199</u>	<u>6,094</u>
Total assets	\$1,371,563	\$256,129	\$1,627,692
Liabilities			
Current liabilities			
Accounts payable	<u>124,832</u>	<u>-</u>	<u>124,832</u>
Net position	<u>\$1,246,731</u>	<u>\$256,129</u>	<u>\$1,502,860</u>
Unrestricted			

City of Plymouth
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year ended December 31, 2018

	<u>Health Care</u>	<u>Risk Management</u>	<u>Total</u>
Operating revenues			
Charges for services			
City and Utility contributions	\$1,110,000	\$169,974	\$1,279,974
Employee/retiree contributions	95,446	-	95,446
Town of Plymouth contributions	<u>-</u>	<u>2,323</u>	<u>2,323</u>
Total charges for services	\$1,205,446	\$172,297	\$1,377,743
Other operating revenues	<u>30,954</u>	<u>64,728</u>	<u>95,682</u>
Total operating revenues	<u>\$1,236,400</u>	<u>\$237,025</u>	<u>\$1,473,425</u>
Operating expenses			
Operation and maintenance			
Health care costs - City employees	\$ 879,889	-	\$ 879,889
Health care costs - Utility employees	536,875	-	536,875
Risk management insurance and expenses	<u>-</u>	<u>214,288</u>	<u>214,288</u>
Total operating expenses	<u>\$1,416,764</u>	<u>\$214,288</u>	<u>\$1,631,052</u>
Operating income (loss)	\$ (180,364)	\$ 22,737	\$ (157,627)
Non-operating revenues (expenses)			
Investment income	<u>22,504</u>	<u>4,227</u>	<u>26,731</u>
Change in net position	\$ (157,860)	\$ 26,964	\$ (130,896)
Net position, Beginning of year	<u>1,404,591</u>	<u>229,165</u>	<u>1,633,756</u>
Net position, End of year	<u>\$1,246,731</u>	<u>\$256,129</u>	<u>\$1,502,860</u>

City of Plymouth
 Combining Statement of Cash Flows
 Internal Service Funds
 Year ended December 31, 2018

	<u>Health Care</u>	<u>Risk Management</u>	<u>Total</u>
Cash flows from operating activities			
Received from customers	\$ 1,205,446	\$ 172,297	\$ 1,377,743
Other operating cash receipts	25,474	64,728	90,202
Paid to suppliers for goods and services	<u>(1,368,086)</u>	<u>(214,288)</u>	<u>(1,582,374)</u>
Net cash flows from operating activities	\$ (137,166)	\$ 22,737	\$ (114,429)
Cash flows from investing activities			
Investment income	<u>15,069</u>	<u>3,993</u>	<u>19,062</u>
Net change in cash and cash equivalents	\$ (122,097)	\$ 26,730	\$ (95,367)
Cash and cash equivalents, Beginning of year	<u>699,638</u>	<u>189,507</u>	<u>889,145</u>
Cash and cash equivalents, End of year	<u>\$ 577,541</u>	<u>\$ 216,237</u>	<u>\$ 793,778</u>
<u>Reconciliation of operating income (loss) to net cash flows from operating activities</u>			
Operating income (loss)	\$ (180,364)	\$ 22,737	\$ (157,627)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities	(23,014)	-	(23,014)
Accounts receivable	<u>66,212</u>	<u>-</u>	<u>66,212</u>
Accounts payable	<u>(137,166)</u>	<u>22,737</u>	<u>(114,429)</u>
Net cash flows from operating activities			
<u>Reconciliation of cash and cash equivalents to statement of net position</u>			
Cash and investments	\$ 1,339,254	\$ 255,930	\$ 1,595,184
Less: Noncash equivalents	<u>(761,713)</u>	<u>(39,693)</u>	<u>(801,406)</u>
Cash and cash equivalents	<u>\$ 577,541</u>	<u>\$ 216,237</u>	<u>\$ 793,778</u>

City of Plymouth
 Detailed Schedule of General Obligation Debt
 December 31, 2018

<u>Description</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation bonds dated October 6, 2011				
2.55 - 3.05%				
Refinance unfunded service liability, TIF District #5 and TIF District #6	2019	\$ 240,000	\$ 17,972	\$ 257,972
	2020	245,000	11,421	256,421
	2021	<u>260,000</u>	<u>3,965</u>	<u>263,965</u>
Total		<u>\$ 745,000</u>	<u>\$ 33,358</u>	<u>\$ 778,358</u>
General obligation refunding bonds dated April 25, 2012				
1.60 - 2.30%				
TIF District #4 and capital improvements	2019	\$ 440,000	\$ 36,060	\$ 476,060
	2020	310,000	29,760	339,760
	2021	350,000	23,460	373,460
	2022	395,000	15,615	410,615
	2023	<u>490,000</u>	<u>5,635</u>	<u>495,635</u>
Total		<u>\$ 1,985,000</u>	<u>\$ 110,520</u>	<u>\$ 2,095,520</u>
General obligation bonds dated December 4, 2012				
1.00 - 1.60%				
Plymouth Utilities	2019	\$ 425,000	\$ 28,617	\$ 453,617
	2020	435,000	23,991	458,991
	2021	480,000	18,370	498,370
	2022	500,000	11,625	511,625
	2023	<u>500,000</u>	<u>4,000</u>	<u>504,000</u>
Total		<u>\$ 2,340,000</u>	<u>\$ 86,603</u>	<u>\$ 2,426,603</u>
General obligation refunding bonds dated September 19, 2013				
2.00 - 3.00%				
Plymouth Utilities	2019	\$ 265,000	\$ 48,845	\$ 313,845
	2020	275,000	43,445	318,445
	2021	280,000	37,615	317,615
	2022	290,000	30,983	320,983
	2023	300,000	23,305	323,305
	2024	320,000	14,540	334,540
	2025	<u>330,000</u>	<u>4,950</u>	<u>334,950</u>
Total		<u>\$ 2,060,000</u>	<u>\$ 203,683</u>	<u>\$ 2,263,683</u>

City of Plymouth
Detailed Schedule of General Obligation Debt
December 31, 2018

Description	Due	Principal	Interest	Total
General obligation refunding bonds dated September 4, 2014 2.00% Plymouth Utilities	2019 2020 2021	\$ 170,000 175,000 180,000	\$ 8,800 5,350 1,800	\$ 178,800 180,350 181,800
Total		<u>\$ 525,000</u>	<u>\$ 15,950</u>	<u>\$ 540,950</u>
General obligation refunding bonds dated June 3, 2015 1.25 - 2.375% Plymouth Utilities	2019 2020 2021 2022 2023 2024 2025	\$ 860,000 890,000 925,000 960,000 995,000 1,030,000 1,085,000	\$ 129,719 115,444 97,294 78,444 58,894 37,356 12,884	\$ 989,719 1,005,444 1,022,294 1,038,444 1,053,894 1,067,356 1,097,884
Total		<u>\$ 6,745,000</u>	<u>\$ 530,035</u>	<u>\$ 7,275,035</u>
General obligation refunding bonds dated May 18, 2016 2.00% Golf course, TIF District #4, fire/police addition and capital improvements	2019 2020 2021 2022 2023 2024 2025 2026 2027	\$ 540,000 590,000 620,000 660,000 760,000 910,000 870,000 220,000 225,000	\$ 102,500 91,200 79,100 66,300 52,100 35,400 17,600 6,700 2,250	\$ 642,500 681,200 699,100 726,300 812,100 945,400 887,600 226,700 227,250
Total		<u>\$ 5,395,000</u>	<u>\$ 453,150</u>	<u>\$ 5,848,150</u>
Total general obligation debt		<u>\$19,795,000</u>	<u>\$1,433,299</u>	<u>\$21,228,299</u>

City of Plymouth
Detailed Schedule of Revenue Bond Debt
December 31, 2018

Description	Due	Principal	Interest	Total
Revenue bonds dated July 6, 2011 4.00 - 4.375% Plymouth Utilities	2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031	\$ 310,000 320,000 335,000 345,000 360,000 375,000 390,000 400,000 425,000 450,000 470,000 470,000 470,000	\$ 203,275 190,675 177,575 163,975 149,875 135,175 119,875 104,075 87,575 69,794 50,525 30,550 10,281	\$ 513,275 510,675 512,575 508,975 509,875 510,175 509,875 504,075 512,575 519,794 520,525 500,550 480,281
Total revenue bond debt		<u>\$5,120,000</u>	<u>\$1,493,225</u>	<u>\$6,613,225</u>

FORM OF LEGAL OPINION

(See following pages)

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

December 5, 2019

Re: City of Plymouth, Wisconsin ("Issuer")
\$1,560,000 General Obligation Promissory Notes, Series 2019A,
dated December 5, 2019 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$145,000	___%
2021	145,000	___
2022	150,000	___
2023	150,000	___
2024	155,000	___
2025	155,000	___
2026	160,000	___
2027	165,000	___
2028	165,000	___
2029	170,000	___

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

The Notes maturing on May 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2026 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

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

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Plymouth, Sheboygan County, Wisconsin (the "Issuer") in connection with the issuance of \$1,560,000 General Obligation Promissory Notes, Series 2019A, dated December 5, 2019 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 12, 2019 (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 November 13, 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 Plymouth, Sheboygan County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk-Treasurer of the Issuer who can be contacted at City Hall, 128 Smith Street, Plymouth, Wisconsin 53073, phone (920) 893-1271, fax (920) 893-0183.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 5th day of December, 2019.

(SEAL)

Donald O. Pohlman
Mayor

Sabrina Dittman
City Clerk-Treasurer

NOTICE OF SALE

**\$1,560,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2019A
CITY OF PLYMOUTH, WISCONSIN**

Bids for the purchase of \$1,560,000* General Obligation Promissory Notes, Series 2019A (the "Notes") of the City of Plymouth, 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 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on November 12, 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 8:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, water system projects, sanitary sewer improvements and storm sewer projects in the Appleton Street project area and other projects in the City's capital improvement plan. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated December 5, 2019, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$145,000	2024	\$155,000	2028	\$165,000
2021	145,000	2025	155,000	2029	170,000
2022	150,000	2026	160,000		
2023	150,000	2027	165,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2020, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after May 1, 2027 shall be subject to optional redemption prior to maturity on May 1, 2026 or on any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about December 5, 2019, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

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

SUBMISSION OF BIDS

Bids must not be for less than \$1,544,400, nor more than \$1,638,000, plus accrued interest on the principal sum of \$1,560,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 11:00 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 \$31,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

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

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

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

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

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

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The 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

Sabrina Dittman, Clerk/Treasurer
City of Plymouth, Wisconsin

BID FORM

The Common Council
City of Plymouth, Wisconsin

November 12, 2019

RE: \$1,560,000* General Obligation Promissory Notes, Series 2019A (the "Notes")
DATED: December 5, 2019

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$1,544,400, nor more than \$1,638,000) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2020	_____ % due	2024	_____ % due	2028
_____ % due	2021	_____ % due	2025	_____ % due	2029
_____ % due	2022	_____ % due	2026		
_____ % due	2023	_____ % due	2027		

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$31,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 5, 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 Notes.

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

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

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

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 5, 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 Plymouth, Wisconsin, on November 12, 2019.

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