

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 2, 2019

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Bonds is included in gross income for federal income tax purposes. See "TAXABILITY OF INTEREST" herein. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

Non-Rated

CITY OF BRILLION, WISCONSIN (Calumet County)

\$1,540,000* TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS, SERIES 2019B

BID OPENING: December 9, 2019, 11:00 A.M., C.T.

CONSIDERATION: December 9, 2019, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,540,000* Taxable General Obligation Community Development Bonds, Series 2019B (the "Bonds") of the City of Brillion, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs included in the project plan for the City's Tax Incremental District No. 5. The Bonds 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 Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: December 30, 2019

MATURITY: December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$50,000	2029	\$100,000	2035	\$100,000
2024	75,000	2030	100,000	2036	100,000
2025	75,000	2031	100,000	2037	100,000
2026	75,000	2032	100,000	2038	100,000
2027	75,000	2033	100,000	2039	100,000
2028	90,000	2034	100,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2020 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on December 1, 2029 and thereafter are subject to call for prior optional redemption on December 1, 2028 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$1,521,520.

MAXIMUM BID: \$1,632,400.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$30,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be determined by the City.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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



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REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

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CITY OF BRILLION COMMON COUNCIL

		<u>Term Expires</u>
Gary Deiter	Mayor	April 2021
Joe Behnke	City Alderperson	April 2020
Mel Edinger	City Alderperson	April 2022
Tim Hanson	City Alderperson	April 2020
Joe Levash	City Alderperson	April 2020
Betty Nies	City Alderperson	April 2021
Sarah Pielhop	City Alderperson	April 2022
Carrie Wenzel	City Alderperson	April 2022

ADMINISTRATION

Lori Gosz, City Administrator/Clerk-Treasurer

PROFESSIONAL SERVICES

Burnett, McDermott, Jahn, King & DesRochers, LLP, City Attorney, Chilton, 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 Brillion, Wisconsin (the "City") and the issuance of its \$1,540,000* Taxable General Obligation Community Development Bonds, Series 2019B (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on December 9, 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 BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 30, 2019. The Bonds will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on December 1 and June 1 of each year, commencing June 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

The City may select City officers or a bank or trust company to act as paying agent (the "Paying Agent"). If a bank or trust company 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 Bonds maturing on or after December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs included in the project plan for the City's Tax Incremental District No. 5.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$1,540,000	
Estimated Interest Earnings	<u>5,388</u>	
Total Sources		\$1,545,388
Uses		
Total Underwriter's Discount	\$18,480	
Costs of Issuance	38,150	
Deposit to Capitalized Interest (CIF) Fund	47,480	
Deposit to Project Construction Fund	1,436,703	
Rounding Amount	<u>4,575</u>	
Total Uses		\$1,545,388

*Preliminary, subject to change

SECURITY

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

RATING

None of the outstanding indebtedness of the City is currently rated, and the City has not requested a rating on the Bonds. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, 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 Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds 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 Bonds will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the City. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled "Taxability of Interest" in the Official Statement and the "Form of Legal Opinion" found in the Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.

TAXABILITY OF INTEREST

Interest on the Bonds is included in gross income for present Federal income tax purposes. Interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2018, have been audited by CliftonLarsonAllen LLP, Green Bay, 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 Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

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

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

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

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the Bonds for resale prior to maturity.

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

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

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

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

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

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

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2019 Equalized Value	\$227,650,100
2019 Equalized Value Reduced by Tax Increment Valuation	\$194,238,801
2019 Assessed Value	\$204,687,500

2019 EQUALIZED VALUE BY CLASSIFICATION

	2019 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 149,514,500	65.677%
Commercial	53,308,500	23.417%
Manufacturing	17,802,800	7.820%
Agricultural	42,300	0.019%
Undeveloped	23,100	0.010%
Ag Forest	44,800	0.020%
Personal Property	6,914,100	3.037%
Total	<u>\$ 227,650,100</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2015	\$200,169,000	\$197,683,500	2.97%
2016	200,526,600	198,706,500	0.52%
2017	208,668,500	209,124,300	5.24%
2018	204,230,100	215,199,400	2.91%
2019	204,687,500	227,650,100	5.79%

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	2019 Equalized Value¹	Percent of City's Total Equalized Value
Ariens Company	Snowblower & lawn mower manufacturing	\$ 14,289,692	6.28%
Individual	Commercial	8,807,063	3.87%
Northway Drive Real Estate	Commercial	6,782,663	2.98%
Brillion Works	Former foundry site	5,412,895	2.38%
Brillion Senior Care LLC	Assisted Living Facility	3,162,722	1.39%
R. Lewis & R. Lewis Brillion Inc.	Former Shopko building	2,780,464	1.22%
Brillion Real Estate LLC	Retail & Apartments	2,743,094	1.21%
Best Advantage Credit Union	Verve Credit Union	2,289,100	1.01%
Avinaashi Hotel Group	Cobblestone Inn & Suites	1,704,980	0.75%
Individual	Commercial	1,663,941	0.73%
Total		\$ 49,636,614	21.80%

City's Total 2019 Equalized Value² \$227,650,100

Source: The City.

¹ Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$8,750,294</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$ 664,822</u>
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Total revenue debt secured by water revenues	<u>\$ 2,100,846</u>
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Lease Obligations

City Center Lease	<u>\$ 2,320,000</u>
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*Preliminary, subject to change.

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

City of Brillion, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 12/30/2019)

Dated Amount	State Trust Fund Loan		State Trust Fund Loan		State Trust Fund Loan		State Trust Fund Loan		GO Prom Notes Series 2011A	
	08/15/2008 \$176,979	02/20/2009 \$126,245	07/24/2009 \$729,609	05/18/2010 \$700,500	08/16/2011 \$1,490,000	03/15	03/15	03/15	03/15	08/01
Maturity	03/15	03/15	03/15	03/15	03/15	03/15	03/15	03/15	03/15	08/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	11,433	3,683	8,681	2,797	45,116	17,378	95,500	4,309	200,000	13,350
2021	11,986	3,130	9,101	2,377	47,306	15,187			220,000	7,150
2022	12,556	2,561	9,533	1,944	49,553	12,940				
2023	13,152	1,964	9,986	1,492	51,907	10,586				
2024	13,773	1,343	10,457	1,020	54,350	8,143				
2025	14,431	685	10,957	520	56,954	5,539				
2026					59,660	2,834				
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
2039										
	77,330	13,367	58,715	10,150	364,847	72,608	95,500	4,309	420,000	20,500

* Preliminary, subject to change.

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City of Brillion, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/30/2019)

Calendar Year Ending	State Trust Fund Loan		GO Prom Notes Series 2014		GO Corp Purp Bonds Series 2015B		GO Prom Notes Bank Note		GO Prom Notes Series 2017A	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2020	6,599	03/15	245,000	06/30/2014	185,000	06/16/2015	16,220	09/01/2015	25,000	05/17/2017
2021			248	4,594	195,000	\$2,590,000	255	\$100,000	20,000	\$1,585,000
2022					205,000	05/01		Monthly	135,000	06/01
2023					215,000				135,000	
2024					230,000				135,000	
2025					235,000				140,000	
2026					65,000				945,000	
2027					70,000					
2028					75,000					
2029					75,000					
2030					75,000					
2031					75,000					
2032					75,000					
2033					80,000					
2034					90,000					
2035					90,000					
2036										
2037										
2038										
2039										
			6,599	248	2,025,000	409,713	16,220	255	1,535,000	207,264

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City of Brillion, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/30/2019)

Calendar Year Ending	GO Prom Notes Bank Note		State Trust Fund Loan		GO Prom Notes Bank Note		GO Ref Bonds Series 2019A		Taxable GO Comm Dev Bonds Series 2019B		Total Principal*	Total Interest*	Total P & I*	Principal Outstanding*	% Paid*	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2020	32,958	10/02/2018	77,654	12/17/2018	14,914	01/10/2019	175,000	10/16/2019	0	12/30/2019	1,139,075	253,306	1,392,380	7,611,220	13.02%	2020
2021	33,972	10/02/2018	84,500	12/17/2018	15,328	01/10/2019	200,000	10/16/2019	0	12/30/2019	837,192	217,664	1,054,856	6,774,027	22.59%	2021
2022	35,005	10/02/2018	88,091	12/17/2018	15,758	01/10/2019	210,000	10/16/2019	0	12/30/2019	760,495	191,696	952,191	6,013,532	31.28%	2022
2023	36,070	10/02/2018	91,835	12/17/2018		01/10/2019	230,000	10/16/2019	50,000	12/30/2019	832,949	170,557	1,003,507	5,180,583	40.80%	2023
2024		10/02/2018		12/17/2018		01/10/2019	235,000	10/16/2019	75,000	12/30/2019	753,581	146,659	900,240	4,427,002	49.41%	2024
2025		10/02/2018		12/17/2018		01/10/2019	250,000	10/16/2019	75,000	12/30/2019	782,342	125,798	908,140	3,644,660	58.35%	2025
2026		10/02/2018		12/17/2018		01/10/2019	260,000	10/16/2019	75,000	12/30/2019	1,404,660	96,724	1,501,384	2,240,000	74.40%	2026
2027		10/02/2018		12/17/2018		01/10/2019	280,000	10/16/2019	75,000	12/30/2019	420,000	72,753	492,753	1,820,000	79.20%	2027
2028		10/02/2018		12/17/2018		01/10/2019		10/16/2019	90,000	12/30/2019	160,000	62,840	222,840	1,660,000	81.03%	2028
2029		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	175,000	57,725	232,725	1,485,000	83.03%	2029
2030		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	175,000	52,025	227,025	1,310,000	85.03%	2030
2031		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	175,000	46,225	221,225	1,135,000	87.03%	2031
2032		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	175,000	40,325	215,325	960,000	89.03%	2032
2033		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	180,000	34,100	214,100	780,000	91.09%	2033
2034		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	190,000	27,413	217,413	590,000	93.26%	2034
2035		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	190,000	20,488	210,488	400,000	95.43%	2035
2036		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	100,000	15,150	115,150	300,000	96.57%	2036
2037		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	100,000	11,450	111,450	200,000	97.71%	2037
2038		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	100,000	7,700	107,700	100,000	98.86%	2038
2039		10/02/2018		12/17/2018		01/10/2019		10/16/2019	100,000	12/30/2019	100,000	3,900	103,900	0	100.00%	2039
											8,750,294	1,654,495	10,404,790			

City of Brillion, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Sewer Revenues
 (As of 12/30/2019)

Dated Amount	Sewer Rev Bonds CWFL		Sewer Rev Bonds Series 2015C		Interest	Principal	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	08/23/2000 \$447,911	05/01	06/16/2015 \$825,000	05/01								
2020	69,822	1,052	65,000	16,010	134,822	17,062	151,884	530,000	20.28%	2020		
2021			70,000	14,660	70,000	14,660	84,660	460,000	30.81%	2021		
2022			70,000	12,910	70,000	12,910	82,910	390,000	41.34%	2022		
2023			75,000	10,735	75,000	10,735	85,735	315,000	52.62%	2023		
2024			75,000	8,485	75,000	8,485	83,485	240,000	63.90%	2024		
2025			80,000	6,160	80,000	6,160	86,160	160,000	75.93%	2025		
2026			80,000	3,720	80,000	3,720	83,720	80,000	87.97%	2026		
2027			80,000	1,240	80,000	1,240	81,240	0	100.00%	2027		
	69,822	1,052	595,000	73,920	664,822	74,972	739,794					

**City of Brillion, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 12/30/2019)**

		Water Rev Bonds SDWFL		Water Rev Bonds Series 2017B							
Dated Amount	04/08/2015 \$1,689,997	05/01	05/17/2017 \$930,000	05/01							
Maturity	05/01		05/01								
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2020	79,515	21,468	95,000	21,775	174,515	43,243	217,758	1,926,331	8.31%	2020	
2021	80,827	20,145	95,000	18,925	175,827	39,070	214,897	1,750,503	16.68%	2021	
2022	82,161	18,800	90,000	16,150	172,161	34,950	207,111	1,578,342	24.87%	2022	
2023	83,517	17,434	40,000	14,300	123,517	31,734	155,250	1,454,826	30.75%	2023	
2024	84,895	16,044	45,000	13,238	129,895	29,282	159,176	1,324,931	36.93%	2024	
2025	86,295	14,632	45,000	12,113	131,295	26,744	158,040	1,193,636	43.18%	2025	
2026	87,719	13,196	45,000	10,875	132,719	24,071	156,791	1,060,916	49.50%	2026	
2027	89,167	11,737	45,000	9,525	134,167	21,262	155,429	926,750	55.89%	2027	
2028	90,638	10,254	50,000	8,100	140,638	18,354	158,992	786,112	62.58%	2028	
2029	92,133	8,746	50,000	6,475	142,133	15,221	157,354	643,978	69.35%	2029	
2030	93,654	7,213	50,000	4,725	143,654	11,938	155,592	500,325	76.18%	2030	
2031	95,199	5,655	55,000	2,888	150,199	8,542	158,741	350,126	83.33%	2031	
2032	96,770	4,071	55,000	963	151,770	5,034	156,803	198,356	90.56%	2032	
2033	98,366	2,461			98,366	2,461	100,828	99,989	95.24%	2033	
2034	99,989	825			99,989	825	100,814	0	100.00%	2034	
	1,340,846	172,681	760,000	140,050	2,100,846	312,731	2,413,577				

DEBT LIMIT

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

Equalized Value	\$ 227,650,100
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 11,382,505
Less: General Obligation Debt (includes the Bonds)*	<u>(8,750,294)</u>
Unused Debt Limit*	<u><u>\$ 2,632,211</u></u>

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2019 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Calumet County	\$ 4,490,140,000	5.0700%	\$ 30,650,000	\$ 1,553,955
Fox Valley Technical College	41,610,859,600	0.5471%	78,080,000	427,176
Brillion School District	434,700,375	52.3694%	13,230,000	<u>6,928,472</u>
City's Share of Total Overlapping Debt				<u><u>\$ 8,909,602</u></u>

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

² 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 \$227,650,100	Debt/ Per Capita 3,252¹
Total General Obligation Debt (includes the Bonds)*	\$ 8,750,294	3.84%	\$ 2,690.74
City's Share of Total Overlapping Debt	<u>8,909,602</u>	<u>3.91%</u>	<u>2,739.73</u>
Total*	\$ 17,659,896	7.76%	\$ 5,430.47

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City plans to issue approximately \$1 million in general obligation debt to finance capital improvement projects in 2020. Aside from the preceding, the City has no current plans for additional financing in 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	\$1,186,208	100%	\$6.99
2015/16	1,245,798	100%	7.14
2016/17	1,263,938	100%	7.24
2017/18	1,379,538	100%	7.57
2018/19	1,556,046	100%	8.23

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	\$11.91	\$5.43	\$6.99	\$0.19	\$24.52
2015/16	11.49	5.29	7.14	0.19	24.11
2016/17	11.14	5.44	7.24	0.19	24.01
2017/18	10.70	5.70	7.57	0.00	23.97
2018/19	9.96	5.53	8.23	0.00	23.72

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

THE ISSUER

CITY GOVERNMENT

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

EMPLOYEES; PENSIONS

The City employs a staff of 20 full-time, 25 part-time, and 10 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 \$80,565, \$81,878 and \$91,807 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 \$255,585 for its proportionate share of the net pension asset of the WRS. The net pension liability 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 0.00860813% 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
General Teamsters Union Local 662	December 31, 2019

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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 Bonds would not occur.

FUNDS ON HAND (as of September 30, 2019)

Fund	Total Cash and Investments
State Bank of Chilton CD	\$ 1,134,973
Verve CD	390,859
LGIP	121,030
EDA Grand Fund	206,876
DOD Revolving Loan	76,254
Topel Memorial Fund	1,369
Cemetery Perpetual Care	59,196
Water & Sewer Trust Fund	93,086
Water Bond Reserve	182,361
Sewer User Replacement	285,722
Checking	521,368
Business Money Market	550,349
Borrowing Proceeds Savings/Checking Accounts	<u>1,036,990</u>
Total Funds on Hand	<u><u>\$ 4,660,433</u></u>

ENTERPRISE FUNDS

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

	2016	2017	2018
Water			
Total Operating Revenues	\$ 878,503	\$ 819,957	\$ 907,008
Less: Operating Expenses	<u>(529,312)</u>	<u>(548,723)</u>	<u>(597,949)</u>
Operating Income	\$ 349,191	\$ 271,234	\$ 309,059
Plus: Depreciation	180,657	201,976	206,165
Interest Income	<u>1,804</u>	<u>1,191</u>	<u>4,005</u>
Revenues Available for Debt Service	<u><u>\$ 531,652</u></u>	<u><u>\$ 474,401</u></u>	<u><u>\$ 519,229</u></u>
Sewer			
Total Operating Revenues	\$ 707,741	\$ 723,122	\$ 731,706
Less: Operating Expenses	<u>(658,340)</u>	<u>(642,239)</u>	<u>(613,648)</u>
Operating Income	\$ 49,401	\$ 80,883	\$ 118,058
Plus: Depreciation	224,233	227,331	228,230
Interest Income	<u>11,747</u>	<u>5,729</u>	<u>2,760</u>
Revenues Available for Debt Service	<u><u>\$ 285,381</u></u>	<u><u>\$ 313,943</u></u>	<u><u>\$ 349,048</u></u>

SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Projected ¹	2020 Adopted Budget ²
Revenues					
Taxes and special assessments	\$ 1,242,323	\$ 1,269,931	\$ 1,390,714	\$ 1,267,402	\$ 1,197,723
Intergovernmental	953,496	955,163	964,823	1,022,403	901,711
Licenses and permits	60,557	67,124	79,783	71,036	74,890
Penalties and forfeitures	11,977	12,349	12,094	12,505	13,700
Public charges for services	276,071	293,194	292,087	413,449	455,245
Intergovernmental charges for services	92,618	94,777	84,765	0	0
Miscellaneous general revenues	19,533	30,635	44,082	75,255	95,000
Total Revenues	<u>\$ 2,656,575</u>	<u>\$ 2,723,173</u>	<u>\$ 2,868,348</u>	<u>\$ 2,862,050</u>	<u>\$ 2,738,269</u>
Expenditures					
Current:					
General government	\$ 298,300	\$ 313,937	\$ 319,440	\$ 297,414	\$ 317,415
Public safety	1,115,066	1,167,716	1,186,448	1,237,131	1,288,934
Public works	442,452	471,610	540,501	507,340	577,633
Health and social services	9,046	10,188	8,273	0	0
Culture and recreation	599,253	593,863	633,583	631,667	431,287
Conservation and development	52,718	44,014	20,518	0	0
Debt service	253,736	279,400	339,014	110,958	123,000
Total Expenditures	<u>\$ 2,770,571</u>	<u>\$ 2,880,728</u>	<u>\$ 3,047,777</u>	<u>\$ 2,784,510</u>	<u>\$ 2,738,269</u>
Excess of revenues over (under) expenditures	\$ (113,996)	\$ (157,555)	\$ (179,429)	\$ 77,540	\$ 0
Other Financing Sources (Uses)					
Proceeds from refinancing	0	0	0	0	
Proceeds of long-term debt	0	0	0	0	
Operating transfers in	99,679	102,245	105,727	0	
Operating transfers out	(4,000)	(12,018)	(2,221)	0	
Total Other Financing Sources (Uses)	<u>\$ 95,679</u>	<u>\$ 90,227</u>	<u>\$ 103,506</u>	<u>\$ 0</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (18,317)	\$ (67,328)	\$ (75,923)	\$ 77,540	
General Fund Balance January 1	<u>578,265</u>	<u>559,948</u>	<u>492,620</u>	<u>416,697</u>	
General Fund Balance December 31	\$ 559,948	\$ 492,620	\$ 416,697	\$ 494,237	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 0	\$ 11,071	\$ 7,953		
Restricted	1,531	2,317	1,380		
Committed	14,706	11,524	9,937		
Assigned	0	50,000	50,000		
Unassigned	543,711	417,708	347,427		
Total	<u>\$ 559,948</u>	<u>\$ 492,620</u>	<u>\$ 416,697</u>		

¹ 2019 projected data as of November 11, 2019.

² The 2020 budget was adopted on November 11, 2019.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 3,148 and a current estimated population of 3,252 comprises an area of 1,133 acres and is located approximately 25 miles south of the City of Green Bay.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Ariens Company	Manufacturing	1,301
Enfries International, Inc.	Wholesale	415
Professional Plating, Inc.	Manufacturing	230
Brillion School District	Elementary and secondary education	130
Tadych's Econofoods	Grocery store	101
Cobblestone Creek	Restaurant	72
Brillion Primary	Trucking	60
City of Brillion	Municipal government and services	55
Brillion West Haven	Residential assisted living	49
Zander Press Inc.	Printing services	22

Source: *ReferenceUSA, City written and telephone survey (Aug 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	1	1	3	4	5
Valuation	\$160,000	\$165,000	\$533,000	\$1,010,000	\$1,462,075
<u>New Multiple Family Buildings</u>					
No. of building permits	1	0	0	0	0
Valuation	\$2,638,516	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	5	1	0	1	0
Valuation	\$5,749,211	\$1,200,000	\$0	\$1,440,822	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	202	176	145	125	111
Valuation	\$9,625,954	\$4,912,847	\$4,900,755	\$11,216,837	\$7,903,481

Source: The City.

¹ As of September 30, 2019.

U.S. CENSUS DATA

Population Trend: City of Brillion, Wisconsin.

2000 U.S. Census	2,937
2010 U.S. Census	3,148
2019 Estimated Population	3,252
Percent of Change 2000 - 2010	+ 7.18%

Income and Age Statistics

	City of Brillion	Calumet County	State of Wisconsin	United States
2017 per capita income	\$26,930	\$32,713	\$30,557	\$31,177
2017 median household income	\$66,314	\$70,662	\$56,759	\$57,652
2017 median family income	\$74,127	\$82,822	\$72,542	\$70,850
2017 median gross rent	\$747	\$744	\$813	\$982
2017 median value owner occupied units	\$131,200	\$168,400	\$169,300	\$193,500
2017 median age	35.6 yrs.	39.8 yrs.	39.2 yrs.	37.8 yrs.

	State of Wisconsin	United States
City % of 2017 per capita income	88.13%	86.38%
City % of 2017 median family income	102.18%	104.63%

Housing Statistics

	<u>City of Brillion</u>		
	2010	2017	Percent of Change
All Housing Units	1,404	1,213	-13.60%

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>	
	Calumet County		Calumet County	State of Wisconsin
2015	26,481		3.6%	4.6%
2016	26,883		3.2%	4.0%
2017	27,199		2.8%	3.3%
2018	27,204		2.6%	3.0%
2019, October ¹	26,664		2.3%	2.8%

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 Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

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

City of Brillion, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

City of Brillion, Wisconsin

DECEMBER 31, 2018

City of Brillion, Wisconsin

DECEMBER 31, 2018

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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Schedule of Findings and Responses



CliftonLarsonAllen LLP
CLAconnect.com

Independent auditors' report

To the Mayor and City Council
City of Brillion, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brillion, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 40 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other 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 financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on page 41 – 52 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Prior Year Summarized Financial Information

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated March 23, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 17, 2019

City of Brillion, Wisconsin

**STATEMENT OF NET POSITION
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	Governmental Activities	Business-type Activities	Totals		Component Unit Redevelopment Authority
			2018	2017	
ASSETS					
Cash and investments	\$ 5,260,782	\$ 781,981	\$ 6,042,763	5,364,959	\$ 584
Receivables					
Taxes and special charges	3,255,358	-	3,255,358	3,396,224	-
Delinquent taxes	14,319	-	14,319	9,918	-
Accounts	10,967	245,020	255,987	308,894	-
Special assessments	88,231	207,669	295,900	345,101	-
Loans	9,809	-	9,809	130,055	-
Other	98,324	-	98,324	-	-
Inventories and prepaid items	7,953	27,751	35,704	63,716	-
Restricted assets					
Cash and investments	-	1,557,892	1,557,892	1,888,833	-
Net pension asset	244,284	11,301	255,585	-	-
Capital assets, nondepreciable	1,345,907	118,903	1,464,810	1,037,393	100,000
Capital assets, depreciable	8,130,731	7,106,386	15,237,117	15,280,095	-
Total assets	18,466,665	10,056,903	28,523,568	27,825,188	100,584
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	33,981	-	33,981	39,209	-
Pension related amounts	445,568	21,572	467,140	535,392	-
Total deferred outflows of resources	479,549	21,572	501,121	574,601	-
LIABILITIES					
Accounts payable	540,456	32,814	573,270	97,324	-
Accrued and other current liabilities	103,029	-	103,029	90,247	-
Due to other governments	2,928,768	-	2,928,768	2,987,962	-
Accrued interest payable	52,750	17,473	70,223	80,106	-
Short-term note payable	150,000	-	150,000	-	-
Long-term obligations					
Due within one year	728,734	410,241	1,138,975	1,025,154	-
Due in more than one year	6,368,090	3,642,809	10,010,899	10,523,298	-
Net pension liability	-	-	-	69,506	-
Total liabilities	10,871,827	4,103,337	14,975,164	14,873,597	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes and special charges levied for subsequent year	2,320,422	-	2,320,422	2,174,780	-
Pension related amounts	485,215	22,446	507,661	223,788	-
Total deferred inflows of resources	2,805,637	22,446	2,828,083	2,398,568	-
NET POSITION					
Net investment in capital assets	5,500,800	4,102,682	9,603,482	9,043,899	-
Restricted	705,139	621,277	1,326,416	1,053,766	-
Unrestricted	(937,189)	1,228,733	291,544	1,029,959	100,584
Total net position	\$ 5,268,750	\$ 5,952,692	\$ 11,221,442	\$ 11,127,624	\$ 100,584

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 340,577	\$ 35,012	\$ -	\$ -
Public safety	1,337,252	173,872	20,097	-
Public works	1,104,528	158,829	215,880	88,976
Health and human services	8,390	1,000	-	-
Culture and recreation	736,653	129,352	142,682	79,501
Conservation and development	515,784	3,231	-	98,324
Interest and fiscal charges	226,297	-	-	-
Total governmental activities	4,269,481	501,296	378,659	266,801
BUSINESS-TYPE ACTIVITIES				
Water utility	677,884	907,008	-	7,640
Sewer utility	641,101	731,706	-	19,434
Total business-type activities	1,318,985	1,638,714	-	27,074
Total primary government	\$ 5,588,466	\$ 2,140,010	\$ 378,659	\$ 293,875
COMPONENT UNIT				
Redevelopment Authority	\$ 9,321	\$ -	\$ -	\$ -
General revenues				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				Component Unit
Governmental Activities	Business-type Activities	Totals		Redevelopment Authority
		2018	2017	
\$ (305,565)	\$ -	\$ (305,565)	\$ (306,711)	\$ -
(1,143,283)	-	(1,143,283)	(1,181,275)	-
(640,843)	-	(640,843)	(357,166)	-
(7,390)	-	(7,390)	(10,500)	-
(385,118)	-	(385,118)	(254,621)	-
(414,229)	-	(414,229)	(164,895)	-
(226,297)	-	(226,297)	(272,459)	-
<u>(3,122,725)</u>	<u>-</u>	<u>(3,122,725)</u>	<u>(2,547,627)</u>	<u>-</u>
-	236,764	236,764	157,694	-
-	110,039	110,039	51,232	-
-	<u>346,803</u>	<u>346,803</u>	<u>208,926</u>	<u>-</u>
<u>(3,122,725)</u>	<u>346,803</u>	<u>(2,775,922)</u>	<u>(2,338,701)</u>	<u>-</u>
-	-	-	-	(9,321)
2,024,914	-	2,024,914	1,839,555	-
43,669	-	43,669	41,768	-
690,676	-	690,676	692,236	-
19,558	6,765	26,323	20,776	-
84,158	-	84,158	79,940	-
-	-	-	-	-
105,727	(105,727)	-	-	-
<u>2,968,702</u>	<u>(98,962)</u>	<u>2,869,740</u>	<u>2,674,275</u>	<u>-</u>
(154,023)	247,841	93,818	335,574	(9,321)
<u>5,422,773</u>	<u>5,704,851</u>	<u>11,127,624</u>	<u>10,792,050</u>	<u>109,905</u>
<u>\$ 5,268,750</u>	<u>\$ 5,952,692</u>	<u>\$ 11,221,442</u>	<u>\$ 11,127,624</u>	<u>\$ 100,584</u>

City of Brillion, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	General	Capital Improvements	Other Governmental Funds	Totals	
				2018	2017
ASSETS					
Cash and investments	\$ 2,695,777	\$ 2,109,090	\$ 455,915	\$ 5,260,782	\$ 5,083,696
Receivables					
Taxes and special charges	2,206,851	47,368	1,001,139	3,255,358	3,396,224
Delinquent taxes	14,319	-	-	14,319	9,918
Accounts	10,967	-	-	10,967	22,903
Special assessments	3,250	84,981	-	88,231	106,233
Loans	-	9,809	-	9,809	130,055
Other	-	98,324	-	98,324	-
Due from other funds	18,602	-	3,560	22,162	2,860
Prepaid items	7,953	-	-	7,953	11,071
Total assets	\$ 4,957,719	\$ 2,349,572	\$ 1,460,614	\$ 8,767,905	\$ 8,762,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 73,177	\$ 461,531	\$ 5,748	\$ 540,456	\$ 77,688
Accrued and other current liabilities	103,029	-	-	103,029	90,247
Accrued interest	-	625	-	625	-
Due to other funds	3,560	-	18,602	22,162	2,860
Due to other governments	2,928,768	-	-	2,928,768	2,987,962
Short-term note payable	150,000	-	-	150,000	-
Total liabilities	3,258,534	462,156	24,350	3,745,040	3,158,757
Deferred inflows of resources					
Property taxes and special charges levied for subsequent year	1,279,238	40,045	1,001,139	2,320,422	2,174,780
Loans receivable	-	9,809	-	9,809	130,055
Other receivable	-	98,324	-	98,324	-
Special assessments	3,250	91,898	-	95,148	115,575
Total deferred inflows of resources	1,282,488	240,076	1,001,139	2,523,703	2,420,410
Fund balances					
Nonspendable	7,953	-	-	7,953	11,071
Restricted	1,380	753,773	459,475	1,214,628	1,439,374
Committed	9,937	751,180	-	761,117	1,187,334
Assigned	50,000	142,387	-	192,387	128,306
Unassigned	347,427	-	(24,350)	323,077	417,708
Total fund balances	416,697	1,647,340	435,125	2,499,162	3,183,793
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,957,719	\$ 2,349,572	\$ 1,460,614	\$ 8,767,905	\$ 8,762,960

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	2018	2017
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 2,499,162	\$ 3,183,793
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	9,476,638	8,880,706
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	95,148	115,575
Loans receivable	9,809	130,055
Other receivable	98,324	-
Long-term assets are not considered available; therefore, are not reported in the funds.	244,284	-
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	33,981	39,209
Deferred outflows related to pensions	445,568	512,699
Deferred inflows related to pensions	(485,215)	(214,347)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(6,934,141)	(7,038,293)
Capital leases	(122,084)	(13,521)
Premium on debt	(40,599)	(46,590)
Net pension liability	-	(66,573)
Accrued interest on long-term obligations	(52,125)	(59,940)
Net position of governmental activities as reported on the statement of net position (see page 4)	\$ 5,268,750	\$ 5,422,773

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Capital Improvements	Other Governmental Funds	Totals	
				2018	2017
REVENUES					
Taxes	\$ 1,390,714	\$ 32,493	\$ 645,376	\$ 2,068,583	\$ 1,881,942
Special assessments	-	109,403	-	109,403	170,268
Intergovernmental	964,823	19,403	44,415	1,028,641	1,018,360
Licenses and permits	79,783	-	-	79,783	67,124
Fines and forfeits	12,094	-	-	12,094	12,349
Public charges for services	292,087	-	700	292,787	293,344
Intergovernmental charges for services	84,765	36,330	-	121,095	96,034
Miscellaneous	44,082	134,746	282	179,110	99,612
Total revenues	<u>2,868,348</u>	<u>332,375</u>	<u>690,773</u>	<u>3,891,496</u>	<u>3,639,033</u>
EXPENDITURES					
Current					
General government	319,440	-	-	319,440	313,937
Public safety	1,186,448	-	-	1,186,448	1,167,716
Public works	540,501	-	-	540,501	471,610
Health and human services	8,273	-	-	8,273	10,188
Culture and recreation	633,583	-	-	633,583	593,863
Conservation and development	20,518	-	356,527	377,045	45,349
Debt service					
Principal	245,975	6,761	370,256	622,992	585,253
Interest and fiscal charges	93,039	981	140,855	234,875	277,179
Capital outlay	-	1,305,645	80,455	1,386,100	764,964
Total expenditures	<u>3,047,777</u>	<u>1,313,387</u>	<u>948,093</u>	<u>5,309,257</u>	<u>4,230,059</u>
Excess of revenues under expenditures	<u>(179,429)</u>	<u>(981,012)</u>	<u>(257,320)</u>	<u>(1,417,761)</u>	<u>(591,026)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	170,000	342,079	512,079	1,585,000
Capital lease proceeds	-	115,324	-	115,324	20,282
Premium on debt issued	-	-	-	-	14,913
Transfers in	105,727	2,221	-	107,948	114,263
Transfers out	(2,221)	-	-	(2,221)	(12,018)
Total other financing sources (uses)	<u>103,506</u>	<u>287,545</u>	<u>342,079</u>	<u>733,130</u>	<u>1,722,440</u>
Net change in fund balances	(75,923)	(693,467)	84,759	(684,631)	1,131,414
Fund balances - January 1	<u>492,620</u>	<u>2,340,807</u>	<u>350,366</u>	<u>3,183,793</u>	<u>2,052,379</u>
Fund balances - December 31	<u>\$ 416,697</u>	<u>\$ 1,647,340</u>	<u>\$ 435,125</u>	<u>\$ 2,499,162</u>	<u>\$ 3,183,793</u>

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	2018	2017
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (684,631)	\$ 1,131,414
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	1,180,274	720,548
Depreciation expense reported in the statement of activities	(487,000)	(461,728)
Net book value of disposals	(97,342)	(45,123)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
Special assessments	(20,427)	(5,636)
Loans receivable	(3,231)	(2,435)
Allowance established against developmen loans receivable	(117,015)	-
Other receivable	98,324	-
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(512,079)	(1,585,000)
Capital leases issued	(115,324)	(20,282)
Principal repaid	616,231	565,158
Capital leases paid	6,761	20,095
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	7,815	4,785
Amortization of premiums, discounts and loss on advance refunding	763	(14,978)
Net pension asset	244,284	-
Net pension liability	66,573	62,338
Deferred outflows of resources related to pensions	(67,131)	(206,176)
Deferred inflows of resources related to pensions	(270,868)	58,993
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	\$ (154,023)	\$ 221,973

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
REVENUES					
Taxes	\$ 1,393,045	\$ 1,393,045	\$ 1,390,714	\$ (2,331)	\$ 1,269,931
Intergovernmental	966,034	966,034	964,823	(1,211)	955,163
Licenses and permits	60,881	60,881	79,783	18,902	67,124
Fines and forfeits	13,500	13,500	12,094	(1,406)	12,349
Public charges for services	312,513	312,513	292,087	(20,426)	293,194
Intergovernmental charges for services	91,475	91,475	84,765	(6,710)	94,777
Miscellaneous	17,500	17,500	44,082	26,582	30,635
Total revenues	2,854,948	2,854,948	2,868,348	13,400	2,723,173
EXPENDITURES					
Current					
General government	329,144	329,144	319,440	9,704	313,937
Public safety	1,174,080	1,174,080	1,186,448	(12,368)	1,167,716
Public works	522,805	522,805	540,501	(17,696)	471,610
Health and human services	9,110	9,110	8,273	837	10,188
Culture and recreation	613,524	613,524	633,583	(20,059)	593,863
Conservation and development	19,700	19,700	20,518	(818)	44,014
Debt service					
Principal	245,975	245,975	245,975	-	199,435
Interest and fiscal charges	92,855	92,855	93,039	(184)	79,965
Total expenditures	3,007,193	3,007,193	3,047,777	(40,584)	2,880,728
Excess of revenues under expenditures	(152,245)	(152,245)	(179,429)	(27,184)	(157,555)
OTHER FINANCING SOURCES (USES)					
Transfers in	102,245	102,245	105,727	3,482	102,245
Transfers out	-	-	(2,221)	(2,221)	(12,018)
Total other financing sources (uses)	102,245	102,245	103,506	1,261	90,227
Net change in fund balance	(50,000)	(50,000)	(75,923)	(25,923)	(67,328)
Fund balance - January 1	492,620	492,620	492,620	-	559,948
Fund balance - December 31	\$ 442,620	\$ 442,620	\$ 416,697	\$ (25,923)	\$ 492,620

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	Water Utility	Sewer Utility	Totals	
			2018	2017
ASSETS				
Current assets				
Cash and investments	\$ -	\$ 781,981	\$ 781,981	\$ 281,263
Receivables				
Customer accounts	132,244	112,776	245,020	285,991
Special assessments	103,387	104,282	207,669	238,868
Due from other funds	-	230,422	230,422	425,256
Inventories and prepaid items	14,118	13,633	27,751	52,645
Total current assets	249,749	1,243,094	1,492,843	1,284,023
Noncurrent assets				
Restricted assets				
Cash and investments	1,057,225	500,667	1,557,892	1,888,833
Other assets				
Net pension asset	5,924	5,377	11,301	-
Capital assets				
Nondepreciable	59,982	58,921	118,903	99,721
Depreciable	4,960,906	2,145,480	7,106,386	7,337,061
Total capital assets	5,020,888	2,204,401	7,225,289	7,436,782
Total assets	6,333,786	3,953,539	10,287,325	10,609,638
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	11,536	10,036	21,572	22,693
LIABILITIES				
Current liabilities				
Accounts payable	18,049	14,765	32,814	19,636
Due to other funds	230,422	-	230,422	425,256
Accrued interest	13,291	4,182	17,473	20,166
Current portion of long-term debt	232,544	177,697	410,241	396,999
Total current liabilities	494,306	196,644	690,950	862,057
Long-term obligations, less current portion				
General obligation debt	796,968	80,172	877,140	996,376
Revenue bonds	2,100,846	664,823	2,765,669	3,056,673
Net pension liability	-	-	-	2,933
Total long-term liabilities	2,897,814	744,995	3,642,809	4,055,982
Total liabilities	3,392,120	941,639	4,333,759	4,918,039
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	11,767	10,679	22,446	9,441
NET POSITION				
Net investment in capital assets	2,691,038	1,411,644	4,102,682	4,271,333
Restricted	249,350	371,927	621,277	584,068
Unrestricted	1,047	1,227,686	1,228,733	849,450
Total net position	\$ 2,941,435	\$ 3,011,257	\$ 5,952,692	\$ 5,704,851

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Utility	Sewer Utility	Totals	
			2018	2017
OPERATING REVENUES				
Charges for services	\$ 891,703	\$ 726,526	\$ 1,618,229	\$ 1,526,838
Other revenues	15,305	5,180	20,485	16,241
Total operating revenues	907,008	731,706	1,638,714	1,543,079
OPERATING EXPENSES				
Operation and maintenance	391,784	385,418	777,202	761,655
Depreciation	206,165	228,230	434,395	429,307
Total operating expenses	597,949	613,648	1,211,597	1,190,962
Operating income	309,059	118,058	427,117	352,117
NONOPERATING REVENUES (EXPENSES)				
Interest income	4,005	2,760	6,765	6,920
Interest and fiscal charges	(79,935)	(27,453)	(107,388)	(146,349)
Total nonoperating revenues (expenses)	(75,930)	(24,693)	(100,623)	(139,429)
Income before contributions and transfers	233,129	93,365	326,494	212,688
Capital contributions	7,640	19,434	27,074	3,158
Transfers out	(105,727)	-	(105,727)	(102,245)
Change in net position	135,042	112,799	247,841	113,601
Net position - January 1	2,806,393	2,898,458	5,704,851	5,591,250
Net position - December 31	\$ 2,941,435	\$ 3,011,257	\$ 5,952,692	\$ 5,704,851

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Utility	Sewer Utility	Totals	
			2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 932,667	\$ 747,018	\$ 1,679,685	\$ 1,543,470
Cash paid for employee wages and benefits	(48,401)	(46,178)	(94,579)	(85,460)
Cash paid to suppliers	(318,341)	(326,318)	(644,659)	(722,536)
Net cash provided by operating activities	<u>565,925</u>	<u>374,522</u>	<u>940,447</u>	<u>735,474</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	(194,834)	194,834	-	-
Transfer out	(105,727)	-	(105,727)	(102,245)
Net cash provided (used) by noncapital financing activities	<u>(300,561)</u>	<u>194,834</u>	<u>(105,727)</u>	<u>(102,245)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(132,191)	(90,711)	(222,902)	(35,414)
Special assessment collections	5,813	52,460	58,273	37,589
Proceeds of long-term debt	-	-	-	930,000
Debt premium received	-	-	-	17,155
Principal paid on long-term debt	(223,608)	(173,390)	(396,998)	(864,575)
Interest paid on long-term debt	(81,064)	(29,017)	(110,081)	(114,486)
Debt issuance costs paid	-	-	-	(49,589)
Net cash used by capital and related financing activities	<u>(431,050)</u>	<u>(240,658)</u>	<u>(671,708)</u>	<u>(79,320)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>4,005</u>	<u>2,760</u>	<u>6,765</u>	<u>6,920</u>
Change in cash and investments	(161,681)	331,458	169,777	560,829
Cash and investments - January 1	<u>1,218,906</u>	<u>951,190</u>	<u>2,170,096</u>	<u>1,609,267</u>
Cash and investments - December 31	<u>\$ 1,057,225</u>	<u>\$ 1,282,648</u>	<u>\$ 2,339,873</u>	<u>\$ 2,170,096</u>

City of Brillion, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Utility	Sewer Utility	Totals	
			2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 309,059	\$ 118,058	\$ 427,117	\$ 352,117
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	206,165	228,230	434,395	429,307
Depreciation charged to sewer utility	7,014	(7,014)	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	(158)	50	(108)	2,328
Change in operating assets and liabilities				
Accounts receivables	25,659	15,312	40,971	391
Inventories and prepaid items	8,831	16,063	24,894	(21,724)
Accounts payable	9,355	3,823	13,178	(26,945)
Net cash provided by operating activities	<u>\$ 565,925</u>	<u>\$ 374,522</u>	<u>\$ 940,447</u>	<u>\$ 735,474</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ -	\$ 781,981	\$ 781,981	\$ 281,263
Cash and cash equivalents in restricted assets	<u>1,057,225</u>	<u>500,667</u>	<u>1,557,892</u>	<u>1,888,833</u>
Total cash and investments	<u>\$ 1,057,225</u>	<u>\$ 1,282,648</u>	<u>\$ 2,339,873</u>	<u>\$ 2,170,096</u>
Noncash capital and related financing activities				
None				

The notes to the basic financial statements are an integral part of this statement.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Brillion, Wisconsin (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 principles and policies utilized by the City are described below:

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected seven member council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Brillion Redevelopment Authority

The Brillion Redevelopment Authority (the "Redevelopment Authority") is governed by a nine member board consisting of six citizen members, one council member, the City Administrator and the Mayor. The Redevelopment Authority's fiscal year ends December 31. The Redevelopment Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, capital projects and permanent funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Capital Improvements Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The City reports the following major enterprise funds:

Water Utility Fund

This fund accounts for the operations of the City's water utility.

Sewer Utility Fund

This fund accounts for the operations of the City's sewer utility.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services, city ordinance forfeitures, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the costs of services; administrative expenses; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

- Cash and Investments**
Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.
- Property Taxes and Special Charges Receivable**
Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against city properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.
In addition to its levy, the City also levies and collects taxes for the Brillion School District, Calumet County, and Fox Valley Technical College.
- Accounts Receivable**
Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.
- Special Assessments**
Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2018 tax roll are recognized as revenue in 2019.) Special assessments are subject to collection procedures.
- Loans Receivable**
The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.
- Interfund Receivables and Payables**
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.
The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

- Inventories**
Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.
Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.
- Prepaid Items**
Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.
Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.
- Capital Assets**
Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.
The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.
Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental		Business-type
	Assets	Activities	
Land improvements	20	Years	
Buildings	25 - 50		25 - 50
Machinery and equipment	5 - 20		3 - 10
Infrastructure	35 - 80		25 - 100
- Compensated Absences**
The City's policy allows employees to earn varying amounts of vacation time for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused accrued vacation. Vacation time must be taken in the year earned; therefore, no liability exists at year-end.
Sick leave is earned at a rate of one day per month of full-time service. Employees are not compensated for unused sick leave upon termination of employment. Therefore, no accrual for earned sick leave is recorded at year-end.
- Deferred Outflows/Inflows of Resources**
Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

12. **Long-term Obligations**
In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. **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.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific person to assign fund balance. Residual amounts in any governmental fund, other than the general fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, debt service, and capital improvements capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

- During the year, formal budgetary integration is employed as a management control device for the general debt service, and capital improvements capital projects funds. Management control of the City's tax incremental financing districts is achieved through each District's project plan.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
- Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2018.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2018 as follows:

Funds	Excess Expenditures
General Fund	
General Government	
Assessment of property	\$ 3,788
Elections	1,350
City Hall	1,772
Uncollectible taxes	352
Public Safety	
Fire department	7,002
Ambulance	373
Building inspection	16,488
Emergency government	71
Public Works	
Garage	14,293
Machinery	1,579
Street lighting	13,497
Sidewalks	2,727
Storm sewers	4,060
Bridges and culverts	906
Solid waste collection	12,767
Compost site/chipping	5,421
Culture and Recreation	
Recreation programs and events	3,628
Swimming pool	9,099
Library	11,704
Conservation and Development	
Economic development	818
Debt Service	
Interest and fiscal charges	184
Capital Improvements Capital Projects Fund	
Street construction and maintenance	184,076
Landfill	1,245

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

C. DEFICIT FUND EQUITY

The following funds had deficit fund balance or net position as of December 31, 2018:

Funds	Deficit Fund Balance
Tax Incremental District No. 2	\$ 14,181
Tax Incremental District No. 5	10,169

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2018 and 2019 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2018 budget was 1.33%. The actual limit for the City for the 2019 budget was 0.96%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:
Time deposits; repurchase agreements; securities issued by Federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$7,600,655 on December 31, 2018, as summarized below:

Petty cash and cash on hand	\$ 700
Deposits with financial institutions	7,480,853
Investments	119,102
Wisconsin local government investment pool	<u>\$ 7,600,655</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	\$ 6,042,763
Cash and investments	1,557,892
Restricted cash and investments	<u>\$ 7,600,655</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City currently has no investments that are subject to fair value measurement.

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2018, \$6,175,426 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Investments

The City has investments in the Wisconsin local government investment pool of \$119,102 at year-end. 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 City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. The City's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

B. RESTRICTED ASSETS
Restricted assets on December 31, 2018 totaled \$1,557,892 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Funds		
Water Utility		
Revenue bond reserve fund	\$ 93,000	To reserve additional funds for debt retirement; to be used if sufficient funds are not available in the revenue bond special redemption fund.
Revenue bond special redemption fund	137,540	To be used for subsequent year payments of principal and interest on water mortgage revenue bonds.
Depreciation fund	119,177	To be used for additions to and betterments of the water utility plant.
Unspent bond proceeds	707,508	To be used for water capital projects.
Total Water Utility	<u>1,057,225</u>	
Sewer Utility		
Revenue bond special redemption fund	42,918	To be used for subsequent year payments principal and interest on sewer mortgage revenue bonds.
Equipment replacement fund	294,758	To be used for replacement of certain assets of the sewage treatment plant.
Revenue bond reserve fund	82,500	To reserve additional funds for debt retirement; to be used if sufficient funds are not available in the revenue bond special redemption fund.
Depreciation fund	33,056	To be used for additions to and betterments of the sewer utility plant.
Unspent bond proceeds	47,435	To be used for sewer capital projects.
Total Sewer Utility	<u>500,667</u>	
Total Restricted Assets	<u>\$ 1,557,892</u>	

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable				
Land	\$ 914,042	\$ -	\$ -	\$ 914,042
Construction in progress	23,630	855,458	447,223	431,865
Total capital assets, nondepreciable	937,672	855,458	447,223	1,345,907
Capital assets, depreciable				
Land improvements	354,189	-	-	354,189
Buildings and improvements	3,398,246	-	-	3,398,246
Machinery and equipment	2,803,608	284,478	-	3,088,086
Infrastructure	10,784,426	487,561	284,540	10,987,447
Subtotals	17,340,469	772,039	284,540	17,827,968
Less accumulated depreciation for:				
Land improvements	170,643	12,345	-	182,988
Buildings and improvements	2,193,994	68,518	-	2,262,512
Machinery and equipment	1,634,233	138,633	-	1,772,866
Infrastructure	3,398,565	267,504	187,198	3,478,871
Subtotals	9,397,435	487,000	187,198	9,697,237
Total capital assets, depreciable, net	7,943,034	285,039	97,342	8,130,731
Governmental activities capital assets, net	\$ 8,880,706	\$ 1,140,497	\$ 544,565	\$ 9,476,638
Less: Capital related debt				
Less: Debt premium				3,969,720
Add: Deferred charge on refunding				40,589
Net investment in capital assets				35,981
Business-type activities:				
Capital assets, nondepreciable				
Land	\$ 45,428	\$ -	\$ -	\$ 45,428
Construction in progress	54,293	205,690	186,508	73,475
Total capital assets, nondepreciable	99,721	205,690	186,508	118,903
Capital assets, depreciable				
Buildings and improvements	2,258,042	-	-	2,258,042
Machinery and equipment	4,712,288	11,510	16,380	4,707,418
Infrastructure	8,487,428	192,210	7,880	8,671,758
Subtotals	15,457,758	203,720	24,260	15,637,218
Less accumulated depreciation				
Total capital assets, depreciable, net	8,120,697	434,395	24,260	8,530,832
Total capital assets, depreciable, net	7,337,061	(230,675)	-	7,106,386
Business-type activities capital assets, net	\$ 7,436,786	\$ (24,985)	\$ 186,508	\$ 7,225,289
Less: Capital related debt				3,122,607
Net investment in capital assets				\$ 4,102,682

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Depreciation expense was charged to functions of the City as follows:

Governmental activities		
General government	\$	9,008
Public safety		96,968
Public works		308,690
Culture and recreation		72,334
Total depreciation expense - governmental activities	\$	487,000
Business-type activities		
Water utility	\$	206,165
Sewer utility		228,230
Total depreciation expense - business-type activities	\$	434,395

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	Interfund Receivables	Interfund Payables
Cemetery perpetual care funds held by other funds		
General	\$ -	\$ 3,560
Permanent fund		3,560
Cemetery perpetual care	3,560	-
Subtotal	3,560	3,560
Temporary cash advances to finance operating cash deficits		
General	18,602	-
Tax incremental District No. 2	-	14,181
Tax incremental District No. 5	-	4,421
Water utility	-	230,422
Sewer utility	230,422	-
Subtotal	249,024	249,024
Totals	\$ 252,584	\$ 252,584

Interfund transfers for the year ended December 31, 2018 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 105,727	\$ 2,221
Water utility	-	105,727
Capital improvements	2,221	-
Totals	\$ 107,948	\$ 107,948

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 105,727
Transfer non-lapsing reserves	2,221
Totals	\$ 107,948

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City of Brillion, Wisconsin
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Annual principal and interest maturities of the outstanding general obligation debt of \$7,930,517 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 748,751	\$ 218,442	\$ 119,236	\$ 32,115	\$ 797,987	\$ 250,557
2020	748,364	214,284	364,080	24,097	1,112,444	238,381
2021	683,804	184,405	118,060	16,167	801,864	200,572
2022	709,722	152,240	25,000	12,518	734,722	171,758
2023	747,919	135,181	25,000	12,205	772,919	147,386
2024 - 2028	3,025,581	287,542	125,000	48,525	3,150,581	336,067
2029 - 2033	230,000	47,303	150,000	26,348	380,000	68,651
2034 - 2035	110,000	4,125	70,000	2,628	180,000	6,753
	<u>\$ 6,934,141</u>	<u>\$ 1,245,522</u>	<u>\$ 996,376</u>	<u>\$ 174,603</u>	<u>\$ 7,930,517</u>	<u>\$ 1,420,125</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2018 was \$2,829,453 as follows:

Equalized valuation of the City	\$ 215,199,400
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	10,759,970
Net outstanding general obligation debt applicable to debt limitation	7,930,517
Legal margin for new debt	<u>\$ 2,829,453</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2018 totaled \$3,056,674 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
Revenue bonds	08/23/00	05/01/20	3.01%	\$ 1,029,147	\$ 137,603
Revenue bonds	04/08/15	05/01/34	1.65%	1,643,812	1,419,071
Revenue bonds	06/16/15	05/01/27	1.25 - 3.10%	825,000	655,000
Revenue bonds	05/17/17	05/01/32	3.0 - 3.50%	930,000	845,000
Total Outstanding Revenue Bonds					<u>\$ 3,056,674</u>

City of Brillion, Wisconsin
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

E. SHORT-TERM OBLIGATIONS

The City issued a \$150,000 general obligation promissory note in advance of property tax collections. As of December 31, 2018, there was \$150,000 outstanding and due on February 1, 2019 with interest of \$9.58.

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities					
General Obligation Debt	\$4,030,000	\$ -	\$ 310,000	\$3,720,000	\$ 325,000
Bonds	3,008,293	512,079	306,231	3,214,141	353,751
Notes	7,008,293	312,079	616,231	6,994,141	678,751
Total General Obligation Debt	46,590	5,991	40,599	-	-
Capital leases	13,521	115,324	6,761	122,084	49,983
Governmental activities	<u>\$7,098,404</u>	<u>\$ 627,403</u>	<u>\$ 628,983</u>	<u>\$7,096,824</u>	<u>\$ 728,734</u>
Business-type activities:					
General Obligation Debt	\$ 475,000	\$ -	\$ 15,000	\$ 460,000	\$ 20,000
Bonds	630,621	-	94,245	536,376	99,236
Notes	1,105,621	-	109,245	996,376	119,236
Total General Obligation Debt	3,344,427	-	287,753	3,056,674	291,005
Revenue bonds	\$4,450,048	\$ -	\$ 396,998	\$4,053,050	\$ 410,241
Long-term obligations					
Total interest paid during the year on long-term debt totaled \$342,716.					

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
General obligation bonds	05/15/08	12/01/27	2.90 - 4.30%	\$ 3,000,000	\$ 1,970,000
General obligation notes	08/15/08	03/15/25	4.75%	176,879	88,255
General obligation notes	02/20/09	03/15/25	4.75%	126,245	67,009
General obligation notes	07/24/09	03/15/26	4.75%	729,609	407,962
General obligation notes	05/18/10	03/15/20	4.50%	700,500	170,500
General obligation notes	08/16/11	08/01/21	1.20 - 3.25%	1,490,000	605,000
General obligation notes	10/04/11	03/15/20	3.75%	406,100	59,250
General obligation notes	06/09/14	06/01/20	2.50%	245,000	245,000
General obligation bonds	06/16/15	05/01/35	2.00 - 3.75%	2,590,000	2,210,000
General obligation notes	09/01/15	09/01/20	3.70%	100,000	35,462
General obligation notes	05/17/17	06/01/26	1.65 - 2.50%	1,585,000	1,560,000
General obligation notes	10/02/18	10/02/19	3.00%	170,000	170,000
General obligation notes	12/17/18	03/15/23	4.25%	342,073	342,073
Total Outstanding General Obligation Debt					<u>\$ 7,930,517</u>

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Annual principal and interest maturities of the outstanding revenue bonds of \$3,056,674 on December 31, 2018 are detailed below:

Year Ended December 31,	Business-type Activities		Total
	Principal	Interest	
2019	\$ 291,005	\$ 67,523	\$ 358,528
2020	309,337	60,304	369,641
2021	245,827	53,730	299,557
2022	242,161	47,860	290,021
2023	198,517	42,469	240,986
2024-2028	983,714	139,318	1,123,032
2029-2033	686,124	43,196	729,320
2034	99,989	825	100,814
	<u>\$ 3,056,674</u>	<u>\$ 455,225</u>	<u>\$ 3,511,899</u>

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the water and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$3,511,899. Principal and interest paid for the current year and total customer net revenues were \$362,109 and \$868,277, respectively.

Capital Lease

The City is obligated under a lease accounted for as capital lease that was used to finance the acquisition of a capital asset. The cost of the capital assets under the capital lease is \$302,901 and the related accumulated depreciation is \$30,473 as of December 31, 2018.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2018:

	Year Ending December 31,	Governmental Activities
2019	\$	\$ 56,105
2020		48,964
2021		27,431
Subtotal		132,500
Less: Amount representing interest		10,416
Present Value of Future Minimum Lease Payments		<u>\$ 122,084</u>

G. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,622,917.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

H. OPERATING LEASES

The City has entered into operating leases for equipment. The remaining payments on these operating leases as of December 31, 2018 are as follows:

Year Ended December 31,	Amount
2019	\$ 11,400

I. PENSION PLAN

1. Plan Description

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

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

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.

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

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

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

The WRS also provides death and disability benefits for employees.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

2. Post-retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

3. 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, and 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 year ended December 31, 2018, the WRS recognized \$91,807 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.5%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

At December 31, 2018, the City reported an asset of \$255,585 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension 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 asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employees. At December 31, 2017, the City's proportion was 0.00860813%, which was an increase of 0.00017555% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$109,368.

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	\$ 324,727	\$ 151,896
Net differences between projected and actual earnings on pension plan investments	-	351,280
Changes in assumptions	50,498	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	108	4,485
Employer contributions subsequent to the measurement date	91,807	-
Total	\$ 467,140	\$ 507,661

\$91,807 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 of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2019	\$ 26,155
2020	(3,792)
2021	(88,776)
2022	(66,527)
2023	617
Total	\$ (132,328)

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

5. 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:	3.2%
Inflation:	0.2% - 5.6%
Seniority/Merit:	Wisconsin 2012 Mortality Table
Mortality:	2.1%
Post-retirement Adjustments*	

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 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:

Core Fund Asset Class	Current Asset Allocation %	Long-term	
		Expected Nominal Rate of Return %	Expected Real Rate of Return %
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%
Variable Fund Asset Class			
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

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.1%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 661,287	\$ (255,585)	\$ (932,437)

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

6. Payables to the Pension Plan

At December 31, 2018, the City reported a payable of \$13,397 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

J. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2018, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Prepaid Items	\$ 7,953

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

General fund	
Restricted for	
Police donations	\$ 1,380
Capital improvements fund	
Restricted for	
Debt proceeds	
Truck replacements	470,000
Mini storm sewers	136,247
Community cemetery road	6,751
Building renovations	59,975
Little league diamond	80,800
Total	<u>753,773</u>
Nonmajor funds	
Restricted for	
Economic development loans	76,196
Tax incremental districts	320,669
Cemetery perpetual care	62,610
Total	<u>459,475</u>
Total Restricted Fund Balance	<u>\$ 1,214,628</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2018, governmental fund balance was committed as follows:

General fund	
Committed for	
Tourism	\$ 9,937
Capital improvements fund	
Committed for	
Non-lapsing reserves	751,180
Total Committed Fund Balance	<u>\$ 761,117</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2018, fund balance was assigned as follows:

General fund	
Assigned for subsequent years budget	\$ 50,000
Capital improvements fund	
Assigned for subsequent year's expenditures	142,387
Capital improvements	192,387
Total	<u>\$ 384,774</u>

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 2.5% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2019 General Fund Expenditures	\$ 3,351,294
Minimum Fund Balance %	(X) 2.5%
Minimum Fund Balance Amount	<u>\$ 837,824</u>

The City's unassigned general fund balance of \$347,427 is below the minimum fund balance amount.

Net Position

The City reports restricted net position at December 31, 2018 as follows:

Governmental Activities	
Restricted for	
Tax incremental districts	\$ 320,669
Economic development loans	76,196
Cemetery perpetual care	62,610
Police donations	1,380
Pension asset	244,284
Total Governmental Activities Restricted Net Position	<u>705,139</u>
Business-type Activities	
Restricted for	
Capital improvements	446,991
Debt service	162,985
Pension asset	11,301
Total Business-type Activities Restricted Net Position	<u>621,277</u>
Total Restricted Net Position	<u>\$ 1,326,416</u>

NOTE 4: OTHER INFORMATION

A. COMPONENT UNIT

This report contains the Redevelopment Authority, a component unit of the City. Financial information is presented as a separate column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statement which apply, the following additional disclosures are considered necessary for a fair presentation.

Significant Accounting Policies

The Redevelopment Authority follows the accrual basis of accounting.

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value.

Deposits and Investments

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to the statutory amount for demand deposits and time deposits. At year-end, the carrying amount of the Authority's cash totaled \$584, and consisted of bank deposits. The entire bank balance was covered by federal and state depository insurance.

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City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000

B. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate capital projects funds for Tax Incremental District (TID) No. 2, No. 3, No. 4, and No. 5 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the Districts were "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's Districts are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2018, the City can recover \$3,142,988 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 2	\$ 574,989
TID No. 3	804,191
TID No. 4	1,417,308
TID No. 5	352,248

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

	Termination Year
TID No. 2	2033
TID No. 3	2027
TID No. 4	2027
TID No. 5	2047

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage.

D. CONTINGENCIES

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City's 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.

City of Brillion, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

E. CONCENTRATIONS

The City has identified the following significant taxpayers and utility customers for 2018:

Significant Taxpayer

The City has one taxpayer who accounts for approximately 9% of the assessed value for 2018.

Significant Customer – Enterprise Funds

The water and sewer utilities has two significant customers who were responsible for 21% and 26%, respectively, of operating revenues in 2018.

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

City of Brillion, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	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)
12/31/14	0.00815016%	\$ (200,190)	\$ 971,275	20.61%	102.74%
12/31/15	0.00823739%	133,856	953,855	13.47%	98.20%
12/31/16	0.00843258%	69,506	1,019,953	6.81%	99.12%
12/31/17	0.00860813%	(255,585)	1,017,368	25.12%	102.93%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions Covered as a Percentage of Payroll
12/31/15	\$ 80,565	\$ 80,565	\$ -	\$ 993,855	8.11%
12/31/16	81,878	81,878	-	1,019,953	8.03%
12/31/17	90,062	90,052	-	1,017,368	8.85%
12/31/18	91,807	91,807	-	1,029,923	8.91%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

City of Brillion, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

SUPPLEMENTARY INFORMATION

	Budget		Final	Actual	Variance Final Budget - positive (Negative)	2017 Actual
	Original	Final				
Taxes						
General property	\$ 1,347,045	\$ 1,347,045	\$ 1,347,045	\$ 1,229,005	\$ -	\$ 1,229,005
Housing authority	18,000	18,000	16,637	18,259	(1,363)	18,259
Mobile home	10,000	10,000	10,727	8,104	727	8,104
Interest on taxes	-	-	-	-	-	619
Room taxes	18,000	18,000	16,305	13,944	(1,695)	13,944
Total taxes	1,393,045	1,393,045	1,390,714	1,269,931	(2,331)	1,269,931
Intergovernmental						
State						
State shared taxes	622,909	622,909	622,257	624,808	(652)	624,808
Transportation	204,745	204,745	204,594	190,743	(151)	190,743
Exempt computer aid	24,004	24,004	24,004	23,656	-	23,656
Law enforcement	1,500	1,500	-	2,100	(1,500)	2,100
Recycling	11,000	11,000	11,286	11,285	286	11,285
Other grants	2,000	2,000	2,723	2,424	723	2,424
County						
Library aid	99,876	99,876	99,959	100,147	83	100,147
Total intergovernmental	966,034	966,034	964,823	955,163	(1,211)	955,163
Licenses and permits						
Liquor and malt beverages	3,770	3,770	4,435	3,904	665	3,904
Operators	2,000	2,000	1,770	1,825	(230)	1,825
Cigarette	95	95	35	(60)	(60)	(60)
Dog	1,955	1,955	2,209	354	1,820	354
Bicycle	2,035	2,035	2,159	1,975	124	1,975
Cable television	20,000	20,000	21,218	20,174	1,218	20,174
Other licenses/permits	1,026	1,026	1,055	865	29	865
Permits						
Building	30,000	30,000	46,802	36,611	16,802	36,611
Total licenses and permits	60,881	60,881	79,783	67,124	18,902	67,124
Fines and forfeits						
Court fines and penalties	12,000	12,000	10,744	10,974	(1,256)	10,974
Parking violations	1,500	1,500	1,350	1,375	(150)	1,375
Total fines and forfeits	13,500	13,500	12,094	12,349	(1,406)	12,349

City of Brillion, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Final	Actual	Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final				
Public charges for services						
Clerk	4,150	4,150	2,654	1,901	(1,496)	1,901
License publication fees	180	180	235	195	55	195
Police department	3,100	3,100	717	1,518	(2,383)	1,518
Street department	3,000	3,000	3,462	4,254	462	4,254
Weed cutting	525	525	330	(195)	(195)	(195)
Snow removal	3,000	3,000	2,158	4,819	(862)	4,819
Salt and sand	2,000	2,000	-	(2,000)	(2,000)	(2,000)
Solid waste disposal	113,771	113,771	106,278	107,046	(7,493)	107,046
Recycling	54,337	54,337	46,621	45,544	(7,716)	45,544
Cemetery lots	200	200	300	80	100	80
Library	5,800	5,800	5,169	5,512	(631)	5,512
Swimming pool	61,500	61,500	68,379	70,533	(6,879)	70,533
Community center	57,850	57,850	54,109	49,595	(3,741)	49,595
Park rentals	3,100	3,100	1,695	2,107	(1,405)	2,107
Total public charges for services	312,513	312,513	292,087	293,194	(20,426)	293,194
Intergovernmental charges for services						
Police services	35,715	35,715	35,814	35,715	99	35,715
Fire department fees	35,000	35,000	30,221	38,792	(4,779)	38,792
Ambulance service fees	20,760	20,760	18,730	20,270	(2,030)	20,270
Total intergovernmental charges for services	91,475	91,475	84,765	94,777	(6,710)	94,777
Miscellaneous						
Interest on investments	5,000	5,000	4,631	2,985	(369)	2,985
Sale of City property	-	-	-	150	-	150
Insurance dividends	-	-	15,223	9,558	15,223	9,558
Donations	5,500	5,500	8,781	3,281	9,635	9,635
Other	7,000	7,000	1,212	1,287	(5,788)	1,287
Insurance recoveries	-	-	14,235	7,020	14,235	7,020
Total miscellaneous	17,500	17,500	44,082	30,635	26,582	30,635
Total Revenues	\$ 2,854,948	\$ 2,854,948	\$ 2,868,348	\$ 2,723,173	\$ 13,400	\$ 2,723,173

City of Brillion, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Final	Actual	Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final				
General Government						
Municipal court	12,123	12,123	11,349	11,015	774	11,015
Council	13,508	13,508	1840	10,800	1,840	10,800
Mayor	7,655	7,655	6,386	7,380	1,269	7,380
City administrator	51,340	51,340	48,225	50,325	3,115	50,325
City clerk/treasurer	93,144	93,144	88,090	88,884	5,054	88,884
Legal	13,500	13,500	10,812	16,269	2,688	16,269
Assessment of property	7,700	7,700	11,488	10,157	(3,788)	10,157
Accounting and auditing	19,220	19,220	17,865	18,660	1,355	18,660
Elections	4,700	4,700	6,050	1,909	(1,350)	1,909
City hall	29,330	29,330	31,102	26,515	(1,772)	26,515
Uncollectible taxes	-	-	352	555	(352)	555
Insurance	76,924	76,924	76,053	871	871	71,468
Total general government	329,144	329,144	319,440	313,937	9,704	313,937
Public Safety						
Police department	898,279	898,279	886,713	880,280	11,566	880,280
Fire department	139,514	139,514	146,516	125,810	(7,002)	125,810
Ambulance	105,652	105,652	106,025	108,734	(373)	108,734
Building inspection	29,419	29,419	45,907	51,626	(16,488)	51,626
Emergency government	1,216	1,216	1,287	1,266	(71)	1,266
Total public safety	1,174,080	1,174,080	1,186,448	1,167,716	(12,368)	1,167,716
Public Works						
Transportation	101,195	101,195	115,488	82,513	(14,293)	82,513
Garage	26,305	26,305	27,884	15,966	(1,579)	15,966
Machinery	60,372	60,372	53,201	44,922	7,171	44,922
Street maintenance	9,054	9,054	4,951	4,103	4,103	4,103
Street cleaning	43,088	43,088	33,896	27,012	9,192	27,012
Snow and ice control	6,721	6,721	3,057	2,562	3,664	2,562
Street signs	60,439	60,439	73,936	73,673	(3,497)	73,673
Sidewalks	2,700	2,700	5,427	2,084	(2,727)	2,084
Curb and gutter	878	878	115	763	1,113	763
Storm sewers	12,748	12,748	16,808	12,775	(4,060)	12,775
Bridges and culverts	1,056	1,056	1,962	418	(906)	418
Parking lots	524	524	410	114	-	-
Sanitation						
Solid waste collection	113,771	113,771	126,538	132,792	(12,767)	132,792
Compost site/chipping	4,778	4,778	10,199	4,066	(5,421)	4,066
Recycling	54,337	54,337	47,269	42,679	7,068	42,679
Weed control	12,332	12,332	10,680	6,951	1,652	6,951
Trees	2,155	2,155	751	772	1,404	772
Leave pickup	10,352	10,352	7,929	10,100	2,423	10,100
Total public works	522,805	522,805	540,501	471,610	(17,696)	471,610
Health and Human Services						
Cemetery	9,110	9,110	8,273	10,188	837	10,188

City of Brillion, Wisconsin

GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance Final Budget - Positive (Negative)		2017 Actual
	Original	Final				
Culture and Recreation						
Community center	169,004	169,004	167,576	1,428		165,649
Parks	37,687	37,687	34,743	2,944		40,268
Recreation programs and events	61,528	61,528	65,156	(3,628)		44,064
Swimming pool	133,828	133,828	142,927	(9,099)		132,845
Library	211,877	211,477	223,181	(11,704)		211,037
Total culture and recreation	<u>613,524</u>	<u>613,524</u>	<u>633,583</u>	<u>(20,059)</u>		<u>593,865</u>
Conservation and Development						
Economic development	19,700	19,700	20,518	(818)		44,014
Debt Service						
Principal retirement	245,975	245,975	245,975	-		199,435
Interest and fiscal charges	92,855	92,855	93,039	(184)		79,965
Total debt service	<u>338,830</u>	<u>338,830</u>	<u>339,014</u>	<u>(184)</u>		<u>279,400</u>
Total Expenditures	<u>\$ 3,007,193</u>	<u>\$ 3,007,193</u>	<u>\$ 3,047,777</u>	<u>\$ (40,584)</u>		<u>\$ 2,880,728</u>

City of Brillion, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)		2017 Actual
	Original	Final				
REVENUES						
Taxes						
General property	\$ 32,493	\$ 32,493	\$ 32,493	\$ -		\$ 34,933
Special assessments	4,200	4,200	22,918	18,718		12,503
Curb and gutter	3,600	3,600	8,543	4,943		5,345
Driveway	2,500	2,500	4,552	2,052		3,528
Slidewalk	45,000	45,000	73,390	28,390		148,892
Mini storm sewer	55,300	55,300	109,403	54,103		170,268
Total special assessments						
Intergovernmental	8,500	8,500	9,403	903		9,425
State						
Fire insurance tax						
County	10,000	10,000	10,000	-		10,000
Library aid	18,500	18,500	19,403	903		19,425
Total intergovernmental						
Intergovernmental charges for services						
Ambulance	-	-	36,330	36,330		1,257
Miscellaneous	7,000	7,000	14,645	7,645		10,000
Interest on investments	-	-	515	515		4,550
Sale of City equipment	3,000	3,000	116,355	113,355		51,740
Donations	-	-	3,231	3,231		2,435
Other	10,000	10,000	134,746	124,746		68,725
Total miscellaneous						
Total revenues	<u>116,293</u>	<u>116,293</u>	<u>332,375</u>	<u>216,082</u>		<u>294,608</u>
EXPENDITURES						
Capital outlay						
General government	1,070	1,070	145	925		-
Municipal court	537	537	-	537		286
Clerk-treasurer	4,587	4,587	-	4,587		-
Electrons	88,837	92,459	10,627	81,832		7,931
City hall	95,031	98,653	10,772	87,881		8,217
Total general government						
Public safety						
Police department	16,911	9,794	2,827	6,967		24,647
Fire department	324,693	334,200	28,561	305,639		9,257
Ambulance	205,942	282,942	228,521	54,421		2,601
Emergency government	41	41	-	41		11,249
Total public safety	<u>547,587</u>	<u>626,977</u>	<u>259,909</u>	<u>367,068</u>		<u>47,751</u>

City of Brillion, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	2017	
	Original	Final			Actual	Actual
EXPENDITURES						
Public works						
Garage	21,415	21,415	-	21,415	1,201	
Machinery	248,701	408,119	20,513	387,606	24,672	
Street construction and maintenance	184,826	187,947	372,023	(184,076)	25,614	
Snow and ice	33,757	33,515	24,524	8,991	21,228	
Street signs	3,091	3,091	189	2,902	742	
Storm sewers	419,698	415,739	74,095	341,644	351,295	
Landfill	4,032	3,016	4,261	(1,245)	4,072	
Recycling	32,701	32,548	1,549	30,999	153	
Total public works	948,221	1,105,390	497,154	608,236	428,977	
Health and human services						
Cemetery	48,438	9,922	114	9,808	43,249	
Culture and recreation						
Community center	649,798	572,546	491,138	81,408	103,205	
Parks	176,063	172,907	10,567	162,340	8,122	
Swimming pool	1,448	1,448	-	1,448	1,913	
Library	73,334	72,846	13,958	58,888	6,211	
Total culture and recreation	900,643	819,747	515,663	304,084	119,451	
Conservation and development						
Maps and plans	19,154	19,154	2,368	16,786	344	
Economic development	46,415	43,857	13,613	30,244	116,678	
Technology	11,276	10,982	6,052	4,930	294	
Total conservation and development	76,845	73,993	22,033	51,960	117,316	
Debt service						
Principal	-	6,761	6,761	-	20,095	
Interest and fiscal charges	-	981	981	-	42,327	
Total debt service	-	7,742	7,742	-	62,422	
Total expenditures	2,616,765	2,742,424	1,313,387	1,429,037	827,386	
Excess of revenues over (under) expenditures	(2,500,472)	(2,626,131)	(981,012)	1,645,119	(532,778)	
OTHER FINANCING SOURCES						
Long-term debt issued	-	170,000	170,000	-	1,585,000	
Capital lease proceeds	-	115,324	115,324	-	20,282	
Premium on debt issued	-	-	-	-	14,913	
Transfers in	-	-	2,221	2,221	12,018	
Total other financing sources	-	285,324	287,545	2,221	1,632,213	
Net change in fund balance	(2,500,472)	(2,340,807)	(693,467)	1,647,340	1,099,435	
Fund balance - January 1	2,340,807	2,340,807	2,340,807	-	1,241,372	
Fund balance - December 31	\$ (159,665)	\$ -	\$ 1,647,340	\$ 1,647,340	\$ 2,340,807	

City of Brillion, Wisconsin

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Special Revenue		Tax		Capital Projects	
	DD	Revolving Loan	Incremental District No. 2	Incremental District No. 3	Incremental District No. 4	Tax
ASSETS						
Cash and investments	\$ 76,196	\$ -	\$ -	\$ 200,660	\$ 120,009	
Receivables	-	-	108,754	213,954	297,063	
Taxes and special charges	-	-	-	-	-	
Loans	-	-	-	-	-	
Due from other funds	-	-	-	-	-	
Total assets	\$ 76,196	\$ -	\$ 108,754	\$ 414,614	\$ 417,072	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	-	-	-	-	-	
Due to other funds	-	-	14,181	-	-	
Total liabilities	-	-	14,181	-	-	
Deferred inflows of resources						
Property taxes levied for subsequent year	-	-	108,754	213,954	297,063	
Loans receivable	-	-	-	-	-	
Total deferred inflows of resources	-	-	108,754	213,954	297,063	
Fund balances						
Restricted	76,196	-	-	200,660	120,009	
Unassigned	-	-	(14,181)	-	-	
Total fund balances	76,196	-	(14,181)	200,660	120,009	
Total liabilities, deferred inflows of resources and fund balances	\$ 76,196	\$ -	\$ 108,754	\$ 414,614	\$ 417,072	

City of Brillion, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Tax Incremental District No. 5	Debt Service	Permanent Cemetery Perpetual Care	Totals	2018	2017
\$	\$ -	\$ -	\$ 59,050	\$ 455,915	\$	\$ 347,506
	-	381,368	-	1,001,139		645,378
	-	-	-	3,560		117,015
	-	-	3,560	-		2,860
\$	\$ -	\$ 381,368	\$ 62,610	\$ 1,460,614	\$	\$ 1,112,759
	5,748	-	-	5,748	-	-
	4,421	-	-	18,602	-	-
	10,169	-	-	24,350	-	-
	-	381,368	-	1,001,139	645,378	117,015
	-	381,368	-	1,001,139	762,393	-
	(10,169)	-	62,610	459,475	350,366	-
	-	-	-	(24,350)	-	-
	(10,169)	-	62,610	435,125	350,366	-
\$	\$ -	\$ 381,368	\$ 62,610	\$ 1,460,614	\$	\$ 1,112,759

	Special Revenue DOD Revolving Loan	Tax Incremental District No. 2	Tax Incremental District No. 3	Capital Projects Incremental District No. 4
REVENUES				
Taxes	\$ -	\$ 102,061	\$ 239,054	\$ 304,261
Intergovernmental	-	776	137	43,502
Public charges for services	-	-	-	-
Miscellaneous	76	-	-	-
Total revenues	76	102,837	239,191	347,763
EXPENDITURES				
Current	-	-	150	964
Conservation and development	-	3,165	-	-
Debt service	-	-	122,748	182,546
Principal	-	64,962	46,030	74,125
Interest and fiscal charges	-	20,700	-	-
Capital outlay	-	80,455	-	-
Total expenditures	-	169,282	168,928	257,635
Excess of revenues over (under) expenditures	76	(66,445)	70,263	90,128
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	-	-
Net change in fund balances	76	(66,445)	70,263	90,128
Fund balances - January 1	76,120	52,264	130,397	29,881
Fund balances - December 31	\$ 76,196	\$ (14,181)	\$ 200,660	\$ 120,009

City of Brillion, Wisconsin

SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018	2017
OPERATING REVENUES		
Charges for services	\$ 273,990	\$ 241,351
Residential	29,917	24,602
Multi-Family	71,043	60,236
Commercial	219,462	204,315
Industrial	16,920	19,888
Public authority	22,265	17,941
Private fire protection	258,106	239,570
Public fire protection	891,703	807,903
Total charges for services	4,850	4,704
Other revenues	330	1,963
Forfeited discounts	10,125	5,387
Miscellaneous service revenues	15,305	12,054
Other water revenues	907,008	819,957
Total other revenues		
Total operating revenues		
OPERATING EXPENSES		
Operation and maintenance	7,626	12,318
Plant operation and maintenance	107,639	45,175
Source of supply	147,377	139,424
Pumping	66,709	82,345
Water treatment	20,659	21,655
Transmission and distribution	350,050	298,917
Customer accounts		
Total plant operation and maintenance	11,658	15,001
Administrative and general	4,243	3,477
Salaries and wages	5,755	15,567
Office supplies and expenses	2,648	2,524
Outside services employed	8,685	8,203
Insurance expenses	1,193	1,690
Employees pensions and benefits	6,398	-
Transportation	1,154	1,368
Maintenance of general plant	41,734	47,830
Miscellaneous general expenses	391,784	346,747
Total administrative and general	206,165	201,976
Total operation and maintenance	597,949	548,723
Depreciation	309,059	271,234
Total operating expenses		
Operating income		

	2018	2017
Tax Incremental District No. 5		
\$	\$ -	\$ 577,078
Debt Service	44,415	43,772
Permanent Cemetery Perpetual Care	700	150
Totals	206	232
	906	621,252
352,248	356,527	1,335
	370,256	365,723
	140,855	154,887
	80,455	-
352,248	948,093	521,945
(352,248)	(237,320)	99,307
342,079	342,079	-
(10,169)	84,759	99,307
	61,704	251,059
	350,366	350,366
(10,169)	62,610	435,125
	\$ -	\$ 350,366

City of Brillion, Wisconsin

SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018	2017
OPERATING REVENUES		
Charges for services	\$ 375,537	\$ 353,143
Residential	28,665	24,505
Multi-Family	79,671	72,400
Commercial	229,233	250,784
Industrial	13,220	18,103
Public authority	75,226	719,235
Total charges for services	4,180	3,958
Other revenues	1,000	225
Forfeited discounts	5,180	4,187
Miscellaneous operating revenues		
Total other revenues	731,706	723,122
Total operating revenues		
OPERATING EXPENSES		
Operation and maintenance	118,681	115,405
Plant operation and maintenance	75,932	76,051
Supervision and labor	15,918	25,601
Power and fuel for pumping	67,992	51,957
Operating supplies and expenses	21,941	23,995
Maintenance		
Customer accounts	300,464	293,009
Total plant operation and maintenance		
Administrative and general	3,824	14,152
Salaries and wages	6,572	6,109
Office supplies and expenses	6,802	28,515
Outside services employed	20,383	20,353
Insurance expenses	11,429	12,136
Employees pensions and benefits	1,450	2,066
Transportation	26,216	27,021
Maintenance of general plant	8,278	11,547
Miscellaneous general expenses	84,954	121,899
Total administrative and general	365,418	414,908
Total operation and maintenance	228,230	227,331
Depreciation	613,648	642,239
Total operating expenses	\$ 118,058	\$ 80,683
Operating income		

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



CliftonLarsonAllen LLP
 A Deloitte Company

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Mayor and City Council
 City of Brillion, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brillion, 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, and have issued our report thereon dated April 17, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001, 2018-002 and 2018-003 that we consider to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



CITY OF BRILLION, WISCONSIN'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin

April 17, 2019

City of Brillion, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION 1. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-001	<p>Preparation of Annual Financial Report Repeat of Finding 2017-001</p> <p>Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Report Form C and the Public Service Commission Report.</p> <p>The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.</p> <p>City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.</p> <p>Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.</p> <p>We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and accurate understanding of the City's annual financial report, Municipal Financial Report and Public Service Commission Report.</p> <p>Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review financial statements and information prior to issuance.</p>
	<p>Condition:</p>
	<p>Criteria:</p>
	<p>Cause:</p>
	<p>Effect:</p>
	<p>Recommendation:</p>
	<p>Management Response:</p>

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City of Brillion, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
2018-002	<p>Segregation of Duties Repeat of Finding 2017-002</p> <p>The City has two positions to essentially complete or review and approve all financial and recordkeeping activities of the City. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.</p> <p>Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.</p> <p>The lack of segregation of duties is due to the limited number of employees and the size of the City operations. In addition, the City has not conducted a risk assessment and analysis of its internal controls to identify compensating controls and other potential opportunities to enhance its control structure.</p> <p>Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.</p> <p>We recommend the City Council and other administration employees continue to monitor the transactions and the financial records of the City of Brillion. We further recommend the City complete a risk assessment and analysis of its internal controls to identify opportunities to strengthen and enhance controls over financial reporting.</p> <p>The City concurs with the recommendation and will continue to establish internal controls when feasible.</p>
	<p>Condition:</p>
	<p>Criteria:</p>
	<p>Cause:</p>
	<p>Effect:</p>
	<p>Recommendation:</p>
	<p>Management Response:</p>

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City of Brillion, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
2018-003	Adjustments to the City's Financial Records
Condition:	Repeat of Finding 2017-003 As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the City may contain material misstatements.
Recommendation:	We recommend the City continue to review the adjusting and closing entries. We are available to assist the individual in obtaining the understanding of these entries.
Management Response:	The City Administrator will continue to review adjusting and closing entries.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2018.

FORM OF LEGAL OPINION

(See following pages)

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

December 30, 2019

Re: City of Brillion, Wisconsin ("Issuer")
\$1,540,000 Taxable General Obligation Community Development Bonds,
Series 2019B, dated December 30, 2019 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$50,000	___%
2024	75,000	___
2025	75,000	___
2026	75,000	___
2027	75,000	___
2028	90,000	___
2029	100,000	___
2030	100,000	___
2031	100,000	___
2032	100,000	___
2033	100,000	___
2034	100,000	___
2035	100,000	___
2036	100,000	___
2037	100,000	___
2038	100,000	___
2039	100,000	___

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

The Bonds maturing on December 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

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

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

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

QUARLES & BRADY LLP

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 Brillion, Calumet County, Wisconsin (the "Issuer") in connection with the issuance of \$1,540,000 Taxable General Obligation Community Development Bonds, Series 2019B, dated December 30, 2019 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on November 11, 2019 and December 9, 2019 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually 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). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). 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 December 10, 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 Brillion, Calumet County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Administrator/Clerk-Treasurer of the Issuer who can be contacted at 201 North Main Street, Brillion, Wisconsin 54110, phone (920) 756-2250, fax (920) 756-2351.

"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.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference financial information and operating data that is customarily prepared and publicly available, to wit:

1. Audited Financial Statements; and
2. The Issuer's adopted annual budget.

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 30th day of December, 2019.

(SEAL)

Gary L. Deiter
Mayor

Lori M. Gosz
City Administrator/Clerk-Treasurer

NOTICE OF SALE

**\$1,540,000* TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS,
SERIES 2019B
CITY OF BRILLION, WISCONSIN**

Bids for the purchase of \$1,540,000* Taxable General Obligation Community Development Bonds, Series 2019B (the "Bonds") of the City of Brillion, 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 December 9, 2019, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs included in the project plan for the City's Tax Incremental District No. 5. The Bonds 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 Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated December 30, 2019, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$50,000	2029	\$100,000	2035	\$100,000
2024	75,000	2030	100,000	2036	100,000
2025	75,000	2031	100,000	2037	100,000
2026	75,000	2032	100,000	2038	100,000
2027	75,000	2033	100,000	2039	100,000
2028	90,000	2034	100,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The City may select City officers or a bank or trust company to act as paying agent (the "Paying Agent"). If a bank or trust company 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 Bonds maturing on or after December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 or on any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about December 30, 2019, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the City. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled "Taxability of Interest" in the Official Statement and the "Form of Legal Opinion" found in the Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.

SUBMISSION OF BIDS

Bids must not be for less than \$1,521,520 nor more than \$1,632,400 plus accrued interest on the principal sum of \$1,540,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) 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 \$30,800 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 Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. The award of the Bonds will be made subject to expiration of the petition period provided for under Section 67.05, Wisconsin Statutes, without the filing of a sufficient petition for referendum with respect to the initial resolution authorizing the Bonds. The petition period expires on December 11, 2019.

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Common Council

Lori Gosz, City Administrator/Clerk/Treasurer
City of Brillion, Wisconsin

BID FORM

The Common Council
City of Brillion, Wisconsin

December 9, 2019

RE: **\$1,540,000* Taxable General Obligation Community Development Bonds, Series 2019B (the "Bonds")**
DATED: **December 30, 2019**

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$1,521,520 nor more than \$1,632,400) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

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

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

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 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$30,800 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 Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 30, 2019. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the City.

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

We have received and reviewed the Official Statement, and 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 Bonds within 24 hours of the bid acceptance.

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

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

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

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 30, 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 Brillion, Wisconsin, on December 9, 2019.

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