

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.

## PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2020

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

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

New Issue

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

### CITY OF CHILTON, WISCONSIN (Calumet County)

#### \$2,000,000\* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2020A

**BID OPENING:** September 15, 2020, 10:00 A.M., C.T.    **CONSIDERATION:** September 15, 2020, 6:30 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$2,000,000\* Taxable General Obligation Promissory Notes, Series 2020A (the "Notes") of the City of Chilton, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for the public purposes including financing projects in TID #6 and TID #8. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF NOTES:** October 7, 2020

**MATURITY:** September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$50,000	2025	\$220,000	2029	\$250,000
2022	100,000	2026	230,000	2030	260,000
2023	200,000	2027	235,000		
2024	210,000	2028	245,000		

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

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

**INTEREST:** September 1, 2021 and semiannually thereafter.

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

**MINIMUM BID:** \$1,980,000.

**MAXIMUM BID:** \$2,100,000.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$40,000 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** To be named by the Issuer.

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

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

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

## REPRESENTATIONS

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

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

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

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

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

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

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

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

## CLOSING CERTIFICATES

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

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## **CITY OF CHILTON COMMON COUNCIL**

		<u>Term Expires</u>
Thomas Reinl	Mayor	April 2022
Andrew Deehr	Council Member	April 2022
Mike Goebel	Council Member	April 2021
Ron Gruett	Council Member	April 2021
Jonathon Kragh	Council Member	April 2022
Peggy Loose	Council Member	April 2022
Kathy Schmitzer	Council Member	April 2022
Joe Schoenborn	Council Member	April 2021
Clayton Thornber	Council Member	April 2021

## **ADMINISTRATION**

David DeTroye, Administrator/Clerk/Treasurer

Lisa Meyer, Deputy City Clerk/Treasurer

## **PROFESSIONAL SERVICES**

Derek McDermott, 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 Chilton, Wisconsin (the "City") and the issuance of its \$2,000,000\* Taxable General Obligation Promissory Notes, Series 2020A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Award Resolution") to be adopted by the Common Council on September 15, 2020.

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](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE NOTES

### GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 7, 2020. The Notes will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on September 1 and March 1 of each year, commencing September 1, 2021, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

### OPTIONAL REDEMPTION

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

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

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

**AUTHORITY; PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes including financing projects in TID #6 and TID #8.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Notes	\$2,000,000	
Estimated Interest Earnings	<u>3,333</u>	
<b>Total Sources</b>		<b>\$2,003,333</b>
<b>Uses</b>		
Total Underwriter's Discount	\$20,000	
Costs of Issuance	48,175	
Deposit to Project Construction Fund	1,935,000	
Rounding Amount	<u>158</u>	
<b>Total Uses</b>		<b>\$2,003,333</b>

\*Preliminary, subject to change.

**SECURITY**

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

**RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "A1" by Moody's Investors Service, Inc. ("Moody's").

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

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

## **CONTINUING DISCLOSURE**

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

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

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

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 MATTERS**

An opinion as to the validity of the Notes 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 Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## **STATEMENT REGARDING 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 Notes is included in gross income for present Federal income tax purposes. Interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Notes is less than the stated principal amount payable at maturity, such Notes will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis." The amount of original issue discount with respect to a Bond will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a Bond is considered "de minimis," then the amount of original issue discount with respect to the Bond will be zero. In that case, owners of those Notes will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the Bond is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to a Bond is more than "de minimis," then the Notes will contain original issue discount and owners of the Notes will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (the "Code") contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues ratably over the life of the debt instrument. In the case of a Bond with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a Bond will increase the holder's tax basis in the Bond.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Notes. Owners who do not purchase Notes in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Notes.

Owners who purchase Notes in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Notes was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the Notes.

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

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Notes ("Premium Notes") is more than the principal amount payable at maturity, the Premium Notes will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Notes, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all Notes acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Notes should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.



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

Owners of Premium Notes should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Notes.

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

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

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## **INDEPENDENT AUDITORS**

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

## RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. The guidelines start with a set of criteria that should be met before starting phases one to three. The criteria include a downward trajectory of people with flu-like and COVID-19-like symptoms for 14 days; a downward trajectory of documented cases for 14 days or a downward trajectory of positive tests as a percentage of total tests over a 14-day period; and hospitals with the ability to treat all patients without crisis care and a robust testing program for at-risk healthcare workers.

On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines, including similar criteria to be met before phase one can begin. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's "safer at home" order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and October 31, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$63,762. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. Executive Order #1 went into effect on August 1, 2020, and expires on September 28, 2020.

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

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

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

### Assessed Value

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

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

## CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$291,319,400
2020 Equalized Value Reduced by Tax Increment Valuation	\$280,789,100
2019 Assessed Value	\$257,210,550

## 2020 EQUALIZED VALUE BY CLASSIFICATION

	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 177,642,000	60.978%
Commercial	77,759,200	26.692%
Manufacturing	26,216,100	8.999%
Agricultural	137,200	0.047%
Undeveloped	205,200	0.070%
Forest	6,800	0.002%
Other	167,700	0.058%
Personal Property	9,185,200	3.153%
Total	<u>\$ 291,319,400</u>	<u>100.000%</u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2016	\$ 260,128,000	\$ 246,505,700	2.48%
2017	259,162,900	260,308,000	5.60%
2018	256,327,850	267,430,900	2.74%
2019	257,210,550	281,736,000	5.35%
2020	N/A	291,319,400	3.40%

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

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

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2019 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
Kaytee	Industrial	\$ 9,509,194	3.38%
Walmart	Commercial	8,754,168	3.11%
Briess	Industrial	6,153,143	2.18%
Worthington	Industrial	3,675,346	1.30%
Vande Hey	Commercial	3,515,096	1.25%
Uptown Commons	Commercial	2,473,197	0.88%
Walgreens	Commercial	2,025,088	0.72%
M-B	Industrial	1,995,623	0.71%
Backyard Nature	Industrial	1,689,581	0.60%
BGS Acquisitions	Industrial	1,129,199	0.40%
<b>Total</b>		<b>\$ 40,919,635</b>	<b>14.52%</b>
City's Total 2019 Equalized Value <sup>2</sup>		\$281,736,000	

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the City.

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

## DEBT

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

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

Total General Obligation Debt (includes the Notes)*	<u>\$ 5,738,983</u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$1,105,896</u>
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\*Preliminary, subject to change.

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



City of Chilton, Wisconsin  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 10/07/2020)

		Community Development Bonds Series 2018A		State Trust Fund Loan		State Trust Fund Loan		State Trust Fund Loan		State Trust Fund Loan	
Dated	Amount	05/24/2018	02/14/2019	03/14/2019	04/15/2019	07/21/2020					
Maturity		05/01	03/15	03/15	03/15	03/15					
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020		0	41,931	0	0	0	0	0	0	0	0
2021		35,000	83,338	19,723	11,645	16,815	9,928	19,959	13,292	46,350	9,350
2022		50,000	82,063	20,660	10,708	17,613	9,129	20,908	12,344	42,691	13,010
2023		50,000	80,563	21,641	9,727	18,450	8,292	21,901	11,351	43,971	11,729
2024		60,000	78,913	22,645	8,722	19,306	7,436	22,913	10,339	45,262	10,438
2025		95,000	76,588	23,745	7,623	20,243	6,499	24,029	9,222	46,648	9,052
2026		110,000	73,513	24,872	6,495	21,205	5,537	25,171	8,081	48,048	7,652
2027		120,000	70,063	26,054	5,314	22,212	4,530	26,366	6,885	49,489	6,211
2028		130,000	66,313	27,280	4,087	23,258	3,485	27,603	5,648	50,961	4,739
2029		140,000	62,263	28,587	2,780	24,372	2,370	28,930	4,321	52,503	3,197
2030		150,000	57,838	29,945	1,422	25,530	1,213	30,304	2,947	54,078	1,622
2031		160,000	52,873					31,743	1,508		
2032		170,000	47,428								
2033		185,000	41,431								
2034		195,000	34,876								
2035		205,000	27,874								
2036		220,000	20,330								
2037		225,000	12,319								
2038		225,000	4,106								
		2,525,000	1,014,618	245,152	68,523	209,004	58,419	279,827	85,937	480,000	77,001

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**City of Chilton, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Sewer Revenues  
(As of 10/07/2020)**

**Sewer System Revenue Bonds  
Series 2008  
(CWFL)**

**Dated** 06/11/2008  
**Amount** \$2,284,654

**Maturity** 05/01

<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
2020	0	14,946	0	14,946	14,946	1,105,896	.00%	2020
2021	125,682	28,194	125,682	28,194	153,876	980,214	11.36%	2021
2022	129,079	24,751	129,079	24,751	153,830	851,135	23.04%	2022
2023	132,568	21,215	129,079	21,215	153,783	718,567	35.02%	2023
2024	136,151	17,583	136,151	17,583	153,734	582,415	47.34%	2024
2025	139,832	13,853	139,832	13,853	153,684	442,584	59.98%	2025
2026	143,611	10,022	143,611	10,022	153,633	298,973	72.97%	2026
2027	147,493	6,088	147,493	6,088	153,581	151,480	86.30%	2027
2028	151,480	2,047	151,480	2,047	153,527	0	100.00%	2028
	1,105,896	138,698	1,105,896	138,698	1,244,594			

**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	\$ 291,319,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 14,565,970
Less: General Obligation Debt (includes the Notes)*	<u>(5,738,983)</u>
Unused Debt Limit*	<u><u>\$ 8,826,987</u></u>

\*Preliminary, subject to change.

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

<b>Taxing District</b>	<b>2020 Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Calumet County	\$ 4,739,204,400	6.15%	\$ 27,785,000	\$ 1,708,778
Fox Valley Technical College District	41,610,859,600	0.68%	72,660,000	494,088
Chilton School District	598,687,111	47.06%	9,950,000	<u>4,682,470</u>
City's Share of Total Overlapping Debt				<u><u>\$ 6,885,336</u></u>

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

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

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$291,319,400</b>	<b>Debt/ Per Capita 3,956<sup>1</sup></b>
Total General Obligation Debt (includes the Notes)*	\$ 5,738,983	1.97%	\$ 1,450.70
City's Share of Total Overlapping Debt	<u>6,885,336</u>	<u>2.36%</u>	<u>1,740.48</u>
Total*	\$ 12,624,319	4.33%	\$ 3,191.18

\*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

Aside from the Notes, the City has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Preliminary estimated 2020 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
2015/16	\$1,200,220	100%	\$5.89
2016/17	1,220,252	100%	5.84
2017/18	1,233,553	100%	5.55
2018/19	1,334,523	100%	5.06
2019/20	1,346,466	100%	4.88

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

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

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

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

**PROPERTY TAX RATES**

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

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2015/16	\$12.66	\$5.29	\$5.89	\$0.27	\$24.11
2016/17	12.01	5.44	5.84	0.27	23.56
2017/18	11.55	5.70	5.55	0.07	22.87
2018/19	11.57	5.53	5.06	0.06	22.22
2019/20	11.97	5.56	4.88	0.06	22.47

**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.

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

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

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

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

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

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

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

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

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

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



# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in 1877 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to staggered two-year terms. The appointed Administrator/Clerk/Treasurer and the Deputy Clerk/Treasurer are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 20 full-time and 100 part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$84,510, \$99,533 and \$103,741 respectively.

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

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

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

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported a liability of \$340,938 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.00958315% of the aggregate WRS net pension liability as of December 31, 2018.

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

**Recognized and Certified Bargaining Units**

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

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

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

The following bargaining units represent employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Local Union 1362 AFL-CIO Police	December 31, 2020

**OTHER POST EMPLOYMENT BENEFITS**

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

For Fiscal Year 2019, the City's portion of contributions to the LRLIF totaled \$516. For Fiscal Year 2019, the City reported a liability of \$69,150 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2018 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.026799% of the aggregate LRLIF net OPEB liability as of December 31, 2018.

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

## **LITIGATION**

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

## **MUNICIPAL BANKRUPTCY**

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

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

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

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

**FUNDS ON HAND** (as of July 31, 2020)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$ 2,516,034
Special Revenue	125,905
Enterprise Funds	3,198,560
Expendable Trust	139,311
Total Funds on Hand	<u><u>\$ 5,979,810</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:

	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Water</b>			
Total Operating Revenues	\$ 835,311	\$ 880,823	\$ 866,696
Less: Operating Expenses	<u>(664,152)</u>	<u>(968,766)</u>	<u>(783,760)</u>
Operating Income	\$ 171,159	\$ (87,943)	\$ 82,936
Plus: Depreciation	192,596	195,315	207,722
Interest Income	<u>254</u>	<u>222</u>	<u>256</u>
Revenues Available for Debt Service	<u><u>\$ 364,009</u></u>	<u><u>\$ 107,594</u></u>	<u><u>\$ 290,914</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 961,056	\$ 1,008,815	\$ 893,521
Less: Operating Expenses	<u>(1,001,392)</u>	<u>(986,502)</u>	<u>(1,085,128)</u>
Operating Income	\$ (40,336)	\$ 22,313	\$ (191,607)
Plus: Depreciation	431,564	435,329	441,484
Interest Income	<u>15,380</u>	<u>23,941</u>	<u>39,046</u>
Revenues Available for Debt Service	<u><u>\$ 406,608</u></u>	<u><u>\$ 481,583</u></u>	<u><u>\$ 288,923</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 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2020 Adopted Budget <sup>1</sup>
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	
Revenues					
Taxes and special assessments	\$ 1,220,399	\$ 1,232,835	\$ 1,244,486	\$ 1,357,118	\$ 1,481,699
Intergovernmental	917,966	869,098	846,776	886,812	878,649
Licenses and permits	86,694	82,589	93,461	95,090	75,621
Fines, forfeits and penalties	19,327	16,198	15,492	17,337	14,825
Public charges for services	244,704	251,487	265,056	260,693	250,283
Intergovernmental charges for services	100,681	103,278	105,271	100,623	96,432
Miscellaneous general revenues	98,277	73,726	300,895	130,150	92,969
<b>Total Revenues</b>	<b>\$ 2,688,048</b>	<b>\$ 2,629,211</b>	<b>\$ 2,871,437</b>	<b>\$ 2,847,823</b>	<b>\$ 2,890,478</b>
Expenditures					
Current:					
General government	\$ 204,354	\$ 181,172	\$ 150,316	\$ 150,854	\$ 202,315
Public safety	1,021,851	1,077,078	1,138,128	1,177,169	1,273,127
Public works	733,666	747,619	760,239	802,360	1,020,869
Health and social services	27,177	25,603	30,308	41,234	29,326
Culture, recreation and education	285,976	312,040	329,240	335,842	353,600
Conservation and development	8,120	11,077	9,976	9,477	11,241
Capital outlay	377,115	149,030	1,086,666	623,091	0
<b>Total Expenditures</b>	<b>\$ 2,658,259</b>	<b>\$ 2,503,619</b>	<b>\$ 3,504,873</b>	<b>\$ 3,140,027</b>	<b>\$ 2,890,478</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 29,789</b>	<b>\$ 125,592</b>	<b>\$ (633,436)</b>	<b>\$ (292,204)</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	3,048	0	42,623	53,602	
Transfers in	124,083	129,667	118,281	158,075	
Transfers out	(3,500)	(3,500)	(3,500)	(3,500)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 123,631</b>	<b>\$ 126,167</b>	<b>\$ 157,404</b>	<b>\$ 208,177</b>	
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 153,420</b>	<b>\$ 251,759</b>	<b>\$ (476,032)</b>	<b>\$ (84,027)</b>	
General Fund Balance January 1	1,847,950	2,574,220	2,825,978	2,349,943	
	572,850	0	0	0	
General Fund Balance December 31	<b>\$ 2,574,220</b>	<b>\$ 2,825,979</b>	<b>\$ 2,349,946</b>	<b>\$ 2,265,916</b>	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$62,406	\$55,861	\$49,186	\$21,706	
Restricted	0	0	0	0	
Committed	1,818,420	2,068,604	1,335,074	1,151,606	
Assigned	0	0	0	0	
Unassigned	693,394	701,514	965,686	1,092,604	
<b>Total</b>	<b>\$ 2,574,220</b>	<b>\$ 2,825,979</b>	<b>\$ 2,349,946</b>	<b>\$ 2,265,916</b>	

<sup>1</sup> The 2020 budget was adopted on November 19, 2019.

# GENERAL INFORMATION

## LOCATION

The City of Chilton, with a 2010 U.S. Census population of 3,933 and a current estimated population of 3,956, comprises an area of approximately 3 square miles and is located approximately 35 miles south of Green Bay and approximately 77 miles north of Milwaukee on State Highways 57 and 32, just east of Lake Winnebago. The City serves as the county seat of Calumet County.

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

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Kaytee Products, Inc.	Pet food production	250
Worthington Cylinders	Manufacturer	200
Calumet County	County government and services	257 <sup>2</sup>
Briess Industries	Malt & grain products	175
School District of Chilton	Elementary and secondary education	164
Calumet Medical Center	Medical center	100
Almost Family	Home health nursing, rehabilitation and personal care services	84
New Hope Center Inc.	Rehabilitation services	80
American Finishing Resources	Coatings removal	60
Milk Products, Inc.	Manufacture animal milk replacers	50

**Source:** *ReferenceUSA, written and telephone survey (August 2020), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

<sup>2</sup> FTE

## BUILDING PERMITS

	2016	2017	2018	2019	2020 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	4	1	0	0	0
Valuation	\$992,261	\$179,900	\$0	\$0	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	1	0	0	0	0
Valuation	\$23,500	\$0	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	45	42	0	0	0
Valuation	\$4,060,435	\$2,610,800	\$0	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	209	216	211	179	100
Valuation	\$12,105,423	\$4,868,998	\$10,915,753	\$12,522,752	\$27,405,037

**Source:** The City.

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<sup>1</sup> As of July 31, 2020.

## U.S. CENSUS DATA

### Population Trend: The City

2000 U.S. Census	3,708
2010 U.S. Census	3,933
2020 Estimated Population	3,956
Percent of Change 2000 - 2010	6.07%

### Income and Age Statistics

	The City	Calumet County	State of Wisconsin	United States
2018 per capita income	\$28,069	\$34,015	\$32,018	\$32,621
2018 median household income	\$47,543	\$72,530	\$59,209	\$60,293
2018 median family income	\$62,161	\$85,124	\$75,313	\$73,965
2018 median gross rent	\$627	\$764	\$837	\$1,023
2018 median value owner occupied units	\$127,700	\$173,200	\$173,600	\$204,900
2018 median age	44.2 yrs.	40.1 yrs.	39.3 yrs.	37.9 yrs.

	State of Wisconsin	United States
City % of 2018 per capita income	87.67%	86.05%
City % of 2018 median family income	82.54%	84.04%

### Housing Statistics

	<u>The City</u>		
	2010	2018	Percent of Change
All Housing Units	1,733	1,780	2.71%

**Source:** 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Calumet County	Calumet County	State of Wisconsin	State of Wisconsin
2016	26,871	3.2%	4.0%	
2017	27,139	2.8%	3.3%	
2018	26,988	2.6%	3.0%	
2019	26,791	2.8%	3.3%	
2020, July <sup>1</sup>	25,137	5.1%	7.0%	

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

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<sup>1</sup> Preliminary.



### FINANCIAL STATEMENTS

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

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

**CITY OF CHILTON, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2019**

**CITY OF CHILTON, WISCONSIN**  
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		<b><u>MEMBERS OF THE CITY COUNCIL</u></b>
		President Tom Reini
		Member Ronald Gruett
		Member Mark Willems
		Member Andrew Deehr
		Member Clayton Thornber
		Member Michael Goebel
		Member Kathleen Schmitzer
		Member Kevin Johnson
		Mayor Rick Jaeckels
		Clerk/Treasurer Helen Schmidtkofer
		Deputy Clerk/Treasurer Lisa Meyer



## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Chilton, Wisconsin

### Report on the Financial Statements

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

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

The City of Chilton's 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 from material misstatement.

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

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

## **Opinions**

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

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

The combining and individual nonmajor fund financial statements is the responsibility of management and were 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The detailed statement of revenue and other financing sources - budget to actual - general fund and detailed statement of expenditures and other financing uses - budget to actual - general fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

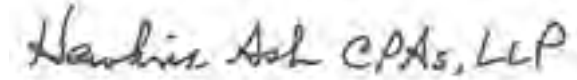
## Report on Summarized Comparative Information

We have previously audited the City of Chilton, Wisconsin's 2018 financial statements, and our report dated April 22, 2019, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020 on our consideration of the City of Chilton, Wisconsin'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 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 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 of Chilton, Wisconsin's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP". The signature is written in dark ink and is positioned below the printed name of the firm.

Manitowoc, Wisconsin  
March 27, 2020



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 Chilton, WI 53014  
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 info@chilton.govoffice.com  
 (920) 849-2451 (phone); (920) 849-2025 (fax)

**Management's Discussion and Analysis**

As management of the City of Chilton, we offer readers of the City of Chilton's basic financial statements this narrative overview and analysis of the financial activities of the City of Chilton for the year ended December 31, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

**Financial Highlights**

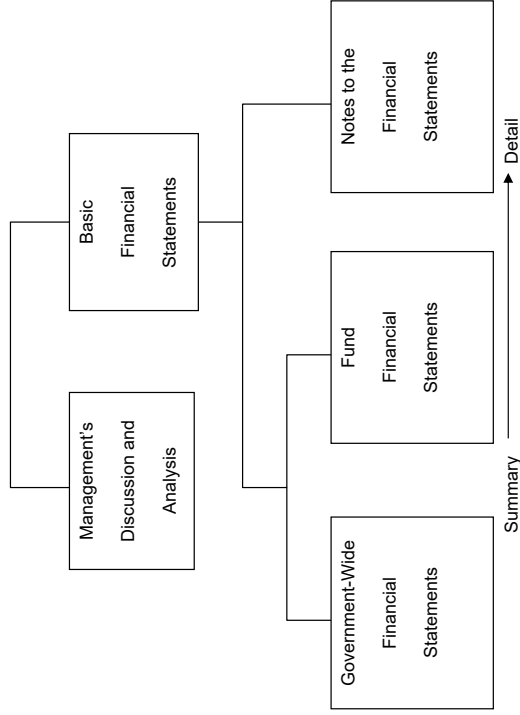
- The assets and deferred outflows of resources of the City of Chilton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,625,920 (*net position*).
- The government's total net position decreased by \$1,153,764, due to a decrease in the governmental and business-type activities net position.
- As of the close of the current fiscal year, the City of Chilton's governmental funds reported total ending fund balances of \$3,538,733 a decrease of \$1,138,814 in comparison with the prior year. Approximately 19 percent of this total amount, or \$670,877, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,092,604, or 35 percent of total general fund expenditures for the fiscal year.
- The City of Chilton's total debt increased by \$385,533 (8%) during the current fiscal year. The key factor in this increase was adding new debt for TID #6 and #7.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to City of Chilton's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Chilton.

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the Wisconsin State Statutes also can be found in this part of the statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Chilton.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Chilton, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget ordinance. All of the funds of the City of Chilton can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Chilton adopts an annual budget for its general fund, as required by the State of Wisconsin Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the general fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the general fund; and 4) the variance between the final budget and the actual revenues and expenditures.

**Proprietary Funds** - The City of Chilton has two proprietary funds. A *proprietary fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Chilton uses proprietary funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the statement of net position and the statement of activities.

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be referred to as identified in the table of contents.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Chilton. Required supplementary information can be referred to as identified in the table of contents.



**City of Chilton  
Net Position**

Figure 2  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total
	2019	2018	2019	2018	
Current and other assets	\$ 7,236	\$ 8,041	\$ 4,828	\$ 4,989	\$ 12,064
Capital assets	17,766	17,599	8,345	8,712	26,311
Total assets	25,003	25,640	13,173	13,701	38,176
Deferred outflows of resources	1,143	630	326	186	1,469
Long-term liabilities outstanding	3,784	3,127	1,319	1,590	5,103
Other liabilities	114	121	75	55	189
Total liabilities	3,898	3,248	1,394	1,646	5,292
Deferred inflows of resources	2,504	2,295	223	188	2,727
Total net position	14,453	14,708	7,117	7,139	21,570
Restricted	1,139	2,090	920	934	2,059
Unrestricted	4,152	3,929	3,845	3,980	7,997
Total net position	\$ 19,744	\$ 20,727	\$ 11,882	\$ 12,053	\$ 31,626
					\$ 32,780

Net position:

Net investment in capital assets	14,453	14,708	7,117	7,139	21,570
Restricted	1,139	2,090	920	934	2,059
Unrestricted	4,152	3,929	3,845	3,980	7,997
Total net position	\$ 19,744	\$ 20,727	\$ 11,882	\$ 12,053	\$ 31,626
					\$ 32,780

Note - totals may not add due to rounding.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Chilton exceeded liabilities by \$31,625,920 as of December 31, 2019. The City's net position decreased by \$1,153,764 for the fiscal year ended December 31, 2019. However, the largest portion (68%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items.

The City of Chilton uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Chilton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Chilton's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,996,969 is unrestricted.

**City of Chilton  
Changes in Net Position**

Figure 3  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total
	2019	2018	2019	2018	
Revenues:					
Program revenues:	\$ 476	\$ 481	\$ 1,765	\$ 1,893	\$ 2,241
Charges for services	428	416	-	-	428
Operating grants and contributions	-	306	40	412	40
Capital grants and contributions					
General revenues:					
Property taxes	1,447	2,121	-	-	1,447
Other taxes	12	10	-	-	12
Intergovernmental revenues not restricted to specific programs	520	508	-	-	520
Interest and investment income	141	108	39	24	180
Miscellaneous	75	518	-	51	75
Total revenues	3,100	4,470	1,845	2,379	4,944
Expenses:					
General government	206	204	-	-	206
Public safety	1,405	1,354	-	-	1,405
Public works	1,088	1,113	-	-	1,088
Health and human services	41	31	-	-	41
Culture, recreation and education	394	402	-	-	394
Conservation and development	945	2,353	-	-	945
Interest and fiscal charges	112	123	-	-	112
Water and sewer	-	-	1,905	2,001	1,905
Total expenses	4,193	5,580	1,905	2,001	6,098
Income (loss) before transfers	(1,093)	(1,110)	(60)	378	(1,153)
Transfers	111	118	(111)	(118)	-
Change in net position	(983)	(991)	(171)	261	(732)
Net position - beginning of year	20,727	21,763	12,053	11,801	33,564
Change in accounting principle	-	(45)	-	(9)	(54)
Net position - end of year	\$ 19,744	\$ 20,727	\$ 11,882	\$ 12,053	\$ 31,626
					\$ 32,780

Note - totals may not add due to rounding.

**Governmental activities:**

Governmental activities decreased the City's net position by \$982,624.

**Business-type activities:**

Business-type activities decreased the City's net position by \$171,140.

**Financial Analysis of the City's Funds**

As noted earlier, the City of Chilton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City of Chilton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Chilton's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Chilton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,092,604, while total fund balance was \$2,265,916. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35 percent of total general fund expenditures, while total fund balance represents 72 percent of that same amount.

At December 31, 2019, the governmental funds of the City of Chilton reported a combined fund balance of \$3,538,733, a 24 percent decrease from last year. Included in this change in fund balance are decreases in fund balance in the general fund and debt service and increases in community rehabilitation, TID No. 4, and other nonmajor governmental funds.

**General Fund Budgetary Highlights:** The City revised the budget during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts primarily because of miscellaneous revenues. Original budget expenditures were increased to cover additional expense in the following general fund functions: general government, public safety, public works, health and human services, culture, recreation and education, conservation and development, and capital outlay.

**Proprietary Funds:** The City of Chilton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the water and sewer utility at the end of the fiscal year amounted to \$3,845,348. The total decrease in net position was \$171,140.

**Capital Asset and Debt Administration**

**Capital assets:** The City of Chilton's investment in capital assets for its governmental and business-type activities as of December 31, 2019, totals \$26,111,542 (net of accumulated depreciation). These assets include land, construction in progress, land improvements, buildings, equipment and systems and infrastructure.

Major capital asset transactions during the year include the following additions and disposals:

- Additions of \$46,815 of construction in progress and \$1,190,128 of equipment and infrastructure in governmental-type activities.
- Disposals of \$269,732 of construction in progress and \$206,256 of equipment and infrastructure in government-type activities.
- Additions of \$36,946 of construction in progress and \$658,180 of equipment and systems in business-type activities.
- Equipment disposals of \$22,535 and construction in progress disposals of \$412,244 in business-type activities.

**City of Chilton's Capital Assets**  
Figure 4  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,709	\$ 5,709	\$ 130	\$ 130	\$ 5,838	\$ 5,838
Construction in progress	47	270	37	412	84	682
Land improvements	1,115	1,115	-	-	1,115	1,115
Buildings	4,842	4,842	5,978	5,769	10,820	10,611
Equipment and systems	6,293	5,945	14,241	13,814	20,534	19,759
Infrastructure	16,502	15,867	-	-	16,502	15,867
Less: Accumulated depreciation	(16,742)	(16,148)	(12,040)	(11,414)	(28,782)	(27,562)
Total	\$ 17,766	\$ 17,599	\$ 8,345	\$ 8,712	\$ 26,112	\$ 26,311

Note - totals may not add due to rounding.

Additional information on the City's capital assets can be found in Note 4 of the Basic Financial Statements.

**Long-Term Obligations:** As of December 31, 2019, the City of Chilton had total long-term obligations outstanding of \$5,102,867. Of this, \$3,313,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents mortgage revenue bonds secured solely by specified revenue sources and employee benefits.

**City of Chilton's Long-Term Obligations**  
Figure 5  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds/notes	\$ 3,313	\$ 2,891	\$ -	\$ -	\$ 3,313	\$ 2,891
Mortgage revenue bonds	-	-	1,228	1,573	1,228	1,573
Other long-term obligations	471	236	91	17	562	253
Total	\$ 3,784	\$ 3,127	\$ 1,319	\$ 1,590	\$ 5,103	\$ 4,717

Note - totals may not add due to rounding.

The City of Chilton's total debt increased by \$385,533 (8%) during the past fiscal year, primarily due to new debt for TID #6 and #7.

The State of Wisconsin statutes limit the amount of general obligation debt that a unit of government can issue to 5 percent of the total equalized value of taxable property located within that government's boundaries. The legal debt limit for City of Chilton is \$14,086,800.

Additional information regarding the City of Chilton's long-term debt can be found in Note 5.

**Factors Bearing on the City's Future**

The economic condition of the City shows growth in the Industrial Park and the residential development in Dairyland Estates' subdivisions. The City has retained a stable and healthy mix of manufacturing, tourism, service industry and retail activities that support our tax base.

Those factors noted above were considered in preparing the City's budget for the 2020 fiscal year.

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Clerk-Treasurer, City of Chilton, 42 School Street, Chilton, Wisconsin 53014.

**CITY OF CHILTON, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES	ACTIVITIES	2019	2018	2019	2018
<b>ASSETS</b>						
Cash and investments	\$ 3,523,735	\$ 3,542,990	\$ 7,066,725	\$ 8,196,523		
Receivables						
Taxes	1,131,058	-	1,131,058	1,143,364		
Accounts and other	24,156	389,617	413,773	411,746		
Special assessments	261,772	-	261,772	298,020		
Loans	1,870,865	-	1,870,865	1,435,352		
Internal balances	51,818	(51,818)	-	-		
Due from other governments	372,850	-	372,850	372,850		
Inventories	-	22,356	22,356	22,484		
Wisconsin Retirement System net pension	-	-	-	270,758		
Restricted assets						
Cash and investments	-	925,098	925,098	879,075		
Capital assets (net of accumulated depreciation)						
Capital assets not being depreciated	5,755,558	166,564	5,922,122	6,520,337		
Capital assets being depreciated	12,010,767	8,178,653	20,189,420	19,790,201		
TOTAL ASSETS	<u>25,002,579</u>	<u>13,173,460</u>	<u>38,176,039</u>	<u>39,340,710</u>		
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Wisconsin Retirement System pension	1,129,378	322,106	1,451,484	802,086		
Wisconsin Retirement System LRLIF	13,787	3,900	17,687	14,223		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,143,165</u>	<u>326,006</u>	<u>1,469,171</u>	<u>816,309</u>		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>26,145,744</u>	<u>13,499,466</u>	<u>39,645,210</u>	<u>40,157,019</u>		
<b>LIABILITIES</b>						
Accounts payable	53,719	68,057	121,776	100,648		
Accrued liabilities						
Payroll	17,888	-	17,888	13,860		
Interest	40,429	-	40,429	51,483		
Deposit payable	2,000	-	2,000	2,000		
Unearned revenue - other	-	1,484	1,484	1,484		
Current portion of long-term obligations	205,525	-	205,525	544,298		
Payable from restricted assets						
Accrued revenue bond interest	-	5,533	5,533	7,062		
Current portion of long-term obligations	-	122,374	122,374	344,492		
Noncurrent portion of long-term obligations	3,578,067	1,196,900	4,774,967	3,828,543		
TOTAL LIABILITIES	<u>3,897,628</u>	<u>1,394,348</u>	<u>5,291,976</u>	<u>4,893,870</u>		
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - tax roll	1,721,258	-	1,721,258	1,659,568		
Wisconsin Retirement System pension	768,406	219,153	987,559	822,836		
Wisconsin Retirement System LRLIF	14,392	4,105	18,497	1,061		
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,504,056</u>	<u>223,258</u>	<u>2,727,314</u>	<u>2,483,465</u>		
<b>NET POSITION</b>						
Net investment in capital assets	14,453,325	7,116,947	21,570,272	21,846,534		
Restricted for						
Special revenue	193,734	-	193,734	191,816		
Debt service	408	7,432	7,840	161,130		
Capital projects	944,972	-	944,972	1,553,439		
Other activities	-	912,133	912,133	1,117,594		
Unrestricted	4,151,621	3,845,348	7,996,969	7,909,171		
TOTAL NET POSITION	<u>19,744,060</u>	<u>11,881,860</u>	<u>31,625,920</u>	<u>32,779,684</u>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
	<u>\$ 26,145,744</u>	<u>\$ 13,499,466</u>	<u>\$ 39,645,210</u>	<u>\$ 40,157,019</u>		

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS			2019	2018
<b>PRIMARY GOVERNMENT</b>								
<b>GOVERNMENTAL ACTIVITIES</b>								
General government	\$ 206,349	\$ 102,659	\$ -	\$ -	(103,690)	\$ -	(103,690)	\$ (104,337)
Public safety	1,405,216	108,949	73,896	-	(1,222,371)		(1,222,371)	(1,172,319)
Public works	1,088,415	237,380	230,538	1	(620,496)		(620,496)	(325,159)
Health and human services	41,389	9,455	-	-	(31,934)		(31,934)	(23,589)
Culture, recreation and education	394,423	17,391	122,976	-	(254,056)		(254,056)	(275,165)
Conservation and development	945,120	-	443	-	(944,677)		(944,677)	(2,352,506)
Interest and fiscal charges	112,070	-	-	-	(112,070)		(112,070)	(122,945)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>4,192,982</b>	<b>475,834</b>	<b>427,853</b>	<b>1</b>	<b>(3,289,294)</b>		<b>(3,289,294)</b>	<b>(4,376,020)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Water	783,760	866,696	-	40,000	\$ -	122,936	122,936	149,118
Sewer	1,121,384	898,681	-	-		(222,703)	(222,703)	155,011
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,905,144</b>	<b>1,765,377</b>	<b>-</b>	<b>40,000</b>	<b>(99,767)</b>	<b>(99,767)</b>	<b>(99,767)</b>	<b>304,129</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,098,126</b>	<b>\$ 2,241,211</b>	<b>\$ 427,853</b>	<b>\$ 40,001</b>	<b>(3,289,294)</b>	<b>(99,767)</b>	<b>(3,389,061)</b>	<b>(4,071,891)</b>
<b>General revenues</b>								
Taxes								
Property taxes					1,447,385	-	1,447,385	2,121,251
Other taxes					12,075	-	12,075	10,448
Intergovernmental revenues not restricted to specific programs					520,110	-	520,110	508,368
Interest and investment income					141,093	39,302	180,395	132,655
Miscellaneous					75,332	-	75,332	568,451
Transfers					110,675	(110,675)	-	-
Total general revenues					2,306,670	(71,373)	2,235,297	3,341,173
CHANGE IN NET POSITION					(982,624)	(171,140)	(1,153,764)	(730,718)
NET POSITION - BEGINNING OF YEAR					20,726,684	12,053,000	32,779,684	33,564,679
CHANGE IN ACCOUNTING PRINCIPLE					-	-	-	(54,277)
<b>NET POSITION - END OF YEAR</b>	<b>\$ 19,744,060</b>	<b>\$ 11,881,860</b>	<b>\$ 11,881,860</b>	<b>\$ 31,625,920</b>	<b>\$ 31,625,920</b>	<b>\$ 31,625,920</b>	<b>\$ 31,625,920</b>	<b>\$ 32,779,684</b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	GENERAL FUND	COMMUNITY REHABILITATION	TID NO. 4	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
						2019	2018
<b>ASSETS</b>							
Cash and investments	\$ 2,036,088	\$ 193,734	\$ -	\$ 408	\$ 1,293,505	\$ 3,523,735	\$ 4,510,524
Receivables							
Taxes	980,037	-	61,929	-	89,092	1,131,058	1,143,364
Accounts and other	22,164	-	1,992	-	-	24,156	18,646
Special assessments	1,275	-	-	-	260,497	261,772	298,020
Loan	21,706	530,786	1,315,510	-	2,863	1,870,865	1,435,352
Due from other funds	523,705	-	-	-	-	523,705	322,067
Due from other governments	372,850	-	-	-	-	372,850	372,850
<b>TOTAL ASSETS</b>	<b>3,957,825</b>	<b>724,520</b>	<b>1,379,431</b>	<b>408</b>	<b>1,645,957</b>	<b>7,708,141</b>	<b>8,100,823</b>
<b>LIABILITIES</b>							
Accounts payable	49,833	-	821	-	3,065	53,719	53,214
Accrued expenses							
Payroll	17,888	-	-	-	-	17,888	13,860
Due to other funds	50,929	-	150,470	-	270,488	471,887	268,747
Deposit payable	2,000	-	-	-	-	2,000	2,000
Unearned revenue - other	-	530,786	1,107,488	-	2,863	1,641,137	1,128,398
<b>TOTAL LIABILITIES</b>	<b>120,650</b>	<b>530,786</b>	<b>1,258,779</b>	<b>-</b>	<b>276,416</b>	<b>2,186,631</b>	<b>1,466,219</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - tax roll	1,570,237	-	61,929	-	89,092	1,721,258	1,659,568
Unavailable revenue - special assessments	1,022	-	-	-	260,497	261,519	297,489
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,571,259</b>	<b>-</b>	<b>61,929</b>	<b>-</b>	<b>349,589</b>	<b>1,982,777</b>	<b>1,957,057</b>
<b>FUND BALANCES</b>							
Nonspendable	21,706	-	208,022	-	-	229,728	306,954
Restricted	-	193,734	-	408	944,972	1,139,114	1,881,208
Committed	1,151,606	-	-	-	347,408	1,499,014	1,742,972
Unassigned	1,092,604	-	(149,299)	-	(272,428)	670,877	746,413
<b>TOTAL FUND BALANCES</b>	<b>2,265,916</b>	<b>193,734</b>	<b>58,723</b>	<b>408</b>	<b>1,019,952</b>	<b>3,538,733</b>	<b>4,677,547</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,957,825</b>	<b>\$ 724,520</b>	<b>\$ 1,379,431</b>	<b>\$ 408</b>	<b>\$ 1,645,957</b>		
<b>Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:</b>							
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:							
Governmental capital asset					\$ 34,507,948		
Governmental accumulated depreciation					(16,741,623)	17,766,325	17,598,998
Some revenues are unearned in the funds because they are not available to pay current period's expenditures:							
Special assessments to be collected after year end					261,519		
Other unearned revenue to be collected after year end					1,641,137	1,902,656	1,425,887
Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.							
						360,367	203,122
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:							
General obligation debt					(3,313,000)		
Accrued interest					(40,429)		
Vested employee benefits					(151,508)		
WRS liability					(319,084)	(3,824,021)	(3,178,870)
<b>Total net position - governmental activities</b>						<b>\$ 19,744,060</b>	<b>\$ 20,726,684</b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	GENERAL FUND	COMMUNITY REHABILITATION	TID NO. 4	DEBT SERVICE	TOTAL	TOTAL	
					NONMAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
						2019	2018
<b>REVENUES</b>							
Taxes	\$ 1,356,606	\$ -	\$ 53,552	\$ -	\$ 49,302	\$ 1,459,460	\$ 2,131,699
Special assessment	512	-	-	-	24,156	24,668	10,813
Intergovernmental	886,812	-	741	-	257	887,810	847,208
Licenses and permits	95,090	-	-	-	-	95,090	93,461
Fines, forfeits and penalties	17,337	-	-	-	-	17,337	15,492
Public charges for services	260,693	-	-	-	-	260,693	265,056
Intergovernmental charges for services	100,623	-	-	-	-	100,623	105,271
Miscellaneous	130,150	50,048	6,650	17	89,803	276,668	509,849
Change in fair value of investments	-	-	-	-	1,841	1,841	(1,107)
<b>TOTAL REVENUES</b>	<b>2,847,823</b>	<b>50,048</b>	<b>60,943</b>	<b>17</b>	<b>165,359</b>	<b>3,124,190</b>	<b>3,977,742</b>
<b>EXPENDITURES</b>							
Current							
General government	150,854	-	-	-	133	150,987	150,503
Public safety	1,177,169	-	-	-	43,211	1,220,380	1,253,779
Public works	802,360	-	-	-	-	802,360	760,239
Health and human services	41,234	-	-	-	-	41,234	30,308
Culture, recreation and education	335,842	-	-	-	46,816	382,658	329,990
Conservation and development	9,477	48,130	595,751	-	851,848	1,505,206	2,360,223
Debt service							
Principal	-	-	-	366,241	-	366,241	334,645
Interest	-	-	-	122,724	-	122,724	6,670
Other	-	-	-	-	400	400	67,712
Capital outlay	623,091	-	-	-	-	623,091	1,086,666
<b>TOTAL EXPENDITURES</b>	<b>3,140,027</b>	<b>48,130</b>	<b>595,751</b>	<b>488,965</b>	<b>942,408</b>	<b>5,215,281</b>	<b>6,380,735</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(292,204)</b>	<b>1,918</b>	<b>(534,808)</b>	<b>(488,948)</b>	<b>(777,049)</b>	<b>(2,091,091)</b>	<b>(2,402,993)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	158,075	-	-	353,403	3,500	514,978	337,560
Operating transfers (out)	(3,500)	-	(232,967)	-	(167,836)	(404,303)	(219,279)
Sale of capital assets	53,602	-	-	-	-	53,602	42,623
Issuance of long-term debt	-	-	788,000	-	-	788,000	2,525,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>208,177</b>	<b>-</b>	<b>555,033</b>	<b>353,403</b>	<b>(164,336)</b>	<b>952,277</b>	<b>2,685,904</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(84,027)</b>	<b>1,918</b>	<b>20,225</b>	<b>(135,545)</b>	<b>(941,385)</b>	<b>(1,138,814)</b>	<b>282,911</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,349,943</b>	<b>191,816</b>	<b>38,498</b>	<b>135,953</b>	<b>1,961,337</b>	<b>4,677,547</b>	<b>4,394,636</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,265,916</b>	<b>\$ 193,734</b>	<b>\$ 58,723</b>	<b>\$ 408</b>	<b>\$ 1,019,952</b>	<b>\$ 3,538,733</b>	<b>\$ 4,677,547</b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2019  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	TOTAL GOVERNMENTAL FUNDS	
	2019	2018
Net change in fund balances - total governmental funds	\$ (1,138,814)	\$ 282,911
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$ 623,091	
Capital outlay reported as other expenses in governmental fund statements	344,120	
Depreciation expense reported in the statement of activities	(799,883)	
Amount by which capital outlays are greater than depreciation in the current period:		167,328 486,274
Certain capital assets acquired during the year were financed with loans. The amount of the loans are reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is:		
	(788,000)	(2,525,000)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:		
	26,549	(10,957)
Certain revenues are unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year:		
Special assessment revenue recognized in the governmental funds	(511)	(512)
New special assessment revenue recognized in the statement of activities	-	295,956
Other unearned revenue recognized in the statement of activities	566,180	275,552
Other unearned revenue recognized in the governmental funds	(88,901)	(58,913)
Wisconsin Retirement System pension asset, deferred inflows of resources, liability and deferred outflows of resources changes:		
	(97,245)	(19,594)
Wisconsin Retirement System LRLIF asset, deferred inflows of resources, liability and deferred outflows of resources changes:		
	(6,505)	(3,068)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year is:	366,241	334,645
In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.		
The amount of interest and other debt costs paid during the current period	\$ 123,124	
The amount of interest and other debt costs accrued during the current period	(112,070)	
Interest paid is greater than interest accrued by:	11,054	(48,563)
<b>Change in net position - governmental activities</b>	<b>\$ (982,624)</b>	<b>\$ (991,269)</b>

The accompanying notes are an integral part of these statements.



**CITY OF CHILTON, WISCONSIN**  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>2019</u>	<u>2018</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 492,872	\$ 2,152,938	\$ 2,645,810	\$ 2,806,482
Investments	-	897,180	897,180	879,518
Accounts receivable				
Customer	170,914	218,703	389,617	393,098
Due from other funds	45,579	5,350	50,929	49,427
Inventories	22,356	-	22,356	22,484
Wisconsin Retirement System net pension	-	-	-	61,806
<b>RESTRICTED ASSETS</b>				
Cash and investments	-	925,098	925,098	879,075
<b>TOTAL CURRENT ASSETS</b>	<u>731,721</u>	<u>4,199,269</u>	<u>4,930,990</u>	<u>5,091,890</u>
<b>NONCURRENT ASSETS</b>				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	117,322	49,242	166,564	541,862
Capital assets being depreciated	4,919,549	3,259,104	8,178,653	8,169,679
<b>NET CAPITAL ASSETS</b>	<u>5,036,871</u>	<u>3,308,346</u>	<u>8,345,217</u>	<u>8,711,541</u>
<b>TOTAL ASSETS</b>	<u>5,768,592</u>	<u>7,507,615</u>	<u>13,276,207</u>	<u>13,803,431</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Wisconsin Retirement System pension	156,215	165,891	322,106	183,095
Wisconsin Retirement System LRLIF	1,893	2,007	3,900	3,221
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>158,108</u>	<u>167,898</u>	<u>326,006</u>	<u>186,316</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,926,700</u>	<u>7,675,513</u>	<u>13,602,213</u>	<u>13,989,747</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	28,828	39,229	68,057	47,434
Due to other funds	92,777	9,970	102,747	102,747
Unearned revenue - other	1,484	-	1,484	1,484
<b>PAYABLE FROM RESTRICTED ASSETS</b>				
Accrued interest	-	5,533	5,533	7,062
Current portion of long-term obligations	-	122,374	122,374	344,492
<b>TOTAL CURRENT LIABILITIES</b>	<u>123,089</u>	<u>177,106</u>	<u>300,195</u>	<u>503,219</u>
<b>NONCURRENT LIABILITIES</b>				
Long-term obligations	44,135	1,152,765	1,196,900	1,245,454
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>44,135</u>	<u>1,152,765</u>	<u>1,196,900</u>	<u>1,245,454</u>
<b>TOTAL LIABILITIES</b>	<u>167,224</u>	<u>1,329,871</u>	<u>1,497,095</u>	<u>1,748,673</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Wisconsin Retirement System pension	106,285	112,868	219,153	187,831
Wisconsin Retirement System LRLIF	1,991	2,114	4,105	243
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>108,276</u>	<u>114,982</u>	<u>223,258</u>	<u>188,074</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,036,871	2,080,076	7,116,947	7,138,778
Restricted for debt service	-	7,432	7,432	25,177
Restricted for other	-	912,133	912,133	908,642
Unrestricted	614,329	3,231,019	3,845,348	3,980,403
<b>TOTAL NET POSITION</b>	<u>5,651,200</u>	<u>6,230,660</u>	<u>11,881,860</u>	<u>12,053,000</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 5,926,700</u>	<u>\$ 7,675,513</u>	<u>\$ 13,602,213</u>	<u>\$ 13,989,747</u>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	WATER	SEWER	TOTALS	
			2019	2018
<b>OPERATING REVENUES</b>				
General customers	\$ 635,712	\$ 825,516	\$ 1,461,228	\$ 1,596,015
Private fire protection	23,569	-	23,569	23,155
Public fire protection	195,371	-	195,371	195,116
Forfeited discounts	1,035	1,324	2,359	2,346
Other revenues	11,009	66,681	77,690	73,006
<b>TOTAL OPERATING REVENUES</b>	<b>866,696</b>	<b>893,521</b>	<b>1,760,217</b>	<b>1,889,638</b>
<b>OPERATING EXPENSES</b>				
Plant and maintenance expenses:				
Salaries and wages	159,887	168,906	328,793	310,659
Power	50,816	63,544	114,360	115,011
Chemicals	115,111	27,414	142,525	122,531
Supplies and expenses	9,854	85,232	95,086	81,150
Repairs and maintenance	78,766	129,931	208,697	400,568
<b>TOTAL PLANT AND MAINTENANCE EXPENSES</b>	<b>414,434</b>	<b>475,027</b>	<b>889,461</b>	<b>1,029,919</b>
General expenses:				
Administrative and general salaries	26,456	25,989	52,445	52,001
Office supplies and other expenses	4,359	9,877	14,236	24,191
Outside services employed	11,938	11,626	23,564	8,417
Insurance expense	3,826	9,663	13,489	13,005
Employee benefits	92,998	92,793	185,791	162,586
Regulatory commission	370	713	1,083	285
Miscellaneous general expenses	3,594	4,269	7,863	6,412
Transportation	2,979	13,687	16,666	12,902
<b>TOTAL GENERAL EXPENSES</b>	<b>146,520</b>	<b>168,617</b>	<b>315,137</b>	<b>279,799</b>
Depreciation	207,722	441,484	649,206	630,644
Taxes	15,084	-	15,084	14,906
<b>TOTAL OPERATING EXPENSES</b>	<b>783,760</b>	<b>1,085,128</b>	<b>1,868,888</b>	<b>1,955,268</b>
<b>OPERATING INCOME (LOSS)</b>	<b>82,936</b>	<b>(191,607)</b>	<b>(108,671)</b>	<b>(65,630)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	256	39,046	39,302	24,163
Miscellaneous revenue	-	5,160	5,160	53,904
Interest expense	-	(36,256)	(36,256)	(45,348)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>256</b>	<b>7,950</b>	<b>8,206</b>	<b>32,719</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>83,192</b>	<b>(183,657)</b>	<b>(100,465)</b>	<b>(32,911)</b>
OPERATING TRANSFER IN (OUT)	(109,202)	(1,473)	(110,675)	(118,281)
CAPITAL CONTRIBUTIONS	40,000	-	40,000	411,743
<b>CHANGE IN NET POSITION</b>	<b>13,990</b>	<b>(185,130)</b>	<b>(171,140)</b>	<b>260,551</b>
NET POSITION - BEGINNING OF YEAR	5,637,210	6,415,790	12,053,000	11,801,889
CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	(9,440)
<b>NET POSITION - END OF YEAR</b>	<b>\$ 5,651,200</b>	<b>\$ 6,230,660</b>	<b>\$ 11,881,860</b>	<b>\$ 12,053,000</b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

			TOTALS	
	WATER	SEWER	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 668,998	\$ 904,491	\$ 1,573,489	\$ 1,993,625
Receipts from municipality	194,657	(788)	193,869	197,301
Payments to suppliers for goods and services	(282,362)	(349,540)	(631,902)	(771,480)
Payments for employees wages and benefits	(299,029)	(310,700)	(609,729)	(512,523)
Net cash provided by operating activities	<u>282,264</u>	<u>243,463</u>	<u>525,727</u>	<u>906,923</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to governmental funds	<u>(109,202)</u>	<u>(1,473)</u>	<u>(110,675)</u>	<u>(118,281)</u>
Net cash (used in) noncapital financing activities	<u>(109,202)</u>	<u>(1,473)</u>	<u>(110,675)</u>	<u>(118,281)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of property, plant and equipment	(132,304)	(150,578)	(282,882)	(792,901)
Retirement of long-term debt	-	(344,492)	(344,492)	(335,560)
Wisconsin Retirement System pension	35,509	38,312	73,821	(48)
Interest paid	-	(37,785)	(37,785)	(46,836)
Contributed capital	40,000	-	40,000	411,743
Net cash (used in) capital and related financing activities	<u>(56,795)</u>	<u>(494,543)</u>	<u>(551,338)</u>	<u>(763,602)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>253</u>	<u>39,046</u>	<u>39,299</u>	<u>24,158</u>
Net cash provided by investing activities	<u>253</u>	<u>39,046</u>	<u>39,299</u>	<u>24,158</u>
Net change in cash and cash equivalents	116,520	(213,507)	(96,987)	49,198
Cash and cash equivalents - beginning of year	<u>376,352</u>	<u>4,188,723</u>	<u>4,565,075</u>	<u>4,515,877</u>
Cash and cash equivalents - end of year	<u>492,872</u>	<u>3,975,216</u>	<u>4,468,088</u>	<u>4,565,075</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	82,936	(191,607)	(108,671)	(65,630)
Miscellaneous revenue	-	5,160	5,160	53,904
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	207,722	441,484	649,206	630,644
Changes in assets and liabilities				
(Increase) decrease in receivables - customers	(2,327)	5,810	3,483	(4,801)
(Increase) decrease in receivables - other	-	-	-	250,000
(Increase) decrease in due from other funds	(714)	(788)	(1,502)	2,185
(Increase) decrease in inventories	128	-	128	1,143
(Increase) decrease in Wisconsin Retirement System pension	(21,281)	(24,602)	(45,883)	25,141
(Increase) decrease in Wisconsin Retirement System LRLIF	1,593	1,590	3,183	(12,418)
Increase (decrease) in accounts payable	14,207	6,416	20,623	26,755
Total adjustments	<u>199,328</u>	<u>429,910</u>	<u>629,238</u>	<u>918,649</u>
Net cash provided by operating activities	<u>282,264</u>	<u>243,463</u>	<u>525,727</u>	<u>906,923</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
Cash	492,872	2,152,938	2,645,810	2,806,482
Investments	-	897,180	897,180	879,518
Restricted cash and investments	-	925,098	925,098	879,075
Total cash and cash equivalents	<u>\$ 492,872</u>	<u>\$ 3,975,216</u>	<u>\$ 4,468,088</u>	<u>\$ 4,565,075</u>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2019**

	<u>CUSTODIAL FUND</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,834,074
Taxes receivable	<u>3,000,038</u>
<b>TOTAL ASSETS</b>	<b><u><u>4,834,112</u></u></b>
 <b>LIABILITIES</b>	
Due to other governments	<u>1,834,074</u>
 <b>NET POSITION</b>	
Restricted for other governments	<u>3,000,038</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$ 4,834,112</u></u></b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>CUSTODIAL FUND</u>
<b>ADDITIONS</b>	
Collections for other governments	\$ 4,834,112
 <b>DEDUCTIONS</b>	
Payments to other governments	4,832,804
 CHANGE IN NET POSITION	 1,308
NET POSITION - BEGINNING OF YEAR	-
CHANGE IN ACCOUNTING PRINCIPLE	2,998,730
<b>NET POSITION - END OF YEAR</b>	<b>\$ 3,000,038</b>

The accompanying notes are an integral part of these statements.

**NOTE 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Chilton, Wisconsin (the "City") have been prepared in conformity with generally accepted accounting principles (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.

**Reporting Entity** - The City of Chilton, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin. The City operates under a Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

**Basis of Presentation**

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

Community Rehabilitation Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes other than debt service or capital projects.

TID No. 4 - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest payments.

The City reports the following major proprietary funds:

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the City reports the following fund type:

Fiduciary Custodial Fund - Tax - is used to account for assets held by the City for other governmental units.

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

**Cash and Cash Equivalents** - Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less.

**Accounts Receivable** - Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectible accounts has been recorded since management believes all accounts are collectible. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer utility has the right to place delinquent bills on the tax roll.

**Due To/From Advance To/From Other Funds** - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

**Interfund Transactions** - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

**Inventories** - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**retirements.** The liability for compensated absences includes salary related benefits where applicable.

**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.

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

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, the Wisconsin Retirement System pension and Wisconsin Retirement System local retiree life insurance fund (LRLIF). The Wisconsin Retirement System pension and Wisconsin Retirement System LRLIF result from changes in the actuarial study and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has three types of these items: unavailable revenue, Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period they become available. The Wisconsin Retirement System pension and Wisconsin Retirement System LRLIF result from changes in the actuarial study and are amortized over the average of the expected remaining service lives of participants.

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

**Net Position Classifications** - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Restricted Cash and Investments** - Certain resources set aside for revenue bonds repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond redemption" account is used to segregate resources accumulated for debt service payments over the next twelve months.

Other restricted cash and investments include a "DNR Replacement Fund" which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the sewer utility plant.

**Capital Assets** - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an estimated useful life in excess of five years and an initial cost of more than \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset for governmental activities is as follows:

Land improvements	20 - 50 years
Buildings	20 - 50 years
Equipment	5 - 20 years
Infrastructure	25 - 100 years

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

The range of estimated useful lives by type of asset for business-type activities is as follows:

Buildings	25 - 50 years
Equipment	3 - 10 years

**Compensated Absences** - The City's policy permits employees to accumulate earned, but unused sick leave, which is eligible for fifty percent payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or



**NOTE 2 - Cash and Investments - Continued**

**Investment Pool Information** - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2019, the Pool's fair value was 100 percent of book value.

**Determining Fair Value** - 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations. (level 2 inputs)
- 2) Beneficial interest in a Community Foundation fair value is determined monthly by the Foundation's Board of Directors based on published market information and appropriate valuation methodologies. (level 2 inputs)

**Income Allocation** - Interest income is allocated to the fund which owns the certificate of deposit, money market account, savings account and investment.

**Interest Rate Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The City does have a formal investment policy that does not further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has an investment policy that does not further limit its investment choices. The State of Wisconsin Investment Pool is not rated.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2019, \$4,752,045 of the City's bank balance of \$8,986,425 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government and municipal government securities held by the bank in the bank's name. \$178,791 was uninsured and uncollateralized.

**NOTE 3 - Property Taxes**

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31 or payable in full on January 31. Personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Balance Classifications** - The City classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority - City Council resolutions, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body, the City Council has not delegated the authority to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the City's policy to record the net loss against restricted fund balance, committed fund balance, then assigned fund balance, and lastly to unassigned fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Summarized Comparative Information** - The basic financial statements include certain prior-year summarized comparative information in total, but 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, 2018, from which the summarized information was derived.

**NOTE 2 - Cash and Investments**

State statutes permit the City to invest available cash balances in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2019, the City had the following investments:

Investment	Weighted Average	
	Maturities	Value
State of Wisconsin Investment Pool	Less than one year	\$ 832,982
Community Foundation	Less than one year	13,833
Certificates of deposit	Less than one year	5,506,699
Certificates of deposit	More than one year	364,352
Total		<u>\$ 6,717,866</u>

**CITY OF CHILTON, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

**NOTE 3 - Property Taxes - Continued**

turned over to the county for collection. Delinquent personal property tax remains the collection responsibility of the City. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Custodial Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2019 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,708,743	\$ -	\$ -	\$ 5,708,743
Construction in progress	269,732	46,815	(269,732)	46,815
Total capital assets not being depreciated	<u>5,978,475</u>	<u>46,815</u>	<u>(269,732)</u>	<u>5,755,558</u>
Capital assets being depreciated:				
Land improvements	1,114,918	-	-	1,114,918
Buildings and improvements	4,841,960	-	-	4,841,960
Equipment	5,844,821	541,925	(193,669)	6,293,077
Infrastructure	15,866,819	646,203	(12,587)	16,502,435
Total capital assets being depreciated	<u>27,768,518</u>	<u>1,190,128</u>	<u>(206,256)</u>	<u>28,752,390</u>
Less accumulated depreciation for:				
Land improvements	(145,078)	(17,901)	-	(162,979)
Buildings and improvements	(2,769,151)	(107,836)	-	(2,876,987)
Equipment	(4,003,060)	(211,344)	193,669	(4,020,735)
Infrastructure	(9,230,707)	(462,602)	12,587	(9,680,722)
Total accumulated depreciation	<u>(16,147,996)</u>	<u>(799,883)</u>	<u>206,256</u>	<u>(16,741,623)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>11,620,522</u>	<u>390,245</u>	<u>-</u>	<u>12,010,767</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 17,598,997</u>	<u>\$ 437,060</u>	<u>\$ (269,732)</u>	<u>\$ 17,766,325</u>

Infrastructure information prior to January 1, 2004 is not included in the above amount.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 54,061
Public safety	127,569
Public works	561,493
Health and human services	499
Culture, recreation and education	56,261
Total	<u>\$ 799,883</u>

**CITY OF CHILTON, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

**NOTE 4 - Capital Assets - Continued**

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 129,618	\$ -	\$ -	\$ 129,618
Construction in progress	412,244	36,946	(412,244)	36,946
Total capital assets not being depreciated	<u>541,862</u>	<u>36,946</u>	<u>(412,244)</u>	<u>166,564</u>
Capital assets being depreciated:				
Buildings	5,769,190	206,426	-	5,977,616
Equipment and systems	13,814,064	449,754	(22,535)	14,241,283
Total capital assets being depreciated	<u>19,583,254</u>	<u>656,180</u>	<u>(22,535)</u>	<u>20,216,899</u>
Less accumulated depreciation for:				
Buildings	(3,866,413)	(214,663)	-	(4,071,076)
Equipment and systems	(7,557,162)	(434,543)	22,535	(7,969,170)
Total accumulated depreciation	<u>(11,413,575)</u>	<u>(649,206)</u>	<u>22,535</u>	<u>(12,040,246)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>8,169,679</u>	<u>8,974</u>	<u>-</u>	<u>8,178,653</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 8,711,541</u>	<u>\$ 46,920</u>	<u>\$ (412,244)</u>	<u>\$ 8,345,217</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 207,722
Sewer	441,484
Total	<u>\$ 649,206</u>

**NOTE 5 - Long-Term Obligations**

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	\$ 2,891,241	\$ -	\$ (366,241)	\$ 2,525,000	\$ -
Notes payable - direct borrowing	-	785,000	-	785,000	54,017
Vested sick pay	178,057	-	(26,549)	151,508	151,508
Wisconsin Retirement System	-	265,279	-	265,279	-
Net pension liability	58,089	-	(4,284)	53,805	-
LRLIF	<u>3,127,387</u>	<u>1,053,279</u>	<u>(397,074)</u>	<u>3,783,592</u>	<u>205,525</u>
Total					
Business-Type Activities					
Mortgage revenue bonds - sewer	\$ 1,572,763	\$ -	\$ (344,493)	\$ 1,228,270	\$ 122,374
Wisconsin Retirement System	-	36,693	-	36,693	-
Net pension liability - water	8,626	-	(1,184)	7,442	-
LRLIF - water	-	38,966	-	38,966	-
Net pension liability - sewer	8,557	-	(654)	7,903	-
LRLIF - sewer	<u>1,589,946</u>	<u>75,659</u>	<u>(346,331)</u>	<u>1,319,274</u>	<u>122,374</u>
Total					

**CITY OF CHILTON, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**CITY OF CHILTON, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
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**NOTE 5 - Long-Term Obligations - Continued**

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$111,670 for governmental activities and \$36,256 for business-type activities. Total interest paid during the year aggregated \$122,724 for governmental activities and \$37,785 for business-type activities. Zero interest was capitalized in governmental activities and business-type capital assets.

**General Obligation Debt** - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2019 is comprised of the following individual issues:

Issue Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance
Bonds	5/24/78	3-3.65%	5/1/38	\$ 2,525,000
Note payable - direct borrowing	2/14/19	4.75%	3/15/30	263,000
Note payable - direct borrowing	3/14/19	4.75%	3/15/30	225,000
Note payable - direct borrowing	4/15/19	4.75%	3/15/31	300,000
Total				<u>\$ 3,313,000</u>

Proprietary fund debt is expected to be repaid with water and sewer utility revenue. Proprietary fund debt at December 31, 2019, is comprised of the following individual issues:

Issue Description	Issue Dates	Interest Rates (%)	Date of Maturity	Balance
Mortgage revenue bonds-sewer	6/11/08	2.703%	5/1/28	\$ 1,228,270

**General Obligation Debt Limit Calculation** - The 2019 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$281,736,000. The legal debt limit and margin of indebtedness as of December 31, 2019, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

Debt limit (5% of \$281,736,000)	\$ 14,086,800
Applicable long-term debt	(3,313,000)
Amount available in debt service	408
Margin of indebtedness	<u>\$ 10,774,208</u>

**Maturities of Long-Term Obligations** - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

**NOTE 5 - Long-Term Obligations - Continued**

Year Ending December 31,	Governmental Activities				Business-Type Activities			
	Bonds		Notes Payable - Direct Borrowing and Placement		Bonds		Interest	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ 83,863	\$ 54,017	\$ 37,344	\$ 175,224	\$ 122,374	\$ 31,546	\$ 153,920
2021	35,000	83,338	56,497	34,864	209,699	125,682	28,194	153,876
2022	50,000	82,063	59,181	32,181	223,425	129,079	24,751	153,930
2023	50,000	80,563	61,992	29,370	221,925	132,568	21,215	153,783
2024	60,000	78,913	64,864	26,497	230,274	136,151	17,583	153,734
2025-2029	595,000	346,738	373,927	82,878	1,400,543	582,416	32,010	614,426
2030-2034	860,000	234,445	117,522	7,090	1,219,057	-	-	-
2035-2038	875,000	64,629	-	-	939,629	-	-	-
	<u>\$2,525,000</u>	<u>\$1,056,552</u>	<u>\$ 788,000</u>	<u>\$ 250,224</u>	<u>\$4,619,776</u>	<u>\$1,228,270</u>	<u>\$ 155,299</u>	<u>\$1,383,569</u>

**Bond Compliance Requirements** - The 2008 revenue bond ordinance require segregation of the proceeds of the bond issues and creation and continual funding of redemption funds. The City is in compliance with this ordinance.

**NOTE 6 - Wisconsin Retirement System Pension**

**General Information about the Pension Plan**

**Plan Description** - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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.wi.gov/publications/cafr.htm>

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

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

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

**CITY OF CHILTON, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**CITY OF CHILTON, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

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

The WRS also provides death and disability benefits for employees.

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

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

**Contributions** - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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 reporting period, the WRS recognized \$103,741 in contributions from the employer. Contribution rates as of December 31, 2019 are:

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

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

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

At December 31, 2019, the City reported a liability (asset) of \$340,938 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.00958315%, which was an increase of 0.000464% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$234,180. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,539	\$ 469,378
Net differences between projected and actual earnings on pension plan investments	497,917	-
Changes of actuarial assumptions	57,469	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,685	1,347
Employer contributions subsequent to the measurement date	108,038	-
<b>Total</b>	<b>\$ 934,648</b>	<b>\$ 470,725</b>

\$108,038 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 485,196	\$ 354,954
2021	319,591	286,130
2022	312,240	256,175
2023	226,416	90,299
Thereafter	-	-

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

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	3%
Inflation	.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	1.9%
Post-retirement Adjustments*	

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

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

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

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

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.1	5.5
Fixed Income	24.5	4	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5
International Equities	30	8.5	5.9
Total Variable Fund	100	8	5.4

New England Pension Consultants Long-Term US CPI (inflation) Forecast 2.5%  
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate** - A single discount rate of 7% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 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 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
City's proportionate share of the net pension liability (asset)	\$ 1,354,925	\$ 340,938	\$ (413,039)

**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://ef.wi.gov/publications/cafr.htm>

**NOTE 6 - Wisconsin Retirement System Pension - Continued**

**Payables to the Pension Plan** - The City reported a payable of zero for outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund**

**General Information about the Other Post Employment Benefits**

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

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

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

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

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

Contribution rates as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57

\*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$516 in contributions from the employer.

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

At December 31, 2019, the City reported a liability (asset) of \$69,150 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was .026799%, which was an increase of .00178% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$8,407.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,508
Net differences between projected and actual earnings on OPEB plan investments	1,652	-
Changes in assumption	6,598	14,989
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,921	-
Employer contributions subsequent to the measurement date	516	-
<b>Total</b>	<b>\$ 17,687</b>	<b>\$ 18,497</b>

\$516 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 3,201	\$ 3,025
2021	3,201	3,025
2022	3,201	3,025
2023	2,969	3,025
Thereafter	4,598	6,396

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

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	4.1%
Long-Term Expected Rate of Return:	5%
Discount Rate:	4.22%
Salary Increases:	3%
Inflation	.1%
Seniority/Merit	5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

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

**NOTE 7 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued**

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1	1.44
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.3
Long-term Expected Rate of Return			5

**Single Discount rate** - A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability (asset)	\$ 98,371	\$ 69,150	\$ 46,613

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

**Payables to the Pension Plan** - The City reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2019.

**CITY OF CHILTON, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

**NOTE 8 - Interfund Balance and Activity**

Interfund receivable and payable balances on December 31, 2019, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	TID 4	\$ 150,470
General	TID 7	270,488
General	Water Utility	92,777
General	Sewer Utility	9,970
Water Utility	General	45,579
Sewer Utility	General	5,350
		<u>\$ 574,634</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental and business activities are netted and eliminated.

Interfund transfers at December 31, 2019 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Water Utility	\$ 109,202
General	Sewer Utility	1,473
General	Capital Improvements	47,400
Fire Department Donations	General	3,500
Debt Service	TID No. 4	232,967
Debt Service	TID No. 6	104,251
Debt Service	TID No. 7	16,185
		<u>\$ 514,978</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 9 - Fund Balance and Net Position**

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Loans	\$ 21,706
TID No. 4	Loans	\$ 208,022
Restricted		
Community Rehabilitation	Loans	\$ 193,734
Debt Service	Principal and interest	\$ 408
Nonmajor Capital Projects	Capital expenses	\$ 944,972
Committed		
General	Specific expenses	\$ 1,151,606
Nonmajor Special Revenue	Lake, library, economic, redevelopment, and fire department expenses	\$ 347,408

**CITY OF CHILTON, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

**NOTE 9 - Fund Balance and Net Position - Continued**

<u>Net Position</u>	<u>Governmental Activities</u>	<u>Amount</u>
Restricted	Loans	\$ 193,734
Special Revenue	Principal and interest	\$ 408
Debt Service	Capital expenses	\$ 944,972
Capital Projects		
Business-Type Activities		
Restricted	Debt service	\$ 7,432
Sewer	Equipment replacement	\$ 912,133
Sewer		

Deficits  
 The following individual fund had deficits at December 31, 2019:

TID 7	\$ 270,488
-------	------------

The deficit will be funded by future revenues.

The City has adopted a minimum fund balance policy in the amount of 7 - 12% of current year general fund expenditures be maintained for working capital and emergency expenditures.

**NOTE 10 - Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the City's policy is to purchase commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

**NOTE 11 - Concentration of Risk**

The water utility has a significant customer which represents 30.51% of operating revenues and 29.39% of customer accounts receivable at December 31, 2019. The sewer utility has a significant customer which represents 29.95% of operating revenues and 32.06% of customer accounts receivable at December 31, 2019.

**NOTE 12 - Commitment**

On March 17, 2020 the City approved a \$1,314,000 construction contract for a street reconstruction.

**NOTE 13 - Change in Accounting Principle**

The change in accounting principles adjustment of \$2,998,730 on the statement of changes in net position - fiduciary fund is due to the adoption of GASB Statement No. 84 *Fiduciary Activities*.



**CITY OF CHILTON, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2019**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 1,355,080	\$ 1,355,080	\$ 1,356,606	\$ 1,526
Special assessment	511	511	512	1
Intergovernmental	854,874	884,202	886,812	2,610
Licenses and permits	82,826	82,826	95,090	12,264
Fines, forfeits and penalties	17,200	17,200	17,337	137
Public charges for services	247,965	249,392	260,693	11,301
Intergovernmental charges for services	98,200	101,211	100,623	(588)
Miscellaneous	89,345	107,007	130,150	23,143
<b>TOTAL REVENUES</b>	<b>2,746,001</b>	<b>2,797,429</b>	<b>2,847,823</b>	<b>50,394</b>

**CITY OF CHILTON, WISCONSIN**  
**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>EXPENDITURES</b>				
Current				
General government	156,709	284,986	150,854	134,132
Public safety	1,144,862	1,284,652	1,177,169	107,483
Public works	485,809	1,382,602	802,360	580,242
Health and human services	29,441	70,669	41,234	29,435
Culture, recreation and education	344,113	563,808	335,842	227,966
Conservation and development	8,761	24,646	9,477	15,169
Capital outlay	696,306	682,591	623,091	59,500
<b>TOTAL EXPENDITURES</b>	<b>2,866,001</b>	<b>4,293,954</b>	<b>3,140,027</b>	<b>1,153,927</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(120,000)</b>	<b>(1,496,525)</b>	<b>(292,204)</b>	<b>1,204,321</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	120,000	120,000	158,075	38,075
Operating transfers (out)	-	1,312,145	(3,500)	(1,315,645)
Sale of capital assets	-	53,602	53,602	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>120,000</b>	<b>1,485,747</b>	<b>208,177</b>	<b>(1,277,570)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(10,778)</b>	<b>(84,027)</b>	<b>(73,249)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,349,943</b>	<b>2,349,943</b>	<b>2,349,943</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,349,943</b>	<b>\$ 2,339,165</b>	<b>\$ 2,265,916</b>	<b>\$ (73,249)</b>

The accompanying notes are an integral part of these statements.

**CITY OF CHILTON, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**DECEMBER 31, 2019**

**NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During November or December, City Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted for taxpayers to approve the budget. This includes all required public notifications and publications prior to the public hearing.
3. In December, the budget is legally enacted through passage of a Resolution.
4. The department heads are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the City Council.
9. Appropriations lapse at year-end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.
11. No budget was adopted for the Community Rehabilitation Fund.

**NOTE 2 - Excess of Actual Expenditures over Budget** - There were no expenditure classifications in excess of \$1,000 over budget.

**CITY OF CHILTON, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2019**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
 Last 10 Fiscal Years \*

	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.00956315%	0.00911915%	0.0092798%	0.00912111%	0.00939686%
Proportionate share of the net pension liability (asset)	\$ 340,938	\$ (270,759)	\$ 73,588	\$ 148,216	\$ (230,857)
Covered payroll	\$ 1,267,238	\$ 1,207,555	\$ 1,116,942	\$ 1,093,698	\$ 1,131,982
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	26.90%	-22.42%	6.59%	13.55%	-20.39%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.20%	102.74%

**SCHEDULE OF CONTRIBUTIONS**  
 Last 10 Fiscal Years \*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 103,741	\$ 98,663	\$ 84,510	\$ 84,017	\$ 90,376
Contributions in relation to the contractually required contributions	(103,741)	(98,663)	(84,510)	(84,017)	(90,376)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,267,238	\$ 1,207,555	\$ 1,116,942	\$ 1,093,698	\$ 1,131,982
Contributions as a percentage of covered payroll	8.19%	8.17%	7.57%	7.68%	7.98%

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

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 5 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2019**

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

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

**CITY OF CHILTON, WISCONSIN**  
 WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES  
 YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

	<u>2019</u>	<u>2018</u>
	Last 10 Fiscal Years *	
Proportion of the net OPEB liability (asset)	0.02679900%	0.02501900%
Proportionate share of the net OPEB liability (asset)	\$ 69,150 \$	75,272
Covered payroll	\$ 1,072,000 \$	1,052,121
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	6.45%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	48.69%	44.81%

**CITY OF CHILTON, WISCONSIN**  
**SUPPLEMENTARY INFORMATION**

SCHEDULE OF CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>
	Last 10 Fiscal Years *	
Contractually required contributions	\$ 516 \$	475
Contributions in relation to the contractually required contributions	(516)	(475)
Contribution deficiency (excess)	\$ - \$	-
Covered payroll	\$ 1,072,000 \$	1,052,121
Contributions as a percentage of covered payroll	0.05%	0.05%

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

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2019**

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

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

**CITY OF CHILTON, WISCONSIN**  
 COMBINING BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2019  
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	SPECIAL REVENUE FUNDS										CAPITAL PROJECT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	CHILTON LAKE DISTRICT	LIBRARY DONATIONS	ECONOMIC DEVELOPMENT	REDEVELOPMENT AUTHORITY	FIRE DEPARTMENT DONATIONS	TID NO. 6	TID NO. 7	GENERAL IMPROVEMENTS	CAPITAL	IMPROVEMENTS	NONMAJOR GOVERNMENTAL FUNDS					
											2019	2018				
<b>ASSETS</b>																
Cash and investments	\$ 31,821	\$ 184,451	\$ 33,808	\$ 53,389	\$ 44,013	\$ 617,776	\$ -	\$ 328,247	\$ -	\$ 1,293,505	\$ 1,966,041					
Receivable																
Taxes	16,000	-	-	-	-	72,625	467	-	-	-	89,092	49,302				
Accounts and other	-	-	-	-	-	-	-	-	-	-	-	1,699				
Special assessments	-	-	-	-	-	235,103	25,394	-	-	-	260,497	295,956				
Loan	-	-	2,863	-	-	-	-	-	-	-	2,863	9,084				
<b>TOTAL ASSETS</b>	<b>47,821</b>	<b>184,451</b>	<b>36,671</b>	<b>53,389</b>	<b>44,013</b>	<b>925,504</b>	<b>25,861</b>	<b>328,247</b>	<b>-</b>	<b>1,645,957</b>	<b>2,322,082</b>					
<b>LIABILITIES</b>																
Accounts payable	74	-	-	-	-	1,051	1,940	-	-	-	3,065	6,403				
Due to other funds	-	-	-	-	-	-	270,488	-	-	-	270,488	-				
Unearned revenue - other	-	-	2,863	-	-	-	-	-	-	-	2,863	9,084				
<b>TOTAL LIABILITIES</b>	<b>74</b>	<b>-</b>	<b>2,863</b>	<b>-</b>	<b>-</b>	<b>1,051</b>	<b>272,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>276,416</b>	<b>15,487</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>																
Unavailable revenue - tax roll	16,000	-	-	-	-	72,625	467	-	-	-	89,092	49,302				
Unavailable revenue - special assessments	-	-	-	-	-	235,103	25,394	-	-	-	260,497	295,956				
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>16,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,728</b>	<b>25,861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,589</b>	<b>345,258</b>				
<b>FUND BALANCES</b>																
Restricted	-	-	-	-	-	616,725	-	328,247	-	-	944,972	1,553,439				
Committed	31,747	184,451	33,808	53,389	44,013	-	-	-	-	-	347,408	407,898				
Unassigned	-	-	-	-	-	-	(272,428)	-	-	-	(272,428)	-				
<b>TOTAL FUND BALANCES</b>	<b>31,747</b>	<b>184,451</b>	<b>33,808</b>	<b>53,389</b>	<b>44,013</b>	<b>616,725</b>	<b>(272,428)</b>	<b>328,247</b>	<b>-</b>	<b>-</b>	<b>1,019,952</b>	<b>1,961,337</b>				
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 47,821</b>	<b>\$ 184,451</b>	<b>\$ 36,671</b>	<b>\$ 53,389</b>	<b>\$ 44,013</b>	<b>\$ 925,504</b>	<b>\$ 25,861</b>	<b>\$ 328,247</b>	<b>\$ -</b>	<b>\$ 1,645,957</b>	<b>\$ 2,322,082</b>					

**CITY OF CHILTON, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

	CHILTON LAKE DISTRICT	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
		LIBRARY DONATIONS	ECONOMIC DEVELOPMENT	REDEVELOPMENT AUTHORITY	FIRE DEPARTMENT DONATIONS	TID NO. 6	TID NO. 7	GENERAL CAPITAL IMPROVEMENTS	2019	2018
REVENUES										
Taxes	16,000	-	-	-	-	33,302	-	-	49,302	16,000
Special assessment	-	-	-	-	-	16,447	7,709	-	24,156	10,301
Intergovernmental	257	-	-	-	-	-	-	-	257	124
Miscellaneous	126	3,859	6,497	7,317	43,622	16,019	4,952	7,411	89,803	151,477
Change in fair value of investments	-	1,841	-	-	-	-	-	-	1,841	(1,107)
<b>TOTAL REVENUES</b>	<b>16,383</b>	<b>5,700</b>	<b>6,497</b>	<b>7,317</b>	<b>43,622</b>	<b>65,768</b>	<b>12,661</b>	<b>7,411</b>	<b>165,359</b>	<b>176,795</b>
EXPENDITURES										
Current										
General government	-	133	-	-	-	-	-	-	133	187
Public safety	-	-	-	43,211	-	-	-	-	43,211	115,651
Culture, recreation and education	-	46,816	-	-	-	-	-	-	46,816	750
Conservation and development	18,350	-	34,235	763	-	434,378	364,122	-	851,848	1,173,635
Debt service	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	200	200	-	400	67,712
<b>TOTAL EXPENDITURES</b>	<b>18,350</b>	<b>46,949</b>	<b>34,235</b>	<b>43,211</b>	<b>43,211</b>	<b>434,578</b>	<b>364,322</b>	<b>-</b>	<b>942,408</b>	<b>1,357,935</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,967)	(41,249)	(27,738)	6,554	411	(368,810)	(351,661)	7,411	(777,049)	(1,181,140)
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	3,500	-	-	-	-	3,500	3,500
Operating transfers (out)	-	-	-	-	-	(104,251)	(16,185)	(47,400)	(167,836)	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	2,525,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500</b>	<b>-</b>	<b>(104,251)</b>	<b>(16,185)</b>	<b>(47,400)</b>	<b>(164,336)</b>	<b>2,528,500</b>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,967)	(41,249)	(27,738)	6,554	3,911	(473,061)	(367,846)	(39,989)	(941,385)	1,347,360
FUND BALANCE - BEGINNING OF YEAR	33,714	225,700	61,546	46,835	40,102	1,089,786	95,418	368,236	1,961,337	613,977
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 31,747</b>	<b>\$ 184,451</b>	<b>\$ 33,808</b>	<b>\$ 53,389</b>	<b>\$ 44,013</b>	<b>\$ 616,725</b>	<b>\$ (272,428)</b>	<b>\$ 328,247</b>	<b>\$ 1,019,952</b>	<b>\$ 1,961,337</b>

**CITY OF CHILTON, WISCONSIN**  
**DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes			
Property	\$ 1,344,530	\$ 1,344,531	\$ 1
General sales	40	40	-
Other tax exempt entities	10,500	12,033	1,533
Interest and penalties on delinquent taxes	10	2	(8)
<b>TOTAL</b>	<b>1,355,080</b>	<b>1,356,606</b>	<b>1,526</b>
Special assessments	511	512	1
Intergovernmental			
State shared taxes	538,771	540,949	2,178
State grants - public safety	9,214	9,374	160
State grants - transportation	206,768	206,700	(68)
Other state payments	23,500	23,838	338
County and other local grants	105,949	105,951	2
<b>TOTAL</b>	<b>884,202</b>	<b>886,812</b>	<b>2,610</b>
Licenses and Permits			
Business and occupational licenses	38,030	38,149	119
Nonbusiness licenses	1,520	1,873	353
Building permits and inspection fees	35,300	47,050	11,750
Zoning permits and fees	400	400	-
Other regulatory permits and fees	7,878	7,810	(68)
<b>TOTAL</b>	<b>82,828</b>	<b>95,082</b>	<b>12,254</b>
Fines, Forfeits and Penalties			
Law and ordinance violations	17,200	17,337	137
Public Charges for Services			
General government	3,255	5,478	2,223
Transportation	1,700	3,264	1,564
Sanitation and utilities	223,100	251,035	2,935
Sanitation	110	9,455	9,345
Culture, recreation and education	17,027	17,391	364
<b>TOTAL</b>	<b>249,382</b>	<b>260,693</b>	<b>11,311</b>
Intergovernmental Charges for Service			
Other local governments - public safety	92,200	91,612	(588)
Other local governments - other	9,011	9,011	-
<b>TOTAL</b>	<b>101,211</b>	<b>100,623</b>	<b>(588)</b>
Miscellaneous			
Interest	85,984	96,595	10,611
Rent	2,000	2,091	91
Donations	17,662	29,942	12,280
Other miscellaneous	1,361	1,522	161
<b>TOTAL</b>	<b>107,007</b>	<b>130,150</b>	<b>23,143</b>
<b>TOTAL REVENUES</b>	<b>2,797,429</b>	<b>2,847,823</b>	<b>50,394</b>
OTHER FINANCING SOURCES			
Operating transfers in	120,000	158,075	38,075
Sale of capital assets	53,602	53,602	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>173,602</b>	<b>211,677</b>	<b>38,075</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 2,971,031</b>	<b>\$ 3,059,500</b>	<b>\$ 88,469</b>

**CITY OF CHILTON, WISCONSIN**  
**DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES</b>			
General Government			
Legislative	\$ 27,616	\$ 26,237	\$ 1,379
Legal	13,784	13,784	-
General administration	108,349	66,742	41,607
Financial administration	23,325	21,788	1,537
General buildings and plant	75,831	37,915	37,916
Other insurance	36,081	(15,612)	51,693
<b>TOTAL</b>	<b>284,986</b>	<b>150,854</b>	<b>134,132</b>
Public Safety			
Law enforcement	879,202	848,504	30,788
Fire protection	359,075	296,046	63,029
Ambulance/EMS	3,000	-	3,000
Building inspection	34,569	31,762	2,807
Other public safety	17,663	6,657	11,006
<b>TOTAL</b>	<b>1,284,652</b>	<b>1,177,169</b>	<b>107,483</b>
Public Works			
Administration	111,344	72,484	38,860
Street maintenance and construction	681,060	284,841	396,219
Road related facilities	237,021	126,504	110,517
Sanitation	353,177	318,531	34,646
<b>TOTAL</b>	<b>1,382,602</b>	<b>802,360</b>	<b>580,242</b>
Health and Human Services			
Public health services	800	800	-
Cemetery	69,669	40,434	29,435
<b>TOTAL</b>	<b>70,669</b>	<b>41,234</b>	<b>29,435</b>
Culture, Recreation and Education			
Library	287,424	247,882	39,442
Parks	223,965	69,986	153,979
Recreation programs and events	670,339	17,874	652,465
<b>TOTAL</b>	<b>963,808</b>	<b>333,842</b>	<b>629,966</b>
Conservation and Development			
Economic development	20,871	7,416	13,455
Other conservation and development	3,775	2,061	1,714
<b>TOTAL</b>	<b>24,646</b>	<b>9,477</b>	<b>15,169</b>
Capital Outlay			
General government	54,082	35,582	18,500
Public safety	(20,533)	49,453	(69,986)
Transportation	604,042	538,056	65,986
Culture, recreation and education	45,000	-	45,000
<b>TOTAL</b>	<b>682,591</b>	<b>623,091</b>	<b>59,500</b>
<b>TOTAL EXPENDITURES</b>	<b>4,203,954</b>	<b>3,140,027</b>	<b>1,153,927</b>
OTHER FINANCING USES			
Operating transfers out	(1,312,145)	3,500	(1,315,645)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 2,991,809</b>	<b>\$ 3,143,527</b>	<b>\$(161,718)</b>



**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 City Council  
City of Chilton, Wisconsin

**CITY OF CHILTON, WISCONSIN  
OTHER REPORTS**

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, each major fund, and the aggregate remaining fund information of the City of Chilton, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Chilton, Wisconsin's basic financial statements and have issued our report thereon dated March 27, 2020.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of Chilton, Wisconsin'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 City of Chilton, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Chilton, Wisconsin'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 entity'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. We did identify certain deficiencies in internal control, described below, that we consider to be material weaknesses.

**2019-001 - Management's Responsibility for Preparation of Financial Statements**

Program: Government Wide.

Criteria: Adequate internal controls necessitate personnel (management or others) of the City have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2018-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

#### **2019-002 - Material Audit Adjustments**

Program: Government Wide.

Criteria: Generally accepted accounting principles.

Condition: Material audit adjustments were required to prevent the City's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2018-002.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

Management's Response: The City will incorporate financial reporting internal controls to detect material adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Chilton, Wisconsin'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 Chilton, Wisconsin's Responses to Findings**

The City of Chilton, Wisconsin's responses to the findings identified in our audit are described above. The City of Chilton, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP

*Hankie Ash CPAs, LLP*

Manitowoc, Wisconsin  
March 27, 2020



**FORM OF LEGAL OPINION**

(See following pages.)

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

October 7, 2020

Re: City of Chilton, Wisconsin ("Issuer")  
\$2,000,000 Taxable General Obligation Promissory Notes, Series 2020A,  
dated October 7, 2020 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$50,000	___%
2022	100,000	___
2023	200,000	___
2024	210,000	___
2025	220,000	___
2026	230,000	___
2027	235,000	___
2028	245,000	___
2029	250,000	___
2030	260,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on September 1, 2021.

The Notes maturing on September 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

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

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

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

QUARLES & BRADY LLP

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

October 7, 2020

Re: City of Chilton, Wisconsin ("Issuer")  
\$2,000,000 Taxable General Obligation Promissory Notes, Series 2020A,  
dated October 7, 2020 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$50,000	___%
2022	100,000	___
2023	200,000	___
2024	210,000	___
2025	220,000	___
2026	230,000	___
2027	235,000	___
2028	245,000	___
2029	250,000	___
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Interest is payable semi-annually on March 1 and September 1 of each year commencing on September 1, 2021.

The Notes maturing on September 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

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

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

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

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

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

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

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages.)



## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Chilton, Calumet County, Wisconsin (the "Issuer") in connection with the issuance of \$2,000,000 Taxable General Obligation Promissory Notes, Series 2020A, dated October 7, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on September 15, 2020 (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](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated September 16, 2020 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 Chilton, 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 42 School Street, Chilton, Wisconsin 53104, phone (920) 849-2451, fax (920) 849-2025.

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

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 7th day of October, 2020.

(SEAL)

\_\_\_\_\_  
Thomas Reiml  
Mayor

\_\_\_\_\_  
David DeTroye  
City Administrator/Clerk/Treasurer

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Chilton, Calumet County, Wisconsin (the "Issuer") in connection with the issuance of \$2,000,000 Taxable General Obligation Promissory Notes, Series 2020A, dated October 7, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on September 15, 2020 (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](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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"Final Official Statement" means the Final Official Statement dated September 16, 2020 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 Chilton, 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 42 School Street, Chilton, Wisconsin 53104, phone (920) 849-2451, fax (920) 849-2025.

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



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 7th day of October, 2020.

(SEAL)

\_\_\_\_\_  
Thomas Reiml  
Mayor

\_\_\_\_\_  
David DeTroye  
City Administrator/Clerk/Treasurer

**NOTICE OF SALE**

**\$2,000,000\* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2020A  
CITY OF CHILTON, WISCONSIN**

Bids for the purchase of \$2,000,000\* Taxable General Obligation Promissory Notes, Series 2020A (the "Notes") of the City of Chilton, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on September 15, 2020, 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 Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**PURPOSE**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes including financing projects in TID #6 and TID #8. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Notes will be dated October 7, 2020, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$50,000	2025	\$220,000	2029	\$250,000
2022	100,000	2026	230,000	2030	260,000
2023	200,000	2027	235,000		
2024	210,000	2028	245,000		

**ADJUSTMENT OPTION**

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

**TERM BOND OPTION**

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

## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on September 1 and March 1 of each year, commencing September 1, 2021, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

## **PAYING AGENT**

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

## **OPTIONAL REDEMPTION**

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

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

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

## **DELIVERY**

On or about October 7, 2020, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

An opinion as to the validity of the Notes 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 Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## SUBMISSION OF BIDS

Bids must not be for less than \$1,980,000 nor more than \$2,100,000 plus accrued interest on the principal sum of \$2,000,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

**A good faith deposit ("Deposit") in the amount of \$40,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

## **AWARD**

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

## **BOND INSURANCE**

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

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

## **CUSIP NUMBERS**

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

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

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

## **CONTINUING DISCLOSURE**

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

## **PRELIMINARY OFFICIAL STATEMENT**

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

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

By Order of the Common Council

David DeTroye, Administrator  
City of Chilton, Wisconsin



# BID FORM

The Common Council  
City of Chilton, Wisconsin

September 15, 2020

RE: **\$2,000,000\* Taxable General Obligation Promissory Notes, Series 2020A (the "Notes")**  
DATED: **October 7, 2020**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$1,980,000 nor more than \$2,100,000) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2021	_____ % due	2025	_____ % due	2029
_____ % due	2022	_____ % due	2026	_____ % due	2030
_____ % due	2023	_____ % due	2027		
_____ % due	2024	_____ % due	2028		

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

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$40,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about October 7, 2020.

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

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

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

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

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 October 7, 2020 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 Chilton, Wisconsin, on September 15, 2020.

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