

GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2018A
TRANSCRIPT

ISSUER: City of Oconomowoc,
Waukesha County, Wisconsin

NOTES: \$1,500,000
General Obligation Promissory Notes, Series 2018A

DATED DATE
OF NOTES: December 18, 2018

FINANCIAL ADVISOR: Hutchinson, Shockey, Erley & Co.

PURCHASER: Robert W. Baird & Co. Incorporated

BOND COUNSEL
AND DISCLOSURE COUNSEL: Quarles & Brady LLP

Transcript Prepared by:

Quarles & Brady LLP

411 E. Wisconsin Avenue
Milwaukee, WI 53202
(414) 277-5000

QB\55115576.1

\$1,500,000
CITY OF OCONOMOWOC,
WAUKESHA COUNTY, WISCONSIN
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
DATED DECEMBER 18, 2018

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December 18, 2018

Re: City of Oconomowoc, Wisconsin ("Issuer")
\$1,500,000 General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$225,000	4.00%
2020	45,000	4.00
2021	75,000	4.00
2022	75,000	4.00
2023	100,000	4.00
2024	105,000	4.00
2025	135,000	4.00
2026	165,000	4.00
2027	270,000	3.00
2028	305,000	3.00

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019.

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

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

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

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

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

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

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

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

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

Charles A. Brady LLP

CLOSING CERTIFICATE

The undersigned hereby certify that we are the duly qualified and acting Mayor and City Clerk of the City of Oconomowoc, Waukesha County, Wisconsin (the "City"), and further certify the following:

1. Organization.

1.1. Now and at all times mentioned in this Certificate, the City was duly organized, validly existing and operating under and by virtue of the laws of the State of Wisconsin.

1.2. The City is a city of the third class governed under the General Charter Law for cities as provided in Chapter 62, Wisconsin Statutes. The City is governed by a Common Council composed of eight members.

1.3. The duly qualified and acting officers and administrators of the City pertinent to this transaction are as follows:

Officers and Administrators

David Nold, Mayor
Diane Coenen, City Clerk
Sarah J. Kitsemel, City Administrator/Treasurer
Laurie Sullivan, Director of Finance/Administrative Services

Said officers and administrators were each duly qualified and acting at all times material to the authorization, issuance, sale and delivery of the \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes").

1.4. There are no resolutions in effect which require any officers of the City, other than the Mayor and City Clerk, to execute the Notes or documents evidencing indebtedness of the City.

2. Record Book; Certification of Transcript; Legal Opinion.

2.1. In accordance with Section 67.05(12), Wisconsin Statutes, the City Clerk has provided and kept a separate record book (the "Transcript") in which the City Clerk has recorded a full and correct statement of every step or proceeding had or taken by the City in the course of issuing the Notes referred to in this Certificate. The Transcript attached hereto and made a part hereof is the true and complete transcript of proceedings.

2.2. Pursuant to Sections 67.025 and 893.77, Wisconsin Statutes, the City Clerk has submitted a certified copy of the proceedings preliminary to this issue (i.e., the Transcript of which this Certificate is a part) including a sample of one of the Notes to Quarles & Brady LLP for its examination and certification. By execution of its Legal Opinion it has certified that the proceedings are regular and valid. The City Clerk has also caused the Legal Opinion to be recorded at length in the Transcript.

3. Authorization; Open Meeting Law Compliance.

3.1. At an open, lawful public meeting of the Common Council held on October 16, 2018, at which a quorum of the members of the Common Council was present in person, a resolution entitled: "Resolution Authorizing the Issuance and Providing for the Sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A" was duly adopted by the Common Council.

3.2. At the direction of the City, the City's financial advisor, Hutchinson, Shockey, Erley & Co., circulated a notice of sale to prospective purchasers and provided it to The Bond Buyer to be listed in its print and online announcements of competitive sales indicating the Notes would be offered for public sale on December 4, 2018. A copy of the listing as it appeared in The Bond Buyer's online or print version is attached hereto.

3.3. At an open, lawful public meeting of the Common Council held on December 4, 2018, at which a quorum of the members of the Common Council was present in person, a resolution entitled: "Resolution Awarding the Sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A" was duly adopted by the Common Council.

3.4. The resolutions listed above and included in the Transcript were duly adopted by the Common Council of the City at open, lawful public meetings of the Common Council called, noticed, held and conducted in the manner established by the Common Council and required by pertinent Wisconsin Statutes.

3.5. The resolutions listed above and included in the Transcript were on the agenda for said meetings and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of each of said meetings by (i) posting notice of the meeting; (ii) providing notice to those news media which have filed a written request for notice of meetings; and (iii) providing notice to the official newspaper of the City or, if none exists, a news medium likely to give notice in the area.

3.6. Each of the aforesaid resolutions has been duly recorded in the minutes of the proceedings of said meetings, has not been amended or revoked, and in all other respects is in full force and effect on the date of this Certificate. A true copy of each of the resolutions is attached hereto as a part of the Transcript.

4. Equalized Value; Indebtedness.

4.1. The full value of all the taxable property located within the City, as determined by the State of Wisconsin Department of Revenue as the equalized valuation of such property, is \$2,238,627,100 as verified by the Certificate of Equalized Value attached hereto as Exhibit A.

4.2. The total outstanding general obligation indebtedness of the City, howsoever evidenced or incurred, including the issuance of the Notes, aggregates not more than \$12,374,264.

5. No Litigation, Repeal, Revocation or Rescission; No Charter Ordinance.

5.1. No controversy or litigation of any nature is now pending or threatened restraining or enjoining the issuance, execution or delivery of the Notes; challenging the levy and collection of taxes or appropriations to pay the principal of and interest thereon; or in any manner questioning the proceedings and authority by which the same have been issued or affecting the validity of the same.

5.2. No authority or proceedings for the issuance of the Notes has been repealed, revoked or rescinded.

5.3. No litigation is now pending or threatened with respect to the corporate existence, organization, or boundaries of the City, or the right or title of any officer of the City to his or her respective office. No proceedings are now pending with respect to a change in the form of government of the City or the detachment of territories therefrom.

5.4. No charter ordinance under Section 66.0101, Wisconsin Statutes or direct legislation under Section 9.20, Wisconsin Statutes restricting borrowing by the City has been adopted by the Common Council or electors of the City and no proceedings for such purposes are now pending.

6. Execution of the Notes.

6.1. As Mayor and City Clerk we did officially execute and seal the Notes in the aggregate principal amount of \$1,500,000, and bearing interest as designated thereon.

6.2. The manual or facsimile signatures of the Mayor and City Clerk as shown on the Notes are hereby acknowledged, approved and adopted as our own. The seal as shown on the Notes is a printed facsimile or an actual impression of the official or corporate seal of the City.

7. Delivery; Receipt.

7.1. The City has delivered the Notes to Robert W. Baird & Co. Incorporated (the "Purchaser").

7.2. The City has received the agreed purchase price for the Notes as set forth on the Closing Memorandum attached hereto as a part of the Transcript.

7.3. The Purchaser has complied in all respects with its contract for the purchase of the Notes.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 18th day of December, 2018.



David Nold
Mayor



Diane Coenen
City Clerk



CERTIFICATE OF TREASURER

The undersigned Treasurer of the City above named hereby certifies that the statements concerning equalized value and outstanding indebtedness of the City contained in the foregoing Certificate are true and complete, and further certifies that the City has received the amounts set forth on the Closing Memorandum referenced above.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity effective as of the above-specified date.



Sarah J. Kitsembel
Treasurer

(SEAL)

New Issues

Competitive Bond Offerings Compiled by Iproo

*Preliminary and subject to change. SHADED LISTINGS ARE NEW.

Issuer	SI	Description	Amount (\$000s)	Time of Sale	Financial Adviser	Legal Opinion	Maturing	Insurer	Mdy's	S&P	Fitch	KBRA	Bank-Qual.	Latest Details
Westchester County	NY	GO	*10,255	11:30 am E	Capital Markets Adv	Norton Rosa	19-36	---	---	---	---	---	---	21-Nov
Westchester County	NY	GO	*183,565	11 am E	Capital Markets Adv	Hawkins Dufield	19-29	---	---	---	---	---	---	21-Nov
Carter Co ISD #27	OK	Comb Purp (Tax)	1,360	12:45 pm C	Stephen H. McDonald	State Atty General	21-22	---	---	---	---	---	---	16-Nov
Cleveland	TN	GO	*5,615	11 am E	Davenport	Bass Berry	20-39	---	Aa3	AA	---	---	---	26-Nov
Galveston Co MUD #54	TX	Unltd Tax	5,450	9 am C	Masterson Advisors	Allen Boone	19-38	---	---	---	---	---	BQ	20-Nov
Harris Co Wtr Cntr Imp #157	TX	Park	1,190	9:30 am C	GMS Group	Schwartz Page	36-38	---	---	---	---	---	BQ	20-Nov
Harris Co Wtr Cntr Imp #157	TX	Unltd Tax	8,550	9:30 am C	GMS Group	Schwartz Page	20-45	---	---	---	---	---	BQ	20-Nov
Montgomery Co MUD #142	TX	Unltd Tax	2,100	10:30 am C	Masterson Advisors	Allen Boone	20-43	---	---	---	---	---	BQ	20-Nov
Williamson Co MUD #19	TX	Unltd Tax	7,355	10 am C	Specialized Pub Fin	McCall Parkhurst	20-48	---	Baa3	---	---	---	BQ	20-Nov

Monday, December 3

Unn-Mar Comm SD	IA	GO Sch	*10,000	10 am C	Piper Jaffray	Ahlers & Cooney	33-38	---	---	AA-	---	---	BQ	26-Nov
Union County	IA	GO & Ref	*9,470	10:30 am C	Speer Financial	Dorsey & Whitney	19-29	---	---	---	---	---	BQ	21-Nov
Elkhart Comm Sch Bldg Corp	IN	First Mtg	*5,000	11 am E	Umbaugh	Barnes & Thornburg	20-30	---	---	---	---	---	---	26-Nov
Elkhart Comm Sch Bldg Corp	IN	First Mtg	*10,000	11 am E	Umbaugh	Barnes & Thornburg	21-38	---	---	---	---	---	---	26-Nov
Dodge City	KS	GO Temp	*900	11 am C	Piper Jaffray	Gilmore & Bell	20	---	---	SP-1+	---	---	---	26-Nov
Dodge City	KS	GO	*4,105	11 am C	Piper Jaffray	Gilmore & Bell	19-33	---	---	A+	---	---	---	26-Nov
Albert Lea SD #241	MN	GO Ref (Tax)	*4,175	10 am C	Springsted	Knutson Flynn	20-21	---	---	---	---	---	---	23-Oct
North Mankato	MN	GO	*4,670	10:30 am C	Northland Securities	Briggs & Morgan	20-34	---	---	AA	---	---	BQ	26-Nov
Shoreview	MN	GO Ref	*1,655	10:30 am C	Springsted	Dorsey & Whitney	20-25	---	---	---	---	---	BQ	14-Nov
Shoreview	MN	GO	*0,185	10:30 am C	Springsted	Dorsey & Whitney	20-34	---	---	---	---	---	BQ	14-Nov
Bloomsburg Area SD	PA	GO	*8,995	11:15 am E	PFM Fin Advisors	Mette Evans	20-43	---	---	---	---	---	BQ	27-Nov
Fort Bend Co MUD #143	TX	Park	1,545	10:30 am C	Masterson Advisors	Allen Boone	19-42	---	---	---	---	---	---	27-Nov
Laredo	TX	Certs of Oblig	*12,695	11 am C	Estrada Hinojosa	McCall Parkhurst	19-38	---	---	---	---	---	---	21-Nov
Laredo	TX	Pub Property Fin	*12,975	11:30 am C	Estrada Hinojosa	McCall Parkhurst	19-26	---	---	---	---	---	---	21-Nov

Tuesday, December 4

Belmont Jr Pkns Fin Auth	CA	Fac Rev	*22,230	9 am P	PFM Fin Advisors	---	---	---	---	---	---	---	---	Today
Bettendorf	IA	GO Cap Loan	*12,080	10 am C	Springsted	Ahlers & Cooney	19-37	---	---	---	---	---	---	6-Nov
Dyer (Town)	IN	Park Dist	2,000	11 am E	Umbaugh	Ice Miller	19-22	---	---	---	---	---	BQ	Today
Warren County	KY	GO	*5,620	12 pm E	Compass Muni Adv	GJJ & Associates	19-36	---	Aa1	---	---	---	BQ	26-Nov
Fuquay-Varina (Town)	NC	GO Street	17,350	11 am E	Davenport	Sanford Holshouser	20-39	---	Aa1	AAA	---	---	---	27-Nov
Rochelle Pk Twp	NJ	Gen Imp	5,595	11 am E	Lerch, Vinc	Rogut McCarthy	18-30	---	---	---	---	---	BQ	20-Nov
Mt Vernon CSD	NY	Sch Dist	*32,000	11 am E	Capital Markets Adv	Orrick Herrington	20-33	---	---	---	---	---	---	27-Nov
Norwood Norfolk Ctr SD	NY	Sch Dist	251	11:16 am E	Fiscal Adv & Mkt	Trespasz & Marquardt	19-23	---	---	---	---	---	---	BQ
Owasco (Town)	NY	Pub Imp	1,999	11:30 am E	Municipal Solutions	Bond Schoeneck	19-43	---	---	---	---	---	---	BQ
Tarrytown Vlg	NY	Pub Imp	*6,444	11 am E	Capital Markets Adv	Jeffrey E Storch	19-33	---	---	---	---	---	---	BQ
Thousand Islands Ctr SD	NY	Sch Dist	*344	10:45 am E	Fiscal Adv & Mkt	Trespasz & Marquardt	18-23	---	---	---	---	---	---	BQ
Canadian Co ISD #76	OK	Comb Purp (Tax)	1,630	11:45 am C	Stephen H. McDonald	State Atty General	21-22	---	---	---	---	---	---	26-Nov
Williamsport San Auth	PA	Swr Rev	*24,970	11:15 am E	Concord Pub Fin Adv	Eckert Seemans	20-40	---	---	---	---	---	---	26-Nov
Ennis	TX	Certs of Oblig	*10,000	11 am C	SAMCO Cap Mkts	State Atty General	20-39	---	---	AA-	---	---	---	19-Nov
Portland	TX	GO	*5,300	10:30 am C	Frost Bank Cap Mkts	McCall Parkhurst	20-39	---	---	---	---	---	---	27-Nov
Greendale Vlg	WI	GO Comm Dev (Tax)	2,160	10 am C	Ehlers	Quarles & Brady	21-33	---	---	---	---	---	---	15-Nov
Madison	WI	Wtr Util (Tax)	*9,605	10:30 am C	Springsted	Foley & Lardner	20-28	---	---	---	---	---	---	19-Nov
Madison	WI	Swr Sys Rev	*12,500	10:30 am C	Springsted	Kutak Hock	19-33	---	---	---	---	---	---	19-Nov
Madison	WI	Wtr Util	*30,785	10:30 am C	Springsted	Foley & Lardner	20-39	---	---	---	---	---	---	19-Nov
Oconomowoc	WI	GO Prom	1,500	10 am C	Hutchinson Shockey	Quarles & Brady	18-28	---	---	---	---	---	---	BQ

Wednesday, December 5

St Joseph Co Pub Lib	IN	GO (Tax)	*5,000	12 pm E	Umbaugh	Barnes & Thornburg	19-25	---	---	A+	---	---	---	26-Nov
Washington Suburban San Dt	MD	Pub Imp	390,000	10:30 am E	Wyn River Group	McKennon Shelton	19-48	---	---	---	---	---	---	26-Nov
Alpena County	MI	Cap Imp	11,600	11 am E	Muni Fin Consultants	Clark Hill	19-38	---	Aa3	---	---	---	---	20-Nov
Schoolcraft College	MI	College Facs	10,000	11:30 am E	PFM Fin Advisors	Thrun Law Firm	20-38	---	---	---	---	---	---	BQ
Somerdale Boro GOE	NJ	Sch	3,157	11:30 am E	---	Winn Banta	19-30	---	---	---	---	---	---	BQ
West Webster Fire Dt	NY	Fire District	*8,900	11 am E	Bernard P. Donegan	Timothy R. McGill	19-37	---	---	---	---	---	---	BQ
Ellis Co ISD #42	OK	Bldg (Tax)	1,010	11:45 am C	Stephen H. McDonald	State Atty General	22	---	---	---	---	---	---	26-Nov



State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE | BUREAU OF LOCAL GOVERNMENT SERVICES | MADISON, WI

ADDRESS MAIL TO:

Area 6-97
2135 Rimrock Road | P.O. Box 8971
Madison, WI 53708-8971
FAX (608) 264-6887

August 15, 2018

DIANE COENEN
CITY OF OCONOMOWOC
PO BOX 27
OCONOMOWOC WI 53066 0027

CoMun: 67265
Taxation District: 1845

Re: Certificate of Equalized Value - City of Oconomowoc, WAUKESHA COUNTY

I hereby certify that I am the Director of the Bureau of Local Government Services of the Wisconsin Department of Revenue. The equalized value of all taxable property of the City of Oconomowoc of Waukesha County(ies), Wisconsin as last determined by the Wisconsin Department of Revenue pursuant to sections 70.57 and 67.03, Wis. Stats., is \$2,238,627,100. This value was determined as of January 1, 2018.

This equalized value is certified each August 15th and is effective August 15th, 2018 through August 14th, 2019.

Sincerely,

Valeah Foy, Director
Local Government Services Bureau
Valeah.Foy@wisconsin.gov
(608)261-5360

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW PUBLIC NOTICE REQUIREMENTS**

I, Diane Coenen, City Clerk
(name) (title)
of City of Oconomowoc
(official name of municipality)

hereby certify that:

1. **Meeting Date.** On the 16th day of October, 2018 a
Common Council meeting was held commencing
(County Board, Common Council, etc.)
at 7:30 o'clock p.m. at 174 E. Wisconsin Avenue, Oconomowoc, WI (Council Chambers).
(location)

2. **Posting.** On the 12th day of October, 2018 at approximately
3:49 o'clock p.m., I posted or caused to be posted a notice setting forth the time, date,
place and subject matter (including specific reference to the borrowing) of said meeting in the
following public places (include any posting of the notice on the municipality's website and
attach an extra sheet if necessary):

Bulletin Board located at Front Entrance of 174 E. Wisconsin Avenue

Bulletin Board located at St. Paul Entrance of City Hall

Bulletin Board located at Community Center, 220 W. Wisconsin Avenue

Bulletin Board located at Public Library, 200 South Street

City of Oconomowoc Website: www.oconomowoc-wi.gov

AND/OR

Publication. The _____
(County, City, etc.)

caused a notice setting forth the time, date, place and subject matter (including specific reference
to the borrowing) of said meeting to be published on the _____ day of _____, 20__
by the following news medium or media (attach an extra sheet if necessary):

(If notice was published rather than posted, attach copy
of published notice).

3. **Notification of Media.** On the 12th day of October, 2018 at approximately 3:49 o'clock p.m., I communicated or caused to be communicated, the time, date, place and subject matter (including specific reference to the borrowing) of said meeting to those news media who have filed a written request for such notice, and to the official newspaper of the City of Oconomowoc, Waukesha County, or, if none exists, to a news medium (County, City, etc.) likely to give notice in the area.

4. **Open Meeting Law Compliance.** Said meeting was a Regular meeting of the (regular, special, adjourned annual, etc.) Common Council which was called, noticed, held and (County Board, Common Council, etc.) conducted in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin Statutes and any other applicable local rules and State statutes.

Diane Coenen
Name: Diane Coenen
Title: City Clerk

Attest:

Christina Wallace
Name: Christina Wallace
Title: Administrative Assistant



(Note: Questions regarding this form or open meeting law compliance generally should be directed to local counsel or Quarles & Brady LLP.)

**EXCERPTS OF MINUTES OF MEETING OF THE COMMON COUNCIL
OF THE CITY OF OCONOMOWOC AND
CERTIFICATION OF MUNUEST EXCERPT BY CITY CLERK**

I, Diane Coenen, being first duly sworn, hereby certify that I am the duly qualified and acting City Clerk of the City of Oconomowoc, Wisconsin (the "Issuer"), and as such I have in my possession, or have access to, the complete corporate records of the Issuer and of its Common Council; that I have carefully compared the transcript attached hereto with the aforesaid records; and that said transcript attached hereto is a true, correct and complete copy of all the records in relation to the adoption of **Resolution No. 18-R2768** entitled:

**RESOLUTION AUTHORIZING THE ISSUANCE AND PROVIDING FOR THE SALE
OF \$1,500,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A**

I hereby further certify as follows:

1. Said Resolution was considered for adoption by the Common Council of the Issuer at a meeting held at City Hall, 174 East Wisconsin Avenue, Oconomowoc, Wisconsin at 7:30 p.m. on October 16, 2018 at a regular meeting of the Common Council and was held in open session.

2. Said Resolution was on the agenda for said meeting and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of said meeting in compliance with Section 19.84 of the Wisconsin Statutes, including, without limitation, by posting on the bulletin board in the City Hall, by notice to those news media who have filed a written request for notice of meetings, and by notice to the official newspaper of the Issuer.

3. Said meeting was called to order by Mayor David Nold, who chaired the meeting. Upon roll, I noted and recorded that the following alderpersons were present:

Ald. Derek Zwart

Ald. Tom Strey

Ald. Lou Kowieski

Ald. Mike Miller

Ald. Charlie Shaw

Ald. Kevin Ellis

Ald. Karen Spiegelberg

and that the following alderpersons were absent:

Ald. Matt Rosek

I noted and recorded that a quorum was present. Various matters and business were taken up during the course of the meeting without intervention of any closed session. One of the matters taken up was said Resolution, which was introduced, and its adoption was moved by Ald. Tom Strey and seconded by Ald. Lou Kowieski. Following discussion and after all alderpersons who desired to do so had expressed their views for or against said Resolution, the question was called, and upon roll being called and the continued presence of a quorum being noted, the recorded vote was as follows:

AYE:

Ald. Derek Zwart

Ald. Lou Kowieski

Ald. Charlie Shaw

Ald. Karen Spiegelberg

Ald. Tom Strey

Ald. Mike Miller

Ald. Kevin Ellis

NAY:

0

ABSTAINED:

0

Whereupon the meeting chair declared said Resolution adopted, and I so recorded it.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Issuer hereto on this 17th day of October, 2018.

CITY OF OCONOMOWOC, WISCONSIN



By:

Diane Coenen
Diane Coenen, City Clerk

RESOLUTION No. 18-R2768

RESOLUTION AUTHORIZING THE ISSUANCE AND PROVIDING FOR THE SALE OF \$1,500,000
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

WHEREAS, the City of Oconomowoc, Waukesha County, Wisconsin (the "City") is presently in need of an amount not to exceed \$1,500,000 for the public purpose of financing street improvement projects; and

WHEREAS, it is desirable to borrow said funds through the issuance of general obligation promissory notes pursuant to Section 67.12(12), Wisconsin Statutes.

NOW, THEREFORE, BE IT RESOLVED, by the Common Council of the City that:

Section 1. Issuance of Notes. The City shall issue its General Obligation Promissory Notes, Series 2018A, in an amount not to exceed \$1,500,000 (the "Notes") for the purpose above specified.

Section 2. Sale of Notes. The Common Council hereby authorizes and directs that the Notes be offered for public sale. At a subsequent meeting, the Common Council shall consider such bids for the Notes as may have been received and take action thereon.

Section 3. Notice of Sale. The City Clerk (in consultation with the City's financial advisor, Hutchinson, Shockey, Erley & Co. ("HSE")) be and hereby is directed to cause notice of the sale of the Notes to be disseminated in such manner and at such times as the City Clerk may determine and to cause copies of a complete Official Notice of Sale and other pertinent data to be forwarded to interested bidders as the City Clerk may determine.

Section 4. Official Statement. The City Clerk shall cause an Official Statement concerning this issue to be prepared by HSE. The appropriate City officials shall determine when the Official Statement is final for purposes of Securities and Exchange Commission Rule 15c2-12 and shall certify said Statement, such certification to constitute full authorization of such Statement under this resolution.

Approved and adopted on the 16th day of October, 2018.

CITY OF OCONOMOWOC

By: David Nold
David Nold, Mayor



ATTEST:

Diane Coenen
Diane Coenen, City Clerk

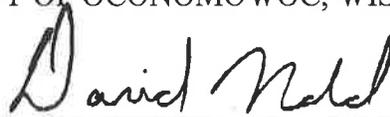
CERTIFICATE REGARDING OFFICIAL STATEMENT

We hereby certify that:

1. We are the duly qualified and acting Mayor and City Clerk of the City of Oconomowoc, Waukesha County, Wisconsin (the "City").
2. To the best of our knowledge, the Preliminary Official Statement dated November 19, 2018 with respect to the \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes") did not, at the time of the sale of the Notes to the original purchaser, and said Preliminary Official Statement and the Final Official Statement dated December 4, 2018 did not, at all times subsequent thereto, up to and including the date of this Certificate, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make statements made therein, in light of the circumstances in which they were made, not misleading.
3. The Preliminary Official Statement is deemed final as of its date for purposes of SEC Rule 15c2-12.
4. The use of the Preliminary Official Statement and Final Official Statement (collectively, the "Official Statement") by Robert W. Baird & Co. Incorporated (the "Underwriter") in offering the Notes to investors is authorized.
5. The City agrees to notify the Underwriter of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.
6. The City's financial statements included in the Official Statement present fairly the financial position of the City as of the date indicated, said financial statements have been prepared in conformity with generally accepted accounting principles consistently applied and since the date of such financial statements, there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities other than in the ordinary course of business, or as set forth in or contemplated by the Official Statement.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 18th day of December, 2018.

CITY OF OCONOMOWOC, WISCONSIN



David Nold
Mayor



Diane Coenen
City Clerk

(SEAL)



NEW ISSUE (BOOK ENTRY ONLY)
BANK QUALIFIEDINVESTMENT RATING REQUESTED
MOODY'S INVESTORS SERVICE, INC

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "LEGAL MATTERS - Tax Exemption" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes. The Notes shall be designated by the City as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A**

Dated: December 18, 2018

Due: April 1, As Shown Below

The General Obligation Promissory Notes, Series 2018A (the "Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Oconomowoc, Waukesha County, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes will be issued for the public purpose of financing street improvement projects.

The Notes will mature on April 1, as follows:

Year	Amount	Rate	Yield	CUSIP No. ¹ 675634	Year	Amount	Rate	Yield	CUSIP No. ¹ 675634
2019	\$225,000	%	%		2024	\$ 105,000	%	%	
2020	45,000				2025	135,000			
2021	75,000				2026	165,000			
2022	75,000				2027	270,000			
2023	100,000				2028	305,000			

The Notes will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases may be made in book entry form only, as set forth in "BOOK-ENTRY-ONLY SYSTEM" herein, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

Principal of the Notes, payable annually each April 1, commencing April 1, 2019 through 2028 and interest, payable each April 1 and October 1, commencing April 1, 2019, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

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

The rates shown herein are the interest rates payable by the City resulting from the bids for the Notes on December 4, 2018, by the successful bidder. All information concerning the terms of the reoffering of the Notes should be obtained from the successful bidder and not from the City. See "MISCELLANEOUS - Underwriting" herein.

Delivery of the Notes is subject to the receipt of an approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also serve as Disclosure Counsel to the City for the Notes. The Notes will be available for delivery on or about December 18, 2018, through the facilities of DTC in New York, New York.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Hutchinson, Shockey, Erley & Co.
Financial Advisor to the City

BID OPENING: TUESDAY, DECEMBER 4, 2018 AT 10:00 A.M. (CST)
AWARD: TUESDAY, DECEMBER 4, 2018 AT 7:30 P.M. (CST)

¹ See "CUSIP INFORMATION" herein.

Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the City and available at the date of publication of the Official Statement. Certain information contained herein has been obtained from sources other than records of the City, and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering of the Notes and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the operations of the City since the date of this Official Statement.

The Notes have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

This Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

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**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN**

David Nold, Mayor
(Term Expires April 2020)

COMMON COUNCIL

<u>Name</u>	<u>Ward</u>	<u>Position on Council</u>	<u>Term Expiration</u>
Derek Zwart	First	Council Vice President	April, 2020
Karen Spiegelberg	First	Aldersperson	April, 2019
Lou Kowieski	Second	Aldersperson	April, 2019
Tom Strey	Second	Aldersperson	April, 2020
Matt Rosek	Third	Aldersperson	April, 2020
Michael Miller	Third	Aldersperson	April, 2019
Charlie Shaw	Fourth	Council President	April, 2020
Kevin Ellis	Fourth	Aldersperson	April, 2019

CITY ADMINISTRATION

Sarah J. Kitsembel, CPA City Administrator/Treasurer
Diane Coenen, CMC City Clerk
Laurie Sullivan Director of Finance and Administrative Services
Stanley Riffle City Attorney
Robert Duffy Director of Economic Development

BOND AND DISCLOSURE COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

To be determined by competitive sale on December 4, 2018.

FINANCIAL ADVISOR

Hutchinson, Shockey, Erley & Co.
Milwaukee, Wisconsin
Chicago, Illinois

REGISTRAR AND FISCAL AGENT

Officials of the City of Oconomowoc, WI

* The contact person for paying agent matters is Laurie Sullivan, Director of Finance and Administrative Services.

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SUMMARY

This is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Notes to potential investors is made only by means of the entire Official Statement and all such documents.

Issuer	City of Oconomowoc, Waukesha County, Wisconsin
Issue	\$1,500,000 General Obligation Promissory Notes, Series 2018A
Dated Date	December 18, 2018
Principal Due	April 1, 2019 through 2028
Interest Payment Date	Commencing April 1, 2019 and on each October 1 and April 1 thereafter. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months.
Redemption Provisions	The Notes maturing on April 1, 2027 and thereafter shall be subject to redemption prior to maturity, at the option of the City, on April 1, 2026 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.
Purpose	The Notes will be issued for the public purpose of financing street improvement projects.
Security	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes.
Authority	The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes, a resolution adopted on October 16, 2018 and an award resolution to be adopted by the Common Council on December 4, 2018.
Tax Exemption	Interest on the Notes is excludable from gross income for federal income tax purposes. (See "LEGAL MATTERS - Tax Exemption" herein.)
Bank Qualification	The Notes shall be designated as "qualified tax-exempt obligations".
Credit Rating	A rating on the Notes has been requested from Moody's Investors Service, Inc.
Underwriter	To be determined by competitive sale on December 4, 2018.
Registrar and Fiscal Agent	Officials of the City of Oconomowoc, Wisconsin.
Record Date	The fifteenth day of the month preceding an interest payment date.
Delivery Date and Place	On or about December 18, 2018, through the facilities of DTC in New York, New York.
Denominations	The Notes will be issued in denominations of \$5,000 each and integral multiples thereof.
Bond Years	8,644.17 Average Life 5.763 years
Continuing Disclosure	The Official Statement will be available from the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") System. The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate. See Appendix C herein.

OFFICIAL STATEMENT

**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes") of the City of Oconomowoc, Wisconsin (the "City").

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Official Statement is based upon material provided by the City or obtained from other sources and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request.

Information is available, including City prior years' financial statements, upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from City's Director of Finance and Administrative Services, City of Oconomowoc, 174 E. Wisconsin Avenue, P.O. Box 27, Oconomowoc, Wisconsin 53066, telephone (262) 569-3234 or e-mail at lsullivan@oconomowoc-wi.gov. Ms. Sullivan should also be contacted for paying agent matters.

THE NOTES

Purpose

The Notes will be issued for the public purpose of financing street improvement projects.

Authority for Issuance

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, an initial resolution authorizing the issuance and providing the sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Initial Resolution") adopted by the Common Council on October 16, 2018, and a Resolution Awarding the Sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Award Resolution") to be adopted by the Common Council on December 4, 2018.

Description

The Notes will be dated December 18, 2018 and will bear interest from their dated date to their respective maturities. Principal of the Notes will be payable annually on each April 1, commencing April 1, 2019 through 2028. Interest will be payable each April 1 and October 1, commencing April 1, 2019.

Sources and Applications of Funds

Sources of Funds

Par Amount of Notes	\$
Reoffering Premium	_____
Total	\$ <u> </u>

Applications of Funds

Projects	\$
Costs of Issuance (including Underwriter's Discount)	
Deposit to Debt Service Account	
Total	\$ <u> </u>

Sources of Payment for the Notes

The City is authorized and required by law to levy on all property taxable by the City such *ad valorem* taxes, without limitation as to rate or amount, as may be necessary to pay the Notes and the interest thereon.

Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Award Resolution for collection in each of the years 2019 through 2028 or monies to pay debt service will otherwise be appropriated.

The Award Resolution provides that the tax will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levy or obstruct the collection of the tax. Provision is made for reducing the amount of tax carried onto the tax rolls by the amount of any surplus money in the Debt Service Account for the Notes.

Redemption Provisions

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

THE RESOLUTIONS

The Initial Resolution and the Award Resolution is to be adopted by the Common Council pursuant to the procedures prescribed by State Statutes. Reference is made to the Initial Resolution and Award Resolution for a complete recital of their terms.

The Initial Resolution authorizes the issuance of the Notes. The Award Resolution awards the Notes to the Underwriter and establishes the form and terms of the Notes, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Notes. Pursuant to the Award Resolution, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The Award Resolution establishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Notes.

BOOK-ENTRY-ONLY SYSTEM

The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the City nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes 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 Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Notes 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 Notes purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to Agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note 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 City takes no responsibility for the accuracy thereof.

Registrar and Fiscal Agent

Officers of the City will act as the registrar and fiscal agent for the Notes.

CUSIP INFORMATION

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright(c) 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

THE CITY

Introduction

The City is located in southeastern Wisconsin, approximately 30 miles west of Milwaukee, Wisconsin. The City, incorporated in 1875 encompasses an area of approximately twelve square miles in Waukesha County, just north of Interstate Highway 94. The City's estimated 2018 population is 16,889.

Common Council

The City has a mayor/aldermanic form of government with the mayor and eight council members elected to serve staggered two-year terms. The mayor is responsible for conducting the proceedings of the council at its meeting.

Administrative Organization

The policies of the City are set by an eight-member council and mayor. The mayor serves as chief executive of the City with power of veto over council action, subject to override by a two-thirds vote of the council.

The Administrator/Treasurer is responsible for the financial and operational posture of the City. The mayor and council share responsibility for the formulation and the Director of Finance is responsible for enforcement of the budgets for each department.

Services

The City employs the following number of employees in order to provide services to its residents.

<u>Department</u>	<u>No. of Employees</u>		<u>Department</u>	<u>No. of Employees</u>	
	<u>Full-Time</u>	<u>Part-Time</u>		<u>Full-Time</u>	<u>Part-Time</u>
City Council	0	8	Engineering	2	0
Mayor	0	1	Public Works	12	5
City Admin./Treas.	1	0	Parks and Recreation	10	104
City Clerk	3	29	Planning	2	0
Finance Department	6	2	Economic Development	1	0
Fleet Maintenance	2	0	Wastewater Treatment	9	3
Police Department	30	19	Water Utility	8	0
Technology	1	0	Electric Utility	18	3
Library	7	20			

The City has a total of 112 full-time and 194 part-time employees.

Employee Relations and Collective Bargaining

The following bargaining unit represents the respective number of City employees:

<u>Union/Association</u>	<u>Contract Expires</u>	<u>Number of Members</u>
Wisconsin Professional Police Association	12/31/2018	20

According to the City, relations between the City and the bargaining unit are excellent.

All eligible City personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the 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 or 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.

Demographic Information

Population

The Wisconsin Department of Administration, Demographics Service Center has estimated the population trends for the City, Waukesha County and State as shown below.

	Estimated <u>2018</u>	Estimated <u>2017</u>	Estimated <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>
City of Oconomowoc	16,889	16,842	16,656	16,464	16,293
Waukesha County	401,446	398,236	396,449	393,927	392,761
State of Wisconsin	5,816,231	5,783,278	5,775,120	5,753,324	5,732,981

Source: Wisconsin Department of Administration, Demographic Services Center

Median Age

The median ages for the City, Waukesha County and the State as of the 2010 U.S. Census are as follows:

	<u>Median Age</u>
City of Oconomowoc	38.6 years
Waukesha County	42.0
State of Wisconsin	38.5

Source: U.S. Census Bureau, 2010 Census

Income

Adjusted Gross Income ("AGI") per tax return income data for the City, Waukesha County and the State are presented in the following table:

<u>Year</u>	<u>City of Oconomowoc</u>	<u>Waukesha County</u>	<u>State of Wisconsin</u>
2017	\$ 84,796	\$86,671	\$ 56,698
2016	85,714	85,796	55,267
2015	81,596	83,021	54,227
2014	78,150	79,410	52,050
2013	78,910	78,080	50,670

Source: Wisconsin Department of Revenue, Division of Research & Policy

Economic Information

For information regarding the local economy, please see Appendix A, page 5 of the City's Comprehensive Annual Financial Report for the Year Ended December 31, 2017.

Construction

Building activity in the City is indicated by the value of building permits issued, as set forth in the following table:

<u>Year</u>	<u>Valuation</u>
2018 *	\$ 64,950,941
2017	90,194,486
2016	74,852,974
2015	39,462,681
2014	24,500,804

*Through July 31, 2018.

Source: City

Average Annual Employment

The table below presents average annual employment by selected categories within Waukesha County for the last five available years.

	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ALL INDUSTRIES	239,155	242,000	233,770	230,731	231,233
Construction	15,427	16,170	14,985	14,269	13,566
Education & Health Services	41,778	40,966	40,321	39,508	38,678
Financial Activities	16,254	16,658	15,840	15,586	14,837
Information	4,801	4,770	**	**	4,714
Leisure & Hospitality	20,459	21,280	20,792	20,357	19,780
Manufacturing	42,273	42,062	42,678	43,832	43,665
Natural Resources & Mining	474	530	533	525	501
Other Services	8,246	8,242	8,180	8,124	8,052
Professional & Business Services	35,227	36,069	36,014	35,066	34,121
Public Administration	5,917	6,225	6,171	6,069	6,119
Trade, Transportation, Utilities	48,299	49,028	48,256	47,395	47,190
Unclassified	-	-	**	**	10

* Suppressed data.

**Through March 31, 2018.

Source: Wisconsin Department of Workforce Development

Employment

The Wisconsin Department of Workforce Development has estimated the percentage of unemployment to be as follows:

	<u>September</u> <u>2018</u>	<u>2017</u> <u>Average</u>	<u>2016</u> <u>Average</u>	<u>2015</u> <u>Average</u>	<u>2014</u> <u>Average</u>	<u>2013</u> <u>Average</u>
Waukesha County	2.4%	2.9%	3.4%	3.8%	4.4%	5.5%
State of Wisconsin	2.6	3.3	4.0	4.5	5.4	6.7
U.S.	3.6	4.4	4.9	5.3	6.2	7.4

Source: Wisconsin Department of Workforce Development

Major Employers

The following table lists the larger employers in the City by the number of employees:

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Target Stores	Retail Distribution Center	500-999
ProHealth Oconomowoc Memorial Hospital	Medical facility	611
Oconomowoc Area School District	Education	589 ⁽¹⁾
Pabst Farms YMCA	Recreational/health facility	400
Shore Haven (aka Lutheran Homes of Oconomowoc)	Continuing care retirement community	360
City of Oconomowoc	Government	306 ⁽²⁾
Bruno Independent Living Aids	Manufacturer of mobility aids	300
ORBIS Corporation	Global headquarters; plastic and rubber product manufacturing	250
Ace Precision Machining Corp.	Metal forming, fabrication and testing	247
Bimbo Bakeries (Brownberry)	Bakery product manufacturing	200

⁽¹⁾ Full-time equivalent.

⁽²⁾ Includes full and part-time employees.

Source: Manufacturer's News, Inc., Hoover's, Infogroup database - Wisconsin Department of Workforce Development and official statements retrieved from EMMA, October 2018.

Tax Levies and Collections

Wisconsin cities, villages and towns are charged with the responsibility of assessing taxable property and collecting taxes, and making distribution to counties, districts and other public bodies. Property of manufacturing establishments and utilities is assessed by the State Department of Revenue. All assessments are made as of January 1.

All taxes on personal property must be paid in full at the first specified collection date; taxes on real estate may be paid in full by the first specified collection date or in three installments during the collection year. Initially, all taxes are collected by the City Treasurer who then makes settlements with the county, school district and other taxing authorities. In the City of Oconomowoc, all taxes, except personal property taxes, not paid by July 31 are turned over to the County Treasurer for collection. On or before August 20 of each year, the County reimburses the City in full for uncollected real estate taxes and assumes responsibility for remaining balances. Special assessments, special charges and special taxes are held in trust and are reimbursed as they are paid. The City retains responsibility for collection of personal property taxes.

City tax levies for the past five calendar years are as follows:

<u>Collection Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Property Tax Levy	\$35,943,497	\$35,343,031	\$34,648,261	\$33,723,596	\$35,722,537
City Purpose Tax Levy	10,818,013	10,505,315	10,279,335	10,132,115	9,159,719
Tax Increment Levy	346,029	339,012	259,822	96,034	3,594,510

The City experiences no real estate tax delinquencies since Waukesha County are required by State Statute to settle in full with underlying taxing districts no later than August 20 of each year.

Source: City

Tax Rates Per \$1,000 of Assessed Valuation

Tax rates for the City for the past five collection years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State	\$0.00 ⁽¹⁾	\$0.17	\$0.17	\$0.17	\$0.15
County	2.06	2.06	2.03	2.04	1.94
City	5.50	5.44	5.37	5.37	5.13
School District	10.15	10.06	10.02	9.84	9.56
Technical College District	0.39	0.38	0.38	0.38	1.19
Lake Management District #1	0.10	0.10	0.11	0.11	0.06
Lake Management District #2	<u>0.003</u>	<u>0.005</u>	<u>0.004</u>	<u>0.0003</u>	<u>0.0006</u>
(Less: State Credit)	<u>(1.87)</u>	<u>(1.67)</u>	<u>(1.67)</u>	<u>(1.46)</u>	<u>(1.39)</u>
Net Tax Rate Lake District #1	16.33	16.54	16.41	16.45	16.65
Net Tax Rate Lake District #2	16.23	16.44	16.30	16.34	16.59

⁽¹⁾ State property taxes were eliminated in the State's 2017-19 budget act.

Source: City

Equalized Valuation

The City has experienced a 20.33% change in equalized value (TID In) over the past five years. This trend is outlined in the table below.

	<u>Equalized Value TID In</u>	<u>% Change</u>	<u>Equalized Value TID Out</u>	<u>% Change</u>
2018	\$2,238,627,100	6.9%	\$2,200,396,300	6.1%
2017	2,093,799,100	4.1	2,073,635,400	4.2
2016	2,010,432,900	4.8	1,990,954,200	4.6
2015	1,918,686,500	3.1	1,904,156,300	2.6
2014	1,860,351,900	3.4	1,855,001,800	14.7

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property for 2018 (TID In) is as follows:

Real Estate	
Residential	\$ 1,570,384,400
Commercial	569,197,100
Manufacturing	67,176,700
Other	<u>2,801,000</u>
Total Real Estate	<u>2,209,559,200</u>
Total Personal Property	<u>29,067,900</u>
Total	<u>\$ 2,238,627,100</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property (TID In) for the City in Waukesha County for the past five years was as follows:

	2018	2017	2016	2015	2014
Real Estate					
Residential	70.15%	70.38%	69.20%	69.19%	69.31%
Commercial	25.43	24.41	25.09	25.32	25.12
Manufacturing	3.00	3.21	3.16	3.39	3.15
Other	0.13	0.14	0.14	0.15	0.15
Personal Property	1.30	1.87	2.40	1.95	2.26
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (millions)	\$2,239	\$2,094	\$2,010	\$1,919	\$1,860

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$38,230,800 have been excluded from the City's tax base for 2018.

TID #	TID Creation Date	Base Value	2018 Current Value	Increment
004	2003	\$50,424,400	\$80,280,100	\$29,855,700
005	2017	6,019,700	13,097,200	7,077,500
006	2017	1,801,800	3,099,400	1,297,600
			Total	\$38,230,800

Source: State of Wisconsin, Department of Revenue

Largest Taxpayers

The table below shows the City's larger taxpayers for levy/collection year 2017/2018.

Name	Product/Business	2017 Equalized Valuation	Net Taxes to be Paid in 2018	Percent of City's 2017 Total Equalized Value
Pabst Farms-RDL LLC	Mixed Use Developer	\$ 55,845,700	\$ 857,639	2.67%
Dayton Hudson Corp. #557 ⁽¹⁾	Retail Distribution Center	47,890,300	735,355	2.29
Waukesha Health Care Inc.	Health Care	20,255,600	310,950	0.97
Pabst Farms Market Place LLC	Mixed Use Developer	17,399,400	267,638	0.83
Summit Center Market Place LLC	Retail Developer	13,275,700	203,752	0.63
Whitman Park LLC	Retail Developer	10,372,000	159,225	0.50
Pabst Farms Village Square	Mixed Use Developer	10,159,800	156,127	0.49
Creekside North Partners LLC	Residential Real Estate	9,418,000	144,508	0.45
Bruno Real Estate LLC	Manufacturing	9,019,100	138,252	0.43
Worthington Apartments LLC	Residential Real Estate	7,948,300	122,003	0.38
TOTAL		\$201,583,900	\$3,095,449	9.64%

⁽¹⁾ Assessed valuation is under appeal by the taxpayer.

Source: City. Information for 2018 is not yet available.

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of December 18, 2018)

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Final Maturity Dates</u>	<u>Current Amount Outstanding</u>
G.O. Street Improvement Bonds	7/07/11	\$2,525,000	4/01/26	\$ 1,550,000
G.O. Refunding Bonds	12/18/12	4,285,000	4/01/31	3,085,000
G.O. Promissory Notes	8/21/13	1,250,000	4/01/23	665,000
Taxable G.O. Refunding Bonds	8/21/13	1,270,000	4/01/24	755,000
G.O. Refunding Bonds	11/01/13	3,880,000	4/01/24	2,235,000
G.O. Promissory Note	11/18/14	78,528	2/15/22	39,264
G.O. Promissory Notes	12/16/14	1,150,000	4/01/24	720,000
G.O. Refunding Promissory Notes, Series 2015	5/20/15	3,100,000	4/01/22	1,825,000
G.O. Promissory Notes, Series 2018A ¹	12/18/18	1,500,000	4/01/28	<u>1,500,000</u>
			Outstanding General Obligation Debt	\$12,374,264
			Less: Remaining 2018 Principal Payments	<u>(0)</u>
			Net Outstanding General Obligation Debt	<u>\$12,374,264</u>

⁽¹⁾ New issue. Preliminary, subject to change.

General Obligation Debt Service Schedules

	\$2,525,000 G.O. Street Improvement Bonds 7/07/11		\$4,285,000 G.O. Refunding Bonds 12/18/12		\$1,250,000 G.O. Promissory Notes 8/21/13	
	<u>Principal</u> <u>04/01</u>	<u>Interest</u>	<u>Principal</u> <u>04/01</u>	<u>Interest</u>	<u>Principal</u> <u>04/01</u>	<u>Interest</u>
2018						
2019	\$ 170,000	\$ 47,195	\$ 200,000	\$ 74,894	\$ 125,000	\$ 16,462
2020	175,000	42,624	210,000	70,794	130,000	13,588
2021	180,000	37,695	215,000	66,544	135,000 ⁽¹⁾	10,022
2022	190,000	32,140	220,000	62,194	135,000 ⁽¹⁾	6,141
2023	195,000	26,075	225,000	57,462	140,000	2,100
2024	205,000	19,419	230,000 ⁽¹⁾	52,056		
2025	215,000	12,066	235,000 ⁽¹⁾	46,243		
2026	220,000	4,125	240,000 ⁽¹⁾	40,006		
2027			250,000 ⁽¹⁾	33,269		
2028			255,000 ⁽¹⁾	26,325		
2029			260,000 ⁽¹⁾	19,244		
2030			270,000 ⁽¹⁾	11,787		
2031			275,000 ⁽¹⁾	3,953		
	<u>\$1,550,000</u>	<u>\$221,339</u>	<u>\$3,085,000</u>	<u>\$564,771</u>	<u>\$665,000</u>	<u>\$48,313</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$1,550,000</u>	<u>\$221,339</u>	<u>\$3,085,000</u>	<u>\$564,771</u>	<u>\$665,000</u>	<u>\$48,313</u>

⁽¹⁾ Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

	\$1,270,000		\$3,880,000		\$78,528	
	Taxable G.O. Refunding Bonds		G.O. Refunding Bonds		G.O. Promissory Note	
	8/21/13		11/01/13		(Digital Radio System) - 11/18/14	
	Principal	Interest	Principal	Interest	Principal	Interest ⁽¹⁾
	04/01		04/01		02/15	
2018						
2019	\$ 115,000	\$ 28,738	\$ 350,000	\$ 61,800	\$ 9,816	
2020	115,000	24,712	350,000	51,300	9,816	
2021	120,000	20,300	375,000	40,425	9,816	
2022	130,000	15,138	375,000	29,175	9,816	
2023	135,000	9,338	385,000	17,775		
2024	140,000	3,150	400,000	6,000		
	<u>\$755,000</u>	<u>\$101,376</u>	<u>\$2,235,000</u>	<u>\$206,475</u>	<u>\$39,264</u>	
Less: Remaining						
2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	<u>\$755,000</u>	<u>\$101,376</u>	<u>\$2,235,000</u>	<u>\$206,475</u>	<u>\$39,264</u>	

⁽¹⁾ This is an interest-free loan from the County.

	\$1,150,000		\$3,100,000		\$1,500,000	
	G.O. Promissory Notes		G.O. Refunding Promissory Notes,		G.O. Promissory Notes,	
	12/16/14		Series 2015 - 5/20/15		Series 2018A - 12/18/18 ⁽¹⁾	
	Principal	Interest	Principal	Interest	Principal	ESTIMATED
	04/01		04/01		04/01	Interest
2018						
2019	\$ 110,000	\$ 15,775	\$ 445,000	\$ 32,050	\$ 225,000	\$ 32,000
2020	115,000	13,525	450,000	23,100	45,000	37,575
2021	120,000	10,875	455,000	14,050	75,000	35,775
2022	120,000	7,875	475,000	4,750	75,000	33,525
2023	125,000	4,812			100,000	30,900
2024	130,000	1,625			105,000	27,825
2025					135,000	24,225
2026					165,000	19,725
2027					270,000	13,200
2028					<u>305,000</u>	<u>4,575</u>
	<u>\$720,000</u>	<u>\$ 54,487</u>	<u>\$1,825,000</u>	<u>\$ 73,950</u>	<u>\$1,500,000</u>	<u>\$259,325</u>
Less: Remaining						
2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$720,000</u>	<u>\$ 54,487</u>	<u>\$1,825,000</u>	<u>\$ 73,950</u>	<u>\$1,500,000</u>	<u>\$259,325</u>

⁽¹⁾ New issue. Preliminary, subject to change.

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Total General Obligation Debt

	<u>Total Principal</u> ⁽¹⁾	<u>Total Interest</u> ⁽¹⁾	<u>Total Debt Service</u> ⁽¹⁾
2018			
2019	\$ 1,749,816	\$ 308,914	\$ 2,058,730
2020	1,599,816	277,218	1,877,034
2021	1,684,816	235,686	1,920,502
2022	1,729,816	190,938	1,920,754
2023	1,305,000	148,462	1,453,462
2024	1,210,000	110,075	1,320,075
2025	585,000	82,534	667,534
2026	625,000	63,856	688,856
2027	520,000	46,469	566,469
2028	560,000	30,900	590,900
2029	260,000	19,244	279,244
2030	270,000	11,787	281,787
2031	<u>275,000</u>	<u>3,953</u>	<u>278,953</u>
	\$12,374,264	\$1,530,036	\$13,904,300
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>
	\$12,374,264	\$1,530,036	\$13,904,300

⁽¹⁾ Includes the Notes. Preliminary, subject to change.

Debt Ratios

Outstanding general obligation direct debt as a percentage of equalized value and on a per capita basis as December 18, 2018 and as of December 31 for the past five years is as follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> ⁽¹⁾	<u>Per Capita</u>
2018	\$12,374,264 ²	\$2,238,627,100	0.55%	16,889	\$ 732.68
2017	12,369,080	2,093,799,100	0.59	16,842	734.42
2016	13,808,896	2,010,432,900	0.69	16,656	829.06
2015	15,233,712	1,918,686,500	0.79	16,464	925.27
2014	13,128,528	1,860,351,900	0.71	16,293	805.78
2013	17,740,000	1,799,980,600	0.99	16,004	1,108.47

⁽¹⁾ Estimated by the Wisconsin Department of Administration.

⁽²⁾ Unaudited. Includes the Notes; less 2018 payments to be made. Preliminary, subject to change.

Indirect Debt

The indirect general obligation debt of the City as of October 15, 2018 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of October 15, 2018 (Less: 2018 Payments)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Oconomowoc Area School District	\$ 93,570,000	39.63%	\$ 37,081,791
Waukesha County	74,595,000	3.96	2,953,962
Waukesha County Technical College District ⁽¹⁾	25,280,000	3.87	<u>978,336</u>
			\$ 41,014,089

⁽¹⁾ The district expects to issue \$2,150,000 for fiscal year 2019 in early 2019.

Source: Information obtained from publicly available documents on EMMA (defined herein).

Total Indirect GO Debt	\$ 41,014,089
Indirect GO Debt Per Capita	\$ 2,428.45
Indirect Debt as a % of Equalized Value	1.83%
Total Direct GO Debt	\$ 12,374,264
Total Direct GO Debt Per Capita	\$ 732.68
Total Direct GO Debt as a % of Equalized Value	0.55%
Total Direct and Indirect GO Debt	\$ 53,388,353
Total Direct and Indirect GO Debt Per Capita	\$ 3,161.13
Total Direct and Indirect GO Debt as a % of Equalized Value	2.38%

Short-Term Debt

The City has no outstanding short-term debt.

Legal Debt Limit

The City has the power to incur indebtedness for City purposes specified by statute (Article 11 Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the City, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2018	\$ 2,238,627,100
Outstanding General Obligation Debt as of December 18, 2018	\$ 12,374,264
Legal Debt Capacity (5% of Equalized Value)	\$ 111,931,355
Unused Margin of Indebtedness	\$ 99,557,091
Unused Legal Debt Capacity	88.94%

No Default on City Indebtedness

The City has no record of default on any of its prior or outstanding indebtedness.

Future Financings

The City expects to issue approximately \$1,000,000 of general obligation debt for street projects within the next 12 months. The City also expects to issue \$2,200,000 of short-term notes in 2018 to purchase land, which notes will be refinanced in 2019 with long-term general obligation debt. In addition, the City is considering a possible public safety facility project to be located on the purchased land in 2019 or 2020, but the amount and timing of such project has not yet been determined.

FINANCIAL INFORMATION

Annual Budgets

Preparation of the budget begins in mid-July when the six-month actual results are prepared and distributed to the department heads along with budgetary request forms for the ensuing year. Budget requests are returned to the Finance Department in mid-September. The Finance Department then calculates all related benefits and returns a completed copy of department budget requests to the department heads by late September. Budget conferences follow.

In November of each year, City management submits to the Common Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Common Council action.

Summaries of the 2017 and 2018 adopted general fund budgets follow:

	2017 Adopted Budget	2018 Adopted Budget	Percent to 2018 Total
REVENUES			
Taxes	\$ 7,429,321	\$ 7,816,863	58.53%
Special Assessments	15,000	10,300	0.08
Intergovernmental	1,690,464	1,648,350	12.34
Licenses and Permits	703,930	683,000	5.11
Fines and Penalties	296,125	298,940	2.24
Public Charges for Services	1,235,111	1,084,085	8.12
Interfund Charges for Services	30,290	4,425	0.03
Miscellaneous	254,580	268,828	2.01
Other Financing Sources	1,555,000	1,542,000	11.54
Fund Balance Applied	<u>1,213,477</u>	<u>0</u>	<u>0.00</u>
TOTAL	<u>\$14,423,298</u>	<u>\$13,356,791</u>	<u>100.00%</u>
EXPENDITURES			
General Government	\$ 1,497,429	\$ 1,583,628	11.87%
Public Safety	5,889,078	5,881,653	44.03
Public Works	2,443,711	2,403,065	17.99
Health & Human Services	76,088	79,807	0.60
Library	1,122,790	1,143,665	8.56
Parks and Recreation	1,692,759	1,787,612	13.38
Conservation and Development	487,966	477,361	3.57
Other Financing Uses	<u>1,213,477</u>	<u>0</u>	<u>0.00</u>
TOTAL	<u>\$14,423,298</u>	<u>\$13,356,791</u>	<u>100.00%</u>

Source: City

Summary of Operations

Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 7,441,200	\$ 7,300,058	\$ 7,176,282
Special assessments	12,897	10,364	16,054
Intergovernmental	1,679,857	1,701,688	1,739,898
Licenses and permits	802,371	811,378	638,630
Fines, forfeitures and penalties	318,331	295,801	303,950
Public charges for services	647,678	611,820	531,535
Intergovernmental charges	481,992	597,117	579,805
Interdepartmental charges	8,815	36,286	49,188
Miscellaneous revenues	315,086	355,016	252,296
Total Revenues	\$ 11,708,227	\$ 11,719,528	\$ 11,287,638
EXPENDITURES:			
Current			
General government	\$ 1,543,012	\$ 1,281,584	\$ 1,247,000
Public safety	5,645,450	5,369,713	5,175,565
Public works	2,207,031	2,324,352	2,355,743
Health and human services	78,682	69,122	67,622
Culture and recreation	2,717,832	2,791,148	2,624,057
Conservation and development	690,641	775,740	634,126
Total Expenditures	\$ 12,882,648	\$ 12,611,659	\$ 12,104,113
Excess of Revenues Over (Under) Expenditures	\$ (1,174,421)	\$ (892,131)	\$ (816,475)
Net Other Financing Sources (Uses)			
Transfers in	2,035,578	1,673,871	1,501,826
Transfers out	(1,418,477)	(735,759)	(342,681)
Total Other Financing Sources (Uses)	\$ 617,101	\$ 938,112	\$ 1,159,145
Net Change in Fund Balances	\$ (557,320) ⁽¹⁾	\$ 45,981	\$ 342,670
Fund Balances – January 1	\$ 9,155,716	\$ 9,109,735	\$ 8,767,066
Fund Balances – December 31	\$ 8,598,396	\$ 9,155,716	\$ 9,109,736
Fund Balances			
Nonspendable	\$ 474,773	\$ 1,232,994	\$ 683,782
Restricted	\$ 7,411	\$ 7,411	\$ 7,661
Committed	\$ 196,260	\$ 196,260	\$ 196,260
Assigned	\$ 546,776	\$ 1,790,709	\$ 946,589
Unassigned	\$ 7,373,176	\$ 5,928,342	\$ 7,275,444

⁽¹⁾ Reflects a planned use of fund balance for capital projects.

Source: The City's audited financial statements

Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 11,340,704	\$ 11,013,147	\$ 10,720,026
Special assessments	20,347	17,814	23,054
Intergovernmental	1,833,033	2,200,213	1,870,907
Licenses and permits	1,253,552	1,427,789	779,266
Fines, forfeitures and penalties	318,331	295,801	303,950
Public charges for services	1,677,266	2,378,273	2,183,544
Intergovernmental charges	481,992	647,117	579,805
Interdepartmental charges	8,815	36,286	49,188
Miscellaneous revenues	531,297	401,434	300,397
Total Revenues	<u>\$ 17,465,337</u>	<u>\$ 18,417,874</u>	<u>\$ 16,810,137</u>
EXPENDITURES:			
Current			
General Government	\$ 1,602,268	\$ 1,281,584	\$ 1,247,000
Public Safety	5,839,697	6,449,923	6,127,844
Public Works	3,122,329	4,232,380	3,350,900
Health and welfare	78,682	69,122	67,622
Culture and recreation	2,883,686	2,903,744	2,645,274
Conversation and development	750,883	780,772	634,238
Capital outlay	8,429,727	3,825,040	2,300,608
Debt Service			
Principal	985,481	970,481	962,116
Interest expenses and fees	310,004	307,459	322,512
Total Expenditures	<u>\$ 24,002,757</u>	<u>\$ 20,820,505</u>	<u>\$ 17,658,114</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (6,537,420)	\$ (2,402,631)	\$ (847,977)
Other financing sources (uses)			
Transfers in	\$ 4,107,446	\$ 2,409,630	\$ 1,844,507
Transfers out	(2,251,573)	(788,483)	(344,131)
Sale of capital assets	12,135	0	0
Total Other Financings Sources (Uses)	<u>\$ 1,868,008</u>	<u>\$ 1,621,147</u>	<u>\$ 1,500,376</u>
Net Change in Fund Balances	\$ (4,669,412)	\$ (781,484)	\$ 652,399
Fund Balances - January 1	\$ 13,346,522	\$ 14,128,006	\$ 13,475,607
Fund Balances - December 31	\$ 8,677,110	\$ 13,346,522	\$ 14,128,006
Fund Balances			
Nonspendable	\$ 476,168	\$ 1,233,979	\$ 683,782
Restricted	\$ 516,475	\$ 1,396,721	\$ 1,379,896
Committed	\$ 3,518,310	\$ 4,095,921	\$ 4,142,856
Assigned	\$ 546,776	\$ 1,790,709	\$ 946,589
Unassigned	\$ 3,619,381	\$ 4,829,192	\$ 6,974,883

Source: The City's audited financial statements

Financial Information

A copy of the City's audited financial statements for the fiscal year ended December 31, 2017, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by BakerTillyVirchowKrause, LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there has 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.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). 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 years ended December 31, 2015 ("Fiscal Year 2015"), December 31, 2016 ("Fiscal Year 2016") and December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$615,410, \$601,843 and \$599,847, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

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

As of December 31, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position of the WRS was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2017, the City reported a liability of \$516,523, for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.062666730% of the aggregate WRS net pension liability as of December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the 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 Note V.A. of the City's Financial Statements for the Year Ended December 31, 2017.

Other Post-Employment Benefits

The City does not offer any other post-employment benefits.

LEGAL MATTERS

Pending Litigation

The City certifies that there is no pending litigation or threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contest or affect the validity of the Notes or of any proceedings of the City taken with respect to the issuance and sale of the Notes.

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 the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

Legal Matters

Certain legal matters incident to the authorization and issuance of the Notes are subject to the approval of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Notes. The proposed form of such opinion is attached hereto as Appendix B "Proposed Form of Legal Opinion for the Notes."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

Tax Exemption

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

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

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

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

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

See Appendix B "Proposed Form of Legal Opinion for the Notes".

Designation As Qualified Tax-Exempt Obligations

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Original Issue Discount

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

purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Note upon maturity.

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

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

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

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

Bond Premium

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

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

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

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.

MISCELLANEOUS

Rating

A rating on the Notes has been requested from Moody's Investors Service, Inc. ("Moody's").

Currently, Moody's maintains its "Aa2" rating on the City's previously issued long-term general obligation debt.

The rating, when issued, reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained therefrom. 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 the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by Moody's if, in their judgment, 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 Undertaking described under the heading "Continuing Disclosure" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Notes any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist the Underwriter, which will reoffer the Notes, in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Award Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a 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. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years the City has not failed to comply in all material respects with any previous undertakings under the rule.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

On August 24, 2016, the Securities and Exchange Commission (the "Commission") entered an "Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order" (the "Order") against the City based on information self-reported by the City to the Commission pursuant to the Commission's

Municipalities Continuing Disclosure Cooperation Initiative. Under the Order, the City was ordered to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act of 1933, as amended, and, in addition, to: (i) within 180 days of the entry of the Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at the City responsible for ensuring compliance by the City with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training; (ii) within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if the City is not currently in compliance with its continuing disclosure obligations; (iii) disclose in a clear and conspicuous fashion the terms of the Order in any final official statement for an offering by the City within five years of the institution of these proceedings; (iv) certify, in writing, compliance with the undertakings set forth above; and (v) cooperate with any subsequent investigation by the Commission regarding the misleading statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved. Pursuant to the undertakings of the City in the Order, the City has made the required certifications to the Commission within the time period specified in the Order.

Underwriting

The Notes are to be purchased by competitive bidding conducted on December 4, 2018.

The award of the Notes was made to _____ (the "Underwriter"). The public reoffering prices or yields of the Notes, as shown on the front cover of this Official Statement, have been obtained from the Underwriter.

Financial Advisor

Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin, is under contract with the City to provide financial advisory services to the City, as well as assistance with the competitive sale of the Notes on December 4, 2018.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Mayor and the City Clerk will deliver to the purchaser of the Notes a certificate stating that, to the best of their knowledge, this Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Notes, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which this Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

CITY OF OCONOMOWOC

By _____
City Clerk

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APPENDIX A

**AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF OCONOMOWOC
FOR THE YEAR ENDED DECEMBER 31, 2017**

CITY OF OCONOMOWOC

Oconomowoc, Wisconsin

Comprehensive Annual Financial Report

As of and for the Year Ended December 31, 2017

INTRODUCTORY SECTION

CITY OF OCONOMOWOC

Oconomowoc, Wisconsin

Comprehensive Annual Financial Report

As of and for the Year Ended December 31, 2017

Prepared by the
Finance Department

CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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June 18, 2018

To the Honorable Mayor, Members of the City Council and Citizens of the City of Oconomowoc:

The comprehensive annual financial report for the City of Oconomowoc for the year ended December 31, 2017, is hereby submitted. This report consists of management's representations concerning the finances of the City of Oconomowoc. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of Baker Tilly Virchow Krause LLP to perform an audit of the City's financial statements. Baker Tilly Virchow Krause LLP has issued an unmodified ("clean") opinion on the City of Oconomowoc's financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, first incorporated as a village in 1865, and then as a city in 1875, is located in western Waukesha County, in the southeastern part of Wisconsin, 30 miles west of downtown Milwaukee. The City currently has a land area of approximately 13 square miles and a population of 16,842. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City has operated under a mayor-council form of government since its incorporation. Policymaking and legislative authority is vested in the City Council, which consists of a mayor and an eight-member council. This governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City's administrator. The city administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the City government. The mayor is responsible for appointing committees, boards and commissions, subject to the approval of the City Council. The mayor and the council are elected on a non-partisan basis. Council members are elected from within their respective districts to two-year staggered terms, with four council members elected every year. The mayor is elected at large to two-year terms.

Early in its history, Oconomowoc attracted wealthy individuals from Chicago, Milwaukee, St. Louis and other midwestern cities that came to this area to enjoy its lakes and stay in its prospering resort hotels. By the 1880's, six luxury resorts and 26 grand Victorian homes dotted the landscape and lakeshores. As the years passed, the City grew in population and business prospered. Today, Oconomowoc continues to attract visitors, new businesses, and new residents with its natural beauty, favorable location, diverse and thriving businesses and industries, fine services, and year-round recreational activities.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets, highways, and other infrastructure; recreational activities and cultural events. In addition to the general activities, the City Council exercises control over the Wastewater, Water, and Electric Utilities and therefore they have been included as an integral part of the City's financial statements. The Oconomowoc Area School District is an autonomous entity and has not met the established criteria for inclusion in the reporting entity and accordingly, is excluded from this report.

The annual budget serves as the foundation for the City of Oconomowoc's financial planning and controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, and the debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level within the department and individual fund.

Local Economy

The City's growth tends to follow the pattern of the national economy trends, however, the city's growth has outpaced the average growth within our county five out of the last 10 years. Over the long-term, the City is likely to continue to experience significant residential and commercial growth in the years ahead as development from the Milwaukee area edges toward Oconomowoc. Because of its easy access to points east and west, provided by Interstate Highway I-94 and the four-lane State Highway 16, a significant portion of the City's population commutes to work in the Milwaukee area. In 2017 the City had net new construction growth of 1.88 % or \$37.9 million.

The City is home to a diverse business base. The 145-acre Oconomowoc Corporate Center features office and light industrial sites for several area companies. During 2016 and 2017 the City experienced an increase in interest in industrial and commercial development in the 1,100 acre Pabst Farms area, which is expected to translate to substantial development in the near future. The Pabst Farms development is a mixed-use development with industrial, commercial, residential, school and institutional uses with open space preservation. The Pabst Farms development will have a major impact on western Waukesha County.

The Roundy's Distribution Center and Target Distribution Center are located in the City near Interstate 94 and State Highway 67 interchange. The Roundy's Distribution Center, located within Pabst Farms, was completed in 2005 and comprises 1.065 million square feet and employs approximately 600 people. Target Distribution Center opened in 1994 and underwent an expansion in 2002. The Target facility is 1.5 million square feet and employs about between 600-700 people.

The City's 2016 overall net property tax rate of \$15.96 per \$1,000 of estimated actual value ranks 185 out of all 190 Wisconsin cities. In 2017 the City's overall net property tax rate decreased to \$15.40. The decrease is primarily the result of an increase in property values outpacing increases in tax levy growth. Rankings are not available for 2017 but it is expected to be comparable to 2016.

As a public power community, the City is able to provide its residential customers with electric rates averaging approximately 20 percent lower than the rates charged by the large investor-owned utility that services the surrounding communities. Oconomowoc's average 2017 annual sewer and water charge per household was \$557 compared to \$636, the average for area Wisconsin communities.

Local economic indicators continued their favorable trends. For example Waukesha County's unemployment rate continued to compare favorably to the state and national average rates as well as the City's adjusted gross income per tax return compared favorably to Wisconsin's average. We expect these trends to remain favorable in the future.

Long-term Financial Planning

The City continues to focus on how to improve Oconomowoc's services and vitality. The City has committed to improving Oconomowoc through various actions and continues to improve their long-term financial planning efforts.

The City uses both its Zoning Ordinance and 2030 Comprehensive Land Use Plan, adopted in 2010 to manage development until the year 2030. During 2018, in accordance with state statutes the Comprehensive Land Use Plan will be updated to assist in managing development through 2030. In addition to the Comprehensive Land Use Plan, the City has also adopted plans relating to Downtown revitalization, parking, waterfronts, the Southwest Summit Avenue area, and the River West Neighborhood. These plans focus on the applicable specific areas within the City and the unique characteristics each area encompasses. Together, these documents serve as guides to growth and development in the City and the surrounding area. As long range planning tools, these documents are concerned with a wide variety of environmental, economic and social factors for areas currently within the City's corporate limits and beyond. City officials use these land use plans as a policy guide to direct community development decisions, to assist with community facility budgeting, and to focus and stimulate private housing, business, and industrial investment decisions. These plans contain detailed recommendations for community character, land use, transportation, recreation, community facilities, and utilities, as well as extensive recommendations to ensure the implementation of the plans.

While the City closed TIF No. 3 during 2014, the City continues to promote and encourage development within the Pabst Farms area. It is expected that the City will see future commercial and residential growth within the area. To further support development the City completed the highway 67 project with the Wisconsin Department of Transportation. This project adds supporting infrastructure to the area, including additional lanes for traffic flow and dedicated bicycle paths.

The City of Oconomowoc has established the revitalization of the downtown and adjoining neighborhoods as a top priority. It is a goal of the City to maintain the downtown as a healthy, vibrant area and a center of community activities. As a result of this effort the Common Council approved and created TIF No. 4 during 2003. The district was created to finance public works improvements, provide incentives to the private sector to assist in the elimination of blighted conditions and lastly to stimulate planned commercial, housing and mixed-use development within the district. In 2006 the Common Council amended TIF No. 4 to address the increased scope of the public infrastructure investments in the downtown. The TIF amendment changed the boundaries as well as increased the project costs. In 2012 the Common Council again amended TIF No. 4 to create consistent taxing jurisdictions with TIF No. 3. Overall the estimated costs within the district are estimated to be \$22.6 million with the district funding approximately \$13.2 million and the remaining funds to come from various other sources. When the district is terminated it is expected to bring approximately \$66.7 million of value onto the tax rolls. In 2017 the City approved the creation of TIF district No. 5 and 6, to finance public works improvements, provide incentives to the private sector to assist in the elimination of blighted conditions and lastly to stimulate planned commercial, housing and mixed-use development within the district, which will further enhance the downtown area. TIF 5 estimated costs within the districted are estimated to total \$6.0 million while TIF 6 estimated project costs total \$10.5 million.

Other examples in which the City continues to take an active role in the downtown development and redevelopment include the implementation of the downtown revitalization plan and market analysis in partnership with the CDA (Community Development Authority). This plan, which was approved in 2004, serves as a tool and vision for the future of Oconomowoc's downtown image. One of the key recommendations within the Plan was for the City to encourage additional rooftops in the Downtown. During the past several years the City has approved over 100 apartment units directly in the City's Downtown and an additional 55 units in the former Middle School, located just several blocks from the Downtown. The most recent downtown residential project included a land acquisition which gave the City additional land adjacent to our downtown park. This expanded park area is expected to bring expanded use, programming and visitors into the heart of our downtown. Additionally during 2016 the created the Downtown Design Overlay District, which works in conjunction with the existing downtown revitalization plans to provide further guidance relating to the design of projects within the Downtown. This new

district will work in conjunction with the adopted plans to ensure developments fit comfortably within the existing fabric of the City, both now and for years to come.

In conjunction with these efforts the City adopted a redevelopment plan for a block within the downtown area. The redevelopment plan gives the CDA the ability to exercise certain powers to remove blight in the designated project area. In 2009, the City adopted the Downtown Waterfront and Parking Solutions plan. The Plan goal is to create the most compelling, memorable, and beloved waterfront destination in the Heart of Lake Country – Downtown Oconomowoc. Through the implementation of these efforts the downtown will continue to attract businesses, residents, and visitors to our community. In addition, the City is working with the Oconomowoc Area Chamber of Commerce, as well as independently, in soliciting new and appropriate retail to our downtown and in establishing initiatives to ensure the downtown vitality for years to come.

In addition to the efforts detailed above, the City annually updates and adopts a five-year long-term financial plan/capital improvement plan. This plan focuses on the strategic initiatives of the City and addresses the City's capital and operating needs over five years. This document assists the Council in setting the priorities of the City as well as determining how we will finance the needs of the City in the future.

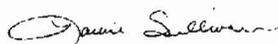
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oconomowoc for its comprehensive annual financial report (CAFR) for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state or local government financial reports. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Oconomowoc received its first Certificate of Achievement in 1994, and has received it in all subsequent years except for 1997 when a report was not submitted. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible through the dedicated services of the Finance Department staff, other City departments, and our independent auditors. We express our appreciation to all the City staff that assisted and contributed to the preparation of this report. We also thank the Mayor, the City Council, and the City Administrator – without their leadership and continuing support, preparation of this report would not have been possible.

Sincerely,



Laurie Sullivan
Director of Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oconomowoc
Wisconsin**

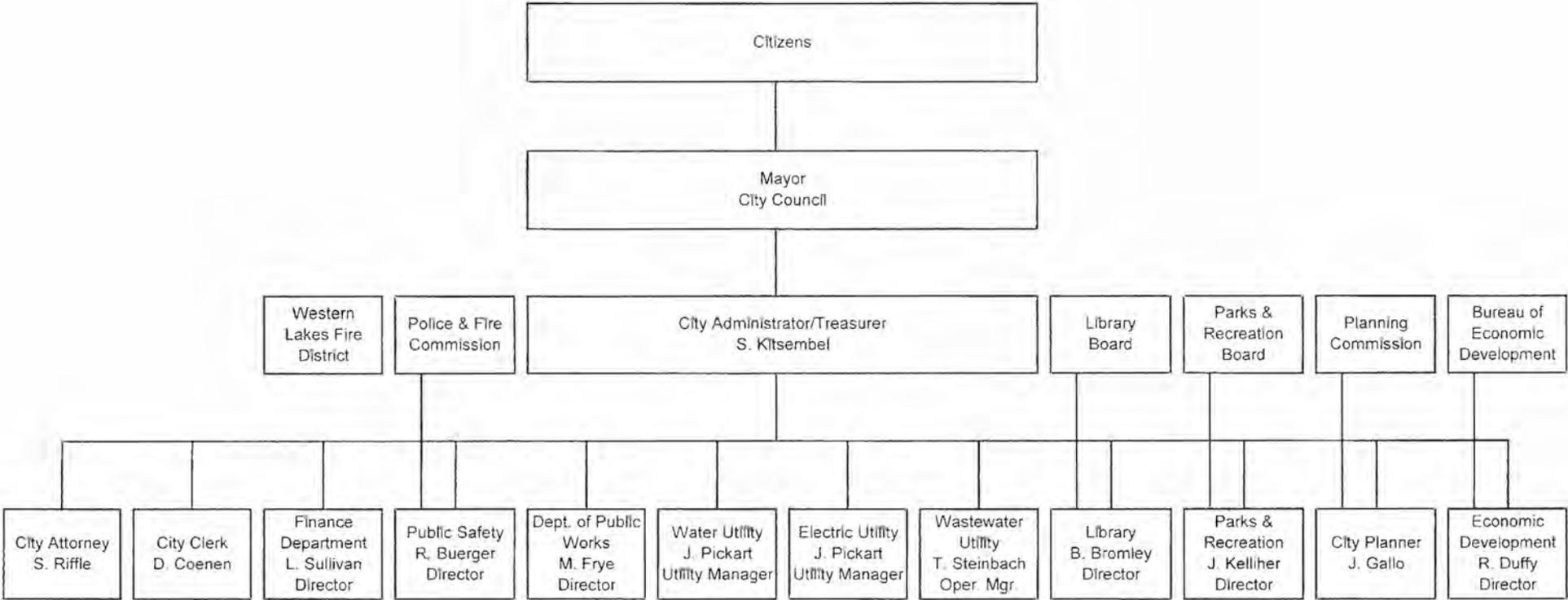
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

City of Oconomowoc Organizational Chart



CITY OF OCONOMOWOC, WISCONSIN

List of Elected and Appointed Officials

December 31, 2017

ELECTED OFFICIALS

Mayor		David Nold
Council Member	District 1	Derek Zwart
	District 1	Jeff Schmidt
	District 2	Ken Herro
	District 2	Tom Strey
	District 3	Michael Miller
	District 3	Matt Rosek
	District 4	Charlie Shaw
	District 4	Kevin Ellis
Municipal Court Judge		Timothy Kay

APPOINTED OFFICIALS

Administrator/Treasurer	Sarah Kitsembel
Attorney	Stan Riffle
Assistant Attorney	Jeffrey Ek
Clerk	Diane Coenen
Finance Director	Laurie Sullivan
Public Safety Director	Ron Buerger
Public Works Director	Mark Frye
City Engineer	Stanley Sugden
Library Director	Betsy Bromley
Parks and Recreation Director	John Kelliher
Economic Development Director	Robert Duffy
City Planner	Jason Gallo
Wastewater Operations Manager	Thomas Steinbach
Electric & Water Operations Manager	Joe Pickart

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Oconomowoc
Oconomowoc, 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 Oconomowoc, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Oconomowoc's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Mayor and City Council
City of Oconomowoc

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 Oconomowoc, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Revenue Fund - Park and Recreation Facilities Impact Fees for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV H. to the financial statements, net position as of December 30, 2016 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the City of Oconomowoc as of December 31, 2016, prior to restatement, were audited by other auditors whose report dated June 28, 2017, expressed an unmodified opinion on those statements.

As part of the audit of the December 31, 2017 financial statements, we also audited the adjustments described in Note IV H. that were applied to restate the December 31, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2016 financial statements of the City of Oconomowoc other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2016 financial statements as a whole.

Required Supplementary Information

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

To the Mayor and City Council
City of Oconomowoc

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oconomowoc's basic financial statements. The introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
June 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Oconomowoc (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 4 – 7 of this report.

Overview of the Financial Statements

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

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

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

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, health and welfare, culture and recreation and conservation and development. Business-type activities include electric, water and wastewater utilities.

The government-wide financial statements include not only the City of Oconomowoc itself, but also any component units. Component units are legally separate entities for which a primary government is financially accountable. The City has not identified any component units that are required to be included.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds and other capital projects funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The basic governmental fund financial statements can be found on pages 26-37 of this report.

Proprietary funds. Proprietary funds generally report services for which the City charges customers a fee. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Services such as the electric, water and wastewater utilities are provided to customers external to the City organization. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its technology, risk management, and fleet maintenance systems. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and wastewater utilities, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Oconomowoc's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Oconomowoc's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 85-86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds, as well as the individual fund statements and schedules are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements can be found on pages 87-114 of this report.

The City has also included a statistical section with 10 years of comparative financial, demographic, and operational data. This information can be found on pages 115-137 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$203,346,404 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Assets:						
Non-Capital assets	\$ 27,682,489	\$ 29,746,292	\$ 33,158,746	\$ 33,063,337	\$ 60,841,235	\$ 62,809,629
Capital assets	73,240,062	68,080,106	100,474,264	98,008,783	173,714,326	166,088,889
Total assets	100,922,551	97,826,398	133,633,010	131,072,120	234,555,561	228,898,518
Deferred Outflows of Resources:						
Deferred outflows related to pension	3,117,937	4,060,863	1,328,786	1,607,719	4,446,723	5,668,582
Deferred charge on refunding	-	-	-	28,791	-	28,791
Total deferred inflows	3,117,937	4,060,863	1,328,786	1,636,510	4,446,723	5,697,373
Liabilities:						
Current and other liabilities	4,872,095	4,491,821	2,959,632	2,358,186	7,831,727	6,850,007
Long-term liabilities	10,724,536	11,742,848	2,920,781	3,700,083	13,645,317	15,442,931
Total liabilities	15,596,631	16,234,669	5,880,413	6,058,269	21,477,044	22,292,938
Deferred Inflows of Resources:						
Deferred inflows related to pension	1,505,835	1,535,007	630,716	601,855	2,136,551	2,136,862
Property taxes	12,042,285	10,861,798	-	-	12,042,285	10,861,798
Total deferred inflows	13,548,120	12,396,805	630,716	601,855	14,178,836	12,998,660
Net Position:						
Net investment in capital assets	63,910,347	57,822,336	98,170,860	94,911,877	162,081,207	152,734,213
Restricted	516,475	7,411	9,431,803	8,836,673	9,948,278	8,844,084
Unrestricted	10,468,915	15,426,040	20,848,004	22,299,956	31,316,919	37,725,996
Total net position	\$ 74,895,737	\$ 73,255,787	\$ 128,450,667	\$ 126,048,506	\$ 203,346,404	\$ 199,304,293

The largest portion of the City's net position (79.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31,316,919) may be used to meet the government's ongoing obligations to citizens and creditors.

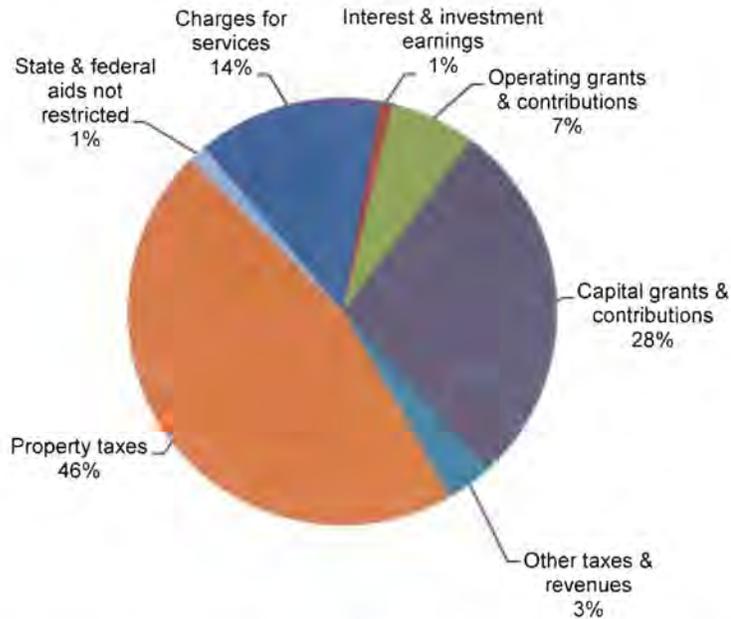
Governmental activities beginning net position was restated as of 1/1/2017 to record vested compensated absences liability as of that date. More information on the compensated absences liability can be found in our discussion on long term obligations as well as Note IV(F). Business type activities beginning net position was restated to recognize their related portion of vested compensated absences due, remove receivables and revenue previously recognized for impact fee charges for which the utilities had not yet earned, and to remove unfunded pension assets amortized over the life of the debt. These restatements contributed in the overall decrease in the unrestricted total government wide net position. The 12/31/2016 information presented within the MD&A has not been adjusted for these restatements. More information on the restatement can be found in Note IV(H).

The following table provides a summary of the City's changes in net position.

City of Oconomowoc's Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Revenues:						
Program Revenues						
Charges for services	\$3,288,882	\$4,029,262	\$31,267,787	\$32,364,878	\$34,556,669	\$36,394,140
Operating grants and contributions	1,531,323	1,575,807	-	-	1,531,323	1,575,807
Capital grants and contributions	6,638,724	2,265,675	4,187,817	2,075,942	10,826,541	4,341,617
General Revenues						
Property taxes	10,844,325	10,540,331	-	-	10,844,325	10,540,331
Other taxes	444,269	424,462	-	-	444,269	424,462
State & federal aids not restricted						
to specific functions	334,229	321,041	-	-	334,229	321,041
Interest & investment earnings	231,009	144,675	391,217	324,402	622,226	469,077
Miscellaneous	370,008	230,792	-	-	370,008	230,792
Total Revenues	23,682,769	19,532,045	35,846,821	34,765,222	59,529,590	54,297,267
Expenses:						
General government	1,778,192	\$1,301,859	-	-	1,778,192	1,301,859
Public safety	7,004,271	7,300,689	-	-	7,004,271	7,300,689
Public works	7,152,335	4,313,368	-	-	7,152,335	4,313,368
Sanitation	891,054	939,100	-	-	891,054	939,100
Health and human services	79,054	69,535	-	-	79,054	69,535
Culture and recreation	2,424,466	3,318,525	-	-	2,424,466	3,318,525
Conservation and development	915,791	991,179	-	-	915,791	991,179
Interest on debt	279,056	277,199	-	-	279,056	277,199
Electric Utility	-	-	22,472,596	23,194,300	22,472,596	23,194,300
Water Utility	-	-	2,604,895	2,476,278	2,604,895	2,476,278
Wastewater Utility	-	-	3,266,269	3,171,820	3,266,269	3,171,820
Total Expenses	20,524,219	18,511,454	28,343,760	28,842,398	48,867,979	47,353,852
Increase (decrease) in net position						
before transfers	3,158,550	1,020,591	7,503,061	5,922,824	10,661,611	6,943,415
Transfers	1,855,873	1,621,147	(1,855,873)	(1,621,147)	-	-
Special item-loss on disposal of asset	(3,058,976)	-	-	-	(3,058,976)	-
Change in net position	1,955,447	2,641,738	5,647,188	4,301,677	7,602,635	6,943,415
Beginning net position	73,255,787	70,614,049	126,048,506	121,746,829	199,304,293	192,360,878
Restatement of beginning net position	(315,497)	-	(3,245,027)	-	(3,560,524)	-
Ending net position	\$74,895,737	\$73,255,787	\$128,450,667	\$126,048,506	\$203,346,404	\$199,304,293

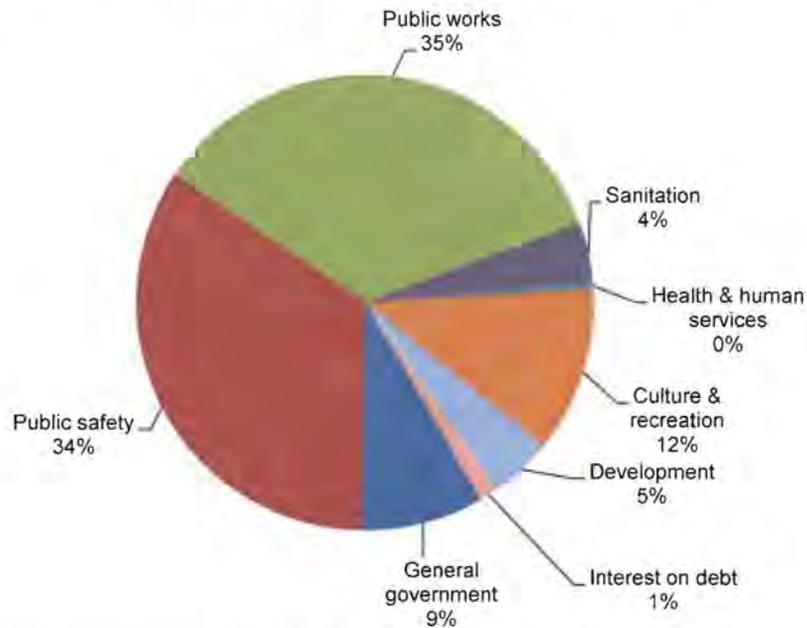
Governmental activities. Total net position for the governmental activities increased approximately \$1.96 million during the current fiscal year. Net investment in capital assets increased 10.5% (approximately \$6.1 million). Capital assets purchased and contributed during the year totaled approximately \$11.9 million, of which \$5.1 million was contributed. See the discussion regarding capital assets later in this analysis for further details. Restricted net position increased \$509,064 due to a reclassification of funds from unrestricted to restricted as a result of a review of revenue sources and related requirements.

GOVERNMENTAL ACTIVITIES REVENUES



As graphically portrayed above, in 2017 the City received a significant amount of its revenue from property taxes (46%). This percentage decreased from the prior year due to an increase in capital grants and contributions (28%) arising from developer financed infrastructure. The City received 14% of its revenue from charges for services, which is a decrease as compared to prior year. This decrease was driven by the creation of the Western Lakes Fire District which took over fire and EMS services effective March 3, 2017. More information on the Western Lakes Fire District can be found in Note V(E).

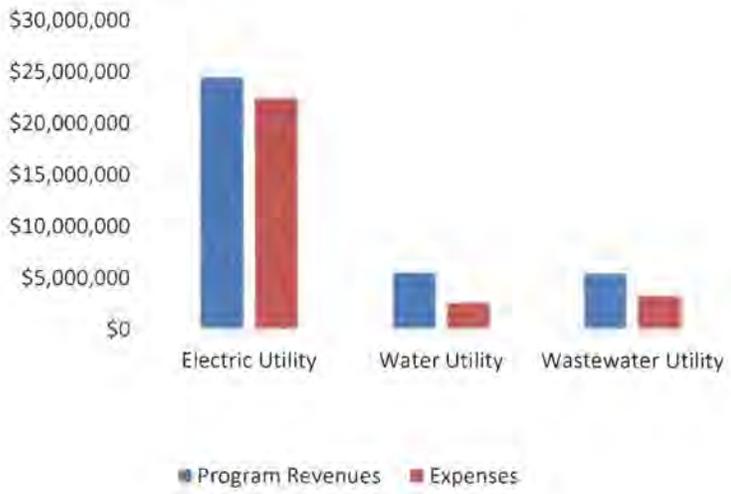
GOVERNMENTAL ACTIVITIES FUNCTIONAL EXPENSES



This graph shows the distribution by function of the total governmental activities cost of \$20,524,219. Of the total amount, public works accounts for 35% in costs, public safety 34%, and culture and recreation 12%. The cost of public works increased from the prior year, this is primarily due to reclassifications made from the prior year, as well as the types of projects completed during the current year. Public safety expenditures also decreased from the prior year due to the creation of the Western Lakes Fire district. All other categories remained relatively comparable to the prior year.

Business-type activities. Total net position for the business-type activities increased approximately \$5.6 million during the current fiscal year. This increase is more than previous years due increases in capital contribution received by each of the utilities from development activity. See the discussion regarding capital assets later in this analysis for further details.

**BUSINESS TYPE ACTIVITIES
Program Revenues vs. Expenses**



Business-type activities are shown above comparing costs to revenues generated by related services. Operating income from the electric, water and wastewater utilities totaled \$2,449,561. This is a decrease from 2016 was primarily caused by increasing expenses outpacing rate increases, particularly within the electric utility.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$8.7 million. Of this amount \$476,168 is considered nonspendable based on form and \$516,475 is restricted by outside parties for specific purposes. The Council committed a total of \$3.5 million in fund balance for future projects and spending. These commitments are not legally obligated but can only be reversed by future Council action. The Council, City Administrator and/or Finance Director assigned \$546,776 for future budget items, including carryovers of certain budget surpluses into the next year and various other projects.

Total unassigned fund balance for governmental funds totals \$3.6 million. The general fund portion of the unassigned fund balance is the largest segment at \$7.4 million. The City Council adopted a reserve policy that requires an emergency reserve of 25% of the general operating fund and levy funded capital projects fund expenditures. As of the end of the year, the fund balance required under the reserve policy was \$3.9 million; therefore the remaining unassigned fund balance was \$3.5 million. The general fund unassigned fund balance is offset by the negative fund balances in the TID #4, TID #5, and TID #6 capital projects fund, the parks and recreation and transportation impact fee special revenue funds, and the debt service fund. These negative balances are the result of internal advances that will be paid with future revenues.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$8.6 million, which is comparable to prior years. As a measure of the general fund’s liquidity, it may be

useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total general fund expenditures, while total fund balance represents 67% of that same amount. Both of these percentages are also comparable to prior year.

The debt service fund is utilized to account for and report transactions relating to the issuance and payment of existing debt. The debt service fund balance decreased (approximately \$652,399) and is presented at a deficit of \$605,912 due to the issuance of an internal advance to fund certain capital improvements during 2017. This internal advance will be paid of through future tax levy over the next ten years.

The park and recreation impact fee special revenue fund is used to account for the collection of park and recreation impact fees and the related project expenditures. During 2017 fund balance decreased (approximately \$2.3 million) to end at a deficit of \$1.3 million due to completion of the Fowler Waterfront project. This deficit will be funded with future collections of impact fees.

The TID #4 capital projects fund experienced a decrease in fund balance (approximately \$788,945) during the current year. This decrease is due to capital expenditures in excess of increment collected. The City created two new TIF districts during 2017. TID #5 ended the year with a \$49,496 fund deficit and TID #6 ended the year with a \$23,392 fund balance deficit.

The capital improvements fund is used to account for general City capital improvement transactions. At the end of 2017 the fund balance of the capital improvements fund was \$1.8 million, a decrease of \$696,907 from the prior year. This decrease is due to completion of prior year projects authorized to be carried over.

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

Unrestricted net position of the electric, water and wastewater utilities at the end of the year were \$20.8 million, which decreased from the prior year mainly due to a restatement of beginning net position. Beginning proprietary net position was restated to recognize their related portion of vested compensated absences due, remove receivables and revenue previously recognized for impact fee charges for which the utilities had not yet earned, and to remove unfunded pension assets amortized over the life of the debt. More information on the restatement can be found in Note IV(H). Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The net revision of the original 2017 budget for the General Fund expenditures was \$267,233. Supplemental appropriations or authorized budget amendments were approved as follows:

- Increase in General Fund Expenditure Budget
 - The Council approved \$152,689 in continuing appropriations from the 2016 budget.
 - The Council approved revenue and expenditure budget adjustments of \$30,187 for donation and grant proceeds.
 - The Council approved use of General Fund balance of \$195,000 for legal settlements.
 - The Council approved a budget adjustment of (\$110,645) for the Western Lakes Fire District merger.

The General Fund ended the year with a budget surplus of \$989,204. The surplus is composed of favorable revenue and favorable expenditure variances. The significant items composing the revenue variance are as follows:

- Intergovernmental Revenue – transportation aids \$24,444 unfavorable variance: The City did not receive local road improvement aid in 2017.
- Licenses and permits – cable TV franchise payment \$28,504 unfavorable variance: Fees continue to decrease as more consumers switch to streaming services.
- Licenses and permits – building permit \$108,627 favorable variance: The City continued to experience increase in development activity with several large projects increasing related permit revenues.
- Fines and forfeits – court penalties and parking violations \$22,206 favorable variance: The City received a speed grant which led to an increase in court fees, additionally there was an increase in parking violations during the winter months.

- Public charges for service – park and recreation fees \$23,445 favorable variance: Enrollment and rentals were higher in 2017 than projected.
- Public charges for service – planning review fees \$22,931 favorable variance: Increased development activity
- Miscellaneous revenues – Interest on investments \$42,988 favorable variance: Increases in interest rates and improved market conditions during the year allowed revenues to surpass the budget.
- Other Financing Sources – Transfer from other funds \$136,263 favorable variance: The variance relates to Watershed Program contribution to the City's Fowler Waterfront and Boardwalk project.
- Other Financing Sources – Transfer from municipal utility PILOT \$68,418 unfavorable variance: Budget overestimated PILOT mainly due to lag in timing on when assets would be placed in service.

The significant items included in the expenditure favorable variance include:

- Continuing appropriations \$319,777 favorable variance: Council approved continuing appropriations and additional designations from the 2017 budget for projects that were not completed in the year budgeted.
- Salaries and benefits allocation \$20,265 favorable variance: Certain employees (primarily department heads) have a salary and benefit allocation to TIF District #5 & 6.
- Legal costs \$67,607 favorable variance: Legal activity will vary from year to year based on activity.
- Police operations \$136,171 favorable variance: There were no major police events during 2017 resulting in less overtime and part time wages.
- Gasoline costs \$21,953 favorable variance: During 2017 gasoline costs were lower than projected during the budget preparation.
- Hydrant rental \$40,704 favorable variance: The budgeted mid-year water rate increase did not occur as expected.
- Snow and ice removal \$121,649 favorable variance: A mild winter did not utilize as many resources.
- Inspections \$87,470 unfavorable variance: The amount paid to the contracted building inspector is based on the building permits received during the year. See related favorable variance in building permit revenue.
- Street lighting favorable variance \$141,054: An error in the method of billing resulted in lower annual costs and a one time credit.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$173,714,326 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, improvements other than buildings, machinery and equipment, and infrastructure such as roads, storm sewers, bridges, and utility mains. The following table provides a summary of the City's capital assets.

City of Oconomowoc's Capital Assets Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Land and land rights	\$13,490,246	\$10,657,950	\$242,294	\$242,294	\$13,732,540	\$10,900,244
Land improvements	3,610,136	1,161,682	-	-	3,610,136	1,161,682
Buildings	6,092,383	8,492,231	6,416,082	6,775,829	12,508,465	15,268,060
Machinery and equipment	3,024,159	3,582,350	18,109,501	18,285,359	21,133,660	21,867,709
Infrastructure	44,847,395	39,915,425	74,808,241	72,617,876	119,655,636	112,533,301
Construction in progress	2,175,743	4,270,468	898,146	87,425	3,073,889	4,357,893
	<u>\$73,240,062</u>	<u>\$68,080,106</u>	<u>\$100,474,264</u>	<u>\$98,008,783</u>	<u>\$173,714,326</u>	<u>\$166,088,889</u>

Major capital asset events during the current fiscal year are as follows:

- Acquisition of parkland in the Northeast Region \$1,590,431 and the Village Green \$1,352,048
- Construction began and remained in progress as of year end on infrastructure for the Northeast Region \$2,001,434
- Completion of the Fowler Lake Boardwalk and North Parking Lot project \$1,921,123
- The City was the recipient of approximately \$3,919,650 in contributed infrastructure assets that were dedicated by developers during the year.
- The Electric Utility added \$1,461,729 of infrastructure including cable replacement projects that will assist in reducing outages as well as increase the voltage to eliminate the older 4KV substations in the future.
- The Water Utility added \$2,559,124 of infrastructure which was mostly underground distribution mains.
- The Wastewater Utility added \$1,554,414 of infrastructure, which was mostly underground collection system improvements.

Additional information on the City's capital assets can be found in Note IV(D) in the notes to the financial statements.

Long-term obligations. At the end of the current fiscal year, the City had total long term obligations of \$13,645,317. Of this amount, \$12,369,080 is comprised of debt backed by the full faith and credit of the government, \$13,034 borrowed as an unsecured note.

City of Oconomowoc's Long Term Obligations						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
General obligation debt	\$9,826,225	\$10,811,706	\$2,542,855	\$2,997,190	\$12,369,080	\$13,808,896
Notes	13,034	16,434	-	-	13,034	16,434
Revenue bonds	-	-	-	363,289	-	363,289
Subtotal	9,839,259	10,828,140	2,542,855	3,360,479	12,382,114	14,188,619
Net Pension Liability	364,044	729,400	152,479	285,987	516,523	1,015,387
Vested compensated absences	361,567	-	182,043	-	543,610	-
Premium	159,666	185,308	43,404	53,617	203,070	238,925
Total	\$10,724,536	\$11,742,848	\$2,920,781	\$3,700,083	\$13,645,317	\$15,442,931

No other debt activity outside scheduled payments was conducted during the year.

The City participates in a cost sharing multiple employer defined benefit pension plan. The pension obligation totaling \$516,523 listed above represents the City's proportionate share of the actuarial determined net pension liability. Additional information on this can be found in Note V(A) in the notes to the financial statements.

City employees earn vacation for use in the following year. The vested compensated absences balance represents amounts earned and payable at 12/31/17.

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its equalized valuation. The current debt limitation for the City of Oconomowoc is \$104,689,955 of which the City has used \$12,369,080 or 11.8%. The debt limitation increased slightly due to an increase in equalized values. The percentage of debt limitation decreased slightly, from the prior year due to scheduled payments and no new external debt issuances.

The City maintains a bond rating of Aa2 from Moody's Investor Service for general obligation debt.

Additional information on the City's long-term debt can be found in Note IV(F) in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The nation continues to experience a slow recovery from the economic slowdown which continues to have affects locally. The City's overall value increased 4.2% in 2017. The City experienced increases in residential, commercial and manufacturing. The largest percentage increase was in the residential classification, a change of 6%, which is primarily

the result of increased development activity. The largest dollar change was in residential, which is primarily due to new construction. The City continues to see an increase in development and remains well positioned to grow in the future, as referenced in the transmittal letter.

The City is located within Waukesha County which enjoys a favorable unemployment rate of 2.9% in comparison to the State of Wisconsin's rate of 3.3% and the national average of 4.4%. The City's 2016 adjusted gross income per tax return of \$85,714 also compares favorably to Wisconsin's average of \$55,267. The data for 2017 is not yet available but it is expected to be comparable to 2016. Also the City's high school graduate rate for 2016-2017 was 95.7%, which compares favorably to Wisconsin's average of 88.6%.

These economic factors were considered in preparing the City's budget for the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Oconomowoc's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Finance Department at 174 E. Wisconsin Avenue, Oconomowoc, Wisconsin 53066.

BASIC FINANCIAL STATEMENTS

CITY OF OCONOMOWOC

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 21,825,685	\$ 15,268,034	\$ 37,093,719
Receivables			
Taxes	5,877,907	-	5,877,907
Delinquent personal property taxes	3,226	-	3,226
Accounts (net)	3,524,719	2,813,060	6,337,779
Special assessments	25,807	347,240	373,047
Interest	93,798	27,114	120,912
Internal balances	(3,714,714)	3,714,714	-
Due from other governments	2,601	-	2,601
Inventories and prepaid items	43,460	1,226,863	1,270,323
Restricted cash and investments	-	9,459,855	9,459,855
Other assets	-	301,866	301,866
Capital assets			
Land	13,490,246	242,294	13,732,540
Construction in progress	2,175,743	898,146	3,073,889
Land improvements	4,733,641	-	4,733,641
Buildings and improvements	11,824,573	14,209,576	26,034,149
Machinery and equipment	7,610,963	35,308,320	42,919,283
Infrastructure and other improvements	75,559,205	107,705,915	183,265,120
Less: Accumulated depreciation	(42,154,309)	(57,889,987)	(100,044,296)
Total Assets	<u>100,922,551</u>	<u>133,633,010</u>	<u>234,555,561</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>3,117,937</u>	<u>1,328,786</u>	<u>4,446,723</u>
LIABILITIES			
Accounts payable	3,679,329	1,939,359	5,618,688
Accrued and other current liabilities	575,181	707	575,888
Deposits	369,902	29,948	399,850
Accrued interest payable	67,684	14,084	81,768
Due to other governments	121,681	-	121,681
Unearned revenues	58,318	975,534	1,033,852
Long-term obligations			
Due within one year	1,414,455	663,226	2,077,681
Due in more than one year	8,946,037	2,105,076	11,051,113
Net pension liability	<u>364,044</u>	<u>152,479</u>	<u>516,523</u>
Total Liabilities	<u>15,596,631</u>	<u>5,880,413</u>	<u>21,477,044</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent years	12,042,285	-	12,042,285
Pension related amounts	1,505,835	630,716	2,136,551
Total Deferred Inflows of Resources	<u>13,548,120</u>	<u>630,716</u>	<u>14,178,836</u>
NET POSITION			
Net investment in capital assets	63,910,347	98,170,860	162,081,207
Restricted for:			
Imagination station	7,411	-	7,411
Tourism	89,865	-	89,865
Police forfeitures	13,510	-	13,510
Plant replacement	-	9,431,803	9,431,803
Library trust	38,047	-	38,047
Law enforcement facilities impact fees	204,625	-	204,625
Park land acquisition	2,462	-	2,462
Park land improvements	67,603	-	67,603
Woodcreek stormwater	92,952	-	92,952
Unrestricted	<u>10,468,915</u>	<u>20,848,004</u>	<u>31,316,919</u>
TOTAL NET POSITION	<u>\$ 74,895,737</u>	<u>\$ 128,450,667</u>	<u>\$ 203,346,404</u>

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CITY OF OCONOMOWOC
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 1,778,192	\$ 387,904	\$ 2,921	\$ -	\$ (1,387,367)	\$ -	\$ (1,387,367)
Public safety	7,004,271	1,078,173	102,278	133,232	(5,690,588)	-	(5,690,588)
Public works	7,152,335	382,479	888,961	5,871,694	(9,201)	-	(9,201)
Sanitation	891,054	861,637	131,937	-	102,520	-	102,520
Health and human services	79,054	-	-	-	(79,054)	-	(79,054)
Culture and recreation	2,424,466	550,481	405,226	633,798	(834,961)	-	(834,961)
Conservation and development	915,791	28,208	-	-	(887,583)	-	(887,583)
Interest and fiscal charges	279,056	-	-	-	(279,056)	-	(279,056)
Total Governmental Activities	20,524,219	3,288,882	1,531,323	6,638,724	(9,065,290)	-	(9,065,290)
Business-type Activities							
Electric utility	22,472,596	24,066,162	-	452,292	-	2,045,858	2,045,858
Water utility	2,604,895	3,349,010	-	2,150,075	-	2,894,190	2,894,190
Wastewater utility	3,266,269	3,852,615	-	1,585,450	-	2,171,796	2,171,796
Total Business-type Activities	28,343,760	31,267,787	-	4,187,817	-	7,111,844	7,111,844
Total	\$ 48,867,979	\$ 34,556,669	\$ 1,531,323	\$ 10,826,541	(9,065,290)	7,111,844	(1,953,446)
General Revenues							
Taxes							
Property taxes levied for general purposes					7,197,784	-	7,197,784
Property taxes levied for debt service					1,264,829	-	1,264,829
Property taxes levied for capital projects					2,236,712	-	2,236,712
Property taxes levied for special revenue funds					145,000	-	145,000
Other taxes					444,269	-	444,269
Federal and state grants and other contributions not restricted to specific functions					334,229	-	334,229
Interest and investment earnings					231,009	391,217	622,226
Miscellaneous					370,008	-	370,008
Total general revenues					12,223,840	391,217	12,615,057
Change in net position before special item and transfers					3,158,550	7,503,061	10,661,611
Special item - loss on disposal of assets					(3,058,976)	-	(3,058,976)
Transfers					1,855,873	(1,855,873)	-
Change in net position					1,955,447	5,647,188	7,602,635
NET POSITION - Beginning of Year (as restated)					72,940,290	122,803,479	195,743,769
NET POSITION - END OF YEAR					\$ 74,895,737	\$ 128,450,667	\$ 203,346,404

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Fund		
	General	Park & Recreation Facilities Impact Fees	Debt Service Fund
ASSETS			
Cash and investments	\$ 15,114,506	\$ 37	\$ 47,479
Receivables			
Taxes	5,877,907	-	-
Delinquent personal property taxes	3,226	-	-
Accounts (net)	650,966	273,543	-
Special assessments	25,807	-	-
Interest	93,798	-	-
Due from other governments	2,601	-	-
Due from other funds	-	-	1,353,750
Advances to other funds	280,250	-	-
Inventories and prepaid items	16,297	-	-
TOTAL ASSETS	\$ 22,065,358	\$ 273,580	\$ 1,401,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 423,518	\$ 322,900	\$ -
Accrued and other current liabilities	575,018	-	-
Deposits	199,512	-	-
Due to other governments	121,681	-	-
Due to other funds	4,489,102	-	-
Advances from other funds	-	1,027,100	653,391
Unearned revenues	58,318	-	-
Total Liabilities	<u>5,867,149</u>	<u>1,350,000</u>	<u>653,391</u>
Deferred Inflows of Resources			
Unavailable revenues	25,807	273,544	-
Unearned revenues	7,574,006	-	1,353,750
Total Deferred Inflows of Resources	<u>7,599,813</u>	<u>273,544</u>	<u>1,353,750</u>
Fund Balances (Deficit)			
Nonspendable	474,773	-	-
Restricted	7,411	-	-
Committed	196,260	-	-
Assigned	546,776	-	-
Unassigned (Deficit)	7,373,176	(1,349,964)	(605,912)
Total Fund Balances (Deficits)	<u>8,598,396</u>	<u>(1,349,964)</u>	<u>(605,912)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 22,065,358	\$ 273,580	\$ 1,401,229

See accompanying notes to the financial statements.

Capital Improvements	Nonmajor Governmental Funds	Totals
\$ 3,346,006	\$ 2,189,282	\$ 20,697,310
-	-	5,877,907
-	-	3,226
2,006,699	580,644	3,511,852
-	-	25,807
-	-	93,798
-	-	2,601
1,896,450	1,217,179	4,467,379
-	-	280,250
-	1,395	17,692
<u>\$ 7,249,155</u>	<u>\$ 3,988,500</u>	<u>\$ 34,977,822</u>

\$ 2,769,371	\$ 109,681	\$ 3,625,470
-	-	575,018
-	170,390	369,902
-	-	121,681
-	-	4,489,102
-	2,292,750	3,973,241
-	-	58,318
<u>2,769,371</u>	<u>2,572,821</u>	<u>13,212,732</u>

746,344	-	1,045,695
<u>1,896,450</u>	<u>1,218,079</u>	<u>12,042,285</u>
<u>2,642,794</u>	<u>1,218,079</u>	<u>13,087,980</u>

-	1,395	476,168
-	509,064	516,475
1,836,990	1,485,060	3,518,310
-	-	546,776
-	(1,797,919)	3,619,381
<u>1,836,990</u>	<u>197,600</u>	<u>8,677,110</u>

<u>\$ 7,249,155</u>	<u>\$ 3,988,500</u>	<u>\$ 34,977,822</u>
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See accompanying notes to the financial statements.

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CITY OF OCONOMOWOC

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

Total Fund Balances - Governmental Funds	\$ 8,677,110
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Amounts reported for governmental activities in the statement of net position are different because different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (Note II A).	72,994,185
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	1,045,695
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Internal service funds are used by the City to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,345,831
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The net pension liability does not related to current financial resources and is not reported in the governmental funds.	(364,044)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,117,937
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,505,835)
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Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds, notes payable and unamortized premium	(9,985,891)
Compensated absences	(361,567)
Accrued interest	(67,684)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 74,895,737</u>
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CITY OF OCONOMOWOC

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

	General	Special Revenue Fund Park & Recreation Facilities Impact Fees	Debt Service Fund
REVENUES			
Taxes	\$ 7,441,200	\$ -	\$ 1,264,829
Special assessments	12,897	-	-
Intergovernmental	1,679,857	-	-
Licenses and permits	802,371	186,025	-
Fines, forfeitures and penalties	318,331	-	-
Public charges for services	647,678	-	-
Intergovernmental charges	481,992	-	-
Interdepartmental charges	8,815	-	-
Miscellaneous revenues	315,086	142,223	2,992
Total Revenues	11,708,227	328,248	1,267,821
EXPENDITURES			
Current			
General government	1,543,012	-	-
Public safety	5,645,450	-	-
Public works	2,207,031	-	-
Health and human services	78,682	-	-
Culture and recreation	2,717,832	-	-
Conservation and development	690,641	-	-
Capital Outlay	-	2,696,459	-
Debt Service			
Principal	-	-	985,481
Interest expense and fees	-	-	281,348
Total Expenditures	12,882,648	2,696,459	1,266,829
Excess (deficiency) of revenues over expenditures	(1,174,421)	(2,368,211)	992
OTHER FINANCING SOURCES (USES)			
Transfers in	2,035,578	-	-
Transfers out	(1,418,477)	-	(653,391)
Sale of capital assets	-	-	-
Total Other Financing Sources (Uses)	617,101	-	(653,391)
Net Change in Fund Balances	(557,320)	(2,368,211)	(652,399)
FUND BALANCES - Beginning of Year	9,155,716	1,018,247	46,487
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 8,598,396	\$ (1,349,964)	\$ (605,912)

See accompanying notes to the financial statements.

Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,897,700	\$ 736,975	\$ 11,340,704
-	7,450	20,347
-	153,176	1,833,033
-	265,156	1,253,552
-	-	318,331
-	1,029,588	1,677,266
-	-	481,992
-	-	8,815
43,989	27,007	531,297
<u>1,941,689</u>	<u>2,219,352</u>	<u>17,465,337</u>
-	59,256	1,602,268
-	194,247	5,839,697
-	915,298	3,122,329
-	-	78,682
-	165,854	2,883,686
-	60,242	750,883
4,663,727	1,069,541	8,429,727
-	-	985,481
-	28,656	310,004
<u>4,663,727</u>	<u>2,493,094</u>	<u>24,002,757</u>
<u>(2,722,038)</u>	<u>(273,742)</u>	<u>(6,537,420)</u>
2,071,868	-	4,107,446
(58,872)	(120,833)	(2,251,573)
12,135	-	12,135
<u>2,025,131</u>	<u>(120,833)</u>	<u>1,868,008</u>
(696,907)	(394,575)	(4,669,412)
<u>2,533,897</u>	<u>592,175</u>	<u>13,346,522</u>
<u>\$ 1,836,990</u>	<u>\$ 197,600</u>	<u>\$ 8,677,110</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (4,669,412)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	8,429,727
Some items reported as capital are not capitalized	(1,621,188)
Contributed capital assets	5,131,945
Depreciation is reported in the government-wide statements	(3,515,096)
Less: internal service funds depreciation included above	25,923
Net book value of assets retired	(3,433,410)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	985,481
Amortization of debt premium	25,642

Revenues are reported in the governmental funds when current financial resources are available, but are recognized when earned in the statement of activities.	1,019,887
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Internal service funds are used by management to charge various internal costs to individual funds. The change in net position of the internal service fund is reported with governmental activities.	166,387
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(46,070)
Net pension liability	365,356
Deferred outflows related to pension	(942,926)
Deferred inflows related to pension	29,172
Accrued interest on debt	5,306

Revenues in the fund financial statements that are not revenues in the statement of activities but are a reduction to receivables.	(1,277)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,955,447
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See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes				
General property	\$ 7,197,786	\$ 7,197,786	\$ 7,197,784	\$ -
General sales	25	25	67	42
Public accommodation	180,000	180,000	182,000	2,000
Payment in lieu of taxes				
Other tax exempt entities	32,510	32,510	32,508	(2)
Other taxes	-	-	9,306	9,306
Interest on taxes	19,000	19,000	19,535	535
Total Taxes	<u>7,429,321</u>	<u>7,429,321</u>	<u>7,441,200</u>	<u>11,881</u>
Special assessments				
Sidewalks	15,000	15,000	12,897	(2,103)
Intergovernmental				
Federal				
Other Public Safety	2,000	3,014	1,398	(1,616)
State				
Shared Revenues	246,000	246,000	250,930	4,930
Fire insurance tax	71,250	71,250	78,372	7,122
Exempt computer aid	32,000	32,000	34,229	2,229
Municipal services	3,400	3,400	2,921	(479)
Transportation aids	913,405	913,405	888,961	(24,444)
Other state grants	10,740	11,295	11,456	161
Boat safety	6,747	6,747	6,364	(383)
County				
Library	404,922	404,922	405,226	304
Total Intergovernmental	<u>1,690,464</u>	<u>1,692,033</u>	<u>1,679,857</u>	<u>(12,176)</u>
Licenses and permits				
Licenses				
Liquor and malt beverages	39,530	39,530	32,247	(7,283)
Cigarette	1,700	1,700	1,500	(200)
Operators	10,300	10,300	10,680	380
Sundry	4,000	4,000	3,565	(435)
Dog	2,700	2,700	3,165	465
Cable TV franchise payment	268,000	268,000	239,496	(28,504)

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Licenses and permits (continued)				
Permits				
Building	\$ 281,500	\$ 281,500	\$ 390,127	\$ 108,627
Building plan review	2,000	2,000	2,210	210
Plat review fees	200	200	-	(200)
Electrical	35,000	35,000	39,971	4,971
Plumbing	45,000	45,000	52,234	7,234
Zoning and conditional use	6,500	6,500	11,375	4,875
Miscellaneous	7,500	7,500	15,801	8,301
Total Licenses and permits	703,930	703,930	802,371	98,441
Fines and forfeits				
Court penalties and fines	243,375	243,375	254,831	11,456
Parking violations	52,750	52,750	63,500	10,750
Total Fines and forfeits	296,125	296,125	318,331	22,206
Public charges for services				
License publication fees	1,000	1,000	1,125	125
Other general government	33,000	32,900	42,790	9,890
Vending machine commissions	1,500	1,500	2,640	1,140
Copying	14,250	14,250	12,183	(2,067)
Animal pound	115	115	-	(115)
Fire service fees	600	-	-	-
Hazardous material disposal fee	4,500	245	245	-
Parking permits	3,750	3,750	3,998	248
Weed and nuisance control	1,500	1,500	3,925	2,425
Park and recreation fees	524,396	524,396	547,841	23,445
Planning review fees	10,000	10,000	32,931	22,931
Total Public charges for services	594,611	589,656	647,678	58,022
Intergovernmental charges for services				
Police service - CSO	6,500	6,500	11,512	5,012
Police service - radio	24,000	24,000	45,475	21,475
Police service - other	10,000	10,000	10,065	65
Police water patrol	2,000	2,000	1,438	(562)
Fire services	223,000	35,021	35,021	-
Non-resident sanitary district	375,000	375,000	378,481	3,481
Total Intergovernmental charges for services	640,500	452,521	481,992	29,471

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Interdepartmental charges for services				
Police service - radio	\$ 26,565	\$ 26,565	\$ 5,090	\$ (21,475)
Library plowing	3,725	3,725	3,725	-
Total Interdepartmental charges for services	<u>30,290</u>	<u>30,290</u>	<u>8,815</u>	<u>(21,475)</u>
Miscellaneous				
Interest on investments	86,000	86,000	128,988	42,988
Rent of city buildings	72,185	54,980	55,120	140
Rent of city land	2,200	2,200	2,350	150
Sale of city property	600	7,331	18,736	11,405
Donations from individuals/organizations	49,000	63,988	69,907	5,919
Donations - youth baseball	3,600	3,600	2,700	(900)
Donations - athletic field	18,000	18,000	13,440	(4,560)
Miscellaneous revenue	22,995	22,856	23,845	989
Total Miscellaneous	<u>254,580</u>	<u>258,955</u>	<u>315,086</u>	<u>56,131</u>
Total Revenues	<u>11,654,821</u>	<u>11,467,831</u>	<u>11,708,227</u>	<u>240,398</u>
Other financing sources				
Transfer from other funds	516,900	637,733	773,996	136,263
Transfer from municipal utility PILOT	1,330,000	1,330,000	1,261,582	(68,418)
Total Other financing sources	<u>1,846,900</u>	<u>1,967,733</u>	<u>2,035,578</u>	<u>67,845</u>
Total Revenue and Other financing sources	<u>\$ 13,501,721</u>	<u>\$ 13,435,564</u>	<u>\$ 13,743,805</u>	<u>\$ 308,243</u>

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government				
Council	\$ 102,537	\$ 102,537	\$ 28,424	\$ 74,113
Mayor	18,530	18,530	27,242	(8,712)
City administrator	121,741	121,741	116,671	5,070
Codification of ordinances	1,500	1,500	1,406	94
Legal	224,000	419,000	351,393	67,607
Clerk	211,826	211,826	208,394	3,432
Licenses and permits	22,185	22,185	21,886	299
Elections	60,132	60,132	58,392	1,740
General accounting	246,269	246,269	226,484	19,785
Payroll/human resources	84,878	84,878	78,421	6,457
Treasury	90,975	90,975	88,685	2,290
Property assessment	108,248	108,248	136,512	(28,264)
City buildings	204,608	204,608	199,102	5,506
Total General Government	1,497,429	1,692,429	1,543,012	149,417
Public safety				
Police				
Administration	750,678	751,473	730,234	21,239
Dispatch	608,218	608,218	587,263	20,955
Operations	2,282,921	2,296,917	2,160,746	136,171
Training and travel	19,134	20,148	13,348	6,800
Water and safety patrol	13,043	13,043	4,252	8,791
Fire				
Administration	416,406	898,680	898,380	300
Suppression/hydrants	1,039,797	892,072	847,488	44,584
Prevention	166,234	30,377	30,377	-
Training	123,612	18,731	18,731	-
Maintenance	184,842	28,024	28,024	-
Fire station #1	24,827	4,082	4,082	-
Fire station #2	27,940	4,795	4,795	-
Inspections	212,690	212,690	301,981	(89,291)
Sealer of weights and measures	6,400	6,400	6,400	-
Emergency government	525	957	957	-
Dam maintenance	11,811	14,311	8,392	5,919
Total Public safety	5,889,078	5,800,918	5,645,450	155,468
Public works				
Engineering administration	314,385	318,385	327,462	(9,077)
DPW administration	515,797	515,797	532,151	(16,354)
Municipal garage	105,859	105,859	151,420	(45,561)
Machine and equipment maintenance	26,673	26,673	28,493	(1,820)

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued)				
Street maintenance	\$ 173,561	\$ 186,561	\$ 142,955	\$ 43,606
Bridges and culverts	36,671	61,671	11,236	50,435
Curb and gutter	3,526	3,526	10,193	(6,667)
Street cleaning	118,631	118,631	105,974	12,657
Snow and ice removal	453,451	453,451	331,802	121,649
Street signs and marking	66,769	84,769	72,623	12,146
Tree and brush control	108,864	109,914	135,874	(25,960)
Traffic control	4,327	4,327	8,354	(4,027)
Street lighting	353,000	353,000	211,946	141,054
Sidewalks and crosswalks	26,626	26,626	35,772	(9,146)
Storm sewers	113,248	113,248	73,270	39,978
Parking lots	22,323	22,323	27,506	(5,183)
Total Public works	<u>2,443,711</u>	<u>2,504,761</u>	<u>2,207,031</u>	<u>297,730</u>
Health and human services				
Animal pound	9,369	9,369	9,349	20
Elderly transportation	12,000	12,000	12,000	-
Cemetery	54,719	54,719	57,333	(2,614)
Total Public safety	<u>76,088</u>	<u>76,088</u>	<u>78,682</u>	<u>(2,594)</u>
Culture and recreation				
Library	1,122,792	1,167,083	1,150,197	16,886
Community center	158,210	158,525	152,094	6,431
Parks and playgrounds	679,080	672,216	597,477	74,739
Recreation administration	535,321	535,321	523,326	11,995
Recreation programs	320,146	329,747	294,738	35,009
Total Culture and recreation	<u>2,815,549</u>	<u>2,862,892</u>	<u>2,717,832</u>	<u>145,060</u>
Conservation and development				
Weed control	30,812	30,812	33,514	(2,702)
Lakes	58,657	58,657	55,976	2,681
Planning and zoning	257,163	257,163	236,645	20,518
Watershed project	291,555	291,555	227,650	63,905
Economic development	141,334	193,334	136,856	56,478
Total Conservation and development	<u>779,521</u>	<u>831,521</u>	<u>690,641</u>	<u>140,880</u>
Total Expenditures	<u>13,501,376</u>	<u>13,768,609</u>	<u>12,882,648</u>	<u>885,961</u>
Other Financing Uses				
Transfer to other funds	<u>1,213,477</u>	<u>1,213,477</u>	<u>1,418,477</u>	<u>(205,000)</u>
Total Expenditures and Other financing uses	<u>\$ 14,714,853</u>	<u>\$ 14,982,086</u>	<u>\$ 14,301,125</u>	<u>\$ 680,961</u>

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - PARK AND RECREATION FACILITIES IMPACT FEES
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 252,400	\$ 252,400	\$ 186,025	\$ (66,375)
Miscellaneous	276,000	276,000	142,223	(133,777)
Total Revenues	<u>528,400</u>	<u>528,400</u>	<u>328,248</u>	<u>(200,152)</u>
EXPENDITURES				
Capital Outlay	<u>3,125,000</u>	<u>4,011,506</u>	<u>2,696,459</u>	<u>1,315,047</u>
Net change in fund balance	<u>\$ (2,596,600)</u>	<u>\$ (3,483,106)</u>	(2,368,211)	<u>\$ (1,515,199)</u>
Fund balance - Beginning of year			<u>1,018,247</u>	
Fund balance (deficit) - End of year			<u>\$ (1,349,964)</u>	

CITY OF OCONOMOWOC

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and investments	\$ 8,689,156	\$ 3,105,893	\$ 3,472,985	\$ 15,268,034	\$ 1,128,375
Receivables					
Accounts	2,080,213	433,055	299,792	2,813,060	12,867
Special assessments	-	333,392	13,848	347,240	-
Interest	-	-	27,114	27,114	-
Due from other funds	15,318	2,493	3,912	21,723	-
Inventories and prepaid items	1,158,498	68,099	266	1,226,863	25,768
Current portion of advances	238,037	-	124,849	362,886	-
Restricted assets - cash and investments	28,052	-	-	28,052	-
Total Current Assets	<u>12,209,274</u>	<u>3,942,932</u>	<u>3,942,766</u>	<u>20,094,972</u>	<u>1,167,010</u>
NON-CURRENT ASSETS					
Restricted assets - cash and investments	-	156,705	9,275,098	9,431,803	-
Advance to other funds	1,385,810	-	5,127,941	6,513,751	-
Other assets	-	301,866	-	301,866	-
Capital Assets					
Land	123,062	58,625	60,607	242,294	-
Buildings	2,940,897	1,253,428	10,015,251	14,209,576	-
Improvements other than buildings	37,329,614	32,828,466	37,547,835	107,705,915	-
Machinery and equipment	16,309,745	8,496,760	10,501,815	35,308,320	408,504
Construction in progress	809,166	24,798	64,182	898,146	-
Less: Accumulated depreciation	(24,946,848)	(11,390,317)	(21,552,822)	(57,889,987)	(162,627)
Total Non-Current Assets	<u>33,951,446</u>	<u>31,730,331</u>	<u>51,039,907</u>	<u>116,721,684</u>	<u>245,877</u>
Total Assets	<u>46,160,720</u>	<u>35,673,263</u>	<u>54,982,673</u>	<u>136,816,656</u>	<u>1,412,887</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	686,880	317,143	324,763	1,328,786	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	\$ 1,674,048	\$ 189,116	\$ 76,195	\$ 1,939,359	\$ 53,859
Accrued and other current liabilities	-	-	707	707	163
Accrued interest	12,722	579	783	14,084	-
Deposits	28,052	1,000	896	29,948	-
Unearned revenues	598,505	369,668	7,361	975,534	-
Current portion:					
General obligation debt	453,370	7,480	10,120	470,970	3,400
Advances from other funds	-	362,886	-	362,886	-
Compensated absences	110,217	28,311	43,515	182,043	-
Premium on debt	10,213	-	-	10,213	-
Total Current Liabilities	<u>2,887,127</u>	<u>959,040</u>	<u>139,577</u>	<u>3,985,744</u>	<u>57,422</u>
NON-CURRENT LIABILITIES					
Net pension liability	78,545	36,560	37,374	152,479	-
General obligation debt	1,951,085	51,340	69,460	2,071,885	9,634
Advances from other funds	-	2,820,760	-	2,820,760	-
Premium on debt	33,191	-	-	33,191	-
Total Liabilities	<u>4,949,948</u>	<u>3,867,700</u>	<u>246,411</u>	<u>9,064,059</u>	<u>67,056</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	324,894	151,229	154,593	630,716	-
NET POSITION					
Net investment in capital assets	30,262,232	31,271,760	36,636,868	98,170,860	232,843
Restricted for plant replacements	-	156,705	9,275,098	9,431,803	-
Unrestricted	11,310,526	543,012	8,994,466	20,848,004	1,112,988
TOTAL NET POSITION	<u>\$ 41,572,758</u>	<u>\$ 31,971,477</u>	<u>\$ 54,906,432</u>	<u>\$ 128,450,667</u>	<u>\$ 1,345,831</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Total	
OPERATING REVENUES					
Charges for services	\$ 23,878,947	\$ 3,209,096	\$ 3,341,952	\$ 30,429,995	\$ 1,560,221
Other operating income	43,164	130,991	21,932	196,087	53,700
Total Operating Revenues	<u>23,922,111</u>	<u>3,340,087</u>	<u>3,363,884</u>	<u>30,626,082</u>	<u>1,613,921</u>
OPERATING EXPENSES					
Source of supply	-	2,784	-	2,784	-
Pumping	-	293,320	-	293,320	-
Purchased power	17,530,985	-	-	17,530,985	-
Water treatment	-	93,591	-	93,591	-
Collection	-	-	245,765	245,765	-
Treatment and disposal system	-	-	845,548	845,548	-
Transmission and distribution	1,159,129	577,464	-	1,736,593	-
Customer accounts	425,610	57,692	-	483,302	-
Sales	8,586	7,105	-	15,691	-
Administrative and general	1,384,249	686,423	903,096	2,973,768	1,433,641
Depreciation	1,694,742	765,486	1,256,419	3,716,647	25,923
Taxes	197,351	41,176	-	238,527	-
Total Operating Expenses	<u>22,400,652</u>	<u>2,525,041</u>	<u>3,250,828</u>	<u>28,176,521</u>	<u>1,459,564</u>
Operating income	<u>1,521,459</u>	<u>815,046</u>	<u>113,056</u>	<u>2,449,561</u>	<u>154,357</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	126,246	29,654	235,317	391,217	12,030
Sewer availability charge	-	-	488,731	488,731	-
Interest and fiscal charges	(71,944)	(79,854)	(15,441)	(167,239)	-
Merchandising and jobbing	144,051	8,923	-	152,974	-
Total Nonoperating Revenues (Expenses)	<u>198,353</u>	<u>(41,277)</u>	<u>708,607</u>	<u>865,683</u>	<u>12,030</u>
Income before contributions and transfers	1,719,812	773,769	821,663	3,315,244	166,387
CAPITAL CONTRIBUTIONS	452,292	2,150,075	1,585,450	4,187,817	-
TRANSFERS OUT	<u>(813,684)</u>	<u>(522,898)</u>	<u>(519,291)</u>	<u>(1,855,873)</u>	<u>-</u>
Change in Net Position	1,358,420	2,400,946	1,887,822	5,647,188	166,387
NET POSITION - Beginning of Year (as restated)	<u>40,214,338</u>	<u>29,570,531</u>	<u>53,018,610</u>	<u>122,803,479</u>	<u>1,179,444</u>
NET POSITION - END OF YEAR	<u>\$ 41,572,758</u>	<u>\$ 31,971,477</u>	<u>\$ 54,906,432</u>	<u>\$ 128,450,667</u>	<u>\$ 1,345,831</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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

	Business Type Activities - Enterprise Funds			Totals	Governmental Activities-
	Electric Utility	Water Utility	Wastewater Utility		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 24,622,342	\$ 3,163,365	\$ 3,348,614	\$ 31,134,321	\$ 1,558,937
Paid to vendors for goods and services	(18,399,981)	(510,064)	(923,966)	(19,834,011)	(1,064,226)
Paid to employees for services	(2,145,760)	(1,011,302)	(993,519)	(4,150,581)	(251,005)
Net Cash Flows From Operating Activities	4,076,601	1,641,999	1,431,129	7,149,729	243,706
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash payment made to other funds	-	-	(3,692,991)	(3,692,991)	-
Repayment of advances to other funds	232,197	-	121,786	353,983	-
Principal paid on unfunded pension liability bonds	(17,535)	(7,140)	(9,660)	(34,335)	-
Interest paid on unfunded pension liability bonds	(5,949)	(2,423)	(3,278)	(11,650)	-
Transfers to municipality	(813,684)	(522,898)	(519,291)	(1,855,873)	-
Net Cash Flows From Non-Capital Financing Activities	(604,971)	(532,461)	(4,103,434)	(5,240,866)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	126,246	29,654	219,355	375,255	12,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,750,779)	(462,511)	(124,091)	(2,337,381)	(167,979)
Principal paid on long term debt	(420,000)	-	(363,289)	(783,289)	(3,400)
Interest paid on long term debt	(49,400)	-	(13,976)	(63,376)	-
Repayment of advances from other funds	-	(353,983)	-	(353,983)	-
Interest paid on advances	-	(77,484)	-	(77,484)	-
Collection of special assessments and other fees	4,985	38,594	590,362	633,941	-
Net Cash Flows From Capital and Related Financing Activities	(2,215,194)	(855,384)	89,006	(2,981,572)	(171,379)
Net Change in Cash and Cash Equivalents	1,382,682	283,808	(2,363,944)	(697,454)	84,357
CASH AND CASH EQUIVALENTS - Beginning of Year	7,334,526	2,978,790	15,112,027	25,425,343	1,044,018
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,717,208	\$ 3,262,598	\$ 12,748,083	\$ 24,727,889	\$ 1,128,375
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	\$ 1,521,459	\$ 815,046	\$ 113,056	\$ 2,449,561	\$ 154,357
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation	1,694,742	765,486	1,256,419	3,716,647	25,923
Depreciation charged to other accounts	108,324	90,553	-	198,877	-
Merchandising and jobbing	144,051	8,923	-	152,974	-
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
Accounts receivable	122,385	(187,708)	(16,043)	(81,366)	-
Due from other funds	11,435	841	773	13,049	(1,282)
Inventories and prepaid items	8,978	1,075	20	10,073	16,394
Accounts payable	60,630	102,918	23,063	186,611	48,151
Accrued liabilities	-	-	707	707	163
Deposits	(260,602)	1,000	-	(259,602)	-
Compensated absences	7,081	3,299	2,674	13,054	-
Unearned revenue	574,636	222	-	574,858	-
Pension related items and deferrals	83,482	40,344	50,460	174,286	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 4,076,601	\$ 1,641,999	\$ 1,431,129	\$ 7,149,729	\$ 243,706
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Unrestricted	\$ 8,689,156	\$ 3,105,893	\$ 3,472,985	\$ 15,268,034	\$ 1,128,375
Restricted	28,052	156,705	9,275,098	9,459,855	-
	\$ 8,717,208	\$ 3,262,598	\$ 12,748,083	\$ 24,727,889	\$ 1,128,375
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Cost of utility plant installed and/or financed by developers	\$ 452,292	\$ 2,111,574	\$ 1,484,745	\$ 4,048,611	\$ -

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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

	<u>Agency Fund</u> Tax Collection Fund
ASSETS	
Cash and investments	\$ 12,369,462
Taxes receivable	12,405,280
Total Assets	<u>\$ 24,774,742</u>
LIABILITIES	
Due to other governmental agencies	<u>\$ 24,774,742</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The City has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

- General Fund – accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue Fund – Park & Recreation Facilities Impact Fees – used to account for and report impact fee revenues legally restricted or committed to supporting expenditures for the park & recreation facilities of the City.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Project Fund – Capital Improvements – used to account for and report financial resources that are committed to expenditures for general capital improvements in the City.

The City reports the following major enterprise funds:

- Electric Utility – accounts for operations of the electric system.
- Water Utility – accounts for operations of the water system.
- Wastewater Utility – accounts for operation of the sanitary sewer system.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The City reports the following non-major governmental funds:

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

Ambulance	Law Enforcement Facilities Impact Fees
Garbage and Refuse	Fire & EMS Facilities Impact Fees
Park Land Acquisition	Tourism
Park land Improvement	Library Trust
Woodcreek Stormwater	Police Forfeitures
Community Development	
Transportation Facilities Impact Fees	

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

- Tax Incremental District #4
- Tax Incremental District #5
- Tax Incremental District #6

In addition, the City reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

- Data Processing
- Risk Management
- Fleet

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

- Tax Collection Fund

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Wastewater, and Electric Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments

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

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

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy requires collateralization on two types of investments: all repurchase agreements and certificates of deposit over five hundred thousand dollars (\$500,000). Furthermore, the policy states that in order to anticipate market changes and provide a level of security, the collateralization level shall be (102%) of market value of principal and accrued interest. Collateral is limited to U.S. Government or U.S. Government Agency securities. Lastly, the policy states that City funds may be invested in any corporate security which matures within not more than seven years of the date it is acquired, if that security has a rating which the highest or second highest rating category is assigned by Standard & Poors Corporation, Moody's Investors Service, or other similar nationally recognized rating agency.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded in the year levied as receivables and deferred inflows of resources as unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities-agency fund.

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	April 30, 2018
Third installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

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

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

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. *Receivables* (continued)

Metered electric and water sales to consumers are billed at rates approved by the Public Service Commission of Wisconsin. Wastewater charges to consumers are billed at rates established by the City's Common Council. All customers are billed on a monthly basis, payable in 20 days. Delinquent balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

3. *Inventories and Prepaid Items*

Governmental fund inventories and supplies, if material, are recorded at cost based on the first-in, first-out (FIFO) method using the consumption method of accounting. Proprietary fund inventories are generally used for replacement parts. They are not for resale. They are valued at the lower of cost or market on a FIFO basis based on physical quantities on hand.

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

4. *Restricted Assets*

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

5. *Capital Assets*

Government-Wide Statements

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

Government-Wide Statements (continued)

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 funds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method over the range of estimated useful lives by type of asset or is computed under the straight-line method using rates approved by the Public Service Commission for the Electric and Water utilities.

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

Buildings	12-47 Years
Land Improvements	15-20 Years
Machinery and Equipment	2-45 Years
Utility System	26-77 Years
Infrastructure	20-77 Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee resignation or retirement.

Employees earn vacation time after one year of continuous service to the City. Any amounts earned must be used by the employee's anniversary date. Sick leave is earned at the rate of one and one half days for each month of service and may be accumulated to a maximum of 90 days.

Vested compensated absences are recorded on the government-wide financial statements.

8. Long-Term Obligations/Conduit Debt

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

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

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

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2017, there were eight series of Industrial Development Revenue Bonds outstanding totaling \$20,227,287.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not expendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

Fund Statements (continued)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City Common Council has, by resolution, adopted a financial policy authorizing the Administrator and Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a minimum fund balance policy. The policy establishes the minimum general fund balance equal to 25% of the subsequent year's budgeted expenditures of the General Fund and the Capital Project Fund – Capital Improvements. Based on the City's policy, a minimum fund balance of \$3,897,740 is required. As of December 31, 2017, the City is in compliance with their policy.

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

See Note IV. G, for further information.

11. Pension

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Basis for Existing Rates

Electric Utility

Current electrical rates were approved by the Public Service Commission of Wisconsin effective on January 31, 2014.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective on September 16, 2011.

Wastewater Utility

Current wastewater rates were approved by the City's City Council effective on January 31, 2017.

CITY OF OCONOMOWOC

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

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

A. *EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION*

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	\$ 73,240,062
Less Internal Service Fund Capital Assets	<u>(245,877)</u>
Adjustment for Capital Assets	<u>\$ 72,994,185</u>

CITY OF OCONOMOWOC

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the General Fund, Special Revenue Fund - Park and Recreation Facilities Impact Fees, Capital Projects Fund – Capital Improvements, Special Revenues Funds – Ambulance, Garbage and Refuse, Park Land Acquisition, Park Land Improvement, Woodcreek Stormwater, Community Development, Transportation Facilities Impact Fees, Law Enforcement Facilities Impact Fees, Fire & EMS Facilities Impact Fees, and Tourism, Debt Service Fund and Capital Projects Fund – TID #4. A budget has not been formally adopted for the Special Revenue Funds – Library Trust and Police Forfeitures and Capital Projects Funds – TID #5 and TID #6. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund / Function	Actual Expenditure	Budgeted Expenditure	Excess
General Fund			
Health and human services	\$ 78,682	\$ 76,088	\$ 2,594
Transfers out	1,418,477	1,213,477	205,000
Debt Service Fund			
Transfers out	653,391	650,000	3,391
Capital Projects Fund - TID #4			
General government	3,608	150	3,458
Conservation and development	45,465	-	45,465

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

CITY OF OCONOMOWOC

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. DEFICIT FUND BALANCES

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

As of December 31, 2017, the following funds had a deficit fund equity:

Fund	Amount	Reason
Special Revenue Fund - Transportation Facilities Impact Fee	\$ 260,670	Facilities expenditures incurred ahead of collected impact fees
Special Revenue Fund - Park & Recreation Facilities Impact Fees	1,349,964	Facilities expenditures incurred ahead of collected impact fees
Debt Service Fund	605,912	Debt payments exceeded revenues
Capital Project Fund - TID #4	1,464,361	TID expenditures exceeded revenues
Capital Project Fund - TID #5	49,496	TID expenditures exceeded revenues
Capital Project Fund - TID #6	23,392	TID expenditures exceeded revenues

The Special Revenue Fund – Transportation Facilities Impact Fee deficit will be funded with future impact fee revenues.

The Debt Service Fund deficit will be funded with future tax revenues.

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Petty cash and cash on hand	\$ 6,936	\$ 6,936	n/a
Deposits with financial institutions	8,176,804	8,348,241	Custodial credit
Local government investment pool	41,022,362	41,022,362	Credit
US agencies - explicitly guaranteed	4,264,908	4,264,908	Custodial credit, interest rate and investments highly sensitive to interest rate
US agencies - implicitly guaranteed	1,748,855	1,748,855	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Negotiable certificates of deposit	3,172,622	3,172,622	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Corporate bonds	199,568	199,568	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Other external investment pools	330,981	330,981	Credit
Total Cash and Investments	<u>\$ 58,923,036</u>	<u>\$ 59,094,473</u>	
Reconciliation to financial statements:			
Per statement of net position			
Unrestricted cash and investments	\$ 37,093,719		
Restricted cash and investments	9,459,855		
Per statement of assets and liabilities - agency fund			
Agency fund	<u>12,369,462</u>		
Total Cash and Investments	<u>\$ 58,923,036</u>		

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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

The City maintains a collateral agreement with one of its bank. At December 31, 2017, the bank had pledged various government securities in the amount of \$2,129,388 to secure the City's deposits.

Custodial Credit Risk

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

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

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

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

Credit Risk

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

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

Investment Type	Moody's Investor Service	Not Rated
US agencies - implicitly guaranteed	Aaa	---
Negotated certificates of deposits	---	Yes
Corporate bonds	Aaa	---
Local government investment pool	---	Yes
Other external investment pools	---	Yes

Concentration of Credit Risk

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

At December 31, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLB	US agencies - implicitly guaranteed	18%

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of December 31, 2017, the City's investments were as follows:

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
US agencies - explicitly guaranteed	\$ 4,264,908	\$ 299,742	\$ 488,908	\$ 248,490	\$ 3,227,768
US agencies - implicitly guaranteed	1,748,855	297,666	1,451,189	-	-
Negotiable certificate of deposits	3,172,622	1,930,448	1,242,174	-	-
Corporate bonds	199,568	-	-	199,568	-
	<u>\$ 9,385,953</u>	<u>\$ 2,527,856</u>	<u>\$ 3,182,271</u>	<u>\$ 448,058</u>	<u>\$ 3,227,768</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2017, the City held \$4,264,908, \$1,748,855, \$3,172,622 and \$199,568 in US agencies – explicitly guaranteed, US agencies – implicitly guaranteed, negotiable certificates of deposit and corporate bonds respectively. With all fixed income securities, as interest rates rise, the values will fall. The longer the time to maturity, the more sensitive the value will be to a change in interest rates. The longest time to maturity on any holding is 28 years maturing March 1, 2045.

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

The valuation method for recurring fair value measurements is as follows:

- > Quoted market prices

Investment	December 31, 2017			Total
	Level 1	Level 2	Level 3	
US agencies - explicitly guaranteed	\$ 548,232	\$ 3,716,676	\$ -	\$ 4,264,908
US agencies - implicitly guaranteed	794,023	954,832	-	1,748,855
Negotiable certificate of deposits	-	3,172,622	-	3,172,622
Corporate bonds	199,568	-	-	199,568
Other external investment pools	-	330,981	-	330,981
Total investments by Fair value level	<u>\$ 1,541,823</u>	<u>\$ 8,175,111</u>	<u>\$ -</u>	<u>\$ 9,716,934</u>

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Receivables consist of accounts, taxes, special assessments and delinquent taxes from residents and others. Receivables are reported in the aggregate for the government's individual major funds, nonmajor funds, proprietary funds and fiduciary fund, net of any uncollectible amounts. As of December 31, 2017, the City has recorded an allowance for uncollectible accounts of \$2,374 in the Special Revenue Fund - Ambulance. All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$18,852, accounts receivable of \$175,000 and delinquent personal property taxes of \$3,226 all which are recorded in the General Fund.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 12,042,285	\$ -
Special assessments receivable	-	25,807
Development receivable	-	746,344
Park and recreation fees	58,318	-
Grant receivable	-	273,544
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 12,100,603	\$ 1,045,695
Unearned revenue included in liabilities	\$ 58,318	
Unearned revenue included in deferred inflows	12,042,285	
Total Unearned Revenue for Governmental Activities on Statement of Net Position	\$ 12,100,603	

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

The Electric Utility has restricted deposits of cash that will be returned to the customers in the future. The Water and Wastewater have restricted cash and investments in accordance with their applicable debt instruments. Restricted assets consist of the following cash and investments:

Electric Utility	
Customer deposits	\$ 28,052
Water Utility	
Expansion reserve	156,705
Wastewater Treatment	
Expansion reserve	9,020,613
Replacement reserve	<u>254,485</u>
Total	<u>\$ 9,459,855</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,657,950	\$ 3,065,570	\$ 233,274	\$ 13,490,246
Construction in progress	4,270,468	2,030,376	4,125,101	2,175,743
Total Capital Assets Not Being Depreciated	<u>14,928,418</u>	<u>5,095,946</u>	<u>4,358,375</u>	<u>15,665,989</u>
Capital assets being depreciated/amortized				
Land improvements	2,283,005	2,733,732	283,096	4,733,641
Buildings	14,973,536	296,497	3,445,460	11,824,573
Machinery and equipment	9,699,902	611,656	2,700,595	7,610,963
Infrastructure	68,063,473	7,495,732	-	75,559,205
Subtotals	<u>95,019,916</u>	<u>11,137,617</u>	<u>6,429,151</u>	<u>99,728,382</u>
Less: Accumulated depreciation/amortization for				
Land improvements	1,121,323	122,118	(119,936)	1,123,505
Buildings	6,481,305	318,109	(1,067,224)	5,732,190
Machinery and equipment	6,117,552	511,107	(2,041,855)	4,586,804
Infrastructure	28,148,048	2,563,762	-	30,711,810
Subtotals	<u>41,868,228</u>	<u>3,515,096</u>	<u>(3,229,015)</u>	<u>42,154,309</u>
Total capital assets, being depreciated, net	<u>53,151,688</u>	<u>7,622,521</u>	<u>3,200,136</u>	<u>57,574,073</u>
Governmental activities capital assets, net	<u>\$ 68,080,106</u>	<u>\$ 12,718,467</u>	<u>\$ 7,558,511</u>	<u>\$ 73,240,062</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

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

Governmental Activities	
General government	\$ 42,962
Public safety	155,683
Public works	2,833,631
Culture and recreation	482,820
Total depreciation expense	<u>\$ 3,515,096</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-Type Activities

	Beginning Balance *	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 242,294	\$ -	\$ -	\$ 242,294
Construction in progress	87,425	810,721	-	898,146
Total Capital Assets Not Being Depreciated	<u>329,719</u>	<u>810,721</u>	<u>-</u>	<u>1,140,440</u>
Capital assets being depreciated				
Buildings	14,209,576	-	-	14,209,576
Machinery and equipment	34,296,726	1,026,044	14,450	35,308,320
Utility system	103,247,295	4,549,217	90,597	107,705,915
Subtotals	<u>151,753,597</u>	<u>5,575,261</u>	<u>105,047</u>	<u>157,223,811</u>
Less: Accumulated depreciation for				
Buildings	7,433,748	359,746	-	7,793,494
Machinery and equipment	16,040,091	1,172,558	(13,830)	17,198,819
Utility system	30,600,694	2,383,220	(86,240)	32,897,674
Subtotals	<u>54,074,533</u>	<u>3,915,524</u>	<u>(100,070)</u>	<u>57,889,987</u>
Total Capital Assets Being Depreciated, net	<u>97,679,064</u>	<u>1,659,737</u>	<u>4,977</u>	<u>99,333,824</u>
Business-type activities capital assets, net	<u>\$ 98,008,783</u>	<u>\$ 2,470,458</u>	<u>\$ 4,977</u>	<u>\$ 100,474,264</u>

* In the table above, there was a reclassification of \$28,725 between machinery and equipment and utility system beginning balance of accumulated depreciation to reflect classification appropriately.

Depreciation expense was charged to functions as follows:

	Depreciation Charge to Expense	Depreciation Charged to Operations	Total Depreciation
Business-Type Activities			
Electric	\$ 1,694,742	\$ 108,324	\$ 1,803,066
Water	765,486	90,553	856,039
Wastewater	1,256,419	-	1,256,419
Total Business-Type Activities Depreciation Expense	<u>\$ 3,716,647</u>	<u>\$ 198,877</u>	<u>\$ 3,915,524</u>

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

	Interfund Receivables	Interfund Payables
Tax Roll items to be Paid:		
Debt Service Fund	\$ 1,353,750	\$ -
Capital Projects Fund - Capital Improvements	1,896,450	-
Nonmajor Governmental Funds	1,217,179	-
Enterprise Funds		
Electric Utility	15,318	-
Water Utility	2,493	-
Wastewater Utility	3,912	-
General Fund	-	4,489,102
Totals	<u>\$ 4,489,102</u>	<u>\$ 4,489,102</u>
Long-term Advances:		
Governmental Funds		
General Fund	\$ 280,250	\$ -
Special Revenue Fund - Park & Recreation Impace Fees	-	1,027,100
Debt Service Fund	-	653,391
Nonmajor Governmental Funds	-	2,292,750
Enterprise Funds		
Electric Utility	1,623,847	-
Water Utility	-	3,183,646
Wastewater Utility	5,252,790	-
Totals	<u>\$ 7,156,887</u>	<u>\$ 7,156,887</u>

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ -
Business-type Activities	Governmental Activities	3,714,714
Total Government-Wide Financial Statements		<u>\$ 3,714,714</u>

The principal reason for the interfund amounts relates to a time lag between the dates the transactions are recorded and the dates payments are made between funds. All of the remaining amounts are due within one year except for long-term advance of which only \$362,886 will be collected in the subsequent year.

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

The following is a schedule of interfund transfers:

	Transfer to:		
	General Fund	Capital Improvements Fund	Totals
Transfer from:			
General Fund	\$ -	\$ 1,418,477	\$ 1,418,477
Capital Improvements Fund	58,872	-	58,872
Nonmajor Governmental Funds	120,833	653,391	774,224
Electric Utility	813,684	-	813,684
Water Utility	522,898	-	522,898
Wastewater Utility	519,291	-	519,291
Totals	\$ 2,035,578	\$ 2,071,868	\$ 4,107,446
	Fund Transferred To	Fund Transferred From	Amount
	Governmental Activities	Business-type Activities	\$ 1,855,873
	Business-type Activities	Governmental Activities	-
	Total Government-wide Financial Statements		\$ 1,855,873

Transfers from the Enterprise Funds represent mainly the payments in lieu of taxes.

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance (Restated)	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	\$ 8,907,810	\$ -	\$ 750,665	\$ 8,157,145	\$ 779,030
Notes	1,903,896	-	234,816	1,669,080	244,816
Premium on bonds and notes	185,308	-	25,642	159,666	25,642
Subtotal	10,997,014	-	1,011,123	9,985,891	1,049,488
Other Liabilities					
WPPI note payable	16,434	-	3,400	13,034	3,400
Net pension liability	729,400	-	365,356	364,044	-
Vested compensated absences	315,497	361,567	315,497	361,567	361,567
Subtotal	1,061,331	361,567	684,253	738,645	364,967
Total Governmental Activities					
Long-Term Obligations	<u>\$ 12,058,345</u>	<u>\$ 361,567</u>	<u>\$ 1,695,376</u>	<u>\$ 10,724,536</u>	<u>\$ 1,414,455</u>
Business-Type Activities					
General Obligation Debt					
Bonds	\$ 317,190	\$ -	\$ 34,335	\$ 282,855	\$ 35,970
Notes	2,680,000	-	420,000	2,260,000	435,000
Premium on bonds and notes	53,617	-	10,213	43,404	10,213
Subtotal	3,050,807	-	464,548	2,586,259	481,183
Revenue bonds					
Sewer mortgage	363,289	-	363,289	-	-
Other Liabilities					
Net pension liability	285,987	-	133,508	152,479	-
Vested compensated absences	168,990	182,043	168,990	182,043	182,043
Subtotal	454,977	182,043	302,498	334,522	182,043
Total Business-Type Activities					
Long-Term Obligations	<u>\$ 3,869,073</u>	<u>\$ 182,043</u>	<u>\$ 1,130,335</u>	<u>\$ 2,920,781</u>	<u>\$ 663,226</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

The full faith credit and resources of the City have been irrevocably pledged to collateralize all of the general obligation notes and bonds. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service. Business-type activities general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2017, was \$104,689,955. Total general obligation debt outstanding at year end was \$12,369,080.

Bonds

\$2,525,000 street improvement bonds issued 7/7/11; \$145,000 to \$220,000 due annually through 2026; interest 0.45% to 3.75%	\$ 1,710,000
\$4,285,000 general obligation bonds issued 12/18/12; \$190,000 to \$275,000 due annually through 2031; interest 1.00% to 2.875%	3,285,000
\$1,270,000 general obligation bonds issued 8/21/13; \$100,000 to \$140,000 due annually through 2024; interest 3.00% to 4.50%	865,000
\$3,880,000 general obligation bonds issued 11/01/13; \$325,000 to \$400,000 due annually through 2024; interest 2.00% to 3.00%	<u>2,580,000</u>
Total Bonds	<u>8,440,000</u>

Notes

\$1,250,000 general obligation notes issued 8/21/13; \$115,000 to \$140,000 due annually through 2023; interest 1.50% to 3.00%	790,000
\$78,528 promissory notes issued 11/18/14; \$9,816 due annually through 2022; interest 0.0%	49,080
\$1,150,000 general obligation notes issued 12/16/14; \$105,000 to \$130,000 due annually through 2024; interest 1.50% to 2.50%	830,000
\$3,100,000 general obligation notes issued 5/20/2015; \$420,000 to \$475,000 due annually through 2022; interest 2.00%	<u>2,260,000</u>
Total Notes	<u>3,929,080</u>

Total Outstanding General Obligation Debt **\$ 12,369,080**

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

Debt service requirements to maturity are as follows:

	Governmental Activities Long-Term Debt		Business-Type Activities Long-Term Debt		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,023,846	\$ 259,704	\$ 470,970	\$ 51,445	\$ 1,494,816	\$ 311,149
2019	1,042,211	235,467	482,605	51,447	1,524,816	286,914
2020	1,067,211	208,462	487,605	31,181	1,554,816	239,643
2021	1,115,576	179,223	494,240	20,688	1,609,816	199,911
2022	1,137,306	147,712	517,510	9,700	1,654,816	157,412
2023-2027	3,380,075	331,439	89,925	4,083	3,470,000	335,522
2028-2031	1,060,000	61,309	-	-	1,060,000	61,309
Totals	\$ 9,826,225	\$ 1,423,316	\$ 2,542,855	\$ 168,544	\$ 12,369,080	\$ 1,591,860

WPPI Note Payable

The City entered into a loan agreement with WPPI Energy, a Wisconsin municipal electric company to upgrade the City's accounting software. The loan was recorded in the Data Processing Services internal service fund. The loan is payable monthly in the amount of \$283 with no interest being charged. The annual principal payments are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 3,400	\$ -	\$ 3,400
2019	3,400	-	3,400
2020	3,400	-	3,400
2021	2,834	-	2,834
	<u>\$ 13,034</u>	<u>\$ -</u>	<u>\$ 13,034</u>

Other Debt Information

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. The compensated absences and net pension liability will be liquidated by the general fund, electric utility, water utility and wastewater utility.

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

G. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 13,490,246
Construction in progress	2,175,743
Other capital assets, net of accumulated depreciation	57,574,073
Less: Long-term debt outstanding	(9,839,259)
Less: Premium on long-term debt	(159,666)
Plus: Noncapital debt and premium	669,210
Total Net Investment in Capital Assets	<u>\$ 63,910,347</u>

Business Type Activities

Net Investment in Capital Assets	
Land	\$ 242,294
Construction in progress	898,146
Other capital assets, net of accumulated depreciation	99,333,824
Less: Long-term debt outstanding	(2,542,855)
Less: Premium on long-term debt	(43,403)
Plus: Noncapital debt and premium	282,854
Total Net Investment in Capital Assets	<u>\$ 98,170,860</u>

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

G. NET POSITION/FUND BALANCE (continued)

Governmental Funds

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

	<u>Special Revenue Fund</u>					Totals
	General	Park & Recreation Facilities Impact Fees	Debt Service Fund	Capital Improvements	Nonmajor Governmental Funds	
Nonspendable						
Delinquent personal property taxes	\$ 3,226	\$ -	\$ -	\$ -	\$ -	\$ 3,226
Inventories and prepaid items	16,297	-	-	-	1,395	17,692
Due from other funds	280,250	-	-	-	-	280,250
Noncurrent receivables	175,000	-	-	-	-	175,000
Restricted						
Imagination station	7,411	-	-	-	-	7,411
Park land acquisition	-	-	-	-	2,462	2,462
Park land improvements	-	-	-	-	67,603	67,603
Woodcreek stormwater	-	-	-	-	92,952	92,952
Police forfeitures	-	-	-	-	13,510	13,510
Law enforcement facilities impact fees	-	-	-	-	204,625	204,625
Tourism	-	-	-	-	89,865	89,865
Library trust	-	-	-	-	38,047	38,047
Committed						
Health insurance	196,260	-	-	-	-	196,260
Subsequent year projects	-	-	-	1,836,990	1,485,060	3,322,050
Assigned						
Façade improvements	192,999	-	-	-	-	192,999
Planning consulting	45,000	-	-	-	-	45,000
Community center capital	15,000	-	-	-	-	15,000
Carryovers and miscellaneous	293,777	-	-	-	-	293,777
Unassigned (deficit)	7,373,176	(1,349,964)	(605,912)	-	(1,797,919)	3,619,381
Total Fund Balances (Deficits)	\$ 8,598,396	\$ (1,349,964)	\$ (605,912)	\$ 1,836,990	\$ 197,600	\$ 8,677,110

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

H. RESTATEMENT OF NET POSITION

Net position has been restated to correct errors as noted in the table below:

	Governmental Activities	Business-Type Activities	Electric Utility	Water Utility	Wastewater Utility
Net Position as presented December 31, 2016	\$ 73,255,787	\$ 126,048,506	\$ 40,479,468	\$ 29,876,688	\$ 55,692,350
To eliminate recognized revenue for special assessments that are not collectible until a future event takes place	-	(335,122) (13,679)	-	(335,122)	-
To eliminate recognized revenue for North Interceptor, 2nd Street and Lift Station	-	(2,529,980)	-	-	(2,529,980)
To eliminate unfunded pension assets that are amortized over life of liability (allowable under regulatory guidance)	-	(317,190)	(161,990)	(65,960)	(89,240)
To recognize impact fee monies collected	-	119,934	-	119,934	-
To record compensated absences	(315,497)	(168,990)	(103,140)	(25,009)	(40,841)
Restated Net Position as of December 31, 2016	<u>\$ 72,940,290</u>	<u>\$ 122,803,479</u>	<u>\$ 40,214,338</u>	<u>\$ 29,570,531</u>	<u>\$ 53,018,610</u>

I. SPECIAL ITEM

During 2017 the City entered into an agreement to create the Western Lakes Fire District. As a part of that agreement the City transferred fire related equipment, vehicles, and buildings to the new district. This transfer resulted in a loss on assets totaling \$3,058,976 which has been reported as a special item in the 2017 financial statements.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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

During the reporting period, the WRS recognized \$599,847 in contributions from the City.

Contribution rates as of December 31, 2017 are:

	Employee	Employer
General	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

At December 31, 2017, the City reported a liability of \$516,523 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.062666730%, which was an increase of 0.000180720% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$728,959.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,950	\$ 1,624,422
Change in assumptions	540,045	-
Net difference between projected and actual earnings on pensions plan investments	3,080,368	509,279
Change in proportion and differences between employer contributions and proportionate share of contributions	16,840	2,850
Employer contributions subsequent to the measurement date	612,520	-
Totals	\$ 4,446,723	\$ 2,136,551

\$612,520 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2017	\$ 1,336,925	\$ 646,644
2018	1,336,925	646,644
2019	1,117,568	646,644
2020	41,889	196,585
2021	896	34
Total	\$ 3,834,203	\$ 2,136,551

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Actuarial valuation date	December 31, 2015
Measurement date of net pension liability	December 31, 2016
Actuarial cost method	Entry Age
Asset valuation method	Fair Market Value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Salary increases	3.2%
Salary increases	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%

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

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

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Variable Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net position liability (asset)	\$6,795,197	\$516,523	(\$4,318,340)

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

At December 31, 2017, the City reported a payable to the pension plan of \$134,909 which represents contractually required contributions outstanding as of the end of the year.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

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

Long-Term Contracts – WPPI Energy

The City of Oconomowoc Electric Utility purchases its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.0825 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The City of Oconomowoc Electric Utility is one of 51 members of WPPI located throughout the State of Wisconsin and Upper Michigan and Iowa. On December 31, 1989, each of WPPI's members, including the City of Oconomowoc, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract was amended during 2002 to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

C. COMMITMENTS AND CONTINGENCIES (continued)

Long-Term Contracts – WPPI Energy (continued)

Under the Long-term Contract, the City of Oconomowoc Electric Utility and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality.

The City of Oconomowoc Electric Utility has agreed to charge rates to the retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the City of Oconomowoc Electric Utility payable from any operating and maintenance fund established by the City of Oconomowoc Electric Utility.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial thirty-five year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

Total purchases under this arrangement amounted to \$17,530,985 in 2017.

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

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

E. WESTERN LAKES FIRE DISTRICT

By agreement dated February 2, 2017, the Western Lakes Fire District (WLFD) was created. The WLFD, which provides a unified integrated fire and emergency medical service, began operations on March 2, 2017. The WLFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the City of Oconomowoc, Village of Dousman, Village of Summit, and the Town of Ottawa. The Western Lakes Fire District is operated by a Fire Board consisting of seven citizen members appointed by the participating municipalities. The affirmative vote of a majority of the members of the Fire Board is required on most matters.

The powers of the Fire Board include developing and submitting the department's budget. The capital and operating budget of the department is approved by the Fire Board and the participating municipalities, any budget exceeding 104% of the current year's authorized expenditures must be approved by all participating municipalities.

Also established by the agreement is a Joint Fire Commission which is responsible for overseeing operational aspects of the district, including authorizing repair, maintenance and renewal of physical assets. In addition the Fire Commission has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc. The City is obligated by the joint venture agreement to remit an amount annually to the district. The City made payments to the district in 2017 totaling \$1,535,630.

Financial information of the district is available directly from the district by request. Western Lakes Fire District, 1400 Oconomowoc Parkway, Oconomowoc, WI 53066.

F. SUBSEQUENT EVENTS

The City acquired property on February 15, 2018, at a purchase price of \$2.5 million.

The Wastewater rates were increased by the City's City Council effective on January 31, 2018. Rates were increased by 3.1%, 5.4% and 8.5% for residential customer, commercial customers and sanitary districts, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OCONOMOWOC

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

WRS Fiscal Year End Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.06297662%	\$ (1,546,877)	\$ 7,751,645	19.96%	102.74%
12/31/15	0.06248601%	1,015,387	7,845,958	12.94%	98.20%
12/31/16	0.06266673%	516,523	8,032,246	6.43%	99.12%

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

City's Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 615,410	\$ 615,410	\$ -	\$ 7,845,958	7.84%
12/31/16	601,843	601,843	-	8,032,246	7.49%
12/31/17	599,847	599,847	-	7,978,650	7.52%

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

CITY OF OCONOMOWOC

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2017

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,264,829	\$ 1,264,829	\$ 1,264,829	\$ -
Miscellaneous	47,985	47,985	2,992	(44,993)
Total Revenues	<u>1,312,814</u>	<u>1,312,814</u>	<u>1,267,821</u>	<u>(44,993)</u>
EXPENDITURES				
Debt Service				
Principal	1,019,816	1,019,816	985,481	34,335
Interest and fiscal charges	292,998	292,998	281,348	11,650
Total Expenditures	<u>1,312,814</u>	<u>1,312,814</u>	<u>1,266,829</u>	<u>45,985</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>992</u>	<u>992</u>
OTHER FINANCING USES				
Transfers out	<u>(650,000)</u>	<u>(650,000)</u>	<u>(653,391)</u>	<u>(3,391)</u>
Net change in fund balance	<u>\$ (650,000)</u>	<u>\$ (650,000)</u>	<u>(652,399)</u>	<u>\$ (2,399)</u>
Fund balance - Beginning of year			<u>46,487</u>	
Fund balance (deficit) - End of year			<u>\$ (605,912)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENTS
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,897,700	\$ 1,897,700	\$ 1,897,700	\$ -
Special assessments	-	788,027	-	(788,027)
Intergovernmental	1,070,000	1,070,000	-	(1,070,000)
Miscellaneous	15,000	15,000	43,989	28,989
Total Revenues	<u>2,982,700</u>	<u>3,770,727</u>	<u>1,941,689</u>	<u>(1,829,038)</u>
EXPENDITURES				
Capital Outlay	<u>4,790,177</u>	<u>6,657,497</u>	<u>4,663,727</u>	<u>1,993,770</u>
Excess (deficiency) of revenues over expenditures	<u>(1,807,477)</u>	<u>(2,886,770)</u>	<u>(2,722,038)</u>	<u>164,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,863,477	1,863,477	2,071,868	208,391
Transfers out	(75,000)	(95,791)	(58,872)	36,919
Sale of capital assets	19,000	19,000	12,135	(6,865)
Total Other financing sources (uses)	<u>1,807,477</u>	<u>1,786,686</u>	<u>2,025,131</u>	<u>238,445</u>
Net change in fund balance	\$ -	\$ (1,100,084)	(696,907)	\$ 403,177
Fund balance - Beginning of year			<u>2,533,897</u>	
Fund balance - End of year			<u>\$ 1,836,990</u>	

CITY OF OCONOMOWOC

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

	Special Revenue Funds						
	Ambulance Fund	Garbage and Refuse Fund	Park Land Acquisition Fund	Park Land Improvement Fund	Woodcreek Stormwater Fund	Community Development Fund	
ASSETS							
Cash and investments	\$ 1,073,548	\$ 439,964	\$ 2,462	\$ 67,603	\$ 92,952	\$ 43,609	\$ 341
Receivables							
Accounts (net)	5,916	-	-	-	-	-	-
Due from other funds	-	863,700	-	-	7,450	-	-
Inventories and prepaid items	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,079,464	\$ 1,303,664	\$ 2,462	\$ 67,603	\$ 100,402	\$ 43,609	\$ 341
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 2	\$ 77,075	\$ -	\$ -	\$ -	\$ -	\$ 511
Deposits	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	260,500
Total Liabilities	<u>2</u>	<u>77,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,011</u>
Deferred Inflows of Resources							
Unearned revenues	-	864,600	-	-	7,450	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>864,600</u>	<u>-</u>	<u>-</u>	<u>7,450</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	2,462	67,603	92,952	-	-
Committed	1,079,462	361,989	-	-	-	43,609	-
Unassigned (Deficits)	-	-	-	-	-	-	(260,670)
Total Fund Balances (Deficits)	<u>1,079,462</u>	<u>361,989</u>	<u>2,462</u>	<u>67,603</u>	<u>92,952</u>	<u>43,609</u>	<u>(260,670)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,079,464	\$ 1,303,664	\$ 2,462	\$ 67,603	\$ 100,402	\$ 43,609	\$ 341

CITY OF OCONOMOWOC

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

	Special Revenue Funds (continued)					Total Special Revenue Funds
	Law Enforcement Facilities Impact Fees Fund	Fire & EMS Facilities Impact Fees Fund	Tourism Fund	Library Trust Fund	Police Forfeitures Fund	
ASSETS						
Cash and investments	\$ 204,625	\$ -	\$ 89,865	\$ 38,047	\$ 13,510	\$ 2,066,526
Receivables						
Accounts (net)	-	-	-	-	-	5,916
Due from other funds	-	-	-	-	-	871,150
Inventories and prepaid items	-	-	1,395	-	-	1,395
TOTAL ASSETS	\$ 204,625	\$ -	\$ 91,260	\$ 38,047	\$ 13,510	\$ 2,944,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,588
Deposits	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	260,500
Total Liabilities	-	-	-	-	-	338,088
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	872,050
Total Deferred Inflows of Resources	-	-	-	-	-	872,050
Fund Balances (Deficits)						
Nonspendable	-	-	1,395	-	-	1,395
Restricted	204,625	-	89,865	38,047	13,510	509,064
Committed	-	-	-	-	-	1,485,060
Unassigned (Deficits)	-	-	-	-	-	(260,870)
Total Fund Balances (Deficits)	204,625	-	91,260	38,047	13,510	1,734,849
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 204,625	\$ -	\$ 91,260	\$ 38,047	\$ 13,510	\$ 2,944,987

CITY OF OCONOMOWOC

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

	Capital Projects Fund			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	TID #4 Capital Projects Fund	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		
ASSETS					
Cash and investments	\$ 78	\$ 122,649	\$ 29	\$ 122,756	\$ 2,189,282
Receivables					
Accounts (net)	574,728	-	-	574,728	580,644
Due from other funds	346,029	-	-	346,029	1,217,179
Inventories and prepaid items	-	-	-	-	1,395
TOTAL ASSETS	\$ 920,835	\$ 122,649	\$ 29	\$ 1,043,513	\$ 3,988,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	\$ 26,667	\$ 1,755	\$ 3,671	\$ 32,093	\$ 109,681
Deposits	-	170,390	-	170,390	170,390
Advance from other funds	2,012,500	-	19,750	2,032,250	2,292,750
Total Liabilities	2,039,167	172,145	23,421	2,234,733	2,572,821
Deferred Inflows of Resources					
Unearned revenues	346,029	-	-	346,029	1,218,079
Total Deferred Inflows of Resources	346,029	-	-	346,029	1,218,079
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	1,395
Restricted	-	-	-	-	509,064
Committed	-	-	-	-	1,485,060
Unassigned (Deficits)	(1,464,361)	(49,496)	(23,392)	(1,537,249)	(1,797,919)
Total Fund Balances (Deficits)	(1,464,361)	(49,496)	(23,392)	(1,537,249)	197,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 920,835	\$ 122,649	\$ 29	\$ 1,043,513	\$ 3,988,500

CITY OF OCONOMOWOC

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

	Special Revenue Funds						
	Ambulance Fund	Garbage and Refuse Fund	Park Land Acquisition Fund	Park Land Improvement Fund	Woodcreek Stormwater Fund	Community Development Fund	Transportation Facilities Impact Fees Fund
REVENUES							
Taxes	\$ 145,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	7,450	-	-
Intergovernmental	4,180	131,937	-	-	-	-	-
License and permits	-	-	-	-	-	-	132,424
Public charges for services	168,675	860,913	-	-	-	-	-
Miscellaneous	11,794	8,169	36	640	902	447	496
Total Revenues	329,649	1,001,019	36	640	8,352	447	132,920
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	-
Public safety	194,070	-	-	-	-	-	-
Public works	-	891,054	-	-	4,770	-	10,164
Culture and recreation	-	-	3,540	-	-	-	-
Conservation and development	-	-	-	-	-	6,847	-
Debt Service							
Interest expense and fees	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	194,070	891,054	3,540	-	4,770	6,847	10,164
Excess (deficiency) of revenues over expenditures	135,579	109,965	(3,504)	640	3,582	(6,400)	122,756
OTHER FINANCING USES							
Transfers out	(120,833)	-	-	-	-	-	-
Net change in fund balances	14,746	109,965	(3,504)	640	3,582	(6,400)	122,756
FUND BALANCES (DEFICITS) - Beginning of Year	1,064,716	252,024	5,966	66,963	89,370	50,009	(383,426)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 1,079,462	\$ 361,989	\$ 2,462	\$ 67,603	\$ 92,952	\$ 43,609	\$ (260,670)

CITY OF OCONOMOWOC

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

	Special Revenue Funds (continued)					Total Special Revenue Funds
	Law Enforcement Facilities Impact Fees Fund	Fire & EMS Facilities Impact Fees Fund	Tourism Fund	Library Trust Fund	Police Forfeitures Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ 252,963	\$ -	\$ -	\$ 397,963
Special assessments	-	-	-	-	-	7,450
Intergovernmental	-	-	-	-	497	136,614
License and permits	92,280	40,452	-	-	-	265,156
Public charges for services	-	-	-	-	-	1,029,588
Miscellaneous	1,434	33	121	58	126	24,256
Total Revenues	93,714	40,485	253,084	58	623	1,861,027
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	177	-	-	-	194,247
Public works	-	-	-	-	-	905,988
Culture and recreation	-	-	161,824	490	-	165,854
Conservation and development	-	-	-	-	-	6,847
Debt Service						
Interest expense and fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	177	161,824	490	-	1,272,936
Excess (deficiency) of revenues over expenditures	93,714	40,308	91,260	(432)	623	588,091
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	(120,833)
Net change in fund balances	93,714	40,308	91,260	(432)	623	467,258
FUND BALANCES (DEFICITS) - Beginning of Year	110,911	(40,308)	-	38,479	12,887	1,267,591
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 204,625	\$ -	\$ 91,260	\$ 38,047	\$ 13,510	\$ 1,734,849

CITY OF OCONOMOWOC

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

	Capital Projects Funds			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	TID #4 Capital Projects Fund	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		
REVENUES					
Taxes	\$ 339,012	\$ -	\$ -	\$ 339,012	\$ 736,975
Special assessments	-	-	-	-	7,450
Intergovernmental	16,562	-	-	16,562	153,176
License and permits	-	-	-	-	265,156
Public charges for services	-	-	-	-	1,029,588
Miscellaneous	2,751	-	-	2,751	27,007
Total Revenues	<u>358,325</u>	<u>-</u>	<u>-</u>	<u>358,325</u>	<u>2,219,352</u>
EXPENDITURES					
Current					
General government	3,608	40,437	15,211	59,256	59,256
Public safety	-	-	-	-	194,247
Public works	-	5,094	4,216	9,310	915,298
Culture and recreation	-	-	-	-	165,854
Conservation and development	45,465	3,965	3,965	53,395	60,242
Debt Service					
Interest expense and fees	28,656	-	-	28,656	28,656
Capital Outlay	1,069,541	-	-	1,069,541	1,069,541
Total Expenditures	<u>1,147,270</u>	<u>49,496</u>	<u>23,392</u>	<u>1,220,158</u>	<u>2,493,094</u>
Excess (deficiency) of revenues over expenditures	<u>(788,945)</u>	<u>(49,496)</u>	<u>(23,392)</u>	<u>(861,833)</u>	<u>7,606</u>
OTHER FINANCING USES					
Transfers out	-	-	-	-	(120,833)
Net change in fund balances	(788,945)	(49,496)	(23,392)	(861,833)	(394,575)
FUND BALANCES (DEFICITS) - Beginning of Year	(675,416)	-	-	(675,416)	592,175
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (1,464,361)</u>	<u>\$ (49,496)</u>	<u>\$ (23,392)</u>	<u>\$ (1,537,249)</u>	<u>\$ 197,600</u>

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - AMBULANCE

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 145,000	\$ 145,000	\$ 145,000	\$ -
Intergovernmental	5,000	5,000	4,180	(820)
Public charges for services	784,500	167,405	168,675	1,270
Miscellaneous	2,750	2,750	11,794	9,044
Total Revenues	<u>937,250</u>	<u>320,155</u>	<u>329,649</u>	<u>9,494</u>
EXPENDITURES				
Public safety	<u>906,193</u>	<u>206,286</u>	<u>194,070</u>	<u>12,216</u>
Excess of revenues under expenditures	<u>31,057</u>	<u>113,869</u>	<u>135,579</u>	<u>21,710</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(120,833)</u>	<u>(120,833)</u>	<u>-</u>
Net change in fund balance	<u>\$ 31,057</u>	<u>\$ (6,964)</u>	14,746	<u>\$ 21,710</u>
Fund balance - Beginning of year			<u>1,064,716</u>	
Fund balance - End of year			<u>\$ 1,079,462</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - GARBAGE AND REFUSE
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 136,000	\$ 136,000	\$ 131,937	\$ (4,063)
Public charges for services	856,500	856,500	860,913	4,413
Miscellaneous	4,010	4,010	8,169	4,159
Total Revenues	<u>996,510</u>	<u>996,510</u>	<u>1,001,019</u>	<u>4,509</u>
EXPENDITURES				
Public works	<u>978,704</u>	<u>978,704</u>	<u>891,054</u>	<u>87,650</u>
Net change in fund balance	<u>\$ 17,806</u>	<u>\$ 17,806</u>	109,965	<u>\$ 92,159</u>
Fund balance - Beginning of year			<u>252,024</u>	
Fund balance - End of year			<u>\$ 361,989</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - PARK LAND ACQUISITION
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 36	\$ 36
EXPENDITURES				
Culture and recreation	-	5,000	3,540	1,460
Net change in fund balance	\$ -	\$ (5,000)	(3,504)	\$ 1,496
Fund balance - Beginning of year			5,966	
Fund balance - End of year			\$ 2,462	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - PARK LAND IMPROVEMENT
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 175	\$ 175	\$ 640	\$ 465
EXPENDITURES				
Culture and recreation	20,000	20,000	-	20,000
Net change in fund balance	\$ (19,825)	\$ (19,825)	640	\$ 20,465
Fund balance - Beginning of year			66,963	
Fund balance - End of year			\$ 67,603	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - WOODCREEK STORMWATER

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 7,450	\$ 7,450	\$ 7,450	\$ -
Miscellaneous	300	300	902	602
Total Revenues	<u>7,750</u>	<u>7,750</u>	<u>8,352</u>	<u>602</u>
EXPENDITURES				
Public works	<u>5,309</u>	<u>5,309</u>	<u>4,770</u>	<u>539</u>
Net change in fund balance	<u>\$ 2,441</u>	<u>\$ 2,441</u>	3,582	<u>\$ 1,141</u>
Fund balance - Beginning of year			<u>89,370</u>	
Fund balance - End of year			<u>\$ 92,952</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 175	\$ 175	\$ 447	\$ 272
EXPENDITURES				
Conservation and development	10,000	10,000	6,847	3,153
Net change in fund balance	\$ (9,825)	\$ (9,825)	(6,400)	\$ 3,425
Fund balance - Beginning of year			50,009	
Fund balance - End of year			\$ 43,609	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TRANSPORTATION FACILITIES IMPACT FEES
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 15,600	\$ 15,600	\$ 132,424	\$ 116,824
Miscellaneous	-	-	496	496
Total Revenues	<u>15,600</u>	<u>15,600</u>	<u>132,920</u>	<u>117,320</u>
EXPENDITURES				
Public works	<u>15,000</u>	<u>56,825</u>	<u>10,164</u>	<u>46,661</u>
Net change in fund balance	\$ <u>600</u>	\$ <u>(41,225)</u>	122,756	\$ <u>163,981</u>
Fund balance (deficit) - Beginning of year			<u>(383,426)</u>	
Fund balance (deficit) - End of year			\$ <u>(260,670)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - LAW ENFORCEMENT FACILITIES IMPACT FEES

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 21,600	\$ 21,600	\$ 92,280	\$ 70,680
Miscellaneous	300	300	1,434	1,134
Total Revenues	<u>21,900</u>	<u>21,900</u>	<u>93,714</u>	<u>71,814</u>
EXPENDITURES				
Public safety	<u>10,000</u>	<u>10,000</u>		<u>10,000</u>
Net change in fund balance	<u>\$ 11,900</u>	<u>\$ 11,900</u>	93,714	<u>\$ 81,814</u>
Fund balance - Beginning of year			<u>110,911</u>	
Fund balance - End of year			<u>\$ 204,625</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - FIRE & EMS FACILITIES IMPACT FEES
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 25,500	\$ 25,500	\$ 40,452	\$ 14,952
Miscellaneous	50	50	33	(17)
Total Revenues	<u>25,550</u>	<u>25,550</u>	<u>40,485</u>	<u>14,935</u>
EXPENDITURES				
Public safety	<u>300</u>	<u>300</u>	<u>177</u>	<u>123</u>
Net change in fund balance	<u>\$ 25,250</u>	<u>\$ 25,250</u>	40,308	<u>\$ 15,058</u>
Fund balance (deficit) - Beginning of year			<u>(40,308)</u>	
Fund balance - End of year			<u>\$ -</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TOURISM
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 220,000	\$ 220,000	\$ 252,963	\$ 32,963
Miscellaneous	160	160	121	(39)
Total Revenues	<u>220,160</u>	<u>220,160</u>	<u>253,084</u>	<u>32,924</u>
EXPENDITURES				
Culture and recreation	<u>196,067</u>	<u>196,067</u>	<u>161,824</u>	<u>34,243</u>
Net change in fund balance	<u>\$ 24,093</u>	<u>\$ 24,093</u>	91,260	<u>\$ 67,167</u>
Fund balance - Beginning of year			<u>-</u>	
Fund balance - End of year			<u>\$ 91,260</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - TID #4
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 340,877	\$ 340,877	\$ 339,012	\$ (1,865)
Intergovernmental	17,000	17,000	16,562	(438)
Miscellaneous	500	500	2,751	2,251
Total Revenues	<u>358,377</u>	<u>358,377</u>	<u>358,325</u>	<u>(52)</u>
EXPENDITURES				
General government	150	150	3,608	(3,458)
Conservation and development	-	-	45,465	(45,465)
Debt Service				
Interest and fiscal charges	28,875	28,875	28,656	219
Capital Outlay	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,069,541</u>	<u>530,459</u>
Total Expenditures	<u>1,629,025</u>	<u>1,629,025</u>	<u>1,147,270</u>	<u>481,755</u>
Net change in fund balance	<u>\$ (1,270,648)</u>	<u>\$ (1,270,648)</u>	(788,945)	<u>\$ 481,703</u>
Fund balance (deficit) - Beginning of year			<u>(675,416)</u>	
Fund balance (deficit) - End of year			<u>\$ (1,464,361)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - TID #5
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	-	-	40,437	(40,437)
Public works	-	-	5,094	(5,094)
Conservation and development	-	-	3,965	(3,965)
Total Expenditures	-	-	49,496	(49,496)
Net change in fund balance	\$ -	\$ -	(49,496)	\$ (49,496)
Fund balance - Beginning of year			-	
Fund balance (deficit) - End of year			\$ (49,496)	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - TID #6

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	-	-	15,211	(15,211)
Public works	-	-	4,216	(4,216)
Conservation and development	-	-	3,965	(3,965)
Total Expenditures	-	-	23,392	(23,392)
Net change in fund balance	\$ -	\$ -	(23,392)	\$ (23,392)
Fund balance - Beginning of year			-	
Fund balance (deficit) - End of year			\$ (23,392)	

CITY OF OCONOMOWOC

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2017**

	Data Processing Fund	Risk Management Fund	Fleet	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 440,368	\$ 301,760	\$ 386,247	\$ 1,128,375
Accounts receivable	-	12,801	66	12,867
Inventories and prepaid items	25,768	-	-	25,768
Total Current Assets	<u>466,136</u>	<u>314,561</u>	<u>386,313</u>	<u>1,167,010</u>
Non-Current Assets				
Machinery and equipment	408,504	-	-	408,504
Less: Accumulated depreciation	<u>(162,627)</u>	<u>-</u>	<u>-</u>	<u>(162,627)</u>
Total Non-Current Assets	<u>245,877</u>	<u>-</u>	<u>-</u>	<u>245,877</u>
Total Assets	<u>712,013</u>	<u>314,561</u>	<u>386,313</u>	<u>1,412,887</u>
LIABILITIES				
Current Liabilities				
Accounts payable	33,759	533	19,567	53,859
Accrued liabilities	-	-	163	163
Current portion of general obligation debt	3,400	-	-	3,400
Total Current Liabilities	<u>37,159</u>	<u>533</u>	<u>19,730</u>	<u>57,422</u>
Non-Current Liabilities				
General obligation debt	9,634	-	-	9,634
Total Liabilities	<u>46,793</u>	<u>533</u>	<u>19,730</u>	<u>67,056</u>
NET POSITION				
Net investment in capital assets	232,843	-	-	232,843
Unrestricted	<u>432,377</u>	<u>314,028</u>	<u>366,583</u>	<u>1,112,988</u>
TOTAL NET POSITION	<u>\$ 665,220</u>	<u>\$ 314,028</u>	<u>\$ 366,583</u>	<u>\$ 1,345,831</u>

CITY OF OCONOMOWOC

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

	Data Processing Fund	Risk Management Fund	Fleet	Totals
OPERATING REVENUES				
Charges for services	\$ 655,026	\$ 480,073	\$ 425,122	\$ 1,560,221
Other	2,206	47,129	4,365	53,700
Total Operating Revenues	<u>657,232</u>	<u>527,202</u>	<u>429,487</u>	<u>1,613,921</u>
OPERATING EXPENSES				
Administrative and general	531,214	465,912	436,515	1,433,641
Depreciation	25,923	-	-	25,923
Total Operating Expenses	<u>557,137</u>	<u>465,912</u>	<u>436,515</u>	<u>1,459,564</u>
Operating Income (Loss)	<u>100,095</u>	<u>61,290</u>	<u>(7,028)</u>	<u>154,357</u>
NONOPERATING REVENUES				
Interest income	4,253	2,211	5,566	12,030
Change in net position	104,348	63,501	(1,462)	166,387
NET POSITION - Beginning of Year	<u>560,872</u>	<u>250,527</u>	<u>368,045</u>	<u>1,179,444</u>
NET POSITION - END OF YEAR	<u>\$ 665,220</u>	<u>\$ 314,028</u>	<u>\$ 366,583</u>	<u>\$ 1,345,831</u>

CITY OF OCONOMOWOC

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Data Processing Fund	Risk Management Fund	Fleet	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 655,026	\$ 477,080	\$ 426,831	\$ 1,558,937
Payments to suppliers	(417,032)	(411,160)	(236,034)	(1,064,226)
Payments to and on behalf of employees	(66,664)	(7,090)	(177,251)	(251,005)
Net Cash Flows From Operating Activities	<u>171,330</u>	<u>58,830</u>	<u>13,546</u>	<u>243,706</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES				
Net acquisition of capital assets	(167,979)	-	-	(167,979)
Principal paid on notes	(3,400)	-	-	(3,400)
Net Cash Flows From Capital and Financing Activities	<u>(171,379)</u>	<u>-</u>	<u>-</u>	<u>(171,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	<u>4,253</u>	<u>2,211</u>	<u>5,566</u>	<u>12,030</u>
Net change in cash and cash equivalents	4,204	61,041	19,112	84,357
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>436,164</u>	<u>240,719</u>	<u>367,135</u>	<u>1,044,018</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 440,368</u>	<u>\$ 301,760</u>	<u>\$ 386,247</u>	<u>\$ 1,128,375</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 100,095	\$ 61,290	\$ (7,028)	\$ 154,357
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	25,923	-	-	25,923
Change in assets and liabilities				
Accounts receivable	-	(2,993)	1,711	(1,282)
Inventories and prepaid items	16,394	-	-	16,394
Accounts payable	28,918	533	18,700	48,151
Accrued liabilities	-	-	163	163
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ 171,330</u>	<u>\$ 58,830</u>	<u>\$ 13,546</u>	<u>\$ 243,706</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS				
Cash and investments	<u>\$ 440,368</u>	<u>\$ 301,760</u>	<u>\$ 386,247</u>	<u>\$ 1,128,375</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF OCONOMOWOC

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

As of December 31, 2017

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
ASSETS				
Cash and investments	\$ 11,902,920	\$ 12,369,462	\$ (11,902,920)	\$ 12,369,462
Taxes receivable	<u>12,586,784</u>	<u>12,405,280</u>	<u>(12,586,784)</u>	<u>12,405,280</u>
Total Assets	<u>\$ 24,489,704</u>	<u>\$ 24,774,742</u>	<u>\$ (24,489,704)</u>	<u>\$ 24,774,742</u>
LIABILITIES				
Due to other governments	<u>\$ 24,489,704</u>	<u>\$ 24,774,742</u>	<u>\$ (24,489,704)</u>	<u>\$ 24,774,742</u>

CITY OF OCONOMOWOC

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE As of December 31, 2017

Governmental Capital Assets	
Land	\$ 13,490,246
Land Improvements	4,733,641
Buildings	11,824,573
Machinery and equipment	7,610,963
Infrastructure	75,559,205
Construction in progress	<u>2,175,743</u>
Total Governmental Capital Assets	<u>\$ 115,394,371</u>
Investment in Governmental Capital Assets by Source	
General fund	\$ 3,310,107
Special revenue funds	6,130,804
Capital projects funds	63,759,134
Contributions	<u>42,194,326</u>
Total Investment in Governmental Capital Assets	<u>\$ 115,394,371</u>

CITY OF OCONOMOWOC

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY As of December 31, 2017

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Function and Activity				
General government	\$ 2,722,406	\$ 210,983	\$ (249,278)	\$ 2,684,111
Public safety				
Police	1,360,127	65,629	(169,823)	1,255,933
Fire	5,452,958	-	(5,242,195)	210,763
Ambulance	641,030	-	(641,030)	-
Public works	78,992,901	9,100,081	(4,096,783)	83,996,199
Culture and recreation	19,254,856	6,856,870	(388,417)	25,723,309
Conservation development	1,524,056	-	-	1,524,056
Total Governmental Capital Assets	<u>\$ 109,948,334</u>	<u>\$ 16,233,563</u>	<u>\$ (10,787,526)</u>	<u>\$ 115,394,371</u>

CITY OF OCONOMOWOC

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
As of December 31, 2017

	Land	Land Improvements	Buildings	Machinery and Equipment	Infrastructure	Construction In Progress	Total
Function and Activity							
General government	\$ 205,960	\$ 287,755	\$ 1,710,840	\$ 479,556	\$ -	\$ -	\$ 2,684,111
Public safety							
Police	-	-	313,608	942,325	-	-	1,255,933
Fire	210,763	-	-	-	-	-	210,763
Ambulance	-	-	-	-	-	-	-
Public works	1,789,923	2,089,075	626,570	3,811,750	75,504,573	174,308	83,996,199
Culture and recreation	9,806,642	2,356,811	9,173,555	2,330,234	54,632	2,001,435	25,723,309
Conservation development	1,476,958	-	-	47,098	-	-	1,524,056
Total Governmental Capital Assets	<u>\$ 13,490,246</u>	<u>\$ 4,733,641</u>	<u>\$ 11,824,573</u>	<u>\$ 7,610,963</u>	<u>\$ 75,559,205</u>	<u>\$ 2,175,743</u>	<u>\$ 115,394,371</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Oconomowoc's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends (Tables 1 thru 4)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 thru 11)

These schedules contain information to help the reader assess the government's most significant local revenue sources, electric charges for service and property tax.

Debt Capacity (Tables 12 thru 16)

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 17 thru 18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (Tables 19 thru 21)

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF OCONOMOWOC, WISCONSIN

Table 2 - Changes in Net Position
Last Ten Years
(accrual basis of accounting)

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
General Government	\$ 1,734,840	\$ 1,417,110	\$ 1,717,894	\$ 2,002,530	\$ 1,686,098	\$ 1,722,233	\$ 1,114,912	\$ 1,133,667	\$ 1,301,859	\$ 1,778,192
Public Safety	5,133,204	5,250,239	5,216,917	5,725,215	6,124,308	6,200,876	6,839,962	6,537,553	7,300,689 ⁽¹²⁾	7,004,271
Public Works	4,570,339	7,035,365 ⁽¹¹⁾	5,485,728	4,999,037	5,157,208	5,251,866	5,562,184	6,420,900 ⁽⁹⁾	4,313,368	7,152,335
Sanitation	957,109	1,027,870	1,059,573	1,145,997	1,187,665	1,206,549	1,238,375	921,556 ⁽¹⁰⁾	939,100	891,054
Health & Human Services	55,490	44,066	47,846	53,193	51,639	65,396	67,238	81,262	69,535	79,054
Culture & Recreation	2,574,813	2,558,067	2,657,723	2,769,148	2,956,094	3,037,207	2,694,682	3,102,567	3,318,525	2,424,466
Conservation & Development	678,834	554,573	630,122	494,693	211,363	479,290	3,551,540 ⁽⁶⁾	739,394	991,179	915,791
Interest on Long-Term Debt	941,625	1,046,927	1,030,837	1,063,375	961,798	865,729	415,205 ⁽⁷⁾	297,667 ⁽⁷⁾	277,199	279,056
Total Governmental Activities	16,646,254	18,934,217	17,846,640	18,253,188	18,336,173	18,829,146	21,484,098	19,234,566	18,511,454	20,524,219
Business-Type Activities:										
Electric Utility	19,437,258	19,553,523	22,388,184 ⁽²⁾	22,854,613	23,457,389	23,203,140	23,311,332	23,340,476	23,194,300	22,472,596 ⁽¹⁴⁾
Water Utility	1,935,284	2,116,428	2,147,650	2,408,769	2,269,042	2,288,830	2,495,848	2,467,765	2,476,278	2,604,895
Wastewater Utility	2,564,093	2,682,741	2,781,547	2,751,028	2,765,639	2,896,853	3,084,401	3,322,953	3,171,820	3,266,269
Total Business-Type Activities Expenses	23,936,635	24,352,692	27,317,381	28,024,410	28,492,070	28,388,823	28,891,581	29,131,194	28,842,398	28,343,760
Total Primary Government Expenses	\$ 40,582,889	\$ 43,286,909	\$ 45,164,021	\$ 46,277,598	\$ 46,828,243	\$ 47,217,969	\$ 50,375,679	\$ 48,365,760	\$ 47,353,852	\$ 48,867,979
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 415,923	\$ 350,031	\$ 788,228	\$ 864,551	\$ 877,816	\$ 862,810	\$ 405,750	\$ 383,964	\$ 432,358	\$ 387,904
Public Safety	1,787,647	1,514,930	1,418,359	1,687,187	1,559,019	1,829,378	1,604,617	1,713,420	1,842,484	1,078,173
Sanitation	852,801	920,809	1,033,112	1,046,298	1,142,594	1,164,153	1,173,835	840,976 ⁽¹⁰⁾	851,706	861,637
Other Activities	607,477	556,442	572,623	626,707	623,901	671,989	696,091	816,484	902,714	961,168
Operating Grants and Contributions	1,649,035	1,540,331	1,468,424	1,511,971	1,433,184	1,498,010	1,529,070	1,584,185	1,575,807	1,531,323
Capital Grants and Contributions	9,301,184 ⁽³⁾	4,028,451	7,167,706 ⁽³⁾	795,765	4,313,414 ⁽⁴⁾	715,030	2,015,696 ⁽⁵⁾	1,699,734	2,265,675 ⁽¹³⁾	6,638,724 ⁽⁸⁾
Total Governmental Activities	14,614,067	8,910,994	12,448,452	6,532,479	9,949,928	6,741,370	7,425,059	7,038,763	7,870,744	11,458,929
Business-Type Activities:										
Charges For Services:										
Electric Utility	21,012,751	21,323,094	22,919,822	23,693,501	24,147,335	24,057,575	25,154,540	25,183,209	24,924,397	24,066,162
Water Utility	1,927,837	2,494,171	2,527,357	2,716,239	3,555,142	3,433,380	3,349,615	3,361,175	3,399,073	3,349,010
Wastewater Utility	3,602,493	2,939,941	3,061,843	3,177,237	3,349,799	3,516,994	3,522,210	3,726,990	4,041,408	3,852,615
Capital Grants and Contributions	2,694,911	2,321,969	2,265,051	2,298	811,825	275,745	1,261,085 ⁽⁸⁾	1,872,161 ⁽⁸⁾	2,075,942 ⁽⁸⁾	4,187,817
Total Business-Type Activities	29,237,992	29,079,175	30,774,073	29,589,275	31,864,101	31,283,694	33,287,450	34,143,535	34,440,820	35,455,604
Total Primary Government Program Revenues	43,852,059	37,990,169	43,222,525	36,121,754	41,814,029	38,025,064	40,712,509	41,182,298	42,311,564	46,914,533
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,032,187)	\$ (10,023,223)	\$ (5,398,188)	\$ (11,720,709)	\$ (8,386,245)	\$ (12,087,776)	\$ (14,059,039)	\$ (12,195,803)	\$ (10,640,710)	\$ (9,065,290)
Business-type Activities	5,301,357	4,726,483	3,456,692	1,564,865	3,372,031	2,894,871	4,395,869	5,012,341	5,598,422	7,111,844
Total Primary Government Net Expense	\$ 3,269,170	\$ (5,296,740)	\$ (1,941,496)	\$ (10,155,844)	\$ (5,014,214)	\$ (9,192,905)	\$ (9,663,170)	\$ (7,183,462)	\$ (5,042,288)	\$ (1,953,446)

CITY OF OCONOMOWOC, WISCONSIN
Table 2 - Changes in Net Position (cont)
Last Ten Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 11,841,415	\$ 12,490,952	\$ 12,512,323	\$ 12,426,047	\$ 12,431,797	\$ 12,453,379	\$ 12,754,228	\$ 10,228,149 ⁽¹¹⁾	\$ 10,540,331	\$ 10,644,325
Other Taxes	306,691	276,638	345,331	348,571	375,828	385,647	402,925	436,126	424,462	444,269
Unrestricted Grants and Contributions	426,264	434,843	374,457	361,378	325,804	336,336	412,679	317,364	321,041	334,229
Investment Earnings	647,330	209,519	144,420	119,388	116,693	99,425	100,417	92,685	144,675	231,009
Miscellaneous	220,481	164,019	281,827	317,154	305,072	299,351	189,023	238,144	230,792	370,008
Special Item - loss on sale of asset	-	-	-	-	-	-	-	-	-	(3,058,976) ⁽¹⁵⁾
Transfers	864,243	973,520	1,152,893	1,324,306	1,395,363	1,541,232	1,556,837	1,500,376	1,621,147	1,855,873
Total Governmental Activities	<u>14,306,424</u>	<u>14,549,491</u>	<u>14,811,251</u>	<u>14,896,844</u>	<u>14,950,557</u>	<u>15,115,370</u>	<u>15,416,109</u>	<u>12,812,844</u>	<u>13,282,448</u>	<u>11,020,737</u>
Business-Type Activities:										
Investment Earnings	955,880	426,370	341,384	383,986	447,462	310,853	318,377	325,784	324,402	391,217
Miscellaneous	-	-	-	103,673	-	-	-	-	-	-
Transfers	(864,243)	(973,520)	(1,152,893)	(1,324,306)	(1,395,363)	(1,541,232)	(1,556,837)	(1,500,376)	(1,621,147)	(1,855,873)
Total Business-Type Activities	<u>91,637</u>	<u>(547,150)</u>	<u>(811,509)</u>	<u>(836,647)</u>	<u>(947,901)</u>	<u>(1,230,379)</u>	<u>(1,238,460)</u>	<u>(1,174,592)</u>	<u>(1,296,745)</u>	<u>(1,464,656)</u>
Total Primary Government	<u>14,398,061</u>	<u>14,002,341</u>	<u>13,999,742</u>	<u>14,060,197</u>	<u>14,002,656</u>	<u>13,884,991</u>	<u>14,177,649</u>	<u>11,638,252</u>	<u>11,985,703</u>	<u>9,556,081</u>
Change in Net Position										
Governmental Activities	\$ 12,274,237	\$ 4,526,268	\$ 9,413,063	\$ 3,176,135	\$ 6,564,312	\$ 3,027,594	\$ 1,357,070	\$ 617,041	\$ 2,641,738	\$ 1,955,447
Business-Type Activities	5,392,994	4,179,333	2,645,183	728,218	2,424,130	1,664,492	3,157,409	3,837,749	4,301,677	5,647,188
Total Primary Government	<u>\$ 17,667,231</u>	<u>\$ 8,705,601</u>	<u>\$ 12,058,246</u>	<u>\$ 3,904,353</u>	<u>\$ 8,988,442</u>	<u>\$ 4,692,086</u>	<u>\$ 4,514,479</u>	<u>\$ 4,454,790</u>	<u>\$ 6,943,415</u>	<u>\$ 7,602,635</u>

Notes:

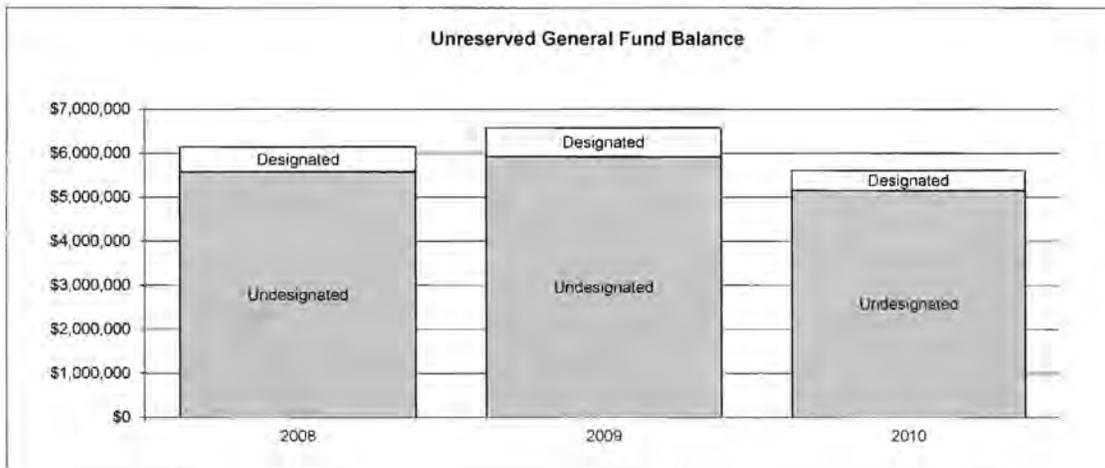
- (1) Increase in DPW expenses from 2008 to 2009 due to significant street construction capital improvements.
- (2) Increase in electric utility expenses due to the high cost of power and the power cost adjustment clause (PCAC).
- (3) Jurisdictional transfer from the State of Wisconsin for STH 16 in 2008 and 2010.
- (4) Increase due to \$2.4 million CDBG Grant for Community Center.
- (5) Sales of capital assets were not unusual nor infrequent; therefore they were not classified as a special item and instead included in miscellaneous.
- (6) Increase due to donation of property to developer as authorized in the TID #4 project plan.
- (7) Decrease due to early retirement of TID #4 related debt.
- (8) Increase due to dedication of infrastructure improvements for residential subdivisions.
- (9) Increase in maintenance projects as compared to capitalizable construction projects.
- (10) Decrease due to change in providers for garbage collection, reduction in expenses and corresponding charges to public.
- (11) Decrease relates to closure of TID 3 and resulting reduction in tax increment.
- (12) Increase due to dam repair and maintenance projects completed during 2016.
- (13) Increase due to dedication of Veterans Memorial Park.
- (14) Overall expenses for utilities decreased due to a combination of less electricity being sold and a lower average price per unit.
- (15) Loss due to creation of Western Lakes Fire District and transfer of related fire and ambulance assets to the district.

CITY OF OCONOMOWOC, WISCONSIN
Table 3 - Fund Balances of Governmental Funds
Pre-GASB 54 (2008-2010)
(modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund			
Reserved	\$ 220,120	\$ 211,782	\$ 1,836,927 ⁽¹⁾
Restricted			
Unreserved			
Undesignated	5,573,399	5,916,488	5,151,092 ⁽¹⁾
Designated	568,644	666,298	454,243
Subtotal Unreserved	<u>6,142,043</u>	<u>6,582,786</u>	<u>5,605,335</u>
Total General Fund	<u>6,362,163</u>	<u>6,794,568</u>	<u>7,442,262</u>
All Other Governmental Funds			
Reserved	536,267	189,349	220,821
Restricted			
Unreserved			
Undesignated, reported in			
Special Revenue Funds	-	(8,167)	(237,252)
Capital Projects Funds	(618,385)	(826,729)	(365,664)
Debt Service Fund	(265,569)	(217,974)	(2,767,809) ⁽²⁾
Subtotal Undesignated	<u>(883,954)</u>	<u>(1,052,870)</u>	<u>(3,370,725)</u>
Designated, reported in			
Special Revenue Funds	2,408,952	3,430,829	1,992,908
Capital Projects Funds	10,056,337	13,789,107 ⁽³⁾	13,577,154
Subtotal Designated	<u>12,465,289</u>	<u>17,219,936</u>	<u>15,570,062</u>
Subtotal Unreserved	<u>11,581,335</u>	<u>16,167,066</u>	<u>12,199,337</u>
Total All Other Governmental Funds	<u>12,117,602</u>	<u>16,356,415</u>	<u>12,420,158</u>

Notes:

- (1) Increase in reserved fund balance and decrease in undesignated fund balance due to interfund loans between general fund and TID #4 (\$1,335,500) and general fund and Fire and EMS impact fee fund (\$240,000).
- (2) Decrease in other governmental funds undesignated fund balance reported in debt service fund due to interfund loan between wastewater utility (enterprise fund) and the debt service fund.
- (3) Increase in other governmental funds' designated fund balance in capital projects from 2008 to 2009 due primarily to carryover of debt proceeds for two year street maintenance project.

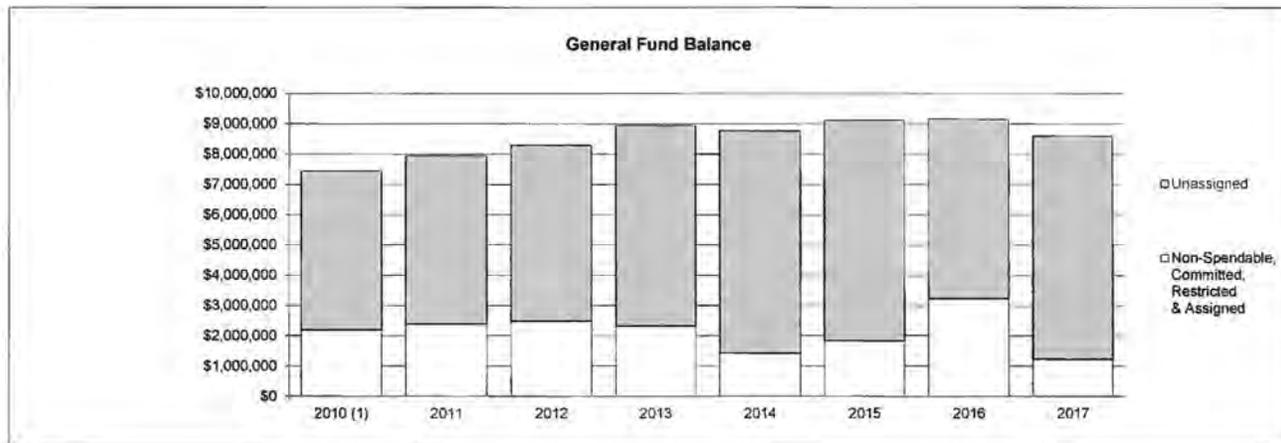


CITY OF OCONOMOWOC, WISCONSIN
Table 3 - Fund Balances of Governmental Funds
Post-GASB 54 (2010 & Forward)
(modified accrual basis of accounting)

	2010 ⁽¹⁾	2011	2012	2013	2014	2015	2016	2017
General Fund								
Nonspendable	\$ 1,766,012	\$ 1,733,839	\$ 1,704,188	\$ 1,672,084	\$ 696,270 ⁽⁹⁾	\$ 683,782	\$ 1,232,994 ⁽⁸⁾	\$ 474,773 ⁽⁷⁾
Restricted	15,000	15,000	14,954	13,278	13,278	7,661	7,411	7,411
Committed	196,260	196,260	196,260	196,260	196,260	196,260	196,260	196,260
Assigned	213,898	445,473	558,828	434,030	517,419	946,589	1,790,709	546,776
Unassigned	5,251,092	5,542,777	5,820,027	6,623,734	7,343,839	7,275,444	5,928,342	7,373,176
Total General Fund	7,442,262	7,933,349	8,294,257	8,939,386	8,767,066	9,109,736	9,155,716	8,598,396
All Other Governmental Funds								
Nonspendable	-	-	20,449	367	-	-	985	1,395
Restricted								
TID #3 Capital Projects Fund	11,087,389	13,358,880	12,575,954	57,494 ⁽²⁾	-	-	-	-
Debt Service Fund	-	-	-	-	33,690	45,476	46,487	-
Other	12,187	1,099,161	1,301,307	2,785,708 ⁽⁹⁾	1,433,373	1,326,759	1,342,823	509,064 ⁽⁸⁾
Committed								
Capital Improvements Funds	3,010,836	2,227,556	2,524,237	2,896,485	2,242,876	2,496,179	2,533,897	1,836,990
Other	1,028,549	1,133,483	1,153,078	1,218,123	1,271,203	1,450,417	1,365,764	1,485,050
Assigned			19,600	-	-	-	-	-
Unassigned								
Debt Service Fund	(2,767,809)	(2,719,310)	(76,117) ⁽⁴⁾	(25,243)	-	-	-	(605,912) ⁽⁸⁾
Parks and Recreation								
Facilities Impact Fees								(1,349,964) ⁽⁸⁾
Other		(812,416)	(1,436,068)	(151,270) ⁽⁵⁾	(272,601)	(300,561)	(1,099,150)	(1,797,919)
Total All Other Governmental Funds	12,371,153	14,287,354	16,082,440	6,783,664	4,708,541	5,018,270	4,190,806	78,714
Total Fund Balance for Governmental Funds	\$ 19,813,415	\$ 22,220,703	\$ 24,376,697	\$ 15,723,050	\$ 13,475,607	\$ 14,128,006	\$ 13,346,522	\$ 8,677,110

Notes:

- (1) 2010 restated in GASB 54 new fund categories for comparison purposes.
- (2) Decrease due to \$12.6 million TID #3 debt payoff and \$3 million transfer to TID #4.
- (3) \$3 million donor increment from TID #3 to TID #4, resulting in a reduction of unassigned deficit and an increase to restricted balance.
- (4) Decrease due to refinancing of internal advance for Community Center with external debt.
- (5) Decrease due to repayment of long term internal advance due from TID #4.
- (6) Increase due to long term internal advance due from TID #4 and Highway Impact Fee Fund.
- (7) Decrease due to refinance of internal advance to TID #4.
- (8) Decrease due to issuance of internal advance for Western Lakes Fire District capital project.
- (9) Decrease due to completion of Fowler boardwalk and related capital projects.



CITY OF OCONOMOWOC, WISCONSIN
Table 4 - Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 12,201,941	\$ 12,829,297	\$ 12,923,744	\$ 12,842,742	\$ 12,872,762	\$ 12,904,809	\$ 13,218,761	\$ 10,720,026 ⁽¹³⁾	\$ 11,013,147	\$ 11,340,704
Special Assessments	18,615	28,952	23,545	22,338	25,941	20,038	18,062	23,054	17,814	20,347
Intergovernmental	1,806,235	1,843,353	1,812,448	1,924,108	4,216,408 ⁽¹⁾	1,900,262	1,902,444	1,870,907	2,200,213	1,833,033
Licenses & Permits	891,252	473,472	422,723	709,276	697,628	912,518	711,990	779,266	1,427,789	1,253,552
Fines & Forfeitures	407,420	402,877	360,099	363,598	374,446	463,488	366,454	303,950	295,801	318,331
Public Charges for Service	2,006,925	2,059,930	2,099,443	2,319,161	2,297,148	2,343,960	2,352,013	2,183,544	2,378,273	1,677,266
Intergovernmental Charges	341,127	358,262	479,167	480,039	490,910	528,929	555,865	579,805	647,117	481,992
Interdepartmental Charges	77,526	88,215	94,478	104,872	114,949	71,555	69,310	49,188	36,286	8,815
Miscellaneous	1,037,694	2,474,894 ⁽²⁾	387,752	376,172	727,923	681,208	324,452	300,397	401,434	531,297
Total Revenues	18,788,735	20,559,252	18,603,399	19,142,306	21,818,115	19,826,767	19,519,351	16,810,137	18,417,874	17,465,337
Expenditures										
General Government	1,423,170	1,305,716	1,193,865	1,443,477	1,049,020	1,137,436	1,190,042	1,247,000	1,281,584	1,602,268
Public Safety	4,988,505	5,132,396	5,109,713	5,453,505	5,742,408	5,922,656	6,188,561	6,127,844	6,449,923	5,839,697
Public Works	3,247,823	2,982,597	3,118,696	3,369,449	3,280,946	3,450,449	3,694,919	3,350,900	4,232,380	3,122,329
Health & Human Services	55,490	44,066	47,846	53,193	51,639	50,921	55,713	67,622	69,122	78,682
Culture & Recreation	2,559,063	2,576,221	2,444,583	2,441,651	2,411,125	2,753,605	2,544,598	2,645,274	2,903,744	2,883,686
Conservation & Development	517,573	415,551	474,845	468,803	534,042	460,342	550,767	634,238	780,772	750,883
Debt Service										
Principal Retirement	461,300	5,602,248 ⁽²⁾	757,411	6,182,935 ⁽⁸⁾	6,048,840 ⁽⁴⁾	18,520,470 ⁽⁹⁾	5,808,935 ⁽¹²⁾	962,116	970,481	985,481
Interest & Fiscal Charges	933,669	1,042,830	1,114,762	1,109,532	1,151,035	1,011,776	463,088	322,512	307,459	310,004
Capital Outlay	4,576,213	7,870,113 ⁽⁶⁾	8,783,134 ⁽⁷⁾	5,197,551	9,631,767 ⁽⁸⁾	3,342,920	4,085,781	2,300,608	3,825,040	8,429,727
Total Expenditures	18,782,806	26,971,738	23,044,855	25,710,096	29,900,822	36,650,575	24,582,404	17,658,114	20,820,505	24,002,757
Revenues Over/(Under)										
Expenditures	25,929	(6,412,486)	(4,441,456)	(6,567,790)	(8,082,707)	(16,823,808)	(5,063,053)	(847,977)	(2,402,631)	(6,537,420)
Other Financing Sources/(Uses)										
Long Term Debt Issued	-	10,025,000	-	7,510,000	8,650,000	6,400,000	1,228,528	-	-	-
Premium on Debt Issued	-	85,184	-	91,767	193,338	233,929	30,245	-	-	-
Transfers In	2,664,713 ⁽¹⁰⁾	6,940,969 ⁽⁹⁾	4,962,376 ⁽⁸⁾	8,035,795 ⁽²⁾	3,712,971	17,700,461 ⁽¹¹⁾	10,746,677 ⁽¹²⁾	1,844,507	2,409,630	4,107,446
Transfers Out	(1,800,470) ⁽¹⁰⁾	(5,967,449)	(3,809,483)	(6,711,489)	(2,317,608)	(16,164,229) ⁽¹¹⁾	(9,189,840) ⁽¹²⁾	(344,131)	(788,483)	(2,251,573)
Sale of Capital Asset	-	-	-	-	-	-	-	-	-	12,135
Total Other Financing Sources/(Uses)	864,243	11,083,704	1,152,893	8,926,073	10,238,701	8,170,161	2,815,610	1,500,376	1,621,147	1,868,008
Net Change in Fund Balances	890,172	4,671,218	(3,288,563)	2,358,283	2,155,994	(8,653,647)	(2,247,443)	652,399	(781,484)	(4,669,412)
Debt Service as a Percentage of Noncapital Expenditures	9.0%	29.2% ⁽⁹⁾	13.1%	35.6%	35.5% ⁽⁸⁾	58.6% ⁽¹²⁾	30.6% ⁽¹³⁾	8.2%	8.1%	6.8%

Notes:

- (1) Increase due to \$2.4 million CDBG Community Center grant
- (2) Includes \$2 million contribution from developer for new fire station.
- (3) Includes \$5 million transfer to refinance TID #4 NANs to debt service fund.
- (4) Includes refinancing of \$4.3 million Community Center debt.
- (5) Increase due to \$12.6 million TID #3 debt payoff.
- (6) Increase due to significant street construction capital improvements.
- (7) Increase due to significant street construction capital improvements, construction of new fire station, and purchase of properties for future community center.
- (8) Increase due to completion of new Community Center building in 2012 and construction of Southeast Arterial Road.
- (9) Includes \$965,000 General Fund undesignated fund balance transfer to the Capital Projects Fund.
- (10) Includes \$448,000 General Fund designated fund balance and \$527,000 from undesignated general fund balance transfer to the Capital Projects Fund.
- (11) \$12.6 million TID #3 debt payoff and \$3 million transfer from TID #3 to TID #4.
- (12) Includes \$4.98 million early retirement of debt related to TID #4
- (13) Decrease relates to closure of TID 3 and corresponding reduction to increment.

CITY OF OCONOMOWOC, WISCONSIN
Table 5 - Electric Charges for Service Revenue Base
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014 ⁽¹³⁾	2015	2016	2017
Residential										
kWh ⁽¹⁾	70,402	67,975 ⁽⁴⁾	72,508	71,516	73,058	72,123	72,121	70,705	74,055	71,388 ⁽⁴⁾
Rate ⁽²⁾	\$ 98.90	\$ 102.12	\$ 108.22	\$ 113.46	\$ 113.76	\$ 115.10	\$ 122.76	\$ 124.48	\$ 122.74	\$ 124.58
Customers	7,536	7,563	7,576	7,682 ⁽⁵⁾	7,716	8,040 ⁽⁶⁾	8,059	8,199	8,256	8,435
Commercial										
kWh ⁽¹⁾	28,499	27,695 ⁽⁴⁾	27,859	27,472	27,710	26,670	25,421	23,133	23,766	22,509
Rate ⁽²⁾	\$ 92.95	\$ 98.75	\$ 103.84	\$ 109.35	\$ 111.08	\$ 112.25	\$ 119.49	\$ 120.31	\$ 118.42	\$ 119.25
Customers	1,022	1,026	1,038	1,026	1,009	1,168 ⁽⁷⁾	1,047	1,043	1,057	1,074
Small Power										
kWh ⁽¹⁾	23,804	21,941 ⁽⁴⁾	23,014	22,900	23,474	23,755	22,357	25,159	24,935	25,423
Rate ⁽²⁾	\$ 93.74	\$ 97.91	\$ 98.63	\$ 102.18	\$ 103.79	\$ 105.27	\$ 111.69	\$ 111.88	\$ 110.67	\$ 112.06
Customers	72	67	68	63	67	84 ⁽⁷⁾	71	80	83	88
Large Power										
kWh ⁽¹⁾	56,700	51,068 ⁽⁴⁾	50,700 ⁽⁶⁾	50,264 ⁽⁶⁾	51,514	63,419 ⁽⁶⁾	73,379	74,768	72,570	68,735 ⁽⁴⁾
Rate ⁽²⁾	\$ 76.33	\$ 83.29	\$ 90.34	\$ 95.20	\$ 95.58	\$ 94.90	\$ 96.18	\$ 95.93	\$ 94.55	\$ 96.44
Customers	32	33	33	33	32	41 ⁽⁶⁾	43	42	41	41
Industrial										
kWh ⁽¹⁾	63,913	61,604 ⁽⁴⁾	59,820 ⁽⁶⁾	57,320 ⁽⁶⁾	55,881 ⁽⁶⁾	43,593 ⁽⁶⁾	35,756	34,744	32,896	29,267 ⁽⁴⁾
Rate ⁽²⁾	\$ 69.54	\$ 76.35	\$ 81.75	\$ 87.12	\$ 86.32	\$ 87.17	\$ 88.08	\$ 87.04	\$ 85.51	\$ 86.84
Customers	9	15 ⁽¹⁰⁾	15	15	15	6 ⁽⁹⁾	5	5	5	4
Other ⁽³⁾										
kWh ⁽¹⁾	1,455	1,542 ⁽¹¹⁾	1,530	1,550	1,540	1,525	1,782	1,795	1,622	1,263 ⁽⁴⁾
Rate ⁽²⁾	\$ 172.83	\$ 168.24	\$ 176.62	\$ 180.44	\$ 181.24	\$ 183.68	\$ 218.81	\$ 225.90	\$ 236.02	\$ 187.27
Customers	60	55 ⁽¹²⁾	53	50	50	51	53	58	58	69
Totals										
kWh ⁽¹⁾	244,773	231,825 ⁽⁴⁾	235,431	231,022 ⁽⁶⁾	233,177	231,085	230,816	230,304	229,845	218,585
Rate ⁽²⁾	\$ 85.25	\$ 90.76	\$ 96.63	\$ 101.80	\$ 102.29	\$ 103.40	\$ 108.25	\$ 108.56	\$ 107.56	\$ 109.04
Customers	8,731	8,759	8,783	8,869	8,889	9,390 ⁽⁷⁾	9,278	9,427	9,500	9,711

Notes:

- (1) kWh. Kilowatt Hours sold
- (2) Rate: Weighted Average Rate = total revenues by class divided by total kilowatt hours sold by class. Includes energy charge, customer charge, and various other applicable fixed
- (3) Includes public street and highway lighting.
- (4) Usage decreased due to a slightly cooler than normal summer, economic slowdown, and an increase in energy efficiency programs.
- (5) Increase due to new large apartment complex which added several new residential customers.
- (6) Several new apartment complexes resulted in many new residential customers with little or no usage (some vacant).
- (7) New reporting method used for customer counts in 2013.
- (8) Business usage has decreased as a result of an economic slowdown and energy efficiency programs.
- (9) Shift of customers from Industrial to Large Power.
- (10) With the installation of new meters, each demand meter is now billed separately instead of one consolidated bill per customer.
- (11) Street lighting removed in 2008 during STH 16 road construction project was replaced and returned to normal usage.
- (12) Customers requested removal of private yard lights.
- (13) Rate increases approved by Public Service Commission effective January 2014.

Source: Wisconsin Public Service Commission Annual Report

CITY OF OCONOMOWOC, WISCONSIN
Table 6 - Electric Charges for Service Rates
 Last Ten Years

	2008	2009	2010	2011	2012	2013	2014 ⁽⁴⁾	2015 ⁽⁵⁾	2016	2017
Residential										
kWh ⁽¹⁾	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.1169	\$ 0.1169	\$ 0.1169	\$ 0.1169
Fixed Charge - Single Phase	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Fixed Charge - Three Phase ⁽⁵⁾	N/A	12.00	12.00	12.00						
Residential - Time of Use										
kWh ⁽¹⁾ - on peak	0.1550	0.1550	0.1550	0.1550	0.1550	0.1550	0.2052	0.2052	0.2052	0.2052
kWh ⁽¹⁾ - off peak	0.0380	0.0380	0.0380	0.0380	0.0380	0.0380	0.0586	0.0586	0.0586	0.0586
Fixed Charge - Single Phase	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Fixed Charge - Three Phase ⁽⁵⁾	N/A	12.00	12.00	12.00						
General Service										
kWh ⁽¹⁾	0.0868	0.0868	0.0868	0.0868	0.0868	0.0868	0.1169	0.1169	0.1169	0.1169
Fixed Charge - Single Phase	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Fixed Charge - Three Phase ⁽⁵⁾								12.00	12.00	12.00
Small Power⁽³⁾										
kWh ⁽¹⁾	0.0555	0.0555	0.0555	0.0555	0.0555	0.0555	0.0803	0.0803	0.0803	0.0803
kW ⁽²⁾	8.2500	8.2500	8.2500	8.2500	8.2500	8.2500	8.5000	8.5000	8.5000	8.5000
kW ⁽²⁾	8.2500	8.2500	8.2500	8.2500	8.2500	8.2500	8.5000	8.5000	8.5000	8.5000
kW - Distribution ⁽²⁾⁽⁵⁾	N/A	1.5000	1.5000	1.5000						
Fixed Charge	40.00	40.00	40.00	40.00	40.00	40.00	50.00	50.00	50.00	50.00
Large Power⁽³⁾										
kWh ⁽¹⁾ - on peak	0.0584	0.0584	0.0584	0.0584	0.0584	0.0584	0.0958	0.0958	0.0958	0.0958
kWh ⁽¹⁾ - off peak	0.0372	0.0372	0.0372	0.0372	0.0372	0.0372	0.0477	0.0477	0.0477	0.0477
kW ⁽²⁾	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000
kW - Distribution ⁽²⁾⁽⁵⁾	N/A	1.7500	1.7500	1.7500						
Fixed Charge	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
Industrial⁽³⁾										
kWh ⁽¹⁾ - on peak	0.0569	0.0569	0.0569	0.0569	0.0569	0.0569	0.0917	0.0917	0.0917	0.0917
kWh ⁽¹⁾ - off peak	0.0363	0.0363	0.0363	0.0363	0.0363	0.0363	0.0458	0.0458	0.0458	0.0458
kW ⁽²⁾	9.5000	9.5000	9.5000	9.5000	9.5000	9.5000	10.0000	10.0000	10.0000	10.0000
kW - Distribution ⁽²⁾⁽⁵⁾	N/A	1.7500	1.7500	1.7500						
Fixed Charge	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00

Notes:

(1) kWh: per kilowatt hour sold (usage).

(2) kW: per kilowatt (demand).

(3) Rates listed do not include optional discounts for primary metering (1.75 % of bill) nor transformer ownership (\$.60 / kWh).

(4) Rate increase approved by Wisconsin Public Service Commission, effective January 2014.

(5) Previously approved existing rates added to table beginning in 2015.

CITY OF OCONOMOWOC, WISCONSIN

Table 7 - Principal Electric Customers

Customer ⁽¹⁾	Type of Business	2008			2017		
		Usage in kilowatt hours	Rank	% of Total	Usage in kilowatt hours	Rank	% of Total
Customer 1 ^{(2) (3)}	Distribution	23,283,017	1	9.3%	17,482,386	1	8.0%
Customer 2 ⁽⁴⁾	Health Care	8,161,822	4	3.3%	8,723,433	2	4.0%
Customer 3 ⁽³⁾	Distribution	11,946,881	2	4.8%	8,082,993	3	3.7%
Customer 4	Manufacturing	4,910,126	7	2.0%	5,737,147	4	2.6%
Customer 5	Manufacturing	9,852,071	3	3.9%	5,696,350	5	2.6%
Customer 6 ⁽⁶⁾	Municipality				5,187,481	6	2.4%
Customer 7 ⁽⁶⁾	Education				5,008,086	7	2.3%
Customer 8 ⁽⁵⁾	Retail	5,261,761	9	2.1%	4,807,097	8	2.2%
Customer 9	Manufacturing	4,319,192	8	1.7%	4,322,868	9	2.0%
Customer 10	Health Care				3,693,653	10	1.7%
Customer 11 ⁽⁷⁾	Manufacturing	4,490,375	5	1.8%			
Customer 12 ⁽³⁾	Hospitality	4,419,218	6	1.8%			
Customer 13	Manufacturing	2,862,920	10	1.1%			
		79,507,383		31.9%	68,741,494		31.4%
		170,006,617		68.1%	149,843,850		68.6%
		<u>249,514,000</u>		<u>100.0%</u>	<u>218,585,344</u>		<u>100.0%</u>

Notes:

- (1) Names omitted to protect customer privacy.
- (2) Implemented various energy conservation programs in the last five years (HVAC, lighting, etc.) which decreased usage.
- (3) Decrease partially due to economic slowdown.
- (4) Building addition in 2009.
- (5) New larger store in 2008, however implemented various energy conservation programs (HVAC, lighting, etc.) which decreased usage.
- (6) Includes seven locations. In prior years not all locations were combined.
- (7) Company moved some production to another plant outside of city.
- (8) Added to the list after improvements to meter reporting system that allowed for totalizing usage from many smaller usage meters

Source: Oconomowoc Utility Billing Department

CITY OF OCONOMOWOC, WISCONSIN
Table 9 - Property Tax Rates - Direct and Overlapping Governments ⁽¹⁾
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	<u>2008 ⁽⁴⁾</u>	<u>2009 ^{(4), (5)}</u>	<u>2010 ⁽⁴⁾</u>	<u>2011 ⁽⁴⁾</u>	<u>2012 ⁽⁴⁾</u>	<u>2013 ⁽⁴⁾</u>	<u>2014 ⁽⁴⁾</u>	<u>2015 ⁽⁴⁾</u>	<u>2016 ⁽⁴⁾</u>	<u>2017 ⁽⁴⁾</u>
Direct Rates:										
General Fund	\$ 4.3135	\$ 3.3916	\$ 3.4204	\$ 3.4933	\$ 3.5871	\$ 3.4497	\$ 3.4454	\$ 3.5404	\$ 3.5685	\$ 3.7264
Community Development Authority	0.0232	0.0089	-	-	-	-	-	-	-	-
Capital Projects Fund	1.0346	0.8332	0.8235	0.8489	0.8258	0.9398	0.9524	1.0851	1.0777	0.9825
Debt Service Fund	0.4261	0.3256	0.3181	0.3226	0.4208	0.5929	0.6691	0.6775	0.6649	0.6548
Ambulance Special Revenue Fund	-	-	-	-	-	-	0.0673	0.0636	0.0627	0.0751
Total City Rate	5.7974	4.5593	4.5620	4.6648	4.8337	4.9824	5.1342	5.3666	5.3738	5.4388
Overlapping Rates ⁽²⁾:										
Waukesha County	2.3119	1.8158	1.8454	1.9547	1.9368	1.8941	1.9444	2.0448	2.0324	2.0578
State of Wisconsin	0.2209	0.1723	0.1676	0.1684	0.1635	0.1527	0.1538	0.1667	0.1689	0.1749
Waukesha County Technical College	1.4168	1.1231	1.1425	1.2238	1.2053	1.1702	1.1927	0.3823	0.3780	0.3797
Oconomowoc Area School District	9.7290	8.2154	9.0577	9.6241	9.5433	9.8697	9.5608	9.8394	10.0118	10.0581
Special Taxing Districts ⁽³⁾										
Lake District 1 - LaBelle	-	0.0514	0.0601	0.0629	0.0617	0.0626	0.0628	0.1149	0.1127	0.0979
Lake District 2 - Fowler	-	-	-	-	-	-	0.0006	0.0034	0.0039	0.0050
Less: State School Tax Credit	(1.3666)	(1.1594)	(1.1879)	(1.2343)	(1.3163)	(1.3520)	(1.3921)	(1.4566)	(1.6721)	(1.6716)
Totals by Lake District:										
Lake District 1 - LaBelle	18.1094	14.7779	15.6474	16.4644	16.4280	16.7797	16.6566	16.4581	16.4055	16.5356
Lake District 2 - Fowler	18.1094	14.7265	15.5873	16.4015	16.3663	16.7171	16.5944	16.3466	16.2967	16.4427

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Overlapping rates are those of local, county, and state governments that apply to property owners within the City.
- (3) Not all overlapping rates apply to all City property owners. The rates for special districts apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the special district.
- (4) Effective for 2006 levy limits were enacted restricting the city's property tax levy capacity. Since that date there have been several revisions to the calculations.
- (5) As of January 1, 2009 the assessed values within the City increased significantly due to the revaluation performed for city properties. The levies for the 2009 budgets, however, experienced little growth. This resulted in a significant decrease in both the City's portion of the tax rate and the overall tax rate.

Source: City of Oconomowoc Treasurer's Office

CITY OF OCONOMOWOC, WISCONSIN

Table 10 - Principal Taxpayers ⁽¹⁾

Taxpayer	Taxes Payable 2008			Taxes Payable 2017		
	Taxable Assessed Value ⁽²⁾	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value ⁽²⁾	Rank	% of Total Taxable Assessed Value
Pabst Farms RDL LLC	\$ 73,300,000	1	4.7%	\$ 52,834,100	1	2.7%
Dayton Hudson Corp. (Target) ⁽³⁾	50,592,414	2	3.3%	45,307,700	2	2.3%
Waukesha Health Care Inc			0.0%	19,163,300	3	1.0%
Pabst Farms Market Place LLC	10,488,600	4	0.7%	16,374,200	4	0.8%
Summit Center Market Place LLC	7,692,900	6	0.5%	12,559,700	5	0.6%
Whitman Park LLC			0.0%	9,812,700	6	0.5%
Pabst Farms Village Square			0.0%	9,612,651	7	0.5%
Creekside North Partners LLC			0.0%	8,910,100	8	0.5%
Bruno Real Estate LLC			0.0%	8,745,000	9	0.4%
Worthington Apartments LLC			0.0%	7,519,700	10	0.4%
Pabst Farms Land Co I LLC	12,433,300	3	0.8%			
Roundy's Supermarkets Inc	8,211,451	5	0.5%			
Bonneywell Village Associates	7,193,700	7	0.5%			
Unisource Centres, Inc	6,421,975	8	0.4%			
Stonebridge Capital Unit 1 LLC	5,932,200	9	0.4%			
Menasha Corporation (Orbis)	4,812,000	10	0.3%			
Total Principal Taxpayers	187,078,540		12.1%	190,839,151		9.8%
All Other Taxpayers	1,361,209,712		87.9%	1,759,618,417		90.2%
Total	\$ 1,548,288,252		100.0%	\$ 1,950,457,568		100.0%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Assessed values include real and personal property.
- (3) Assessed value decreased in 2011 due to tax assessment settlement agreement.

CITY OF OCONOMOWOC, WISCONSIN
Table 11 - Property Tax Levies and Collections ⁽¹⁾
Last Ten Years

Year	Total Tax Levy ⁽²⁾	Collected Within the Year of the Levy ⁽³⁾		Collections in Subsequent Years ⁽⁴⁾	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 12,938,760	\$ 12,749,511	98.5%	715	\$ 12,750,227	98.5%
2009	13,704,274	13,433,930	98.0%	3,698	13,437,627	98.1%
2010	13,774,601	13,467,191	97.8%	2,066	13,469,256	97.8%
2011	13,831,290	13,588,507	98.2%	1,987	13,590,494	98.3%
2012	13,656,017	13,441,429	98.4%	1,309	13,442,737	98.4%
2013	13,690,528	13,539,531	98.9%	63	13,539,594	98.9%
2014	13,996,851	13,859,092	99.0%	468	13,859,560	99.0%
2015	11,128,679	11,064,869	99.4%	5,834	11,070,703	99.5%
2016	11,438,557	11,375,335	99.4%	245	11,375,579	99.4%
2017	11,751,413	11,664,448	99.3%		11,664,448	99.3%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Total tax levy includes only the City portion of tax levy, TID increment, special assessments and charges, and all omitted taxes for prior years.
- (3) Current tax collections include only those amounts collected directly by the City of Oconomowoc. The City collects all three installments of the real estate taxes through July 31. Delinquent real estate taxes are turned-over to the Waukesha County Treasurer for collection after July 31 of the fiscal year.
- (4) Responsibility for the collection of delinquent personal property taxes remains with the City. Collections in subsequent years include payments received by the City for delinquent personal property taxes only.

CITY OF OCONOMOWOC, WISCONSIN
 Table 12 - Ratios of Outstanding Debt by Type ⁽¹⁾
 Last Ten Years

Year	Governmental Activities			Business-Type Activities			Percentage of Adjusted Gross Income ⁽²⁾	Per Capita ⁽²⁾
	General Obligation Bonds and Notes ⁽¹¹⁾	Note Anticipation Notes	Notes	General Obligation Bonds and Notes ⁽¹¹⁾	Revenue Bonds	Total Primary Government		
2008	\$ 16,762,701	\$ 5,000,000	\$ -	\$ 504,202	\$ 9,092,187	\$ 31,359,090	4.8%	2,193
2009	21,199,268 ⁽³⁾	5,000,000	-	490,388	8,467,559	35,157,215	5.5%	2,453
2010	20,457,360	5,000,000	-	474,885	7,819,609	33,751,854	4.9%	2,142
2011	26,801,735 ⁽⁴⁾	-	33,433 ⁽⁵⁾	457,575	7,148,099	34,440,847	4.6%	2,179
2012	29,422,137 ⁽⁶⁾	-	30,033	438,333	6,457,783	36,348,286	4.8%	2,296
2013	17,553,607 ⁽⁷⁾	-	26,633	415,290	5,738,408	23,733,938	3.0%	1,483
2014	12,980,895 ⁽⁸⁾	-	23,233	384,225	4,994,714	18,383,067	2.3%	1,128
2015	11,993,137	-	19,834	3,515,355 ⁽⁹⁾	- ⁽⁹⁾	15,528,326	1.8%	943
2016	10,997,014	-	16,434	3,050,807	-	14,064,255	1.6%	844
2017	9,985,891	-	13,034	2,586,259	-	12,585,184	n/a ⁽¹⁰⁾	747

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See the Table 17 - Demographic and Economic Statistics for adjusted gross income and population data.
- (3) Increase due to streets Build America Bonds issued for \$5,025,000 in July 2009.
- (4) Increase due to street bonds issued for \$2,525,000 in July 2011 and refinanced TID #4 Note Anticipation Note in November 2011 for \$4,985,000
- (5) Issued data processing note for \$34,000 in October 2011.
- (6) Increase due to \$4,285,000 bonds issued for community center in December 2012.
- (7) Decrease due to \$12,595,000 pay off of TID #3 debt in 2013.
- (8) Decrease due to \$4,985,000 pay off of TID #4 Note Anticipation Note in 2014.
- (9) Increase/Decrease due to refinancing Electric Revenue bonds with General Obligation Notes in 2015.
- (10) n/a - data not available
- (11) Includes premium on long-term debt.

CITY OF OCONOMOWOC, WISCONSIN
Table 13 - Ratios of General Bonded Debt Outstanding ⁽¹⁾
Last Ten Years

Year	General Obligation Bonds ^{(2) (13)}	General Obligation Notes ^{(2) (13)}	Total General Obligation Debt ^{(2) (13)}	Percentage of Estimated Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2008	\$ 17,266,903	\$ -	\$ 17,266,903	0.84%	1,207
2009	21,689,656 ⁽⁵⁾	-	21,689,656	1.07%	1,517
2010	20,932,245	-	20,932,245	1.04%	1,430
2011	22,274,310 ⁽⁶⁾	4,985,000 ⁽⁷⁾	27,259,310	1.42%	1,725
2012	24,875,470 ⁽⁸⁾	4,985,000	29,860,470	1.66%	1,886
2013	11,733,897 ⁽⁹⁾	6,235,000 ⁽¹⁰⁾	17,968,897	1.00%	1,123
2014	10,966,481	2,398,639 ⁽¹¹⁾	13,365,120	0.72%	820
2015	10,069,065	5,451,341 ⁽¹²⁾	15,520,406	0.81%	943
2016	9,367,868	4,679,953	14,047,821	0.70%	843
2017	8,563,404	4,008,746	12,572,150	0.60%	746

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Includes governmental and business-type activities.
- (3) See Table 8 - Assessed and Estimated Actual Value of Taxable Property for property value data.
- (4) See Table 17 - Demographic and Economic Statistics for population.
- (5) Increase due to streets Build America Bonds issued for \$5,025,000 in July 2009.
- (6) Increase due to street bonds issued for \$2,525,000 in July 2011.
- (7) Refinanced TID #4 Note Anticipation Note.
- (8) Increase due to \$4,285,000 bonds issued for community center in December 2012.
- (9) Decrease due to \$12,595,000 pay off of TID #3 debt in 2013.
- (10) Increase due to \$1,250,000 in new street improvement debt.
- (11) Decrease due to \$4,985,000 pay off of TID #4 Note Anticipation Note in 2014.
- (12) Increase due to refinancing Electric Revenue bonds with General Obligation Notes in 2015.
- (13) Figures presented include related premiums.

CITY OF OCONOMOWOC, WISCONSIN

Table 14 - Computation of Direct and Overlapping Bonded Debt ⁽¹⁾
December 31, 2017

<u>Jurisdiction</u>	<u>Total Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Oconomowoc	\$9,998,925	100.00%	\$9,998,925
Overlapping ⁽³⁾ :			
Oconomowoc Area School District	80,460,000	38.77%	31,194,342
Waukesha County	75,125,000	3.83%	2,877,288
Waukesha County Technical College	28,070,000	3.67%	1,030,169
Subtotal Overlapping	<u>183,655,000</u>		<u>35,101,799</u>
Total Direct and Overlapping Debt	<u>\$193,653,925</u>		<u>\$45,100,724</u>

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Applicable percentages were estimated by determining the portion of another government unit's equalized value that is within the City's geographic boundaries and dividing it by each government's total equalized valuation.
- (3) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

CITY OF OCONOMOWOC, WISCONSIN
Table 15 - Computation of Legal Debt Margin
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 103,051,895	\$ 100,969,555	\$ 100,917,950	\$ 96,071,360	\$ 89,798,545
Total Net Debt Applicable to Limit	<u>17,266,903</u>	<u>21,689,656</u>	<u>20,932,245</u>	<u>27,259,310</u>	<u>29,860,470</u>
Legal Debt Margin	<u>\$ 85,784,992</u>	<u>\$ 79,279,899</u>	<u>\$ 79,985,705</u>	<u>\$ 68,812,050</u>	<u>\$ 59,938,075</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.76%	21.48%	20.74%	28.37%	33.25%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 89,999,030	\$ 93,017,595	\$ 95,934,325	\$ 100,521,645	\$ 104,689,955
Total Net Debt Applicable to Limit	<u>17,740,000</u>	<u>13,094,838</u>	<u>15,188,236</u>	<u>13,762,409</u>	<u>12,369,080</u>
Legal Debt Margin	<u>\$ 72,259,030</u>	<u>\$ 79,922,757</u>	<u>\$ 80,746,089</u>	<u>\$ 86,759,236</u>	<u>\$ 92,320,875</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.71%	14.08%	15.83%	13.69%	11.81%

Legal Debt Margin Calculation for 2017:

Estimated Actual Value of Real and Personal Property	<u>\$ 2,093,799,100</u>
Debt Limit - 5 Percent of Estimated Actual Value	\$ 104,689,955 ⁽¹⁾
Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 13,645,317
Less:	
Unsecured Notes	13,034
Premium on Long-Term Debt	203,070
Vested compensated absences	543,610
Net Pension Liability	<u>516,523</u>
Total Debt Applicable to Limitation	12,369,080
Less amount available in debt service fund	<u>-</u>
	<u>12,369,080</u>
Legal Debt Margin	<u>\$ 92,320,875</u>

Notes:
(1) Wisconsin State Statute 67.03 limits general obligation borrowing for general city purposes to 5% of the estimated actual value of real and personal property.

CITY OF OCONOMOWOC, WISCONSIN

Table 16 - Pledged-Revenue Coverage ⁽¹⁾

Last Ten Years

Wastewater Revenue Bonds							Water Revenue Bonds ^{(2) (3)}					
Year	Wastewater Charges for Services	Less: Operating Expenses ⁽⁴⁾	Net Available Revenue	Debt Service		Cover-age	Amount Available in Special Redemption Fund	Amount Available in Reserve Fund	Total Funds Available for Payment	Debt Service		Cover-age
				Principal	Interest					Principal	Interest	
2008	\$ 2,676,575	\$ 1,650,951	\$ 1,025,624	\$ 289,628	\$ 79,938	2.78	\$ -	\$ -	\$ -	\$ -	\$ -	-
2009	2,738,226	1,683,642	1,054,584	297,950	71,497	2.85	-	-	-	-	-	-
2010	2,797,316	1,730,943	1,066,373	306,510	62,814	2.89	-	-	-	-	-	-
2011	2,844,485	1,718,535	1,125,950	315,316	53,881	3.05	-	-	-	-	-	-
2012	2,937,920	1,757,746	1,180,174	324,375	44,692	3.20	-	-	-	-	-	-
2013	3,070,358	1,790,857	1,279,501	333,694	35,239	3.47	-	-	-	-	-	-
2014	3,132,218	1,866,323	1,265,895	343,281	25,514	3.43	-	-	-	-	-	-
2015	3,240,584	2,084,937	1,155,647	353,144	15,510	3.13	-	-	-	-	-	-
2016	3,306,648	1,932,799	1,373,849	363,289	5,219	3.73	-	-	-	-	-	-
2017	3,306,648	1,932,799	1,373,849	-	-	-	-	-	-	-	-	-

Electric Revenue Bonds ^{(2) (5)}						
	Amount Available in Special Redemption Fund	Amount Available in Reserve Fund	Total Funds Available for Payment	Debt Service		Cover-age
				Principal	Interest	
2008	\$ 294,382	\$ 588,448	\$ 882,830	\$ 335,000	\$ 241,548	1.53
2009	321,212	588,448	909,659	350,000	227,848	1.57
2010	328,962	588,448	917,409	365,000	213,548	1.59
2011	332,812	588,448	921,259	375,000	198,748	1.61
2012	344,062	588,448	932,509	395,000	183,348	1.61
2013	351,362	588,448	939,810	410,000	167,248	1.63
2014	358,512	588,448	946,959	425,000	133,148	1.70
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-

Notes:

- (1) Details regarding the government's outstanding debt can be found in the notes to the financial statements.
- (2) Each month, the pledged portion of the utility revenues are segregated into a separate fund (special redemption fund) and the cash is reserved for the upcoming debt payment. A reserve fund was also established when the debt was issued and is intended to subsidize any future decrease in revenues that results in an inability to make a debt payment. Throughout the life of the debt, the reserve fund was not needed.
- (3) The water revenue bonds were satisfied in April 2007.
- (4) Operating expenses do not include depreciation.
- (5) The electric revenue bonds were issued in December 2007 and refunded during 2015.

CITY OF OCONOMOWOC, WISCONSIN
Table 17 - Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Adjusted Gross Income ⁽²⁾</u>	<u>Per Capita Adjusted Gross Income</u>	<u>School Enrollment ⁽³⁾</u>	<u>Waukesha County Unemployment Rate ⁽⁴⁾</u>
2008	14,300	\$ 649,022,024	\$ 45,386	4,890	3.9%
2009	14,330	638,020,509 ⁽⁵⁾	44,523 ⁽⁵⁾	4,992	7.5% ⁽⁵⁾
2010	15,759	682,233,465	43,292	5,023	7.4% ⁽⁵⁾
2011	15,805	744,123,110	47,082	5,088	6.5%
2012	15,834	759,187,130	47,947	5,168	6.0%
2013	16,004	786,146,550	49,122	5,278	5.9%
2014	16,293	795,452,140	48,822	5,339	4.5%
2015	16,464	849,007,258	51,567	5,362	3.8%
2016	16,656	892,449,096	53,581	5,505	3.6%
2017	16,842	n/a ⁽⁶⁾	n/a ⁽⁶⁾	5,610	2.9%

Notes:

(1) The 2010 population is the official U.S. Census. Population estimates for the other years are prepared by the Wisconsin Department of Administration, Demographic Services Center.

(2) Wisconsin Department of Revenue, Division of Research and Policy.

(3) Oconomowoc Area School District.

(4) Wisconsin Department of Workforce Development.

(5) Declining economy and unstable job market resulted in lower gross incomes and higher unemployment.

(6) n/a - data not available

<u>Year</u>	<u>Median Age</u>	<u>Percent High School Graduates</u>	<u>Percent College Graduates</u>
1980	32.1	74.4%	19.0%
1990	34.6	84.1%	21.1%
2000	38.0	88.9%	30.7%
2010	38.5	96.0%	36.6%

Source: U.S. Bureau of the Census.

CITY OF OCONOMOWOC, WISCONSIN

Table 18 – Principal Employers
Current Year and Nine Years Ago

Employer	2008 ⁽¹⁾			2017 ⁽¹⁾		
	Employees	Rank	Percent of Total City Employment ⁽²⁾	Employees	Rank	Percent of Total City Employment ⁽²⁾
Target Stores	500-999	1	5.24%	500-999	1	4.45%
Oconomowoc Memorial Hospital	500-999	4	5.24%	250-499	2	2.23%
Lutheran Homes of Oconomowoc Inc/Shorehaven	250-499	6	2.62%	250-499	3	2.23%
Bruno Independent Living Aids	250-499	8	2.62%	250-499	4	2.23%
First Bank Financial Center				250-499	5	2.23%
Oconomowoc Development Training				250-499	6	2.23%
3M Detection Solutions				100-249	7	1.04%
Bimbo Bakeries USA				100-249	8	1.04%
Oconomowoc Area School District ⁽³⁾				100-249	9	1.04%
ORBIS				100-249	10	1.04%
Roundy's Inc	500-999	2	5.24%			
Homes for Independent Living of WI Inc	500-999	3	5.24%			
Aurora Medical Group ⁽⁴⁾	250-499	5	2.62%			
YMCA at Pabst Farms	250-499	7	2.62%			
Paragon Industries Inc	100-249	9	1.22%			
Pick N Save (Ultra Mart Foods Inc)	100-249	10	1.22%			
Total	4,850		33.92%	3,325		19.74%

Notes:

- (1) Information only available in employee range format.
- (2) The percent of employment and total employees is calculated from the median of the employee range and city population.
- (3) Includes multiple locations within the city. Prior years did not include all locations.
- (4) Employer moved out of the City into a new location in the Village of Summit in 2009.

Source: Wisconsin Department of Workforce Development and SEWRPC

CITY OF OCONOMOWOC, WISCONSIN
Table 19 - Full-Time Equivalent City Government Employees by Function
Last Ten Years

<u>Function</u>	<u>2008</u>	<u>2009 ⁽¹⁾</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Non-Union	8.95	8.34	8.09	8.61	8.67	8.57	8.29	7.92	8.01	7.92
Union	-	0.06 ⁽²⁾	0.06	0.06	0.06	0.06	- ⁽⁸⁾	-	-	-
Public Safety										
Police										
Officers	19.65	19.95	19.70	19.95	20.00	19.94	19.83	19.48	19.90	20.66
Civilians	11.29	11.15	11.68	11.59	11.59	11.59	11.39	11.41	11.41	12.07
Fire										
Full-Time Firefighters	4.00	4.85	7.03 ⁽³⁾	6.51	6.56	6.56	6.56	6.65	6.36	1.06 ⁽⁹⁾
Paid On Call Firefighters	4.91	5.30	5.06	3.65	3.67	10.80 ⁽⁴⁾	12.58 ⁽⁴⁾	12.59	12.59	2.10 ⁽⁹⁾
Civilians	1.00	0.45	0.45	0.50	0.45	0.45	0.45	0.45	0.45	0.08 ⁽⁹⁾
Public Works										
Non-Union	4.70	5.10	5.46	6.20	6.20	6.20	14.61	14.42	14.74	14.73
Union	9.00	9.86	9.85	9.77	9.81	8.79 ⁽⁵⁾	- ⁽⁶⁾	-	-	-
Culture & Recreation										
Non-Union	17.76	18.06	19.37	19.40	19.12	19.40	24.99	24.40	23.27	23.75
Union	5.00	5.05	5.30	5.31	5.13	5.30	- ⁽⁸⁾	-	-	-
Conservation & Development	3.30 ⁽⁶⁾	3.30	3.30	3.25	3.25	3.06	3.46	3.46	3.49	3.51
Fleet										
Non-Union	-	-	-	-	-	1.93 ⁽⁵⁾	2.07	1.96	1.96	2.04
Wastewater										
Non-Union	3.67	3.15	3.44	4.34 ⁽⁷⁾	4.35	4.12	10.87	10.49	10.53	10.39
Union	7.00	7.49	6.38	6.42	6.43	6.41	- ⁽⁸⁾	-	-	-
Water										
Non-Union	3.37	2.65	3.55	4.23 ⁽⁷⁾	4.24	4.00	9.75	9.59	10.11	10.37
Union	6.50	6.52	5.91	5.77	5.92	5.67	- ⁽⁸⁾	-	-	-
Electric										
Non-Union	8.92	7.83	7.78	8.48 ⁽⁷⁾	8.49	8.47	20.23	21.14	19.38	20.30
Union	11.00	12.73	13.51	12.75	12.68	11.61 ⁽⁵⁾	- ⁽⁶⁾	-	-	-
Total	<u>130.02</u>	<u>131.84</u>	<u>135.92</u>	<u>136.79</u>	<u>136.62</u>	<u>142.93</u>	<u>145.08</u>	<u>143.96</u>	<u>142.20</u>	<u>128.98</u>

- Notes:**
- (1) Beginning in 2009, amounts are based on budget account allocations.
 - (2) A calculation error was found and corrected.
 - (3) Three new full time firefighters were hired 12/15/2010.
 - (4) Implementation of Ambo Coverage hours during 2013; 2014 first full year of coverage hours.
 - (5) Two employees (from Public Works & Electric) were transferred to newly created Fleet Department in 2013.
 - (6) New full-time Associate Planner position was created.
 - (7) New full-time Utility Engineer position was created.
 - (8) Effective January 2014 the AFSCME, IBEW and Dispatch Unions termed.
 - (9) Effective March 2017 the City's Fire and Ambulance departments joined the Western Lakes Fire District. All City employees became employees of the District upon completion of the consolidation.

Source: City adopted budget.

Note: The FTE's presented are the approved number of positions and may not agree to the number of positions filled. Schedule does not include seasonal part-time employees.

CITY OF OCONOMOWOC, WISCONSIN
Table 20 - Operating Indicators by Function ⁽¹⁾
Last Ten Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of Assessable Parcels	5,971	5,998	6,148 ⁽⁴⁾	6,154	6,157	6,161	6,164	6,282	6,342	6,985
Number of Public Hearings	45	32	42	47	29	21	25	16	21	24
Number of Agendas/Minutes Distributed	400	543	403	363	323	298	278	328	328	331
Public Safety										
Calls for Police Service	27,975	27,867	31,987	34,519	36,554	35,221	35,644	38,589	43,654 ⁽¹⁷⁾	37,349 ⁽¹⁷⁾
Speed Enforcement	1,814	1,890	1,903	1,962	2,117 ⁽⁵⁾	2,482 ⁽⁵⁾	2,015	1,845	2,782	1,877
Total Arrests	5,017	5,006	5,099	6,094	6,443	6,862	7,231	6,023	5,126	7,442 ⁽²⁰⁾
Fire Responses ⁽²⁾	434	408	374	384	409	436	433	457	458	n/a ⁽¹⁸⁾
Fire Inspections ⁽²⁾	1,576	1,297	1,284	1,428	1,470	1,485	1,555	1,617	1,614	n/a ⁽¹⁸⁾
Ambulance Responses ⁽²⁾	1,456	1,424	1,448	1,428	1,116 ⁽⁶⁾	1,024	1,099	1,155	1,301	n/a ⁽¹⁸⁾
Public Works										
Number of Building Permits Issued	394	275	256	263	241	309	342	381	387	346
Number of Inspections by Building Inspector	4,886	3,769	2,498	3,427	3,344	3,594	4,057	4,498	5,443	5,544
Brush and Yard Waste (ton)	999	991	952	1,211	908	1,038	1,048	1,057	1,192	993
Asphalt Placed by City Crew (ton)	1,065 ⁽⁷⁾	262	287	1,090 ⁽⁷⁾	208	211	203	268	249	241
Miles of Streets	76	79	80	81	84	84	85	86	85 ⁽¹⁸⁾	87
Culture and Recreation										
Library Items Circulated	281,746	301,956	307,526	297,367	281,568	276,794	269,282	264,716	275,992 ⁽¹⁶⁾	280,030
Library Card Holders	17,928	18,118	18,503	18,324	19,119	20,387	21,523	22,564	17,209 ⁽¹⁶⁾	16,484
Summer Reading Program Registrants	1,428	1,680	1,700	1,800	1,918	2,264	2,023	1,854	1,961	1,922
Recreation Program Participants	3,544	3,586	3,577	4,795	4,412	4,896	3,992 ⁽¹⁵⁾	4,251	4,086	4,897
Park Land Acreage	337	337	337	337	337	337	337	337	337	337
Conservation and Development										
Total Planning/Zoning Applications	7	6	10	12	5 ⁽⁸⁾	4	5	1	4	3
Wastewater Utility										
Average Number of Customers ⁽³⁾	7,246	7,354	7,388	7,459	7,516	7,623	7,667	7,765	7,848	7,920
Sewerage Treated (million gallons)	1,270	1,044	1,005	916	806 ⁽⁹⁾	993	855	808	945	1,006
Average Daily Flow (million gallons)	3.47	3.14	2.75	2.50	2.21	2.73	2.34	2.21	2.58	2.76
Water Utility										
Average Number of Customers	5,599	5,618	5,713	5,713	5,762	6,094	6,023 ⁽¹⁴⁾	5,800 ⁽¹⁴⁾	5,907	5,918
Total Pumped (million gallons)	678	677	720	690	751 ⁽¹⁰⁾	693	697	631 ⁽¹⁵⁾	591	557
Average Daily Consumption (million gallons)	1.86	1.85	1.97	1.89	2.06 ⁽¹⁰⁾	1.90	1.91	1.73	1.62	1.53
Electric Utility										
Average Number of Customers	8,671	8,707	8,783	8,869	8,889	9,390 ⁽¹¹⁾	9,278 ⁽¹⁴⁾	9,462	9,500	9,711
Total Kilowatt Hours Purchased	252,986,000 ⁽¹²⁾	239,568,000 ⁽¹²⁾	243,633,000	238,113,000 ⁽¹²⁾	240,070,000	238,527,000	236,646,000	234,568,000	236,148,400	222,259,919
Average Daily Consumption (kilowatt hours)	693,115 ⁽¹²⁾	656,351 ⁽¹²⁾	667,488	652,365 ⁽¹²⁾	657,726	653,499	648,345	642,652	646,982	609,931

Notes:

- (1) Indicators are not available for the Health & Welfare function
- (2) Includes contract agencies.
- (3) Including sanitary districts.
- (4) 152 parcels were attached into the City from the Village of Summit.
- (5) City received speed grants in 2012-2013 to cover costs associated with monitoring and improving traffic safety during peak times
- (6) Decrease in runs due to change in contract areas - loss of Village of Oconomowoc Lake and Village of Summit as of 1/1/12.
- (7) Increase in potholes and street repairs due to harsh winter weather.
- (8) Zoning code amended effective 8/21/2012. Many process and procedures were streamlined resulting in less applications and requiring less formal review.
- (9) Drought conditions in 2012 led to less infiltration.
- (10) Increase due to drought conditions in summer 2012
- (11) New reporting method used for customer counts in 2013.
- (12) Increase in energy efficiency programs and decrease in manufacturing production
- (13) Prior years included WPPA ticket promotions and boat moorings which have since been excluded from the participant counting method
- (14) Reduction due to adjustment for customers with multiple meters.
- (15) Reduction due to discovery and repairs of various water main leaks both by the city and a significant customer
- (16) Reduction due to planned purging of inactive cards during 2016
- (17) Increase in 2016 due to more all inclusive method of tracking. Decrease in 2017 due to overall lower call volume and activity in the city
- (18) Decrease due to portion of street vacated to developer during 2016
- (19) Effective March 2017 the Fire & Ambulance departments left the city and merged with Western Lakes Fire Department
- (20) Higher volume of citations issued due to traffic grants.

CITY OF OCONOMOWOC, WISCONSIN
Table 21 - Capital Asset Statistics by Function
Last Ten Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Patrol Units	9.5 ⁽²⁾	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	2 ⁽³⁾	2	2	2	2	2	2	2
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	76.17	78.95	80.26	80.98	83.56 ⁽⁴⁾	83.84	84.89	85.58	85.48	87.23
Storm Sewer (miles)	38.84	40.09	41.50	47.30	55.55 ⁽⁴⁾	56.14	57.40	57.95	58.94	60.11
Culture and Recreation										
Park Acreage	337 ⁽⁵⁾	337	337	337	337	337	337	337	337	337
Parks	47 ⁽⁵⁾	47	47	47	47	47	47	47	47	47
Beaches	3	3	3	3	3	3	3	3	3	3
Community Centers	1	1	1	- ⁽⁶⁾	1 ⁽⁶⁾	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Wastewater Utility										
Lift Stations ⁽¹⁾	1	1	1	1	1	1	1	1	1	1
Sewer Main (feet)	552,920	554,642	555,234	556,045	564,387 ⁽⁴⁾	564,387	570,955	573,676	575,476	594,678
Manholes	2,054	2,058	2,065	2,069	2,093	2,093	2,116	2,129	2,131	3,412
Pump Stations ⁽¹¹⁾	19	19	19	19	19	19	19	19	19	19
Water Utility										
Wells	6	6	6	6	6	6	6	6	6	6
Watermain (feet)	491,662	505,660	504,906 ⁽⁷⁾	508,356	510,890	513,290	523,573	530,151	537,641	555,702
Fire Hydrants	1,060	1,103	1,117	1,130	1,141	1,147	1,176	1,197	1,125	1,199
Valves	1,402	1,474	1,499	1,518	1,381	1,381	1,415	1,437	1,665	1,739
Electric Utility										
Substations	7	7	6	6	6	6	6	6	6	6
Primary Wire (miles)	369	375	375	375	387	387	388	389	389	393
Transformers	1,691	1,648 ⁽⁸⁾	1,687	1,591 ⁽⁹⁾	1,635	1,589 ⁽⁹⁾	1,615	1,678	1,701	1,745
Street Lights	1,028 ⁽¹⁰⁾	1,004 ⁽¹¹⁾	1,006	1,005	1,005	1,012	1,452 ⁽¹²⁾	1,457	1,795 ⁽¹²⁾	1,806

Notes:

- (1) City has one lift station (Olympia) and all other stations are considered pump stations. Split out appropriately starting in 2011.
- (2) Harley motorcycle is leased and used for patrol purposes from May - October.
- (3) Fire Station #2 was completed in 2010 and the building is shared with Village of Dousman Fire Department.
- (4) Addition of Southeast Arterial and Old School House Road, as well as city wide storm water infrastructure assessment which led to additional footage.
- (5) Includes all parks and acreage maintained per Park and Open Space Plan.
- (6) Community center demolished in March 2011. Staff moved to temporary offices during 2011 and 2012. New community center substantially complete in 2012.
- (7) Decrease due to the removal of some 4" mains that ran parallel with 8" mains on West Wisconsin Avenue.
- (8) Old transformers were disposed of in December 2009 and replacements were not purchased until January 2010.
- (9) Fluctuations due to timing of purchases and disposals. 2011 and 2013 counts appear lower as a result of disposals of multiple years. (i.e. 2010 retirements disposed in 2011).
- (10) Approximately 61 street lights transferred ownership to the city from the electric utility and are not included in this number.
- (11) Fewer street lights were replaced with the completion of downtown East Wisconsin Avenue road construction project.
- (12) The City conducted a street light audit, resulting in positive adjustment.

Note: Indicators are not available for the General Government, Health & Welfare, or Conservation and Development functions.

Source: Various City departments.

APPENDIX B

**PROPOSED FORM OF LEGAL OPINION
FOR THE NOTES**

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

December 18, 2018

Re: City of Oconomowoc, Wisconsin ("Issuer")
\$1,500,000 General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$225,000	___%
2020	45,000	___
2021	75,000	___
2022	75,000	___
2023	100,000	___
2024	105,000	___
2025	135,000	___
2026	165,000	___
2027	270,000	___
2028	305,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019.

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

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

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

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

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

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

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

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

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

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

QUARLES & BRADY LLP

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APPENDIX C

**PROPOSED FORM OF CONTINUING
DISCLOSURE CERTIFICATE FOR THE NOTES**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oconomowoc, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on December 4, 2018 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

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

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

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

"Final Official Statement" means the Final Official Statement dated December 4, 2018 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at City Hall, 174 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, phone (262) 569-2186, fax (262) 569-3238.

"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 270 days after the end of the Fiscal Year, commencing with the year ending December 31, 2018, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. CITY DEBT STRUCTURE - Total Outstanding General Obligation Debt Summary
2. CITY DEBT STRUCTURE - Total Outstanding Revenue Debt Summary (if any)
3. CITY DEBT STRUCTURE - Debt Ratios (including Equalized Value)

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 18th day of December, 2018.

(SEAL)

David Nold
Mayor

Diane Coenen
City Clerk

APPENDIX D

NOTICE OF SALE

OFFICIAL NOTICE OF SALE

\$1,500,000
CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
DATED DECEMBER 18, 2018

NOTICE IS HEREBY GIVEN that bids will be received by the Common Council of the City of Oconomowoc, Waukesha County, Wisconsin for the purchase of all but no part of its Notes electronically via PARITY (as described below) or at the offices of the City's financial advisor, Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203 ("HSE"), Attention: Debra Opgenorth, until 10:00 a.m. (Central Time) on:

December 4, 2018

at which time the bids will be publicly opened and read. Bids may be mailed, delivered or submitted by fax to HSE at the address set forth above or faxed to (414) 298-9893, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to HSE prior to the time of sale. The bidder shall be responsible for submitting to HSE the final bid price and coupons, by telephone (414) 298-9898 or fax (414) 298-9893 for inclusion in the submitted bid. Bids which are mailed or delivered should be directed to HSE and plainly marked "Bid for City of Oconomowoc General Obligation Promissory Notes, Series 2018A". A meeting of the Common Council will be held on said date for the purpose of taking action on such bids as may be received. Bids will only be considered by the Common Council if the required good faith deposit has been received in accordance with the requirements set forth below.

Dates and Maturities: The Notes will be dated December 18, 2018 and will mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2019	\$225,000
2020	45,000
2021	75,000
2022	75,000
2023	100,000
2024	105,000
2025	135,000
2026	165,000
2027	270,000
2028	305,000

Interest: Interest on the Notes will be payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2019 to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day of the calendar month next

preceding each interest payment date. 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 MSRB.

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

Term Bonds at Bidder's 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.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on April 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Security and Purpose: The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the City. The Notes will be issued for the public purpose of paying the cost of street improvement projects.

Registration: The Notes will be issued as fully-registered Notes without coupons and, when issued, will be registered only in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE NOTES MAY NOT PROVIDE FOR THE NOTES TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Notes. A single Note certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the denomination of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder shall be required to deposit the Note certificates with DTC as a condition to delivery of the Notes. The City will make payments of principal and interest on the Notes to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes.

Depository: In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully-registered certificated Notes in the denomination of

\$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Fiscal Agent: The Notes shall be distributed to the owners in fully-registered form in the denomination of \$5,000 or any integral multiple thereof by the City Clerk or Treasurer (the "Fiscal Agent"). The Notes shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the 15th day of the calendar month next preceding each interest payment date and as to principal by presentation of the Notes at the office of the Fiscal Agent. The City will pay all costs relating to the registration of the Notes.

Designation as Qualified Tax-Exempt Obligations: The Notes will be designated "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City Clerk or other officer of the City charged with the responsibility for issuing the Notes, shall provide an appropriate certificate of the City as of the date of delivery and payment for the Notes confirming the "qualified" status.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid but the difference between the highest and lowest rate bid shall not exceed Two Percent (2.00%). All Notes of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%) of the principal amount of the Notes (\$1,500,000) nor more than One Hundred Four Percent (104%) of the principal amount of the Notes (\$1,560,000) plus accrued interest to the date of delivery will be considered. The Notes will be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the City.

The underwriter shall be responsible for paying all costs of issuance on behalf of the City. These costs include HSE's Financial Advisory fee, Quarles & Brady LLP Bond Counsel and Disclosure Counsel fees, Moody's Rating Agency fee, IPREO Official Statement Electronic Distribution fee, and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the Notes. The total of these costs is \$44,175, which is to be paid at closing by the underwriter.

Type of Bid: Bids must be submitted either: (1) to HSE as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale, within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice are conflicting with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact Hutchinson, Shockey, Erley & Co., Suite 630, 1110 North Old World Third Street, Milwaukee, Wisconsin 53203 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City and HSE assume no responsibility or liability for bids submitted through PARITY. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder,

and neither the City, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The City is using the services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY is not an agent of the City.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Good Faith Deposit: A cashier's check in the amount of \$30,000 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$30,000 shall be made by the winning bidder by federal wire transfer as directed by the City Treasurer to be received by the City no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (December 4, 2018) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Notes. The good faith deposit will be applied to the purchase price of the Notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Notes shall be made at the closing. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

Bond Insurance at Bidder's Option: If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder. Each bidder shall indicate if it is obtaining bond insurance and shall list the name of the bond insurer on the bidder's Official Bid Form. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Notes.

Delivery: The Notes will be delivered in printed form, one Note per maturity, registered in the name of CEDE & CO., as nominee of DTC, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within forty-five (45) days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith deposit shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Notes (including an arbitrage certificate and a no-litigation certificate) will be furnished to the successful bidder without cost. A Continuing

Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Certificate is a condition of closing.

CUSIP Numbers: The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

Establishment of Issue Price: (a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an Underwriter's Certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

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

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

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

of the Notes (the "hold-the-offering-price rule"). The form of Underwriter's Certificate will be modified to reflect compliance with the requirements of the rule selected by the Underwriter.

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

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

The winning bidder shall promptly advise the City when the underwriter has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the underwriter selects the 10% test, the underwriter agrees to promptly report to the City, Bond Counsel and HSE the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

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

agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

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

Official Statement: Bidders may obtain a copy of the Preliminary Official Statement by request to the City's financial advisor prior to the bid opening. By submitting a bid, the successful bidder agrees to supply to the City within 24 hours after the award of the Notes all necessary pricing information and any underwriter identification necessary to complete the

Preliminary Official Statement. Within seven business days of the award of the Notes, the successful bidder will be provided with up to 25 copies of the Official Statement without cost. If the successful bidder is the manager of an underwriting syndicate, the successful bidder shall be responsible for distributing copies of the Official Statement and any addenda to syndicate members.

Certification Regarding Official Statement: The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City also agrees to notify the successful bidder of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Common Council), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Preliminary Official Statement and in the Final Official Statement.

Irregularities: The City reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to: Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203; Attention: Debra Opgenorth or the undersigned.

Ms. Laurie Sullivan
Director of Finance/Administrative Services
City of Oconomowoc
City Hall
174 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
Phone: (262) 569-2186

Exhibit A
(to Official Notice of Sale)

City of Oconomowoc, Wisconsin ("City")
\$1,500,000
General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018

UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Underwriter in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Notes.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Notes.

[2. *Bond Insurance.*

(a) The Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by _____ (the "Bond Insurer") was essential in marketing the Notes at the rates and prices at which they were marketed and the absence of the Bond Insurance Policy would have had a material adverse effect on the interest rates at which the Notes were sold.

(b) In our opinion, the Bond Insurance Premium paid to the Bond Insurer for its Bond Insurance Policy is a reasonable arm's-length charge for the transfer of credit risk which the Bond Insurance Policy represents.

(c) In our opinion, the present value of the Bond Insurance Premium is less than the present value of the interest on the Notes reasonably expected to be saved as a result of the Bond Insurance Policy. In making this determination present values were computed by using the yield on the Notes (determined with regard to the Bond Insurance Premium) as the discount rate.]

____. *Defined Terms.*

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is December 4, 2018.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public). The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP ("Bond Counsel") in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Notes.

[UNDERWRITER]

By: _____

Name: _____

Dated: December 18, 2018

SCHEDULE A
TO
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B
TO
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)

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APPENDIX E

BID FORM

OFFICIAL BID FORM

CITY OF OCONOMOWOC, WISCONSIN
 \$1,500,000 General Obligation Promissory Notes, Series 2018A
 Dated December 18, 2018

Director of Finance and Administrative Services
 City of Oconomowoc
 c/o Hutchinson, Shockey, Erley & Co.
 1110 N. Old World Third Street, Suite 630
 Milwaukee, Wisconsin 53203

We offer to purchase all but no part of your \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes"). This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received which is incorporated herein by reference and is made a part of the bid described herein.

Terms of Notes. The Notes shall bear interest at the following rate or rates per annum (on a 360-day basis), and we will pay you \$ _____ (which shall result in a purchase price not less than 100.00% (\$1,500,000) nor more than 104.00% (\$1,560,000) of the principal amount of the Notes) plus accrued interest, if any, from December 18, 2018, the dated date, to the date of delivery and payment. The Notes shall bear interest as follows:

<u>April 1</u>	<u>Principal*</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>		<u>April 1</u>	<u>Principal*</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2019	\$ 225,000	_____ %		2024	\$ 105,000	_____ %
2020	45,000	_____		2025	135,000	_____
2021	75,000	_____		2026	165,000	_____
2022	75,000	_____		2027	270,000	_____
2023	100,000	_____		2028	305,000	_____

Bond Years: 8,644.17

The underwriter shall be responsible for paying all costs of issuance on behalf of the City. These costs include HSE's Financial Advisory fee, Quarles & Brady LLP Bond Counsel and Disclosure Counsel fees, Moody's Rating Agency fee, IPREO Official Statement Electronic Distribution fee, and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the Bonds. **The total of these costs is \$44,175, which is to be paid at closing by the underwriter.**

Good-Faith Deposit. In accordance with the terms of the Official Notice of Sale, a good-faith deposit is enclosed in the form of a cashier's check in the amount of \$30,000 or a deposit in the amount of \$30,000 shall be made by federal wire transfer to be received by the City no later than 1:00 p.m. Central Time on the sale date of December 4, 2018.

If this bid is accepted by the City, the proceeds of the good-faith deposit are to be retained by the City to be applied to the purchase price of the Notes or in the event that we should fail to take up and pay for the Notes in compliance with the bid described herein, the good-faith deposit will be retained by the City as full and complete liquidated damages. The amount of the good-faith deposit is to be returned to us on the failure on the part of the City to perform in accordance with the terms of the Official Notice of Sale and this bid.

Closing and Delivery. We agree to accept delivery of and pay for the Notes awarded to us in federal funds or other immediately available funds on or about December 18, 2018.

Certification of Price. We agree to certify to the City, prior to delivery of the Notes, the initial offering price to the public of the Notes, together with such other information as may be required by the City to enable it to determine the "issue price" of the Notes awarded to us as defined in Section 1274 of the Internal Revenue Code of 1986.

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

This bid form is a firm offer for purchase of the Notes identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

Our calculation of the true interest cost rate, computed in accordance with the Official Notice of Sale but not a part of the above bid, is:

Net Interest Cost: \$ _____ True Interest Rate: _____%

Respectfully submitted,

Firm Name _____

Direct Contact and Phone Number _____

By _____

 The foregoing offer is hereby accepted this 4th day of December, 2018 by Members of the Common Council and in recognition therefore is signed by the officers empowered and authorized to make such acceptance.

 Mayor

 City Clerk

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)
BANK QUALIFIED

INVESTMENT RATING "Aa2"
MOODY'S INVESTORS SERVICE, INC

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "LEGAL MATTERS - Tax Exemption" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes. The Notes shall be designated by the City as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A**

Dated: December 18, 2018

Due: April 1, As Shown Below

The General Obligation Promissory Notes, Series 2018A (the "Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Oconomowoc, Waukesha County, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes will be issued for the public purpose of financing street improvement projects.

The Notes will mature on April 1, as follows:

				CUSIP No. ¹					CUSIP No. ¹
Year	Amount	Rate	Yield	675634	Year	Amount	Rate	Yield	675634
2019	\$225,000	4.00%	1.85%	NJ4	2024	\$ 105,000	4.00%	2.40%	NP0
2020	45,000	4.00	2.00	NK1	2025	135,000	4.00	2.50	NQ8
2021	75,000	4.00	2.10	NL9	2026	165,000	4.00	2.60	NR6
2022	75,000	4.00	2.20	NM7	2027	270,000	3.00	2.70	NS4
2023	100,000	4.00	2.30	NN5	2028	305,000	3.00	2.80	NT2

The Notes will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases may be made in book entry form only, as set forth in "BOOK-ENTRY-ONLY SYSTEM" herein, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

Principal of the Notes, payable annually each April 1, commencing April 1, 2019 through 2028 and interest, payable each April 1 and October 1, commencing April 1, 2019, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

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

The rates shown herein are the interest rates payable by the City resulting from the bids for the Notes on December 4, 2018, by the successful bidder. All information concerning the terms of the reoffering of the Notes should be obtained from the successful bidder and not from the City. See "MISCELLANEOUS - Underwriting" herein.

Delivery of the Notes is subject to the receipt of an approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also serve as Disclosure Counsel to the City for the Notes. The Notes will be available for delivery on or about December 18, 2018, through the facilities of DTC in New York, New York.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

December 4, 2018

Baird
Underwriter

Hutchinson, Shockey, Erley & Co.
Financial Advisor to the City

¹ See "CUSIP INFORMATION" herein.

Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the City and available at the date of publication of the Official Statement. Certain information contained herein has been obtained from sources other than records of the City, and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering of the Notes and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the operations of the City since the date of this Official Statement.

The Notes have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN**

David Nold, Mayor
(Term Expires April 2020)

COMMON COUNCIL

<u>Name</u>	<u>Ward</u>	<u>Position on Council</u>	<u>Term Expiration</u>
Derek Zwart	First	Council Vice President	April, 2020
Karen Spiegelberg	First	Aldersperson	April, 2019
Lou Kowieski	Second	Aldersperson	April, 2019
Tom Strey	Second	Aldersperson	April, 2020
Matt Rosek	Third	Aldersperson	April, 2020
Michael Miller	Third	Aldersperson	April, 2019
Charlie Shaw	Fourth	Council President	April, 2020
Kevin Ellis	Fourth	Aldersperson	April, 2019

CITY ADMINISTRATION

Sarah J. Kitsembel, CPA City Administrator/Treasurer
Diane Coenen, CMC City Clerk
Laurie Sullivan Director of Finance and Administrative Services
Stanley Riffle City Attorney
Robert Duffy Director of Economic Development

BOND AND DISCLOSURE COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

Robert W. Baird & Co. Incorporated
Milwaukee, Wisconsin

FINANCIAL ADVISOR

Hutchinson, Shockey, Erley & Co.
Milwaukee, Wisconsin
Chicago, Illinois

REGISTRAR AND FISCAL AGENT

Officials of the City of Oconomowoc, WI

* The contact person for paying agent matters is Laurie Sullivan, Director of Finance and Administrative Services.

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SUMMARY

This is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Notes to potential investors is made only by means of the entire Official Statement and all such documents.

Issuer	City of Oconomowoc, Waukesha County, Wisconsin
Issue	\$1,500,000 General Obligation Promissory Notes, Series 2018A
Dated Date	December 18, 2018
Principal Due	April 1, 2019 through 2028
Interest Payment Date	Commencing April 1, 2019 and on each October 1 and April 1 thereafter. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months.
Redemption Provisions	The Notes maturing on April 1, 2027 and thereafter shall be subject to redemption prior to maturity, at the option of the City, on April 1, 2026 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.
Purpose	The Notes will be issued for the public purpose of financing street improvement projects.
Security	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes.
Authority	The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes, a resolution adopted on October 16, 2018 and an award resolution adopted by the Common Council on December 4, 2018.
Tax Exemption	Interest on the Notes is excludable from gross income for federal income tax purposes. (See "LEGAL MATTERS - Tax Exemption" herein.)
Bank Qualification	The Notes shall be designated as "qualified tax-exempt obligations".
Credit Rating	The Notes have been rated "Aa2" by Moody's Investors Service, Inc.
Underwriter	Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin.
Registrar and Fiscal Agent	Officials of the City of Oconomowoc, Wisconsin.
Record Date	The fifteenth day of the month preceding an interest payment date.
Delivery Date and Place	On or about December 18, 2018, through the facilities of DTC in New York, New York.
Denominations	The Notes will be issued in denominations of \$5,000 each and integral multiples thereof.
Bond Years	8,644.17 Average Life 5.763 years
Continuing Disclosure	The Official Statement will be available from the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") System. The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate. See Appendix C herein.

OFFICIAL STATEMENT

**CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes") of the City of Oconomowoc, Wisconsin (the "City").

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Official Statement is based upon material provided by the City or obtained from other sources and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request.

Information is available, including City prior years' financial statements, upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from City's Director of Finance and Administrative Services, City of Oconomowoc, 174 E. Wisconsin Avenue, P.O. Box 27, Oconomowoc, Wisconsin 53066, telephone (262) 569-3234 or e-mail at lsullivan@oconomowoc-wi.gov. Ms. Sullivan should also be contacted for paying agent matters.

THE NOTES

Purpose

The Notes will be issued for the public purpose of financing street improvement projects.

Authority for Issuance

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, an initial resolution authorizing the issuance and providing the sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Initial Resolution") adopted by the Common Council on October 16, 2018, and a Resolution Awarding the Sale of \$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Award Resolution") adopted by the Common Council on December 4, 2018.

Description

The Notes will be dated December 18, 2018 and will bear interest from their dated date to their respective maturities. Principal of the Notes will be payable annually on each April 1, commencing April 1, 2019 through 2028. Interest will be payable each April 1 and October 1, commencing April 1, 2019.

Sources and Applications of Funds

Sources of Funds

Par Amount of Notes	\$ 1,500,000
Reoffering Premium	<u>61,354</u>
Total	<u>\$ 1,561,354</u>

Applications of Funds

Projects	\$ 1,500,000
Costs of Issuance (including Underwriter's Discount)	57,644
Deposit to Debt Service Account for Capitalized Interest	<u>3,710</u>
Total	<u>\$ 1,561,354</u>

Sources of Payment for the Notes

The City is authorized and required by law to levy on all property taxable by the City such *ad valorem* taxes, without limitation as to rate or amount, as may be necessary to pay the Notes and the interest thereon.

Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrepealable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Award Resolution for collection in each of the years 2019 through 2028 or monies to pay debt service will otherwise be appropriated.

The Award Resolution provides that the tax will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levy or obstruct the collection of the tax. Provision is made for reducing the amount of tax carried onto the tax rolls by the amount of any surplus money in the Debt Service Account for the Notes.

Redemption Provisions

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

THE RESOLUTIONS

The Initial Resolution and the Award Resolution were adopted by the Common Council pursuant to the procedures prescribed by State Statutes. Reference is made to the Initial Resolution and Award Resolution for a complete recital of their terms.

The Initial Resolution authorizes the issuance of the Notes. The Award Resolution awards the Notes to the Underwriter and establishes the form and terms of the Notes, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Notes. Pursuant to the Award Resolution, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrepealable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The Award Resolution establishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Notes.

BOOK-ENTRY-ONLY SYSTEM

The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the City nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes 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 Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Notes 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 Notes purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to Agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note 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 City takes no responsibility for the accuracy thereof.

Registrar and Fiscal Agent

Officers of the City will act as the registrar and fiscal agent for the Notes.

CUSIP INFORMATION

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THE CITY

Introduction

The City is located in southeastern Wisconsin, approximately 30 miles west of Milwaukee, Wisconsin. The City, incorporated in 1875 encompasses an area of approximately twelve square miles in Waukesha County, just north of Interstate Highway 94. The City's estimated 2018 population is 16,889.

Common Council

The City has a mayor/aldermanic form of government with the mayor and eight council members elected to serve staggered two-year terms. The mayor is responsible for conducting the proceedings of the council at its meeting.

Administrative Organization

The policies of the City are set by an eight-member council and mayor. The mayor serves as chief executive of the City with power of veto over council action, subject to override by a two-thirds vote of the council.

The Administrator/Treasurer is responsible for the financial and operational posture of the City. The mayor and council share responsibility for the formulation and the Director of Finance is responsible for enforcement of the budgets for each department.

Services

The City employs the following number of employees in order to provide services to its residents.

<u>Department</u>	<u>No. of Employees</u>		<u>Department</u>	<u>No. of Employees</u>	
	<u>Full-Time</u>	<u>Part-Time</u>		<u>Full-Time</u>	<u>Part-Time</u>
City Council	0	8	Engineering	2	0
Mayor	0	1	Public Works	12	5
City Admin./Treas.	1	0	Parks and Recreation	10	104
City Clerk	3	29	Planning	2	0
Finance Department	6	2	Economic Development	1	0
Fleet Maintenance	2	0	Wastewater Treatment	9	3
Police Department	30	19	Water Utility	8	0
Technology	1	0	Electric Utility	18	3
Library	7	20			

The City has a total of 112 full-time and 194 part-time employees.

Employee Relations and Collective Bargaining

The following bargaining unit represents the respective number of City employees:

<u>Union/Association</u>	<u>Contract Expires</u>	<u>Number of Members</u>
Wisconsin Professional Police Association	12/31/2018	20

According to the City, relations between the City and the bargaining unit are excellent.

All eligible City personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the 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 or 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.

Demographic Information

Population

The Wisconsin Department of Administration, Demographics Service Center has estimated the population trends for the City, Waukesha County and State as shown below.

	Estimated <u>2018</u>	Estimated <u>2017</u>	Estimated <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>
City of Oconomowoc	16,889	16,842	16,656	16,464	16,293
Waukesha County	401,446	398,236	396,449	393,927	392,761
State of Wisconsin	5,816,231	5,783,278	5,775,120	5,753,324	5,732,981

Source: Wisconsin Department of Administration, Demographic Services Center

Median Age

The median ages for the City, Waukesha County and the State as of the 2010 U.S. Census are as follows:

	<u>Median Age</u>
City of Oconomowoc	38.6 years
Waukesha County	42.0
State of Wisconsin	38.5

Source: U.S. Census Bureau, 2010 Census

Income

Adjusted Gross Income ("AGI") per tax return income data for the City, Waukesha County and the State are presented in the following table:

<u>Year</u>	<u>City of Oconomowoc</u>	<u>Waukesha County</u>	<u>State of Wisconsin</u>
2017	\$ 84,796	\$86,671	\$ 56,698
2016	85,714	85,796	55,267
2015	81,596	83,021	54,227
2014	78,150	79,410	52,050
2013	78,910	78,080	50,670

Source: Wisconsin Department of Revenue, Division of Research & Policy

Economic Information

For information regarding the local economy, please see Appendix A, page 5 of the City's Comprehensive Annual Financial Report for the Year Ended December 31, 2017.

Construction

Building activity in the City is indicated by the value of building permits issued, as set forth in the following table:

<u>Year</u>	<u>Valuation</u>
2018 *	\$ 64,950,941
2017	90,194,486
2016	74,852,974
2015	39,462,681
2014	24,500,804

*Through July 31, 2018.

Source: City

Average Annual Employment

The table below presents average annual employment by selected categories within Waukesha County for the last five available years.

	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ALL INDUSTRIES	239,155	242,000	233,770	230,731	231,233
Construction	15,427	16,170	14,985	14,269	13,566
Education & Health Services	41,778	40,966	40,321	39,508	38,678
Financial Activities	16,254	16,658	15,840	15,586	14,837
Information	4,801	4,770	**	**	4,714
Leisure & Hospitality	20,459	21,280	20,792	20,357	19,780
Manufacturing	42,273	42,062	42,678	43,832	43,665
Natural Resources & Mining	474	530	533	525	501
Other Services	8,246	8,242	8,180	8,124	8,052
Professional & Business Services	35,227	36,069	36,014	35,066	34,121
Public Administration	5,917	6,225	6,171	6,069	6,119
Trade, Transportation, Utilities	48,299	49,028	48,256	47,395	47,190
Unclassified	-	-	**	**	10

* Suppressed data.

**Through March 31, 2018.

Source: Wisconsin Department of Workforce Development

Employment

The Wisconsin Department of Workforce Development has estimated the percentage of unemployment to be as follows:

	<u>October</u> <u>2018</u>	<u>2017</u> <u>Average</u>	<u>2016</u> <u>Average</u>	<u>2015</u> <u>Average</u>	<u>2014</u> <u>Average</u>	<u>2013</u> <u>Average</u>
Waukesha County	2.5%	2.9%	3.4%	3.8%	4.4%	5.5%
State of Wisconsin	2.6	3.3	4.0	4.5	5.4	6.7
U.S.	3.5	4.4	4.9	5.3	6.2	7.4

Source: Wisconsin Department of Workforce Development

Major Employers

The following table lists the larger employers in the City by the number of employees:

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Target Stores	Retail Distribution Center	500-999
ProHealth Oconomowoc Memorial Hospital	Medical facility	611
Oconomowoc Area School District	Education	589 ⁽¹⁾
Pabst Farms YMCA	Recreational/health facility	400
Shore Haven (aka Lutheran Homes of Oconomowoc)	Continuing care retirement community	360
City of Oconomowoc	Government	306 ⁽²⁾
Bruno Independent Living Aids	Manufacturer of mobility aids	300
ORBIS Corporation	Global headquarters; plastic and rubber product manufacturing	250
Ace Precision Machining Corp.	Metal forming, fabrication and testing	247
Bimbo Bakeries (Brownberry)	Bakery product manufacturing	200

⁽¹⁾ Full-time equivalent.

⁽²⁾ Includes full and part-time employees.

Source: Manufacturer's News, Inc., Hoover's, Infogroup database - Wisconsin Department of Workforce Development and official statements retrieved from EMMA, October 2018.

Tax Levies and Collections

Wisconsin cities, villages and towns are charged with the responsibility of assessing taxable property and collecting taxes, and making distribution to counties, districts and other public bodies. Property of manufacturing establishments and utilities is assessed by the State Department of Revenue. All assessments are made as of January 1.

All taxes on personal property must be paid in full at the first specified collection date; taxes on real estate may be paid in full by the first specified collection date or in three installments during the collection year. Initially, all taxes are collected by the City Treasurer who then makes settlements with the county, school district and other taxing authorities. In the City of Oconomowoc, all taxes, except personal property taxes, not paid by July 31 are turned over to the County Treasurer for collection. On or before August 20 of each year, the County reimburses the City in full for uncollected real estate taxes and assumes responsibility for remaining balances. Special assessments, special charges and special taxes are held in trust and are reimbursed as they are paid. The City retains responsibility for collection of personal property taxes.

City tax levies for the past five calendar years are as follows:

<u>Collection Year</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Property Tax Levy	\$35,943,497	\$35,343,031	\$34,648,261	\$33,723,596	\$35,722,537
City Purpose Tax Levy	10,818,013	10,505,315	10,279,335	10,132,115	9,159,719
Tax Increment Levy	346,029	339,012	259,822	96,034	3,594,510

The City experiences no real estate tax delinquencies since Waukesha County are required by State Statute to settle in full with underlying taxing districts no later than August 20 of each year.

Source: City

Tax Rates Per \$1,000 of Assessed Valuation

Tax rates for the City for the past five collection years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State	\$0.00 ⁽¹⁾	\$0.17	\$0.17	\$0.17	\$0.15
County	2.06	2.06	2.03	2.04	1.94
City	5.50	5.44	5.37	5.37	5.13
School District	10.15	10.06	10.02	9.84	9.56
Technical College District	0.39	0.38	0.38	0.38	1.19
Lake Management District #1	0.10	0.10	0.11	0.11	0.06
Lake Management District #2	<u>0.003</u>	<u>0.005</u>	<u>0.004</u>	<u>0.0003</u>	<u>0.0006</u>
(Less: State Credit)	<u>(1.87)</u>	<u>(1.67)</u>	<u>(1.67)</u>	<u>(1.46)</u>	<u>(1.39)</u>
Net Tax Rate Lake District #1	16.33	16.54	16.41	16.45	16.65
Net Tax Rate Lake District #2	16.23	16.44	16.30	16.34	16.59

⁽¹⁾ State property taxes were eliminated in the State's 2017-19 budget act.

Source: City

Equalized Valuation

The City has experienced a 20.33% change in equalized value (TID In) over the past five years. This trend is outlined in the table below.

	<u>Equalized Value TID In</u>	<u>% Change</u>	<u>Equalized Value TID Out</u>	<u>% Change</u>
2018	\$2,238,627,100	6.9%	\$2,200,396,300	6.1%
2017	2,093,799,100	4.1	2,073,635,400	4.2
2016	2,010,432,900	4.8	1,990,954,200	4.6
2015	1,918,686,500	3.1	1,904,156,300	2.6
2014	1,860,351,900	3.4	1,855,001,800	14.7

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property for 2018 (TID In) is as follows:

Real Estate	
Residential	\$ 1,570,384,400
Commercial	569,197,100
Manufacturing	67,176,700
Other	<u>2,801,000</u>
Total Real Estate	<u>2,209,559,200</u>
Total Personal Property	<u>29,067,900</u>
Total	<u>\$ 2,238,627,100</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property (TID In) for the City in Waukesha County for the past five years was as follows:

	2018	2017	2016	2015	2014
Real Estate					
Residential	70.15%	70.38%	69.20%	69.19%	69.31%
Commercial	25.43	24.41	25.09	25.32	25.12
Manufacturing	3.00	3.21	3.16	3.39	3.15
Other	0.13	0.14	0.14	0.15	0.15
Personal Property	1.30	1.87	2.40	1.95	2.26
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (millions)	\$2,239	\$2,094	\$2,010	\$1,919	\$1,860

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$38,230,800 have been excluded from the City's tax base for 2018.

TID #	TID Creation Date	Base Value	2018 Current Value	Increment
004	2003	\$50,424,400	\$80,280,100	\$29,855,700
005	2017	6,019,700	13,097,200	7,077,500
006	2017	1,801,800	3,099,400	1,297,600
			Total	\$38,230,800

Source: State of Wisconsin, Department of Revenue

Largest Taxpayers

The table below shows the City's larger taxpayers for levy/collection year 2017/2018.

Name	Product/Business	2017 Equalized Valuation	Net Taxes to be Paid in 2018	Percent of City's 2017 Total Equalized Value
Pabst Farms-RDL LLC	Mixed Use Developer	\$ 55,845,700	\$ 857,639	2.67%
Dayton Hudson Corp. #557 ⁽¹⁾	Retail Distribution Center	47,890,300	735,355	2.29
Waukesha Health Care Inc.	Health Care	20,255,600	310,950	0.97
Pabst Farms Market Place LLC	Mixed Use Developer	17,399,400	267,638	0.83
Summit Center Market Place LLC	Retail Developer	13,275,700	203,752	0.63
Whitman Park LLC	Retail Developer	10,372,000	159,225	0.50
Pabst Farms Village Square	Mixed Use Developer	10,159,800	156,127	0.49
Creekside North Partners LLC	Residential Real Estate	9,418,000	144,508	0.45
Bruno Real Estate LLC	Manufacturing	9,019,100	138,252	0.43
Worthington Apartments LLC	Residential Real Estate	7,948,300	122,003	0.38
TOTAL		\$201,583,900	\$3,095,449	9.64%

⁽¹⁾ Assessed valuation is under appeal by the taxpayer.

Source: City. Information for 2018 is not yet available.

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of December 18, 2018)

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Final Maturity Dates</u>	<u>Current Amount Outstanding</u>
G.O. Street Improvement Bonds	7/07/11	\$2,525,000	4/01/26	\$ 1,550,000
G.O. Refunding Bonds	12/18/12	4,285,000	4/01/31	3,085,000
G.O. Promissory Notes	8/21/13	1,250,000	4/01/23	665,000
Taxable G.O. Refunding Bonds	8/21/13	1,270,000	4/01/24	755,000
G.O. Refunding Bonds	11/01/13	3,880,000	4/01/24	2,235,000
G.O. Promissory Note	11/18/14	78,528	2/15/22	39,264
G.O. Promissory Notes	12/16/14	1,150,000	4/01/24	720,000
G.O. Refunding Promissory Notes, Series 2015	5/20/15	3,100,000	4/01/22	1,825,000
G.O. Promissory Notes, Series 2018A ¹	12/18/18	1,500,000	4/01/28	<u>1,500,000</u>
		Outstanding General Obligation Debt		\$12,374,264
		Less: Remaining 2018 Principal Payments		<u>(0)</u>
		Net Outstanding General Obligation Debt		<u>\$12,374,264</u>

⁽¹⁾ New issue.

General Obligation Debt Service Schedules

	\$2,525,000 G.O. Street Improvement Bonds 7/07/11		\$4,285,000 G.O. Refunding Bonds 12/18/12		\$1,250,000 G.O. Promissory Notes 8/21/13	
	<u>Principal</u> <u>04/01</u>	<u>Interest</u>	<u>Principal</u> <u>04/01</u>	<u>Interest</u>	<u>Principal</u> <u>04/01</u>	<u>Interest</u>
2018						
2019	\$ 170,000	\$ 47,195	\$ 200,000	\$ 74,894	\$ 125,000	\$ 16,462
2020	175,000	42,624	210,000	70,794	130,000	13,588
2021	180,000	37,695	215,000	66,544	135,000 ⁽¹⁾	10,022
2022	190,000	32,140	220,000	62,194	135,000 ⁽¹⁾	6,141
2023	195,000	26,075	225,000	57,462	140,000	2,100
2024	205,000	19,419	230,000 ⁽¹⁾	52,056		
2025	215,000	12,066	235,000 ⁽¹⁾	46,243		
2026	220,000	4,125	240,000 ⁽¹⁾	40,006		
2027			250,000 ⁽¹⁾	33,269		
2028			255,000 ⁽¹⁾	26,325		
2029			260,000 ⁽¹⁾	19,244		
2030			270,000 ⁽¹⁾	11,787		
2031			275,000 ⁽¹⁾	3,953		
	<u>\$1,550,000</u>	<u>\$221,339</u>	<u>\$3,085,000</u>	<u>\$564,771</u>	<u>\$665,000</u>	<u>\$48,313</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$1,550,000</u>	<u>\$221,339</u>	<u>\$3,085,000</u>	<u>\$564,771</u>	<u>\$665,000</u>	<u>\$48,313</u>

⁽¹⁾ Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

	\$1,270,000 Taxable G.O. Refunding Bonds 8/21/13		\$3,880,000 G.O. Refunding Bonds 11/01/13		\$78,528 G.O. Promissory Note (Digital Radio System) - 11/18/14	
	Principal	Interest	Principal	Interest	Principal	Interest ⁽¹⁾
	04/01		04/01		02/15	
2018						
2019	\$ 115,000	\$ 28,738	\$ 350,000	\$ 61,800	\$ 9,816	
2020	115,000	24,712	350,000	51,300	9,816	
2021	120,000	20,300	375,000	40,425	9,816	
2022	130,000	15,138	375,000	29,175	9,816	
2023	135,000	9,338	385,000	17,775		
2024	140,000	3,150	400,000	6,000		
	<u>\$755,000</u>	<u>\$101,376</u>	<u>\$2,235,000</u>	<u>\$206,475</u>	<u>\$39,264</u>	
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	\$755,000	\$101,376	\$2,235,000	\$206,475	\$39,264	

⁽¹⁾ This is an interest-free loan from the County.

	\$1,150,000 G.O. Promissory Notes 12/16/14		\$3,100,000 G.O. Refunding Promissory Notes, Series 2015 - 5/20/15		\$1,500,000 G.O. Promissory Notes, Series 2018A - 12/18/18 ⁽¹⁾	
	Principal	Interest	Principal	Interest	Principal	Interest
	04/01		04/01		04/01	
2018						
2019	\$ 110,000	\$ 15,775	\$ 445,000	\$ 32,050	\$ 225,000	\$ 38,147
2020	115,000	13,525	450,000	23,100	45,000	44,350
2021	120,000	10,875	455,000	14,050	75,000	41,950
2022	120,000	7,875	475,000	4,750	75,000	38,950
2023	125,000	4,812			100,000	35,450
2024	130,000	1,625			105,000	31,350
2025					135,000	26,550
2026					165,000	20,550
2027					270,000	13,200
2028					305,000	4,575
	<u>\$720,000</u>	<u>\$ 54,487</u>	<u>\$1,825,000</u>	<u>\$ 73,950</u>	<u>\$1,500,000</u>	<u>\$295,072</u>
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	\$720,000	\$ 54,487	\$1,825,000	\$ 73,950	\$1,500,000	\$295,072

⁽¹⁾ New issue.

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Total General Obligation Debt

	<u>Total Principal</u> ⁽¹⁾	<u>Total Interest</u> ⁽¹⁾	<u>Total Debt Service</u> ⁽¹⁾
2018			
2019	\$ 1,749,816	\$ 315,061	\$ 2,064,877
2020	1,599,816	283,993	1,883,809
2021	1,684,816	241,861	1,926,677
2022	1,729,816	196,363	1,926,179
2023	1,305,000	153,012	1,458,012
2024	1,210,000	113,600	1,323,600
2025	585,000	84,859	669,859
2026	625,000	64,681	689,681
2027	520,000	46,469	566,469
2028	560,000	30,900	590,900
2029	260,000	19,244	279,244
2030	270,000	11,787	281,787
2031	<u>275,000</u>	<u>3,953</u>	<u>278,953</u>
	\$12,374,264	\$1,565,783	\$13,940,047
Less: Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>
	\$12,374,264	\$1,565,783	\$13,940,047

⁽¹⁾ Includes the Notes.

Debt Ratios

Outstanding general obligation direct debt as a percentage of equalized value and on a per capita basis as December 18, 2018 and as of December 31 for the past five years is as follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> ⁽¹⁾	<u>Per Capita</u>
2018	\$12,374,264 ²	\$2,238,627,100	0.55%	16,889	\$ 732.68
2017	12,369,080	2,093,799,100	0.59	16,842	734.42
2016	13,808,896	2,010,432,900	0.69	16,656	829.06
2015	15,233,712	1,918,686,500	0.79	16,464	925.27
2014	13,128,528	1,860,351,900	0.71	16,293	805.78
2013	17,740,000	1,799,980,600	0.99	16,004	1,108.47

⁽¹⁾ Estimated by the Wisconsin Department of Administration.

⁽²⁾ Unaudited. Includes the Notes; less 2018 payments to be made.

Indirect Debt

The indirect general obligation debt of the City as of October 15, 2018 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of October 15, 2018 (Less: 2018 Payments)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Oconomowoc Area School District	\$ 93,570,000	39.63%	\$ 37,081,791
Waukesha County	74,595,000	3.96	2,953,962
Waukesha County Technical College District ⁽¹⁾	25,280,000	3.87	<u>978,336</u>
			\$ 41,014,089

⁽¹⁾ The district expects to issue \$2,150,000 for fiscal year 2019 in early 2019.

Source: Information obtained from publicly available documents on EMMA (defined herein).

Total Indirect GO Debt	\$ 41,014,089
Indirect GO Debt Per Capita	\$ 2,428.45
Indirect Debt as a % of Equalized Value	1.83%
Total Direct GO Debt	\$ 12,374,264
Total Direct GO Debt Per Capita	\$ 732.68
Total Direct GO Debt as a % of Equalized Value	0.55%
Total Direct and Indirect GO Debt	\$ 53,388,353
Total Direct and Indirect GO Debt Per Capita	\$ 3,161.13
Total Direct and Indirect GO Debt as a % of Equalized Value	2.38%

Short-Term Debt

The City has no outstanding short-term debt.

Legal Debt Limit

The City has the power to incur indebtedness for City purposes specified by statute (Article 11 Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the City, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2018	\$ 2,238,627,100
Outstanding General Obligation Debt as of December 18, 2018	\$ 12,374,264
Legal Debt Capacity (5% of Equalized Value)	\$ 111,931,355
Unused Margin of Indebtedness	\$ 99,557,091
Unused Legal Debt Capacity	88.94%

No Default on City Indebtedness

The City has no record of default on any of its prior or outstanding indebtedness.

Future Financings

The City expects to issue approximately \$1,000,000 of general obligation debt for street projects within the next 12 months. The City also expects to issue \$2,200,000 of short-term notes in 2018 to purchase land, which notes will be refinanced in 2019 with long-term general obligation debt. In addition, the City is considering a possible public safety facility project to be located on the purchased land in 2019 or 2020, but the amount and timing of such project has not yet been determined.

FINANCIAL INFORMATION

Annual Budgets

Preparation of the budget begins in mid-July when the six-month actual results are prepared and distributed to the department heads along with budgetary request forms for the ensuing year. Budget requests are returned to the Finance Department in mid-September. The Finance Department then calculates all related benefits and returns a completed copy of department budget requests to the department heads by late September. Budget conferences follow.

In November of each year, City management submits to the Common Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Common Council action.

Summaries of the 2017 and 2018 adopted general fund budgets follow:

	2017 Adopted Budget	2018 Adopted Budget	Percent to 2018 Total
REVENUES			
Taxes	\$ 7,429,321	\$ 7,816,863	58.53%
Special Assessments	15,000	10,300	0.08
Intergovernmental	1,690,464	1,648,350	12.34
Licenses and Permits	703,930	683,000	5.11
Fines and Penalties	296,125	298,940	2.24
Public Charges for Services	1,235,111	1,084,085	8.12
Interfund Charges for Services	30,290	4,425	0.03
Miscellaneous	254,580	268,828	2.01
Other Financing Sources	1,555,000	1,542,000	11.54
Fund Balance Applied	1,213,477	0	0.00
TOTAL	\$14,423,298	\$13,356,791	100.00%
EXPENDITURES			
General Government	\$ 1,497,429	\$ 1,583,628	11.87%
Public Safety	5,889,078	5,881,653	44.03
Public Works	2,443,711	2,403,065	17.99
Health & Human Services	76,088	79,807	0.60
Library	1,122,790	1,143,665	8.56
Parks and Recreation	1,692,759	1,787,612	13.38
Conservation and Development	487,966	477,361	3.57
Other Financing Uses	1,213,477	0	0.00
TOTAL	\$14,423,298	\$13,356,791	100.00%

Source: City

Summary of Operations

Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 7,441,200	\$ 7,300,058	\$ 7,176,282
Special assessments	12,897	10,364	16,054
Intergovernmental	1,679,857	1,701,688	1,739,898
Licenses and permits	802,371	811,378	638,630
Fines, forfeitures and penalties	318,331	295,801	303,950
Public charges for services	647,678	611,820	531,535
Intergovernmental charges	481,992	597,117	579,805
Interdepartmental charges	8,815	36,286	49,188
Miscellaneous revenues	315,086	355,016	252,296
Total Revenues	\$ 11,708,227	\$ 11,719,528	\$ 11,287,638
EXPENDITURES:			
Current			
General government	\$ 1,543,012	\$ 1,281,584	\$ 1,247,000
Public safety	5,645,450	5,369,713	5,175,565
Public works	2,207,031	2,324,352	2,355,743
Health and human services	78,682	69,122	67,622
Culture and recreation	2,717,832	2,791,148	2,624,057
Conservation and development	690,641	775,740	634,126
Total Expenditures	\$ 12,882,648	\$ 12,611,659	\$ 12,104,113
Excess of Revenues Over (Under) Expenditures	\$ (1,174,421)	\$ (892,131)	\$ (816,475)
Net Other Financing Sources (Uses)			
Transfers in	2,035,578	1,673,871	1,501,826
Transfers out	(1,418,477)	(735,759)	(342,681)
Total Other Financing Sources (Uses)	\$ 617,101	\$ 938,112	\$ 1,159,145
Net Change in Fund Balances	\$ (557,320) ⁽¹⁾	\$ 45,981	\$ 342,670
Fund Balances – January 1	\$ 9,155,716	\$ 9,109,735	\$ 8,767,066
Fund Balances – December 31	\$ 8,598,396	\$ 9,155,716	\$ 9,109,736
Fund Balances			
Nonspendable	\$ 474,773	\$ 1,232,994	\$ 683,782
Restricted	\$ 7,411	\$ 7,411	\$ 7,661
Committed	\$ 196,260	\$ 196,260	\$ 196,260
Assigned	\$ 546,776	\$ 1,790,709	\$ 946,589
Unassigned	\$ 7,373,176	\$ 5,928,342	\$ 7,275,444

⁽¹⁾ Reflects a planned use of fund balance for capital projects.

Source: The City's audited financial statements

Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Years Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 11,340,704	\$ 11,013,147	\$ 10,720,026
Special assessments	20,347	17,814	23,054
Intergovernmental	1,833,033	2,200,213	1,870,907
Licenses and permits	1,253,552	1,427,789	779,266
Fines, forfeitures and penalties	318,331	295,801	303,950
Public charges for services	1,677,266	2,378,273	2,183,544
Intergovernmental charges	481,992	647,117	579,805
Interdepartmental charges	8,815	36,286	49,188
Miscellaneous revenues	531,297	401,434	300,397
Total Revenues	<u>\$ 17,465,337</u>	<u>\$ 18,417,874</u>	<u>\$ 16,810,137</u>
EXPENDITURES:			
Current			
General Government	\$ 1,602,268	\$ 1,281,584	\$ 1,247,000
Public Safety	5,839,697	6,449,923	6,127,844
Public Works	3,122,329	4,232,380	3,350,900
Health and welfare	78,682	69,122	67,622
Culture and recreation	2,883,686	2,903,744	2,645,274
Conversation and development	750,883	780,772	634,238
Capital outlay	8,429,727	3,825,040	2,300,608
Debt Service			
Principal	985,481	970,481	962,116
Interest expenses and fees	310,004	307,459	322,512
Total Expenditures	<u>\$ 24,002,757</u>	<u>\$ 20,820,505</u>	<u>\$ 17,658,114</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (6,537,420)	\$ (2,402,631)	\$ (847,977)
Other financing sources (uses)			
Transfers in	\$ 4,107,446	\$ 2,409,630	\$ 1,844,507
Transfers out	(2,251,573)	(788,483)	(344,131)
Sale of capital assets	12,135	0	0
Total Other Financings Sources (Uses)	<u>\$ 1,868,008</u>	<u>\$ 1,621,147</u>	<u>\$ 1,500,376</u>
Net Change in Fund Balances	\$ (4,669,412)	\$ (781,484)	\$ 652,399
Fund Balances - January 1	\$ 13,346,522	\$ 14,128,006	\$ 13,475,607
Fund Balances - December 31	\$ 8,677,110	\$ 13,346,522	\$ 14,128,006
Fund Balances			
Nonspendable	\$ 476,168	\$ 1,233,979	\$ 683,782
Restricted	\$ 516,475	\$ 1,396,721	\$ 1,379,896
Committed	\$ 3,518,310	\$ 4,095,921	\$ 4,142,856
Assigned	\$ 546,776	\$ 1,790,709	\$ 946,589
Unassigned	\$ 3,619,381	\$ 4,829,192	\$ 6,974,883

Source: The City's audited financial statements

Financial Information

A copy of the City's audited financial statements for the fiscal year ended December 31, 2017, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by BakerTillyVirchowKrause, LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there has 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.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). 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 years ended December 31, 2015 ("Fiscal Year 2015"), December 31, 2016 ("Fiscal Year 2016") and December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$615,410, \$601,843 and \$599,847, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

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

As of December 31, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position of the WRS was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2017, the City reported a liability of \$516,523, for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.062666730% of the aggregate WRS net pension liability as of December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the 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 Note V.A. of the City's Financial Statements for the Year Ended December 31, 2017.

Other Post-Employment Benefits

The City does not offer any other post-employment benefits.

LEGAL MATTERS

Pending Litigation

The City certifies that there is no pending litigation or threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contest or affect the validity of the Notes or of any proceedings of the City taken with respect to the issuance and sale of the Notes.

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 the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

Legal Matters

Certain legal matters incident to the authorization and issuance of the Notes are subject to the approval of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Notes. The proposed form of such opinion is attached hereto as Appendix B "Proposed Form of Legal Opinion for the Notes."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

Tax Exemption

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

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

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

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

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

See Appendix B "Proposed Form of Legal Opinion for the Notes".

Designation As Qualified Tax-Exempt Obligations

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Bond Premium

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

Any Premium Note purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Note is calculated on a daily basis from the issue date of such Premium Note until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Note that has amortizable bond premium is not

allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

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

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.

MISCELLANEOUS

Rating

The Notes have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

Concurrently, Moody's maintains its "Aa2" rating on the City's previously issued long-term general obligation debt.

The rating reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained therefrom. 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 the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by Moody's if, in their judgment, 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 Undertaking described under the heading "Continuing Disclosure" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Notes any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist the Underwriter, which will reoffer the Notes, in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Award Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a 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. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years the City has not failed to comply in all material respects with any previous undertakings under the rule.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

On August 24, 2016, the Securities and Exchange Commission (the "Commission") entered an "Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order" (the "Order") against the City based on information self-reported by the City to the Commission pursuant to the Commission's Municipalities Continuing Disclosure Cooperation Initiative. Under the Order, the City was ordered to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act of 1933, as amended, and, in addition, to: (i) within 180 days of the entry of the Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at the City responsible for ensuring compliance by the City with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training; (ii) within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if the City is not currently in compliance with its continuing disclosure obligations; (iii) disclose in a clear and conspicuous fashion the terms of the Order in any final official statement for an offering by the City within five years of the institution of these proceedings; (iv) certify, in writing, compliance with the undertakings set forth above; and (v) cooperate with any subsequent investigation by the Commission regarding the misleading statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved. Pursuant to the undertakings of the City in the Order, the City has made the required certifications to the Commission within the time period specified in the Order.

Underwriting

The Notes were sold by competitive bidding conducted on December 4, 2018.

The award of the Notes was made to Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin (the "Underwriter"). The public reoffering prices or yields of the Notes, as shown on the front cover of this Official Statement, have been obtained from the Underwriter.

Financial Advisor

Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin, is under contract with the City to provide financial advisory services to the City, as well as assistance with the competitive sale of the Notes on December 4, 2018.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Notes, the Mayor and the City Clerk will deliver to the purchaser of the Notes a certificate stating that, to the best of their knowledge, this Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Notes, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which this Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

CITY OF OCONOMOWOC

By /s/ Diane Coenen, CMC
City Clerk

APPENDIX A

**AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF OCONOMOWOC
FOR THE YEAR ENDED DECEMBER 31, 2017**

CITY OF OCONOMOWOC

Oconomowoc, Wisconsin

Comprehensive Annual Financial Report

As of and for the Year Ended December 31, 2017

INTRODUCTORY SECTION

CITY OF OCONOMOWOC

Oconomowoc, Wisconsin

Comprehensive Annual Financial Report

As of and for the Year Ended December 31, 2017

Prepared by the
Finance Department

CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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June 18, 2018

To the Honorable Mayor, Members of the City Council and Citizens of the City of Oconomowoc:

The comprehensive annual financial report for the City of Oconomowoc for the year ended December 31, 2017, is hereby submitted. This report consists of management's representations concerning the finances of the City of Oconomowoc. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City Council retained the accounting firm of Baker Tilly Virchow Krause LLP to perform an audit of the City's financial statements. Baker Tilly Virchow Krause LLP has issued an unmodified ("clean") opinion on the City of Oconomowoc's financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City, first incorporated as a village in 1865, and then as a city in 1875, is located in western Waukesha County, in the southeastern part of Wisconsin, 30 miles west of downtown Milwaukee. The City currently has a land area of approximately 13 square miles and a population of 16,842. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City has operated under a mayor-council form of government since its incorporation. Policymaking and legislative authority is vested in the City Council, which consists of a mayor and an eight-member council. This governing council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City's administrator. The city administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the City government. The mayor is responsible for appointing committees, boards and commissions, subject to the approval of the City Council. The mayor and the council are elected on a non-partisan basis. Council members are elected from within their respective districts to two-year staggered terms, with four council members elected every year. The mayor is elected at large to two-year terms.

Early in its history, Oconomowoc attracted wealthy individuals from Chicago, Milwaukee, St. Louis and other midwestern cities that came to this area to enjoy its lakes and stay in its prospering resort hotels. By the 1880's, six luxury resorts and 26 grand Victorian homes dotted the landscape and lakeshores. As the years passed, the City grew in population and business prospered. Today, Oconomowoc continues to attract visitors, new businesses, and new residents with its natural beauty, favorable location, diverse and thriving businesses and industries, fine services, and year-round recreational activities.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets, highways, and other infrastructure; recreational activities and cultural events. In addition to the general activities, the City Council exercises control over the Wastewater, Water, and Electric Utilities and therefore they have been included as an integral part of the City's financial statements. The Oconomowoc Area School District is an autonomous entity and has not met the established criteria for inclusion in the reporting entity and accordingly, is excluded from this report.

The annual budget serves as the foundation for the City of Oconomowoc's financial planning and controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, and the debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level within the department and individual fund.

Local Economy

The City's growth tends to follow the pattern of the national economy trends, however, the city's growth has outpaced the average growth within our county five out of the last 10 years. Over the long-term, the City is likely to continue to experience significant residential and commercial growth in the years ahead as development from the Milwaukee area edges toward Oconomowoc. Because of its easy access to points east and west, provided by Interstate Highway I-94 and the four-lane State Highway 16, a significant portion of the City's population commutes to work in the Milwaukee area. In 2017 the City had net new construction growth of 1.88 % or \$37.9 million.

The City is home to a diverse business base. The 145-acre Oconomowoc Corporate Center features office and light industrial sites for several area companies. During 2016 and 2017 the City experienced an increase in interest in industrial and commercial development in the 1,100 acre Pabst Farms area, which is expected to translate to substantial development in the near future. The Pabst Farms development is a mixed-use development with industrial, commercial, residential, school and institutional uses with open space preservation. The Pabst Farms development will have a major impact on western Waukesha County.

The Roundy's Distribution Center and Target Distribution Center are located in the City near Interstate 94 and State Highway 67 interchange. The Roundy's Distribution Center, located within Pabst Farms, was completed in 2005 and comprises 1.065 million square feet and employs approximately 600 people. Target Distribution Center opened in 1994 and underwent an expansion in 2002. The Target facility is 1.5 million square feet and employs about between 600-700 people.

The City's 2016 overall net property tax rate of \$15.96 per \$1,000 of estimated actual value ranks 185 out of all 190 Wisconsin cities. In 2017 the City's overall net property tax rate decreased to \$15.40. The decrease is primarily the result of an increase in property values outpacing increases in tax levy growth. Rankings are not available for 2017 but it is expected to be comparable to 2016.

As a public power community, the City is able to provide its residential customers with electric rates averaging approximately 20 percent lower than the rates charged by the large investor-owned utility that services the surrounding communities. Oconomowoc's average 2017 annual sewer and water charge per household was \$557 compared to \$636, the average for area Wisconsin communities.

Local economic indicators continued their favorable trends. For example Waukesha County's unemployment rate continued to compare favorably to the state and national average rates as well as the City's adjusted gross income per tax return compared favorably to Wisconsin's average. We expect these trends to remain favorable in the future.

Long-term Financial Planning

The City continues to focus on how to improve Oconomowoc's services and vitality. The City has committed to improving Oconomowoc through various actions and continues to improve their long-term financial planning efforts.

The City uses both its Zoning Ordinance and 2030 Comprehensive Land Use Plan, adopted in 2010 to manage development until the year 2030. During 2018, in accordance with state statutes the Comprehensive Land Use Plan will be updated to assist in managing development through 2030. In addition to the Comprehensive Land Use Plan, the City has also adopted plans relating to Downtown revitalization, parking, waterfronts, the Southwest Summit Avenue area, and the River West Neighborhood. These plans focus on the applicable specific areas within the City and the unique characteristics each area encompasses. Together, these documents serve as guides to growth and development in the City and the surrounding area. As long range planning tools, these documents are concerned with a wide variety of environmental, economic and social factors for areas currently within the City's corporate limits and beyond. City officials use these land use plans as a policy guide to direct community development decisions, to assist with community facility budgeting, and to focus and stimulate private housing, business, and industrial investment decisions. These plans contain detailed recommendations for community character, land use, transportation, recreation, community facilities, and utilities, as well as extensive recommendations to ensure the implementation of the plans.

While the City closed TIF No. 3 during 2014, the City continues to promote and encourage development within the Pabst Farms area. It is expected that the City will see future commercial and residential growth within the area. To further support development the City completed the highway 67 project with the Wisconsin Department of Transportation. This project adds supporting infrastructure to the area, including additional lanes for traffic flow and dedicated bicycle paths.

The City of Oconomowoc has established the revitalization of the downtown and adjoining neighborhoods as a top priority. It is a goal of the City to maintain the downtown as a healthy, vibrant area and a center of community activities. As a result of this effort the Common Council approved and created TIF No. 4 during 2003. The district was created to finance public works improvements, provide incentives to the private sector to assist in the elimination of blighted conditions and lastly to stimulate planned commercial, housing and mixed-use development within the district. In 2006 the Common Council amended TIF No. 4 to address the increased scope of the public infrastructure investments in the downtown. The TIF amendment changed the boundaries as well as increased the project costs. In 2012 the Common Council again amended TIF No. 4 to create consistent taxing jurisdictions with TIF No. 3. Overall the estimated costs within the district are estimated to be \$22.6 million with the district funding approximately \$13.2 million and the remaining funds to come from various other sources. When the district is terminated it is expected to bring approximately \$66.7 million of value onto the tax rolls. In 2017 the City approved the creation of TIF district No. 5 and 6, to finance public works improvements, provide incentives to the private sector to assist in the elimination of blighted conditions and lastly to stimulate planned commercial, housing and mixed-use development within the district, which will further enhance the downtown area. TIF 5 estimated costs within the districted are estimated to total \$6.0 million while TIF 6 estimated project costs total \$10.5 million.

Other examples in which the City continues to take an active role in the downtown development and redevelopment include the implementation of the downtown revitalization plan and market analysis in partnership with the CDA (Community Development Authority). This plan, which was approved in 2004, serves as a tool and vision for the future of Oconomowoc's downtown image. One of the key recommendations within the Plan was for the City to encourage additional rooftops in the Downtown. During the past several years the City has approved over 100 apartment units directly in the City's Downtown and an additional 55 units in the former Middle School, located just several blocks from the Downtown. The most recent downtown residential project included a land acquisition which gave the City additional land adjacent to our downtown park. This expanded park area is expected to bring expanded use, programming and visitors into the heart of our downtown. Additionally during 2016 the created the Downtown Design Overlay District, which works in conjunction with the existing downtown revitalization plans to provide further guidance relating to the design of projects within the Downtown. This new

district will work in conjunction with the adopted plans to ensure developments fit comfortably within the existing fabric of the City, both now and for years to come.

In conjunction with these efforts the City adopted a redevelopment plan for a block within the downtown area. The redevelopment plan gives the CDA the ability to exercise certain powers to remove blight in the designated project area. In 2009, the City adopted the Downtown Waterfront and Parking Solutions plan. The Plan goal is to create the most compelling, memorable, and beloved waterfront destination in the Heart of Lake Country – Downtown Oconomowoc. Through the implementation of these efforts the downtown will continue to attract businesses, residents, and visitors to our community. In addition, the City is working with the Oconomowoc Area Chamber of Commerce, as well as independently, in soliciting new and appropriate retail to our downtown and in establishing initiatives to ensure the downtown vitality for years to come.

In addition to the efforts detailed above, the City annually updates and adopts a five-year long-term financial plan/capital improvement plan. This plan focuses on the strategic initiatives of the City and addresses the City's capital and operating needs over five years. This document assists the Council in setting the priorities of the City as well as determining how we will finance the needs of the City in the future.

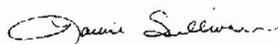
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oconomowoc for its comprehensive annual financial report (CAFR) for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state or local government financial reports. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Oconomowoc received its first Certificate of Achievement in 1994, and has received it in all subsequent years except for 1997 when a report was not submitted. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible through the dedicated services of the Finance Department staff, other City departments, and our independent auditors. We express our appreciation to all the City staff that assisted and contributed to the preparation of this report. We also thank the Mayor, the City Council, and the City Administrator – without their leadership and continuing support, preparation of this report would not have been possible.

Sincerely,



Laurie Sullivan
Director of Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oconomowoc
Wisconsin**

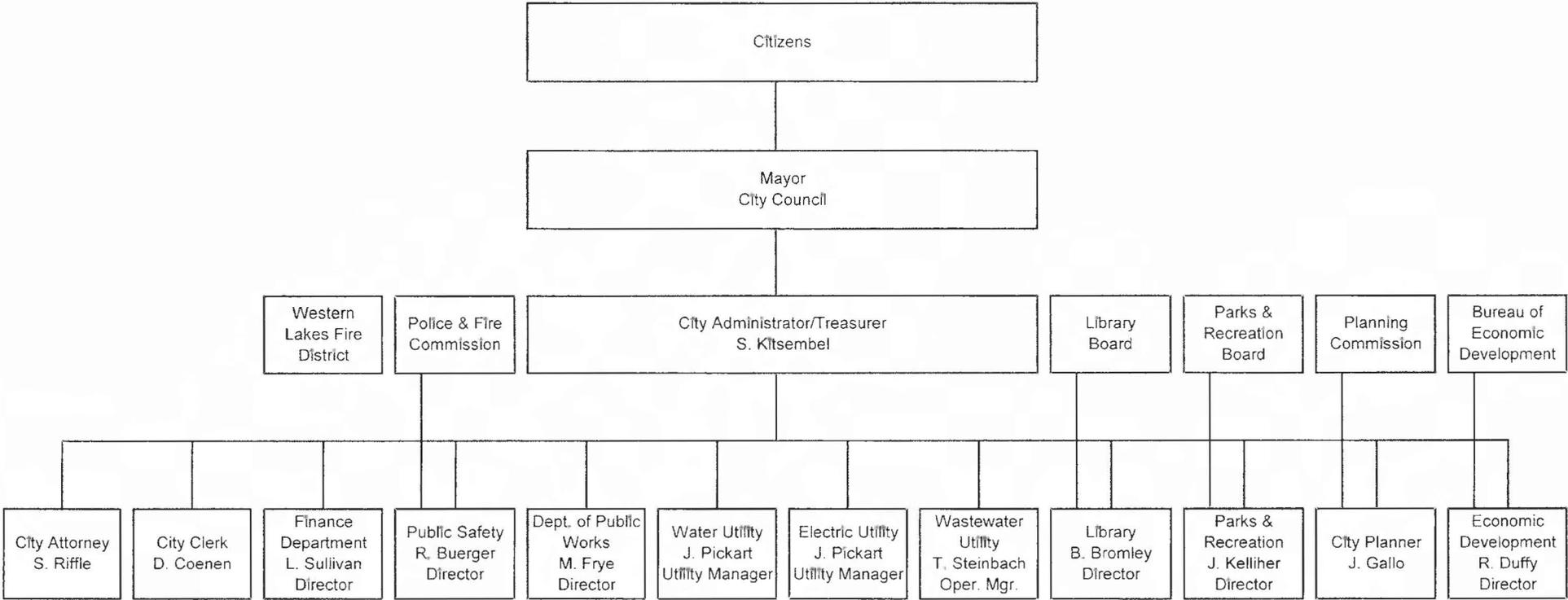
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

City of Oconomowoc Organizational Chart



CITY OF OCONOMOWOC, WISCONSIN

List of Elected and Appointed Officials

December 31, 2017

ELECTED OFFICIALS

Mayor		David Nold
Council Member	District 1	Derek Zwart
	District 1	Jeff Schmidt
	District 2	Ken Herro
	District 2	Tom Strey
	District 3	Michael Miller
	District 3	Matt Rosek
	District 4	Charlie Shaw
	District 4	Kevin Ellis
Municipal Court Judge		Timothy Kay

APPOINTED OFFICIALS

Administrator/Treasurer	Sarah Kitsembel
Attorney	Stan Riffle
Assistant Attorney	Jeffrey Ek
Clerk	Diane Coenen
Finance Director	Laurie Sullivan
Public Safety Director	Ron Buerger
Public Works Director	Mark Frye
City Engineer	Stanley Sugden
Library Director	Betsy Bromley
Parks and Recreation Director	John Kelliher
Economic Development Director	Robert Duffy
City Planner	Jason Gallo
Wastewater Operations Manager	Thomas Steinbach
Electric & Water Operations Manager	Joe Pickart

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Oconomowoc
Oconomowoc, 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 Oconomowoc, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Oconomowoc's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Mayor and City Council
City of Oconomowoc

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 Oconomowoc, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Revenue Fund - Park and Recreation Facilities Impact Fees for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV H. to the financial statements, net position as of December 30, 2016 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the City of Oconomowoc as of December 31, 2016, prior to restatement, were audited by other auditors whose report dated June 28, 2017, expressed an unmodified opinion on those statements.

As part of the audit of the December 31, 2017 financial statements, we also audited the adjustments described in Note IV H. that were applied to restate the December 31, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2016 financial statements of the City of Oconomowoc other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2016 financial statements as a whole.

Required Supplementary Information

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

To the Mayor and City Council
City of Oconomowoc

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oconomowoc's basic financial statements. The introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
June 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Oconomowoc (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 4 – 7 of this report.

Overview of the Financial Statements

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

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

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

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, health and welfare, culture and recreation and conservation and development. Business-type activities include electric, water and wastewater utilities.

The government-wide financial statements include not only the City of Oconomowoc itself, but also any component units. Component units are legally separate entities for which a primary government is financially accountable. The City has not identified any component units that are required to be included.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds and other capital projects funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The basic governmental fund financial statements can be found on pages 26-37 of this report.

Proprietary funds. Proprietary funds generally report services for which the City charges customers a fee. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Services such as the electric, water and wastewater utilities are provided to customers external to the City organization. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its technology, risk management, and fleet maintenance systems. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and wastewater utilities, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Oconomowoc's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Oconomowoc's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 85-86 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds, as well as the individual fund statements and schedules are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements can be found on pages 87-114 of this report.

The City has also included a statistical section with 10 years of comparative financial, demographic, and operational data. This information can be found on pages 115-137 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$203,346,404 at the close of the most recent fiscal year.

City of Oconomowoc's Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Assets:						
Non-Capital assets	\$ 27,682,489	\$ 29,746,292	\$ 33,158,746	\$ 33,063,337	\$ 60,841,235	\$ 62,809,629
Capital assets	73,240,062	68,080,106	100,474,264	98,008,783	173,714,326	166,088,889
Total assets	100,922,551	97,826,398	133,633,010	131,072,120	234,555,561	228,898,518
Deferred Outflows of Resources:						
Deferred outflows related to pension	3,117,937	4,060,863	1,328,786	1,607,719	4,446,723	5,668,582
Deferred charge on refunding	-	-	-	28,791	-	28,791
Total deferred inflows	3,117,937	4,060,863	1,328,786	1,636,510	4,446,723	5,697,373
Liabilities:						
Current and other liabilities	4,872,095	4,491,821	2,959,632	2,358,186	7,831,727	6,850,007
Long-term liabilities	10,724,536	11,742,848	2,920,781	3,700,083	13,645,317	15,442,931
Total liabilities	15,596,631	16,234,669	5,880,413	6,058,269	21,477,044	22,292,938
Deferred Inflows of Resources:						
Deferred inflows related to pension	1,505,835	1,535,007	630,716	601,855	2,136,551	2,136,862
Property taxes	12,042,285	10,861,798	-	-	12,042,285	10,861,798
Total deferred inflows	13,548,120	12,396,805	630,716	601,855	14,178,836	12,998,660
Net Position:						
Net investment in capital assets	63,910,347	57,822,336	98,170,860	94,911,877	162,081,207	152,734,213
Restricted	516,475	7,411	9,431,803	8,836,673	9,948,278	8,844,084
Unrestricted	10,468,915	15,426,040	20,848,004	22,299,956	31,316,919	37,725,996
Total net position	\$ 74,895,737	\$ 73,255,787	\$ 128,450,667	\$ 126,048,506	\$ 203,346,404	\$ 199,304,293

The largest portion of the City's net position (79.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31,316,919) may be used to meet the government's ongoing obligations to citizens and creditors.

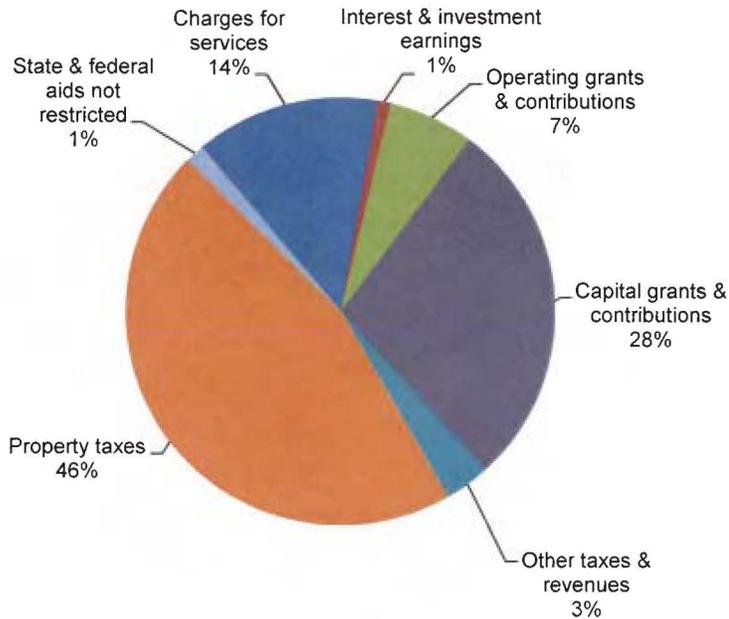
Governmental activities beginning net position was restated as of 1/1/2017 to record vested compensated absences liability as of that date. More information on the compensated absences liability can be found in our discussion on long term obligations as well as Note IV(F). Business type activities beginning net position was restated to recognize their related portion of vested compensated absences due, remove receivables and revenue previously recognized for impact fee charges for which the utilities had not yet earned, and to remove unfunded pension assets amortized over the life of the debt. These restatements contributed in the overall decrease in the unrestricted total government wide net position. The 12/31/2016 information presented within the MD&A has not been adjusted for these restatements. More information on the restatement can be found in Note IV(H).

The following table provides a summary of the City's changes in net position.

City of Oconomowoc's Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Revenues:						
Program Revenues						
Charges for services	\$3,288,882	\$4,029,262	\$31,267,787	\$32,364,878	\$34,556,669	\$36,394,140
Operating grants and contributions	1,531,323	1,575,807	-	-	1,531,323	1,575,807
Capital grants and contributions	6,638,724	2,265,675	4,187,817	2,075,942	10,826,541	4,341,617
General Revenues						
Property taxes	10,844,325	10,540,331	-	-	10,844,325	10,540,331
Other taxes	444,269	424,462	-	-	444,269	424,462
State & federal aids not restricted						
to specific functions	334,229	321,041	-	-	334,229	321,041
Interest & investment earnings	231,009	144,675	391,217	324,402	622,226	469,077
Miscellaneous	370,008	230,792	-	-	370,008	230,792
Total Revenues	23,682,769	19,532,045	35,846,821	34,765,222	59,529,590	54,297,267
Expenses:						
General government	1,778,192	\$1,301,859	-	-	1,778,192	1,301,859
Public safety	7,004,271	7,300,689	-	-	7,004,271	7,300,689
Public works	7,152,335	4,313,368	-	-	7,152,335	4,313,368
Sanitation	891,054	939,100	-	-	891,054	939,100
Health and human services	79,054	69,535	-	-	79,054	69,535
Culture and recreation	2,424,466	3,318,525	-	-	2,424,466	3,318,525
Conservation and development	915,791	991,179	-	-	915,791	991,179
Interest on debt	279,056	277,199	-	-	279,056	277,199
Electric Utility	-	-	22,472,596	23,194,300	22,472,596	23,194,300
Water Utility	-	-	2,604,895	2,476,278	2,604,895	2,476,278
Wastewater Utility	-	-	3,266,269	3,171,820	3,266,269	3,171,820
Total Expenses	20,524,219	18,511,454	28,343,760	28,842,398	48,867,979	47,353,852
Increase (decrease) in net position						
before transfers	3,158,550	1,020,591	7,503,061	5,922,824	10,661,611	6,943,415
Transfers	1,855,873	1,621,147	(1,855,873)	(1,621,147)	-	-
Special item-loss on disposal of asset	(3,058,976)	-	-	-	(3,058,976)	-
Change in net position	1,955,447	2,641,738	5,647,188	4,301,677	7,602,635	6,943,415
Beginning net position	73,255,787	70,614,049	126,048,506	121,746,829	199,304,293	192,360,878
Restatement of beginning						
net position	(315,497)	-	(3,245,027)	-	(3,560,524)	-
Ending net position	\$74,895,737	\$73,255,787	\$128,450,667	\$126,048,506	\$203,346,404	\$199,304,293

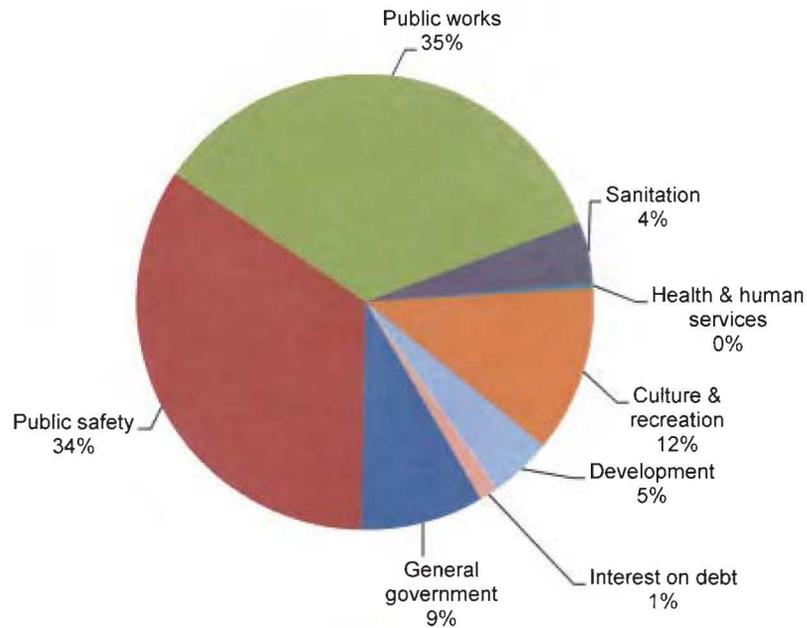
Governmental activities. Total net position for the governmental activities increased approximately \$1.96 million during the current fiscal year. Net investment in capital assets increased 10.5% (approximately \$6.1 million). Capital assets purchased and contributed during the year totaled approximately \$11.9 million, of which \$5.1 million was contributed. See the discussion regarding capital assets later in this analysis for further details. Restricted net position increased \$509,064 due to a reclassification of funds from unrestricted to restricted as a result of a review of revenue sources and related requirements.

GOVERNMENTAL ACTIVITIES REVENUES



As graphically portrayed above, in 2017 the City received a significant amount of its revenue from property taxes (46%). This percentage decreased from the prior year due to an increase in capital grants and contributions (28%) arising from developer financed infrastructure. The City received 14% of its revenue from charges for services, which is a decrease as compared to prior year. This decrease was driven by the creation of the Western Lakes Fire District which took over fire and EMS services effective March 3, 2017. More information on the Western Lakes Fire District can be found in Note V(E).

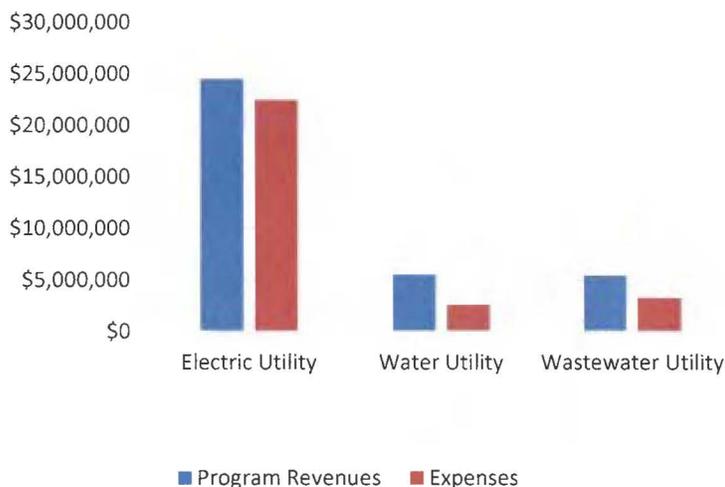
GOVERNMENTAL ACTIVITIES FUNCTIONAL EXPENSES



This graph shows the distribution by function of the total governmental activities cost of \$20,524,219. Of the total amount, public works accounts for 35% in costs, public safety 34%, and culture and recreation 12%. The cost of public works increased from the prior year, this is primarily due to reclassifications made from the prior year, as well as the types of projects completed during the current year. Public safety expenditures also decreased from the prior year due to the creation of the Western Lakes Fire district. All other categories remained relatively comparable to the prior year.

Business-type activities. Total net position for the business-type activities increased approximately \$5.6 million during the current fiscal year. This increase is more than previous years due increases in capital contribution received by each of the utilities from development activity. See the discussion regarding capital assets later in this analysis for further details.

**BUSINESS TYPE ACTIVITIES
Program Revenues vs. Expenses**



Business-type activities are shown above comparing costs to revenues generated by related services. Operating income from the electric, water and wastewater utilities totaled \$2,449,561. This is a decrease from 2016 and was primarily caused by increasing expenses outpacing rate increases, particularly within the electric utility.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$8.7 million. Of this amount \$476,168 is considered nonspendable based on form and \$516,475 is restricted by outside parties for specific purposes. The Council committed a total of \$3.5 million in fund balance for future projects and spending. These commitments are not legally obligated but can only be reversed by future Council action. The Council, City Administrator and/or Finance Director assigned \$546,776 for future budget items, including carryovers of certain budget surpluses into the next year and various other projects.

Total unassigned fund balance for governmental funds totals \$3.6 million. The general fund portion of the unassigned fund balance is the largest segment at \$7.4 million. The City Council adopted a reserve policy that requires an emergency reserve of 25% of the general operating fund and levy funded capital projects fund expenditures. As of the end of the year, the fund balance required under the reserve policy was \$3.9 million; therefore the remaining unassigned fund balance was \$3.5 million. The general fund unassigned fund balance is offset by the negative fund balances in the TID #4, TID #5, and TID #6 capital projects fund, the parks and recreation and transportation impact fee special revenue funds, and the debt service fund. These negative balances are the result of internal advances that will be paid with future revenues.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$8.6 million, which is comparable to prior years. As a measure of the general fund’s liquidity, it may be

useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total general fund expenditures, while total fund balance represents 67% of that same amount. Both of these percentages are also comparable to prior year.

The debt service fund is utilized to account for and report transactions relating to the issuance and payment of existing debt. The debt service fund balance decreased (approximately \$652,399) and is presented at a deficit of \$605,912 due to the issuance of an internal advance to fund certain capital improvements during 2017. This internal advance will be paid of through future tax levy over the next ten years.

The park and recreation impact fee special revenue fund is used to account for the collection of park and recreation impact fees and the related project expenditures. During 2017 fund balance decreased (approximately \$2.3 million) to end at a deficit of \$1.3 million due to completion of the Fowler Waterfront project. This deficit will be funded with future collections of impact fees.

The TID #4 capital projects fund experienced a decrease in fund balance (approximately \$788,945) during the current year. This decrease is due to capital expenditures in excess of increment collected. The City created two new TIF districts during 2017. TID #5 ended the year with a \$49,496 fund deficit and TID #6 ended the year with a \$23,392 fund balance deficit.

The capital improvements fund is used to account for general City capital improvement transactions. At the end of 2017 the fund balance of the capital improvements fund was \$1.8 million, a decrease of \$696,907 from the prior year. This decrease is due to completion of prior year projects authorized to be carried over.

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

Unrestricted net position of the electric, water and wastewater utilities at the end of the year were \$20.8 million, which decreased from the prior year mainly due to a restatement of beginning net position. Beginning proprietary net position was restated to recognize their related portion of vested compensated absences due, remove receivables and revenue previously recognized for impact fee charges for which the utilities had not yet earned, and to remove unfunded pension assets amortized over the life of the debt. More information on the restatement can be found in Note IV(H). Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The net revision of the original 2017 budget for the General Fund expenditures was \$267,233. Supplemental appropriations or authorized budget amendments were approved as follows:

- Increase in General Fund Expenditure Budget
 - The Council approved \$152,689 in continuing appropriations from the 2016 budget.
 - The Council approved revenue and expenditure budget adjustments of \$30,187 for donation and grant proceeds.
 - The Council approved use of General Fund balance of \$195,000 for legal settlements.
 - The Council approved a budget adjustment of (\$110,645) for the Western Lakes Fire District merger.

The General Fund ended the year with a budget surplus of \$989,204. The surplus is composed of favorable revenue and favorable expenditure variances. The significant items composing the revenue variance are as follows:

- Intergovernmental Revenue – transportation aids \$24,444 unfavorable variance: The City did not receive local road improvement aid in 2017.
- Licenses and permits – cable TV franchise payment \$28,504 unfavorable variance: Fees continue to decrease as more consumers switch to streaming services.
- Licenses and permits – building permit \$108,627 favorable variance: The City continued to experience increase in development activity with several large projects increasing related permit revenues.
- Fines and forfeits – court penalties and parking violations \$22,206 favorable variance: The City received a speed grant which led to an increase in court fees, additionally there was an increase in parking violations during the winter months.

- Public charges for service – park and recreation fees \$23,445 favorable variance: Enrollment and rentals were higher in 2017 than projected.
- Public charges for service – planning review fees \$22,931 favorable variance: Increased development activity
- Miscellaneous revenues – Interest on investments \$42,988 favorable variance: Increases in interest rates and improved market conditions during the year allowed revenues to surpass the budget.
- Other Financing Sources – Transfer from other funds \$136,263 favorable variance: The variance relates to Watershed Program contribution to the City's Fowler Waterfront and Boardwalk project.
- Other Financing Sources – Transfer from municipal utility PILOT \$68,418 unfavorable variance: Budget overestimated PILOT mainly due to lag in timing on when assets would be placed in service.

The significant items included in the expenditure favorable variance include:

- Continuing appropriations \$319,777 favorable variance: Council approved continuing appropriations and additional designations from the 2017 budget for projects that were not completed in the year budgeted.
- Salaries and benefits allocation \$20,265 favorable variance: Certain employees (primarily department heads) have a salary and benefit allocation to TIF District #5 & 6.
- Legal costs \$67,607 favorable variance: Legal activity will vary from year to year based on activity.
- Police operations \$136,171 favorable variance: There were no major police events during 2017 resulting in less overtime and part time wages.
- Gasoline costs \$21,953 favorable variance: During 2017 gasoline costs were lower than projected during the budget preparation.
- Hydrant rental \$40,704 favorable variance: The budgeted mid-year water rate increase did not occur as expected.
- Snow and ice removal \$121,649 favorable variance: A mild winter did not utilize as many resources.
- Inspections \$87,470 unfavorable variance: The amount paid to the contracted building inspector is based on the building permits received during the year. See related favorable variance in building permit revenue.
- Street lighting favorable variance \$141,054: An error in the method of billing resulted in lower annual costs and a one time credit.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$173,714,326 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, improvements other than buildings, machinery and equipment, and infrastructure such as roads, storm sewers, bridges, and utility mains. The following table provides a summary of the City's capital assets.

City of Oconomowoc's Capital Assets Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Land and land rights	\$13,490,246	\$10,657,950	\$242,294	\$242,294	\$13,732,540	\$10,900,244
Land improvements	3,610,136	1,161,682	-	-	3,610,136	1,161,682
Buildings	6,092,383	8,492,231	6,416,082	6,775,829	12,508,465	15,268,060
Machinery and equipment	3,024,159	3,582,350	18,109,501	18,285,359	21,133,660	21,867,709
Infrastructure	44,847,395	39,915,425	74,808,241	72,617,876	119,655,636	112,533,301
Construction in progress	2,175,743	4,270,468	898,146	87,425	3,073,889	4,357,893
	<u>\$73,240,062</u>	<u>\$68,080,106</u>	<u>\$100,474,264</u>	<u>\$98,008,783</u>	<u>\$173,714,326</u>	<u>\$166,088,889</u>

Major capital asset events during the current fiscal year are as follows:

- Acquisition of parkland in the Northeast Region \$1,590,431 and the Village Green \$1,352,048
- Construction began and remained in progress as of year end on infrastructure for the Northeast Region \$2,001,434
- Completion of the Fowler Lake Boardwalk and North Parking Lot project \$1,921,123
- The City was the recipient of approximately \$3,919,650 in contributed infrastructure assets that were dedicated by developers during the year.
- The Electric Utility added \$1,461,729 of infrastructure including cable replacement projects that will assist in reducing outages as well as increase the voltage to eliminate the older 4KV substations in the future.
- The Water Utility added \$2,559,124 of infrastructure which was mostly underground distribution mains.
- The Wastewater Utility added \$1,554,414 of infrastructure, which was mostly underground collection system improvements.

Additional information on the City's capital assets can be found in Note IV(D) in the notes to the financial statements.

Long-term obligations. At the end of the current fiscal year, the City had total long term obligations of \$13,645,317. Of this amount, \$12,369,080 is comprised of debt backed by the full faith and credit of the government, \$13,034 borrowed as an unsecured note.

	City of Oconomowoc's Long Term Obligations					
	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
General obligation debt	\$9,826,225	\$10,811,706	\$2,542,855	\$2,997,190	\$12,369,080	\$13,808,896
Notes	13,034	16,434	-	-	13,034	16,434
Revenue bonds	-	-	-	363,289	-	363,289
Subtotal	9,839,259	10,828,140	2,542,855	3,360,479	12,382,114	14,188,619
Net Pension Liability	364,044	729,400	152,479	285,987	516,523	1,015,387
Vested compensated absences	361,567	-	182,043	-	543,610	-
Premium	159,666	185,308	43,404	53,617	203,070	238,925
Total	\$10,724,536	\$11,742,848	\$2,920,781	\$3,700,083	\$13,645,317	\$15,442,931

No other debt activity outside scheduled payments was conducted during the year.

The City participates in a cost sharing multiple employer defined benefit pension plan. The pension obligation totaling \$516,523 listed above represents the City's proportionate share of the actuarial determined net pension liability. Additional information on this can be found in Note V(A) in the notes to the financial statements.

City employees earn vacation for use in the following year. The vested compensated absences balance represents amounts earned and payable at 12/31/17.

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its equalized valuation. The current debt limitation for the City of Oconomowoc is \$104,689,955 of which the City has used \$12,369,080 or 11.8%. The debt limitation increased slightly due to an increase in equalized values. The percentage of debt limitation decreased slightly, from the prior year due to scheduled payments and no new external debt issuances.

The City maintains a bond rating of Aa2 from Moody's Investor Service for general obligation debt.

Additional information on the City's long-term debt can be found in Note IV(F) in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The nation continues to experience a slow recovery from the economic slowdown which continues to have affects locally. The City's overall value increased 4.2% in 2017. The City experienced increases in residential, commercial and manufacturing. The largest percentage increase was in the residential classification, a change of 6%, which is primarily

the result of increased development activity. The largest dollar change was in residential, which is primarily due to new construction. The City continues to see an increase in development and remains well positioned to grow in the future, as referenced in the transmittal letter.

The City is located within Waukesha County which enjoys a favorable unemployment rate of 2.9% in comparison to the State of Wisconsin's rate of 3.3% and the national average of 4.4%. The City's 2016 adjusted gross income per tax return of \$85,714 also compares favorably to Wisconsin's average of \$55,267. The data for 2017 is not yet available but it is expected to be comparable to 2016. Also the City's high school graduate rate for 2016-2017 was 95.7%, which compares favorably to Wisconsin's average of 88.6%.

These economic factors were considered in preparing the City's budget for the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Oconomowoc's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Finance Department at 174 E. Wisconsin Avenue, Oconomowoc, Wisconsin 53066.

BASIC FINANCIAL STATEMENTS

CITY OF OCONOMOWOC

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 21,825,685	\$ 15,268,034	\$ 37,093,719
Receivables			
Taxes	5,877,907	-	5,877,907
Delinquent personal property taxes	3,226	-	3,226
Accounts (net)	3,524,719	2,813,060	6,337,779
Special assessments	25,807	347,240	373,047
Interest	93,798	27,114	120,912
Internal balances	(3,714,714)	3,714,714	-
Due from other governments	2,601	-	2,601
Inventories and prepaid items	43,460	1,226,863	1,270,323
Restricted cash and investments	-	9,459,855	9,459,855
Other assets	-	301,866	301,866
Capital assets			
Land	13,490,246	242,294	13,732,540
Construction in progress	2,175,743	898,146	3,073,889
Land improvements	4,733,641	-	4,733,641
Buildings and improvements	11,824,573	14,209,576	26,034,149
Machinery and equipment	7,610,963	35,308,320	42,919,283
Infrastructure and other improvements	75,559,205	107,705,915	183,265,120
Less: Accumulated depreciation	<u>(42,154,309)</u>	<u>(57,889,987)</u>	<u>(100,044,296)</u>
Total Assets	<u>100,922,551</u>	<u>133,633,010</u>	<u>234,555,561</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>3,117,937</u>	<u>1,328,786</u>	<u>4,446,723</u>
LIABILITIES			
Accounts payable	3,679,329	1,939,359	5,618,688
Accrued and other current liabilities	575,181	707	575,888
Deposits	369,902	29,948	399,850
Accrued interest payable	67,684	14,084	81,768
Due to other governments	121,681	-	121,681
Unearned revenues	58,318	975,534	1,033,852
Long-term obligations			
Due within one year	1,414,455	663,226	2,077,681
Due in more than one year	8,946,037	2,105,076	11,051,113
Net pension liability	<u>364,044</u>	<u>152,479</u>	<u>516,523</u>
Total Liabilities	<u>15,596,631</u>	<u>5,880,413</u>	<u>21,477,044</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent years	12,042,285	-	12,042,285
Pension related amounts	<u>1,505,835</u>	<u>630,716</u>	<u>2,136,551</u>
Total Deferred Inflows of Resources	<u>13,548,120</u>	<u>630,716</u>	<u>14,178,836</u>
NET POSITION			
Net investment in capital assets	63,910,347	98,170,860	162,081,207
Restricted for:			
Imagination station	7,411	-	7,411
Tourism	89,865	-	89,865
Police forfeitures	13,510	-	13,510
Plant replacement	-	9,431,803	9,431,803
Library trust	38,047	-	38,047
Law enforcement facilities impact fees	204,625	-	204,625
Park land acquisition	2,462	-	2,462
Park land improvements	67,603	-	67,603
Woodcreek stormwater	92,952	-	92,952
Unrestricted	<u>10,468,915</u>	<u>20,848,004</u>	<u>31,316,919</u>
TOTAL NET POSITION	<u>\$ 74,895,737</u>	<u>\$ 128,450,667</u>	<u>\$ 203,346,404</u>

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CITY OF OCONOMOWOC
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 1,778,192	\$ 387,904	\$ 2,921	\$ -	\$ (1,387,367)	\$ -	\$ (1,387,367)
Public safety	7,004,271	1,078,173	102,278	133,232	(5,690,588)	-	(5,690,588)
Public works	7,152,335	382,479	888,961	5,871,694	(9,201)	-	(9,201)
Sanitation	891,054	861,637	131,937	-	102,520	-	102,520
Health and human services	79,054	-	-	-	(79,054)	-	(79,054)
Culture and recreation	2,424,466	550,481	405,226	633,798	(834,961)	-	(834,961)
Conservation and development	915,791	28,208	-	-	(887,583)	-	(887,583)
Interest and fiscal charges	279,056	-	-	-	(279,056)	-	(279,056)
Total Governmental Activities	20,524,219	3,288,882	1,531,323	6,638,724	(9,065,290)	-	(9,065,290)
Business-type Activities							
Electric utility	22,472,596	24,066,162	-	452,292	-	2,045,858	2,045,858
Water utility	2,604,895	3,349,010	-	2,150,075	-	2,894,190	2,894,190
Wastewater utility	3,266,269	3,852,615	-	1,585,450	-	2,171,796	2,171,796
Total Business-type Activities	28,343,760	31,267,787	-	4,187,817	-	7,111,844	7,111,844
Total	\$ 48,867,979	\$ 34,556,669	\$ 1,531,323	\$ 10,826,541	(9,065,290)	7,111,844	(1,953,446)
General Revenues							
Taxes							
Property taxes levied for general purposes					7,197,784	-	7,197,784
Property taxes levied for debt service					1,264,829	-	1,264,829
Property taxes levied for capital projects					2,236,712	-	2,236,712
Property taxes levied for special revenue funds					145,000	-	145,000
Other taxes					444,269	-	444,269
Federal and state grants and other contributions not restricted to specific functions					334,229	-	334,229
Interest and investment earnings					231,009	391,217	622,226
Miscellaneous					370,008	-	370,008
Total general revenues					12,223,840	391,217	12,615,057
Change in net position before special item and transfers					3,158,550	7,503,061	10,661,611
Special item - loss on disposal of assets					(3,058,976)	-	(3,058,976)
Transfers					1,855,873	(1,855,873)	-
Change in net position					1,955,447	5,647,188	7,602,635
NET POSITION - Beginning of Year (as restated)					72,940,290	122,803,479	195,743,769
NET POSITION - END OF YEAR					\$ 74,895,737	\$ 128,450,667	\$ 203,346,404

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Fund		
	General	Park & Recreation Facilities Impact Fees	Debt Service Fund
ASSETS			
Cash and investments	\$ 15,114,506	\$ 37	\$ 47,479
Receivables			
Taxes	5,877,907	-	-
Delinquent personal property taxes	3,226	-	-
Accounts (net)	650,966	273,543	-
Special assessments	25,807	-	-
Interest	93,798	-	-
Due from other governments	2,601	-	-
Due from other funds	-	-	1,353,750
Advances to other funds	280,250	-	-
Inventories and prepaid items	16,297	-	-
TOTAL ASSETS	\$ 22,065,358	\$ 273,580	\$ 1,401,229
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 423,518	\$ 322,900	\$ -
Accrued and other current liabilities	575,018	-	-
Deposits	199,512	-	-
Due to other governments	121,681	-	-
Due to other funds	4,489,102	-	-
Advances from other funds	-	1,027,100	653,391
Unearned revenues	58,318	-	-
Total Liabilities	<u>5,867,149</u>	<u>1,350,000</u>	<u>653,391</u>
Deferred Inflows of Resources			
Unavailable revenues	25,807	273,544	-
Unearned revenues	7,574,006	-	1,353,750
Total Deferred Inflows of Resources	<u>7,599,813</u>	<u>273,544</u>	<u>1,353,750</u>
Fund Balances (Deficit)			
Nonspendable	474,773	-	-
Restricted	7,411	-	-
Committed	196,260	-	-
Assigned	546,776	-	-
Unassigned (Deficit)	7,373,176	(1,349,964)	(605,912)
Total Fund Balances (Deficits)	<u>8,598,396</u>	<u>(1,349,964)</u>	<u>(605,912)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 22,065,358	\$ 273,580	\$ 1,401,229

See accompanying notes to the financial statements.

Capital Improvements	Nonmajor Governmental Funds	Totals
\$ 3,346,006	\$ 2,189,282	\$ 20,697,310
-	-	5,877,907
-	-	3,226
2,006,699	580,644	3,511,852
-	-	25,807
-	-	93,798
-	-	2,601
1,896,450	1,217,179	4,467,379
-	-	280,250
-	1,395	17,692
<u>\$ 7,249,155</u>	<u>\$ 3,988,500</u>	<u>\$ 34,977,822</u>
\$ 2,769,371	\$ 109,681	\$ 3,625,470
-	-	575,018
-	170,390	369,902
-	-	121,681
-	-	4,489,102
-	2,292,750	3,973,241
-	-	58,318
<u>2,769,371</u>	<u>2,572,821</u>	<u>13,212,732</u>
746,344	-	1,045,695
1,896,450	1,218,079	12,042,285
<u>2,642,794</u>	<u>1,218,079</u>	<u>13,087,980</u>
-	1,395	476,168
-	509,064	516,475
1,836,990	1,485,060	3,518,310
-	-	546,776
-	(1,797,919)	3,619,381
<u>1,836,990</u>	<u>197,600</u>	<u>8,677,110</u>
<u>\$ 7,249,155</u>	<u>\$ 3,988,500</u>	<u>\$ 34,977,822</u>

See accompanying notes to the financial statements.

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CITY OF OCONOMOWOC

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

Total Fund Balances - Governmental Funds	\$ 8,677,110
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Amounts reported for governmental activities in the statement of net position are different because different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (Note II A).	72,994,185
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	1,045,695
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Internal service funds are used by the City to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,345,831
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The net pension liability does not related to current financial resources and is not reported in the governmental funds.	(364,044)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,117,937
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,505,835)
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Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds, notes payable and unamortized premium	(9,985,891)
Compensated absences	(361,567)
Accrued interest	<u>(67,684)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 74,895,737</u>
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CITY OF OCONOMOWOC

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

	General	Special Revenue Fund Park & Recreation Facilities Impact Fees	Debt Service Fund
REVENUES			
Taxes	\$ 7,441,200	\$ -	\$ 1,264,829
Special assessments	12,897	-	-
Intergovernmental	1,679,857	-	-
Licenses and permits	802,371	186,025	-
Fines, forfeitures and penalties	318,331	-	-
Public charges for services	647,678	-	-
Intergovernmental charges	481,992	-	-
Interdepartmental charges	8,815	-	-
Miscellaneous revenues	315,086	142,223	2,992
Total Revenues	11,708,227	328,248	1,267,821
EXPENDITURES			
Current			
General government	1,543,012	-	-
Public safety	5,645,450	-	-
Public works	2,207,031	-	-
Health and human services	78,682	-	-
Culture and recreation	2,717,832	-	-
Conservation and development	690,641	-	-
Capital Outlay	-	2,696,459	-
Debt Service			
Principal	-	-	985,481
Interest expense and fees	-	-	281,348
Total Expenditures	12,882,648	2,696,459	1,266,829
Excess (deficiency) of revenues over expenditures	(1,174,421)	(2,368,211)	992
OTHER FINANCING SOURCES (USES)			
Transfers in	2,035,578	-	-
Transfers out	(1,418,477)	-	(653,391)
Sale of capital assets	-	-	-
Total Other Financing Sources (Uses)	617,101	-	(653,391)
Net Change in Fund Balances	(557,320)	(2,368,211)	(652,399)
FUND BALANCES - Beginning of Year	9,155,716	1,018,247	46,487
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 8,598,396	\$ (1,349,964)	\$ (605,912)

See accompanying notes to the financial statements.

Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,897,700	\$ 736,975	\$ 11,340,704
-	7,450	20,347
-	153,176	1,833,033
-	265,156	1,253,552
-	-	318,331
-	1,029,588	1,677,266
-	-	481,992
-	-	8,815
43,989	27,007	531,297
<u>1,941,689</u>	<u>2,219,352</u>	<u>17,465,337</u>
-	59,256	1,602,268
-	194,247	5,839,697
-	915,298	3,122,329
-	-	78,682
-	165,854	2,883,686
-	60,242	750,883
4,663,727	1,069,541	8,429,727
-	-	985,481
-	28,656	310,004
<u>4,663,727</u>	<u>2,493,094</u>	<u>24,002,757</u>
<u>(2,722,038)</u>	<u>(273,742)</u>	<u>(6,537,420)</u>
2,071,868	-	4,107,446
(58,872)	(120,833)	(2,251,573)
12,135	-	12,135
<u>2,025,131</u>	<u>(120,833)</u>	<u>1,868,008</u>
(696,907)	(394,575)	(4,669,412)
<u>2,533,897</u>	<u>592,175</u>	<u>13,346,522</u>
<u>\$ 1,836,990</u>	<u>\$ 197,600</u>	<u>\$ 8,677,110</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	(4,669,412)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	8,429,727
Some items reported as capital are not capitalized	(1,621,188)
Contributed capital assets	5,131,945
Depreciation is reported in the government-wide statements	(3,515,096)
Less: internal service funds depreciation included above	25,923
Net book value of assets retired	(3,433,410)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	985,481
Amortization of debt premium	25,642

Revenues are reported in the governmental funds when current financial resources are available, but are recognized when earned in the statement of activities.	1,019,887
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Internal service funds are used by management to charge various internal costs to individual funds. The change in net position of the internal service fund is reported with governmental activities.	166,387
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(46,070)
Net pension liability	365,356
Deferred outflows related to pension	(942,926)
Deferred inflows related to pension	29,172
Accrued interest on debt	5,306

Revenues in the fund financial statements that are not revenues in the statement of activities but are a reduction to receivables.		(1,277)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,955,447</u>
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See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes				
General property	\$ 7,197,786	\$ 7,197,786	\$ 7,197,784	\$ -
General sales	25	25	67	42
Public accommodation	180,000	180,000	182,000	2,000
Payment in lieu of taxes				
Other tax exempt entities	32,510	32,510	32,508	(2)
Other taxes	-	-	9,306	9,306
Interest on taxes	19,000	19,000	19,535	535
Total Taxes	<u>7,429,321</u>	<u>7,429,321</u>	<u>7,441,200</u>	<u>11,881</u>
Special assessments				
Sidewalks	15,000	15,000	12,897	(2,103)
Intergovernmental				
Federal				
Other Public Safety	2,000	3,014	1,398	(1,616)
State				
Shared Revenues	246,000	246,000	250,930	4,930
Fire insurance tax	71,250	71,250	78,372	7,122
Exempt computer aid	32,000	32,000	34,229	2,229
Municipal services	3,400	3,400	2,921	(479)
Transportation aids	913,405	913,405	888,961	(24,444)
Other state grants	10,740	11,295	11,456	161
Boat safety	6,747	6,747	6,364	(383)
County				
Library	404,922	404,922	405,226	304
Total Intergovernmental	<u>1,690,464</u>	<u>1,692,033</u>	<u>1,679,857</u>	<u>(12,176)</u>
Licenses and permits				
Licenses				
Liquor and malt beverages	39,530	39,530	32,247	(7,283)
Cigarette	1,700	1,700	1,500	(200)
Operators	10,300	10,300	10,680	380
Sundry	4,000	4,000	3,565	(435)
Dog	2,700	2,700	3,165	465
Cable TV franchise payment	268,000	268,000	239,496	(28,504)

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Licenses and permits (continued)				
Permits				
Building	\$ 281,500	\$ 281,500	\$ 390,127	\$ 108,627
Building plan review	2,000	2,000	2,210	210
Plat review fees	200	200	-	(200)
Electrical	35,000	35,000	39,971	4,971
Plumbing	45,000	45,000	52,234	7,234
Zoning and conditional use	6,500	6,500	11,375	4,875
Miscellaneous	7,500	7,500	15,801	8,301
Total Licenses and permits	<u>703,930</u>	<u>703,930</u>	<u>802,371</u>	<u>98,441</u>
Fines and forfeits				
Court penalties and fines	243,375	243,375	254,831	11,456
Parking violations	52,750	52,750	63,500	10,750
Total Fines and forfeits	<u>296,125</u>	<u>296,125</u>	<u>318,331</u>	<u>22,206</u>
Public charges for services				
License publication fees	1,000	1,000	1,125	125
Other general government	33,000	32,900	42,790	9,890
Vending machine commissions	1,500	1,500	2,640	1,140
Copying	14,250	14,250	12,183	(2,067)
Animal pound	115	115	-	(115)
Fire service fees	600	-	-	-
Hazardous material disposal fee	4,500	245	245	-
Parking permits	3,750	3,750	3,998	248
Weed and nuisance control	1,500	1,500	3,925	2,425
Park and recreation fees	524,396	524,396	547,841	23,445
Planning review fees	10,000	10,000	32,931	22,931
Total Public charges for services	<u>594,611</u>	<u>589,656</u>	<u>647,678</u>	<u>58,022</u>
Intergovernmental charges for services				
Police service - CSO	6,500	6,500	11,512	5,012
Police service - radio	24,000	24,000	45,475	21,475
Police service - other	10,000	10,000	10,065	65
Police water patrol	2,000	2,000	1,438	(562)
Fire services	223,000	35,021	35,021	-
Non-resident sanitary district	375,000	375,000	378,481	3,481
Total Intergovernmental charges for services	<u>640,500</u>	<u>452,521</u>	<u>481,992</u>	<u>29,471</u>

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Interdepartmental charges for services				
Police service - radio	\$ 26,565	\$ 26,565	\$ 5,090	\$ (21,475)
Library plowing	3,725	3,725	3,725	-
Total Interdepartmental charges for services	<u>30,290</u>	<u>30,290</u>	<u>8,815</u>	<u>(21,475)</u>
Miscellaneous				
Interest on investments	86,000	86,000	128,988	42,988
Rent of city buildings	72,185	54,980	55,120	140
Rent of city land	2,200	2,200	2,350	150
Sale of city property	600	7,331	18,736	11,405
Donations from individuals/organizations	49,000	63,988	69,907	5,919
Donations - youth baseball	3,600	3,600	2,700	(900)
Donations - athletic field	18,000	18,000	13,440	(4,560)
Miscellaneous revenue	22,995	22,856	23,845	989
Total Miscellaneous	<u>254,580</u>	<u>258,955</u>	<u>315,086</u>	<u>56,131</u>
Total Revenues	<u>11,654,821</u>	<u>11,467,831</u>	<u>11,708,227</u>	<u>240,398</u>
Other financing sources				
Transfer from other funds	516,900	637,733	773,996	136,263
Transfer from municipal utility PILOT	1,330,000	1,330,000	1,261,582	(68,418)
Total Other financing sources	<u>1,846,900</u>	<u>1,967,733</u>	<u>2,035,578</u>	<u>67,845</u>
Total Revenue and Other financing sources	<u>\$ 13,501,721</u>	<u>\$ 13,435,564</u>	<u>\$ 13,743,805</u>	<u>\$ 308,243</u>

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government				
Council	\$ 102,537	\$ 102,537	\$ 28,424	\$ 74,113
Mayor	18,530	18,530	27,242	(8,712)
City administrator	121,741	121,741	116,671	5,070
Codification of ordinances	1,500	1,500	1,406	94
Legal	224,000	419,000	351,393	67,607
Clerk	211,826	211,826	208,394	3,432
Licenses and permits	22,185	22,185	21,886	299
Elections	60,132	60,132	58,392	1,740
General accounting	246,269	246,269	226,484	19,785
Payroll/human resources	84,878	84,878	78,421	6,457
Treasury	90,975	90,975	88,685	2,290
Property assessment	108,248	108,248	136,512	(28,264)
City buildings	204,608	204,608	199,102	5,506
Total General Government	<u>1,497,429</u>	<u>1,692,429</u>	<u>1,543,012</u>	<u>149,417</u>
Public safety				
Police				
Administration	750,678	751,473	730,234	21,239
Dispatch	608,218	608,218	587,263	20,955
Operations	2,282,921	2,296,917	2,160,746	136,171
Training and travel	19,134	20,148	13,348	6,800
Water and safety patrol	13,043	13,043	4,252	8,791
Fire				
Administration	416,406	898,680	898,380	300
Suppression/hydrants	1,039,797	892,072	847,488	44,584
Prevention	166,234	30,377	30,377	-
Training	123,612	18,731	18,731	-
Maintenance	184,842	28,024	28,024	-
Fire station #1	24,827	4,082	4,082	-
Fire station #2	27,940	4,795	4,795	-
Inspections	212,690	212,690	301,981	(89,291)
Sealer of weights and measures	6,400	6,400	6,400	-
Emergency government	525	957	957	-
Dam maintenance	11,811	14,311	8,392	5,919
Total Public safety	<u>5,889,078</u>	<u>5,800,918</u>	<u>5,645,450</u>	<u>155,468</u>
Public works				
Engineering administration	314,385	318,385	327,462	(9,077)
DPW administration	515,797	515,797	532,151	(16,354)
Municipal garage	105,859	105,859	151,420	(45,561)
Machine and equipment maintenance	26,673	26,673	28,493	(1,820)

(Continued)

CITY OF OCONOMOWOC

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued)				
Street maintenance	\$ 173,561	\$ 186,561	\$ 142,955	\$ 43,606
Bridges and culverts	36,671	61,671	11,236	50,435
Curb and gutter	3,526	3,526	10,193	(6,667)
Street cleaning	118,631	118,631	105,974	12,657
Snow and ice removal	453,451	453,451	331,802	121,649
Street signs and marking	66,769	84,769	72,623	12,146
Tree and brush control	108,864	109,914	135,874	(25,960)
Traffic control	4,327	4,327	8,354	(4,027)
Street lighting	353,000	353,000	211,946	141,054
Sidewalks and crosswalks	26,626	26,626	35,772	(9,146)
Storm sewers	113,248	113,248	73,270	39,978
Parking lots	22,323	22,323	27,506	(5,183)
Total Public works	<u>2,443,711</u>	<u>2,504,761</u>	<u>2,207,031</u>	<u>297,730</u>
Health and human services				
Animal pound	9,369	9,369	9,349	20
Elderly transportation	12,000	12,000	12,000	-
Cemetery	54,719	54,719	57,333	(2,614)
Total Public safety	<u>76,088</u>	<u>76,088</u>	<u>78,682</u>	<u>(2,594)</u>
Culture and recreation				
Library	1,122,792	1,167,083	1,150,197	16,886
Community center	158,210	158,525	152,094	6,431
Parks and playgrounds	679,080	672,216	597,477	74,739
Recreation administration	535,321	535,321	523,326	11,995
Recreation programs	320,146	329,747	294,738	35,009
Total Culture and recreation	<u>2,815,549</u>	<u>2,862,892</u>	<u>2,717,832</u>	<u>145,060</u>
Conservation and development				
Weed control	30,812	30,812	33,514	(2,702)
Lakes	58,657	58,657	55,976	2,681
Planning and zoning	257,163	257,163	236,645	20,518
Watershed project	291,555	291,555	227,650	63,905
Economic development	141,334	193,334	136,856	56,478
Total Conservation and development	<u>779,521</u>	<u>831,521</u>	<u>690,641</u>	<u>140,880</u>
Total Expenditures	<u>13,501,376</u>	<u>13,768,609</u>	<u>12,882,648</u>	<u>885,961</u>
Other Financing Uses				
Transfer to other funds	<u>1,213,477</u>	<u>1,213,477</u>	<u>1,418,477</u>	<u>(205,000)</u>
Total Expenditures and Other financing uses	<u>\$ 14,714,853</u>	<u>\$ 14,982,086</u>	<u>\$ 14,301,125</u>	<u>\$ 680,961</u>

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - PARK AND RECREATION FACILITIES IMPACT FEES
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 252,400	\$ 252,400	\$ 186,025	\$ (66,375)
Miscellaneous	276,000	276,000	142,223	(133,777)
Total Revenues	<u>528,400</u>	<u>528,400</u>	<u>328,248</u>	<u>(200,152)</u>
EXPENDITURES				
Capital Outlay	<u>3,125,000</u>	<u>4,011,506</u>	<u>2,696,459</u>	<u>1,315,047</u>
Net change in fund balance	<u>\$ (2,596,600)</u>	<u>\$ (3,483,106)</u>	(2,368,211)	<u>\$ (1,515,199)</u>
Fund balance - Beginning of year			<u>1,018,247</u>	
Fund balance (deficit) - End of year			<u>\$ (1,349,964)</u>	

CITY OF OCONOMOWOC

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and investments	\$ 8,689,156	\$ 3,105,893	\$ 3,472,985	\$ 15,268,034	\$ 1,128,375
Receivables					
Accounts	2,080,213	433,055	299,792	2,813,060	12,867
Special assessments	-	333,392	13,848	347,240	-
Interest	-	-	27,114	27,114	-
Due from other funds	15,318	2,493	3,912	21,723	-
inventories and prepaid items	1,158,498	68,099	266	1,226,863	25,768
Current portion of advances	238,037	-	124,849	362,886	-
Restricted assets - cash and investments	28,052	-	-	28,052	-
Total Current Assets	<u>12,209,274</u>	<u>3,942,932</u>	<u>3,942,766</u>	<u>20,094,972</u>	<u>1,167,010</u>
NON-CURRENT ASSETS					
Restricted assets - cash and investments	-	156,705	9,275,098	9,431,803	-
Advance to other funds	1,385,810	-	5,127,941	6,513,751	-
Other assets	-	301,866	-	301,866	-
Capital Assets					
Land	123,062	58,625	60,607	242,294	-
Buildings	2,940,897	1,253,428	10,015,251	14,209,576	-
Improvements other than buildings	37,329,614	32,828,466	37,547,835	107,705,915	-
Machinery and equipment	16,309,745	8,496,760	10,501,815	35,308,320	408,504
Construction in progress	809,166	24,798	64,182	898,146	-
Less: Accumulated depreciation	(24,946,848)	(11,390,317)	(21,552,822)	(57,889,987)	(162,627)
Total Non-Current Assets	<u>33,951,446</u>	<u>31,730,331</u>	<u>51,039,907</u>	<u>116,721,684</u>	<u>245,877</u>
Total Assets	<u>46,160,720</u>	<u>35,673,263</u>	<u>54,982,673</u>	<u>136,816,656</u>	<u>1,412,887</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	686,880	317,143	324,763	1,328,786	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	\$ 1,674,048	\$ 189,116	\$ 76,195	\$ 1,939,359	\$ 53,859
Accrued and other current liabilities	-	-	707	707	163
Accrued interest	12,722	579	783	14,084	-
Deposits	28,052	1,000	896	29,948	-
Unearned revenues	598,505	369,668	7,361	975,534	-
Current portion:					
General obligation debt	453,370	7,480	10,120	470,970	3,400
Advances from other funds	-	362,886	-	362,886	-
Compensated absences	110,217	28,311	43,515	182,043	-
Premium on debt	10,213	-	-	10,213	-
Total Current Liabilities	<u>2,887,127</u>	<u>959,040</u>	<u>139,577</u>	<u>3,985,744</u>	<u>57,422</u>
NON-CURRENT LIABILITIES					
Net pension liability	78,545	36,560	37,374	152,479	-
General obligation debt	1,951,085	51,340	69,460	2,071,885	9,634
Advances from other funds	-	2,820,760	-	2,820,760	-
Premium on debt	33,191	-	-	33,191	-
Total Liabilities	<u>4,949,948</u>	<u>3,867,700</u>	<u>246,411</u>	<u>9,064,059</u>	<u>67,056</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	324,894	151,229	154,593	630,716	-
NET POSITION					
Net investment in capital assets	30,262,232	31,271,760	36,636,868	98,170,860	232,843
Restricted for plant replacements	-	156,705	9,275,098	9,431,803	-
Unrestricted	11,310,526	543,012	8,994,466	20,848,004	1,112,988
TOTAL NET POSITION	<u>\$ 41,572,758</u>	<u>\$ 31,971,477</u>	<u>\$ 54,906,432</u>	<u>\$ 128,450,667</u>	<u>\$ 1,345,831</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Utility	Total	
OPERATING REVENUES					
Charges for services	\$ 23,878,947	\$ 3,209,096	\$ 3,341,952	\$ 30,429,995	\$ 1,560,221
Other operating income	43,164	130,991	21,932	196,087	53,700
Total Operating Revenues	<u>23,922,111</u>	<u>3,340,087</u>	<u>3,363,884</u>	<u>30,626,082</u>	<u>1,613,921</u>
OPERATING EXPENSES					
Source of supply	-	2,784	-	2,784	-
Pumping	-	293,320	-	293,320	-
Purchased power	17,530,985	-	-	17,530,985	-
Water treatment	-	93,591	-	93,591	-
Collection	-	-	245,765	245,765	-
Treatment and disposal system	-	-	845,548	845,548	-
Transmission and distribution	1,159,129	577,464	-	1,736,593	-
Customer accounts	425,610	57,692	-	483,302	-
Sales	8,586	7,105	-	15,691	-
Administrative and general	1,384,249	686,423	903,096	2,973,768	1,433,641
Depreciation	1,694,742	765,486	1,256,419	3,716,647	25,923
Taxes	197,351	41,176	-	238,527	-
Total Operating Expenses	<u>22,400,652</u>	<u>2,525,041</u>	<u>3,250,828</u>	<u>28,176,521</u>	<u>1,459,564</u>
Operating income	<u>1,521,459</u>	<u>815,046</u>	<u>113,056</u>	<u>2,449,561</u>	<u>154,357</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	126,246	29,654	235,317	391,217	12,030
Sewer availability charge	-	-	488,731	488,731	-
Interest and fiscal charges	(71,944)	(79,854)	(15,441)	(167,239)	-
Merchandising and jobbing	144,051	8,923	-	152,974	-
Total Nonoperating Revenues (Expenses)	<u>198,353</u>	<u>(41,277)</u>	<u>708,607</u>	<u>865,683</u>	<u>12,030</u>
Income before contributions and transfers	1,719,812	773,769	821,663	3,315,244	166,387
CAPITAL CONTRIBUTIONS	452,292	2,150,075	1,585,450	4,187,817	-
TRANSFERS OUT	<u>(813,684)</u>	<u>(522,898)</u>	<u>(519,291)</u>	<u>(1,855,873)</u>	<u>-</u>
Change in Net Position	1,358,420	2,400,946	1,887,822	5,647,188	166,387
NET POSITION - Beginning of Year (as restated)	<u>40,214,338</u>	<u>29,570,531</u>	<u>53,018,610</u>	<u>122,803,479</u>	<u>1,179,444</u>
NET POSITION - END OF YEAR	<u>\$ 41,572,758</u>	<u>\$ 31,971,477</u>	<u>\$ 54,906,432</u>	<u>\$ 128,450,667</u>	<u>\$ 1,345,831</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2017

	Business Type Activities - Enterprise Funds			Totals	Governmental Activities-
	Electric Utility	Water Utility	Wastewater Utility		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 24,622,342	\$ 3,163,365	\$ 3,348,614	\$ 31,134,321	\$ 1,558,937
Paid to vendors for goods and services	(18,399,981)	(510,064)	(923,966)	(19,834,011)	(1,064,226)
Paid to employees for services	(2,145,760)	(1,011,302)	(993,519)	(4,150,581)	(251,005)
Net Cash Flows From Operating Activities	<u>4,076,601</u>	<u>1,641,999</u>	<u>1,431,129</u>	<u>7,149,729</u>	<u>243,706</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash payment made to other funds	-	-	(3,692,991)	(3,692,991)	-
Repayment of advances to other funds	232,197	-	121,786	353,983	-
Principal paid on unfunded pension liability bonds	(17,535)	(7,140)	(9,660)	(34,335)	-
Interest paid on unfunded pension liability bonds	(5,949)	(2,423)	(3,278)	(11,650)	-
Transfers to municipality	(813,684)	(522,898)	(519,291)	(1,855,873)	-
Net Cash Flows From Non-Capital Financing Activities	<u>(604,971)</u>	<u>(532,461)</u>	<u>(4,103,434)</u>	<u>(5,240,866)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>126,246</u>	<u>29,654</u>	<u>219,355</u>	<u>375,255</u>	<u>12,030</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,750,779)	(462,511)	(124,091)	(2,337,381)	(167,979)
Principal paid on long term debt	(420,000)	-	(363,289)	(783,289)	(3,400)
Interest paid on long term debt	(49,400)	-	(13,976)	(63,376)	-
Repayment of advances from other funds	-	(353,983)	-	(353,983)	-
Interest paid on advances	-	(77,484)	-	(77,484)	-
Collection of special assessments and other fees	4,985	38,594	590,362	633,941	-
Net Cash Flows From Capital and Related Financing Activities	<u>(2,215,194)</u>	<u>(855,384)</u>	<u>89,006</u>	<u>(2,981,572)</u>	<u>(171,379)</u>
Net Change in Cash and Cash Equivalents	<u>1,382,682</u>	<u>283,808</u>	<u>(2,363,944)</u>	<u>(697,454)</u>	<u>84,357</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,334,526</u>	<u>2,978,790</u>	<u>15,112,027</u>	<u>25,425,343</u>	<u>1,044,018</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,717,208</u>	<u>\$ 3,262,598</u>	<u>\$ 12,748,083</u>	<u>\$ 24,727,889</u>	<u>\$ 1,128,375</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	\$ 1,521,459	\$ 815,046	\$ 113,056	\$ 2,449,561	\$ 154,357
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation	1,694,742	765,486	1,256,419	3,716,647	25,923
Depreciation charged to other accounts	108,324	90,553	-	198,877	-
Merchandising and jobbing	144,051	8,923	-	152,974	-
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
Accounts receivable	122,385	(187,708)	(16,043)	(81,366)	-
Due from other funds	11,435	841	773	13,049	(1,282)
Inventories and prepaid items	8,978	1,075	20	10,073	16,394
Accounts payable	60,630	102,918	23,063	186,611	48,151
Accrued liabilities	-	-	707	707	163
Deposits	(260,602)	1,000	-	(259,602)	-
Compensated absences	7,081	3,299	2,674	13,054	-
Unearned revenue	574,636	222	-	574,858	-
Pension related items and deferrals	83,482	40,344	50,460	174,286	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 4,076,601</u>	<u>\$ 1,641,999</u>	<u>\$ 1,431,129</u>	<u>\$ 7,149,729</u>	<u>\$ 243,706</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Unrestricted	\$ 8,689,156	\$ 3,105,893	\$ 3,472,985	\$ 15,268,034	\$ 1,128,375
Restricted	28,052	156,705	9,275,098	9,459,855	-
	<u>\$ 8,717,208</u>	<u>\$ 3,262,598</u>	<u>\$ 12,748,083</u>	<u>\$ 24,727,889</u>	<u>\$ 1,128,375</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Cost of utility plant installed and/or financed by developers	<u>\$ 452,292</u>	<u>\$ 2,111,574</u>	<u>\$ 1,484,745</u>	<u>\$ 4,048,611</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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

	<u>Agency Fund</u>
	Tax Collection Fund
	<u> </u>
ASSETS	
Cash and investments	\$ 12,369,462
Taxes receivable	12,405,280
Total Assets	<u>\$ 24,774,742</u>
LIABILITIES	
Due to other governmental agencies	<u>\$ 24,774,742</u>

See accompanying notes to the financial statements.

CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The City has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

- General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue Fund – Park & Recreation Facilities Impact Fees – used to account for and report impact fee revenues legally restricted or committed to supporting expenditures for the park & recreation facilities of the City.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Project Fund – Capital Improvements – used to account for and report financial resources that are committed to expenditures for general capital improvements in the City.

The City reports the following major enterprise funds:

- Electric Utility – accounts for operations of the electric system.
- Water Utility – accounts for operations of the water system.
- Wastewater Utility – accounts for operation of the sanitary sewer system.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The City reports the following non-major governmental funds:

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

Ambulance	Law Enforcement Facilities Impact Fees
Garbage and Refuse	Fire & EMS Facilities Impact Fees
Park Land Acquisition	Tourism
Park land Improvement	Library Trust
Woodcreek Stormwater	Police Forfeitures
Community Development	
Transportation Facilities Impact Fees	

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

Tax Incremental District #4
Tax Incremental District #5
Tax Incremental District #6

In addition, the City reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Data Processing
Risk Management
Fleet

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

Tax Collection Fund

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Wastewater, and Electric Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments

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

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

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The policy requires collateralization on two types of investments: all repurchase agreements and certificates of deposit over five hundred thousand dollars (\$500,000). Furthermore, the policy states that in order to anticipate market changes and provide a level of security, the collateralization level shall be (102%) of market value of principal and accrued interest. Collateral is limited to U.S. Government or U.S. Government Agency securities. Lastly, the policy states that City funds may be invested in any corporate security which matures within not more than seven years of the date it is acquired, if that security has a rating which the highest or second highest rating category is assigned by Standard & Poors Corporation, Moody's Investors Service, or other similar nationally recognized rating agency.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded in the year levied as receivables and deferred inflows of resources as unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities-agency fund.

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	April 30, 2018
Third installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

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

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

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

Metered electric and water sales to consumers are billed at rates approved by the Public Service Commission of Wisconsin. Wastewater charges to consumers are billed at rates established by the City's Common Council. All customers are billed on a monthly basis, payable in 20 days. Delinquent balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

3. Inventories and Prepaid Items

Governmental fund inventories and supplies, if material, are recorded at cost based on the first-in, first-out (FIFO) method using the consumption method of accounting. Proprietary fund inventories are generally used for replacement parts. They are not for resale. They are valued at the lower of cost or market on a FIFO basis based on physical quantities on hand.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

Government-Wide Statements (continued)

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 funds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method over the range of estimated useful lives by type of asset or is computed under the straight-line method using rates approved by the Public Service Commission for the Electric and Water utilities.

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

Buildings	12-47 Years
Land Improvements	15-20 Years
Machinery and Equipment	2-45 Years
Utility System	26-77 Years
Infrastructure	20-77 Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee resignation or retirement.

Employees earn vacation time after one year of continuous service to the City. Any amounts earned must be used by the employee's anniversary date. Sick leave is earned at the rate of one and one half days for each month of service and may be accumulated to a maximum of 90 days.

Vested compensated absences are recorded on the government-wide financial statements.

8. Long-Term Obligations/Conduit Debt

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

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

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

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2017, there were eight series of Industrial Development Revenue Bonds outstanding totaling \$20,227,287.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not expendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

Fund Statements (continued)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City Common Council has, by resolution, adopted a financial policy authorizing the Administrator and Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a minimum fund balance policy. The policy establishes the minimum general fund balance equal to 25% of the subsequent year's budgeted expenditures of the General Fund and the Capital Project Fund – Capital Improvements. Based on the City's policy, a minimum fund balance of \$3,897,740 is required. As of December 31, 2017, the City is in compliance with their policy.

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

See Note IV. G, for further information.

11. Pension

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

CITY OF OCONOMOWOC

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Basis for Existing Rates

Electric Utility

Current electrical rates were approved by the Public Service Commission of Wisconsin effective on January 31, 2014.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective on September 16, 2011.

Wastewater Utility

Current wastewater rates were approved by the City's City Council effective on January 31, 2017.

CITY OF OCONOMOWOC

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

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

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	\$ 73,240,062
Less Internal Service Fund Capital Assets	<u>(245,877)</u>
Adjustment for Capital Assets	<u>\$ 72,994,185</u>

CITY OF OCONOMOWOC

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the General Fund, Special Revenue Fund - Park and Recreation Facilities Impact Fees, Capital Projects Fund – Capital Improvements, Special Revenues Funds – Ambulance, Garbage and Refuse, Park Land Acquisition, Park Land Improvement, Woodcreek Stormwater, Community Development, Transportation Facilities Impact Fees, Law Enforcement Facilities Impact Fees, Fire & EMS Facilities Impact Fees, and Tourism, Debt Service Fund and Capital Projects Fund – TID #4. A budget has not been formally adopted for the Special Revenue Funds – Library Trust and Police Forfeitures and Capital Projects Funds – TID #5 and TID #6. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund / Function	Actual Expenditure	Budgeted Expenditure	Excess
General Fund			
Health and human services	\$ 78,682	\$ 76,088	\$ 2,594
Transfers out	1,418,477	1,213,477	205,000
Debt Service Fund			
Transfers out	653,391	650,000	3,391
Capital Projects Fund - TID #4			
General government	3,608	150	3,458
Conservation and development	45,465	-	45,465

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

CITY OF OCONOMOWOC

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. DEFICIT FUND BALANCES

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

As of December 31, 2017, the following funds had a deficit fund equity:

Fund	Amount	Reason
Special Revenue Fund - Transportation Facilities Impact Fee	\$ 260,670	Facilities expenditures incurred ahead of collected impact fees
Special Revenue Fund - Park & Recreation Facilities Impact Fees	1,349,964	Facilities expenditures incurred ahead of collected impact fees
Debt Service Fund	605,912	Debt payments exceeded revenues
Capital Project Fund - TID #4	1,464,361	TID expenditures exceeded revenues
Capital Project Fund - TID #5	49,496	TID expenditures exceeded revenues
Capital Project Fund - TID #6	23,392	TID expenditures exceeded revenues

The Special Revenue Fund – Transportation Facilities Impact Fee deficit will be funded with future impact fee revenues.

The Debt Service Fund deficit will be funded with future tax revenues.

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Petty cash and cash on hand	\$ 6,936	\$ 6,936	n/a
Deposits with financial institutions	8,176,804	8,348,241	Custodial credit
Local government investment pool	41,022,362	41,022,362	Credit
US agencies - explicitly guaranteed	4,264,908	4,264,908	Custodial credit, interest rate and investments highly sensitive to interest rate
US agencies - implicitly guaranteed	1,748,855	1,748,855	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Negotiable certificates of deposit	3,172,622	3,172,622	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Corporate bonds	199,568	199,568	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate
Other external investment pools	330,981	330,981	Credit
Total Cash and Investments	<u>\$ 58,923,036</u>	<u>\$ 59,094,473</u>	

Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 37,093,719
Restricted cash and investments	9,459,855
Per statement of assets and liabilities - agency fund	
Agency fund	12,369,462
Total Cash and Investments	<u>\$ 58,923,036</u>

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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

The City maintains a collateral agreement with one of its bank. At December 31, 2017, the bank had pledged various government securities in the amount of \$2,129,388 to secure the City's deposits.

Custodial Credit Risk

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

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

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

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

Credit Risk

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

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

Investment Type	Moody's Investor Service	Not Rated
US agencies - implicitly guaranteed	Aaa	---
Negotated certificates of deposits	---	Yes
Corporate bonds	Aaa	---
Local government investment pool	---	Yes
Other external investment pools	---	Yes

Concentration of Credit Risk

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

At December 31, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLB	US agencies - implicitly guaranteed	18%

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of December 31, 2017, the City's investments were as follows:

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
US agencies - explicitly guaranteed	\$ 4,264,908	\$ 299,742	\$ 488,908	\$ 248,490	\$ 3,227,768
US agencies - implicitly guaranteed	1,748,855	297,666	1,451,189	-	-
Negotiable certificate of deposits	3,172,622	1,930,448	1,242,174	-	-
Corporate bonds	199,568	-	-	199,568	-
	<u>\$ 9,385,953</u>	<u>\$ 2,527,856</u>	<u>\$ 3,182,271</u>	<u>\$ 448,058</u>	<u>\$ 3,227,768</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2017, the City held \$4,264,908, \$1,748,855, \$3,172,622 and \$199,568 in US agencies – explicitly guaranteed, US agencies – implicitly guaranteed, negotiable certificates of deposit and corporate bonds respectively. With all fixed income securities, as interest rates rise, the values will fall. The longer the time to maturity, the more sensitive the value will be to a change in interest rates. The longest time to maturity on any holding is 28 years maturing March 1, 2045.

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

The valuation method for recurring fair value measurements is as follows:

- > Quoted market prices

Investment	December 31, 2017			Total
	Level 1	Level 2	Level 3	
US agencies - explicitly guaranteed	\$ 548,232	\$ 3,716,676	\$ -	\$ 4,264,908
US agencies - implicitly guaranteed	794,023	954,832	-	1,748,855
Negotiable certificate of deposits	-	3,172,622	-	3,172,622
Corporate bonds	199,568	-	-	199,568
Other external investment pools	-	330,981	-	330,981
Total investments by Fair value level	<u>\$ 1,541,823</u>	<u>\$ 8,175,111</u>	<u>\$ -</u>	<u>\$ 9,716,934</u>

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Receivables consist of accounts, taxes, special assessments and delinquent taxes from residents and others. Receivables are reported in the aggregate for the government's individual major funds, nonmajor funds, proprietary funds and fiduciary fund, net of any uncollectible amounts. As of December 31, 2017, the City has recorded an allowance for uncollectible accounts of \$2,374 in the Special Revenue Fund - Ambulance. All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$18,852, accounts receivable of \$175,000 and delinquent personal property taxes of \$3,226 all which are recorded in the General Fund.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 12,042,285	\$ -
Special assessments receivable	-	25,807
Development receivable	-	746,344
Park and recreation fees	58,318	-
Grant receivable	-	273,544
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 12,100,603	\$ 1,045,695
Unearned revenue included in liabilities	\$ 58,318	
Unearned revenue included in deferred inflows	12,042,285	
Total Unearned Revenue for Governmental Activities on Statement of Net Position	\$ 12,100,603	

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

The Electric Utility has restricted deposits of cash that will be returned to the customers in the future. The Water and Wastewater have restricted cash and investments in accordance with their applicable debt instruments. Restricted assets consist of the following cash and investments:

Electric Utility		
Customer deposits	\$	28,052
Water Utility		
Expansion reserve		156,705
Wastewater Treatment		
Expansion reserve		9,020,613
Replacement reserve		<u>254,485</u>
Total	\$	<u><u>9,459,855</u></u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,657,950	\$ 3,065,570	\$ 233,274	\$ 13,490,246
Construction in progress	4,270,468	2,030,376	4,125,101	2,175,743
Total Capital Assets Not Being Depreciated	14,928,418	5,095,946	4,358,375	15,665,989
Capital assets being depreciated/amortized				
Land improvements	2,283,005	2,733,732	283,096	4,733,641
Buildings	14,973,536	296,497	3,445,460	11,824,573
Machinery and equipment	9,699,902	611,656	2,700,595	7,610,963
Infrastructure	68,063,473	7,495,732	-	75,559,205
Subtotals	95,019,916	11,137,617	6,429,151	99,728,382
Less: Accumulated depreciation/amortization for				
Land improvements	1,121,323	122,118	(119,936)	1,123,505
Buildings	6,481,305	318,109	(1,067,224)	5,732,190
Machinery and equipment	6,117,552	511,107	(2,041,855)	4,586,804
Infrastructure	28,148,048	2,563,762	-	30,711,810
Subtotals	41,868,228	3,515,096	(3,229,015)	42,154,309
Total capital assets, being depreciated, net	53,151,688	7,622,521	3,200,136	57,574,073
Governmental activities capital assets, net	<u>\$ 68,080,106</u>	<u>\$ 12,718,467</u>	<u>\$ 7,558,511</u>	<u>\$ 73,240,062</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

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

Governmental Activities	
General government	\$ 42,962
Public safety	155,683
Public works	2,833,631
Culture and recreation	482,820
Total depreciation expense	<u>\$ 3,515,096</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-Type Activities

	Beginning Balance *	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 242,294	\$ -	\$ -	\$ 242,294
Construction in progress	87,425	810,721	-	898,146
Total Capital Assets Not Being Depreciated	329,719	810,721	-	1,140,440
Capital assets being depreciated				
Buildings	14,209,576	-	-	14,209,576
Machinery and equipment	34,296,726	1,026,044	14,450	35,308,320
Utility system	103,247,295	4,549,217	90,597	107,705,915
Subtotals	151,753,597	5,575,261	105,047	157,223,811
Less: Accumulated depreciation for				
Buildings	7,433,748	359,746	-	7,793,494
Machinery and equipment	16,040,091	1,172,558	(13,830)	17,198,819
Utility system	30,600,694	2,383,220	(86,240)	32,897,674
Subtotals	54,074,533	3,915,524	(100,070)	57,889,987
Total Capital Assets Being Depreciated, net	97,679,064	1,659,737	4,977	99,333,824
Business-type activities capital assets, net	<u>\$ 98,008,783</u>	<u>\$ 2,470,458</u>	<u>\$ 4,977</u>	<u>\$ 100,474,264</u>

* In the table above, there was a reclassification of \$28,725 between machinery and equipment and utility system beginning balance of accumulated depreciation to reflect classification appropriately.

Depreciation expense was charged to functions as follows:

	Depreciation Charge to Expense	Depreciation Charged to Operations	Total Depreciation
Business-Type Activities			
Electric	\$ 1,694,742	\$ 108,324	\$ 1,803,066
Water	765,486	90,553	856,039
Wastewater	1,256,419	-	1,256,419
Total Business-Type Activities Depreciation Expense	<u>\$ 3,716,647</u>	<u>\$ 198,877</u>	<u>\$ 3,915,524</u>

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

	Interfund Receivables	Interfund Payables
Tax Roll items to be Paid:		
Debt Service Fund	\$ 1,353,750	\$ -
Capital Projects Fund - Capital Improvements	1,896,450	-
Nonmajor Governmental Funds	1,217,179	-
Enterprise Funds		
Electric Utility	15,318	-
Water Utility	2,493	-
Wastewater Utility	3,912	-
General Fund	-	4,489,102
Totals	\$ 4,489,102	\$ 4,489,102
Long-term Advances:		
Governmental Funds		
General Fund	\$ 280,250	\$ -
Special Revenue Fund - Park & Recreation Impace Fees	-	1,027,100
Debt Service Fund	-	653,391
Nonmajor Governmental Funds	-	2,292,750
Enterprise Funds		
Electric Utility	1,623,847	-
Water Utility	-	3,183,646
Wastewater Utility	5,252,790	-
Totals	\$ 7,156,887	\$ 7,156,887

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ -
Business-type Activities	Governmental Activities	3,714,714
Total Government-Wide Financial Statements		\$ 3,714,714

The principal reason for the interfund amounts relates to a time lag between the dates the transactions are recorded and the dates payments are made between funds. All of the remaining amounts are due within one year except for long-term advance of which only \$362,886 will be collected in the subsequent year.

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

The following is a schedule of interfund transfers:

	Transfer to:		
	General Fund	Capital Improvements Fund	Totals
Transfer from:			
General Fund	\$ -	\$ 1,418,477	\$ 1,418,477
Capital Improvements Fund	58,872	-	58,872
Nonmajor Governmental Funds	120,833	653,391	774,224
Electric Utility	813,684	-	813,684
Water Utility	522,898	-	522,898
Wastewater Utility	519,291	-	519,291
Totals	\$ 2,035,578	\$ 2,071,868	\$ 4,107,446
	Fund Transferred To	Fund Transferred From	Amount
	Governmental Activities	Business-type Activities	\$ 1,855,873
	Business-type Activities	Governmental Activities	-
	Total Government-wide Financial Statements		\$ 1,855,873

Transfers from the Enterprise Funds represent mainly the payments in lieu of taxes.

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

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance (Restated)	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds	\$ 8,907,810	\$ -	\$ 750,665	\$ 8,157,145	\$ 779,030
Notes	1,903,896	-	234,816	1,669,080	244,816
Premium on bonds and notes	185,308	-	25,642	159,666	25,642
Subtotal	<u>10,997,014</u>	<u>-</u>	<u>1,011,123</u>	<u>9,985,891</u>	<u>1,049,488</u>
Other Liabilities					
WPPI note payable	16,434	-	3,400	13,034	3,400
Net pension liability	729,400	-	365,356	364,044	-
Vested compensated absences	315,497	361,567	315,497	361,567	361,567
Subtotal	<u>1,061,331</u>	<u>361,567</u>	<u>684,253</u>	<u>738,645</u>	<u>364,967</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 12,058,345</u>	<u>\$ 361,567</u>	<u>\$ 1,695,376</u>	<u>\$ 10,724,536</u>	<u>\$ 1,414,455</u>
Business-Type Activities					
General Obligation Debt					
Bonds	\$ 317,190	\$ -	\$ 34,335	\$ 282,855	\$ 35,970
Notes	2,680,000	-	420,000	2,260,000	435,000
Premium on bonds and notes	53,617	-	10,213	43,404	10,213
Subtotal	<u>3,050,807</u>	<u>-</u>	<u>464,548</u>	<u>2,586,259</u>	<u>481,183</u>
Revenue bonds					
Sewer mortgage	<u>363,289</u>	<u>-</u>	<u>363,289</u>	<u>-</u>	<u>-</u>
Other Liabilities					
Net pension liability	285,987	-	133,508	152,479	-
Vested compensated absences	168,990	182,043	168,990	182,043	182,043
Subtotal	<u>454,977</u>	<u>182,043</u>	<u>302,498</u>	<u>334,522</u>	<u>182,043</u>
Total Business-Type Activities					
Long-Term Obligations	<u>\$ 3,869,073</u>	<u>\$ 182,043</u>	<u>\$ 1,130,335</u>	<u>\$ 2,920,781</u>	<u>\$ 663,226</u>

CITY OF OCONOMOWOC

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

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

The full faith credit and resources of the City have been irrevocably pledged to collateralize all of the general obligation notes and bonds. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service. Business-type activities general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2017, was \$104,689,955. Total general obligation debt outstanding at year end was \$12,369,080.

Bonds

\$2,525,000 street improvement bonds issued 7/7/11; \$145,000 to \$220,000 due annually through 2026; interest 0.45% to 3.75%	\$ 1,710,000
\$4,285,000 general obligation bonds issued 12/18/12; \$190,000 to \$275,000 due annually through 2031; interest 1.00% to 2.875%	3,285,000
\$1,270,000 general obligation bonds issued 8/21/13; \$100,000 to \$140,000 due annually through 2024; interest 3.00% to 4.50%	865,000
\$3,880,000 general obligation bonds issued 11/01/13; \$325,000 to \$400,000 due annually through 2024; interest 2.00% to 3.00%	<u>2,580,000</u>
Total Bonds	<u>8,440,000</u>

Notes

\$1,250,000 general obligation notes issued 8/21/13; \$115,000 to \$140,000 due annually through 2023; interest 1.50% to 3.00%	790,000
\$78,528 promissory notes issued 11/18/14; \$9,816 due annually through 2022; interest 0.0%	49,080
\$1,150,000 general obligation notes issued 12/16/14; \$105,000 to \$130,000 due annually through 2024; interest 1.50% to 2.50%	830,000
\$3,100,000 general obligation notes issued 5/20/2015; \$420,000 to \$475,000 due annually through 2022; interest 2.00%	<u>2,260,000</u>
Total Notes	<u>3,929,080</u>

Total Outstanding General Obligation Debt	<u>\$ 12,369,080</u>
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CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

Debt service requirements to maturity are as follows:

	Governmental Activities Long-Term Debt		Business-Type Activities Long-Term Debt		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,023,846	\$ 259,704	\$ 470,970	\$ 51,445	\$ 1,494,816	\$ 311,149
2019	1,042,211	235,467	482,605	51,447	1,524,816	286,914
2020	1,067,211	208,462	487,605	31,181	1,554,816	239,643
2021	1,115,576	179,223	494,240	20,688	1,609,816	199,911
2022	1,137,306	147,712	517,510	9,700	1,654,816	157,412
2023-2027	3,380,075	331,439	89,925	4,083	3,470,000	335,522
2028-2031	1,060,000	61,309	-	-	1,060,000	61,309
Totals	\$ 9,826,225	\$ 1,423,316	\$ 2,542,855	\$ 168,544	\$ 12,369,080	\$ 1,591,860

WPPI Note Payable

The City entered into a loan agreement with WPPI Energy, a Wisconsin municipal electric company to upgrade the City's accounting software. The loan was recorded in the Data Processing Services internal service fund. The loan is payable monthly in the amount of \$283 with no interest being charged. The annual principal payments are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 3,400	\$ -	\$ 3,400
2019	3,400	-	3,400
2020	3,400	-	3,400
2021	2,834	-	2,834
	<u>\$ 13,034</u>	<u>\$ -</u>	<u>\$ 13,034</u>

Other Debt Information

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. The compensated absences and net pension liability will be liquidated by the general fund, electric utility, water utility and wastewater utility.

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

G. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 13,490,246
Construction in progress	2,175,743
Other capital assets, net of accumulated depreciation	57,574,073
Less: Long-term debt outstanding	(9,839,259)
Less: Premium on long-term debt	(159,666)
Plus: Noncapital debt and premium	669,210
Total Net Investment in Capital Assets	<u>\$ 63,910,347</u>

Business Type Activities

Net Investment in Capital Assets	
Land	\$ 242,294
Construction in progress	898,146
Other capital assets, net of accumulated depreciation	99,333,824
Less: Long-term debt outstanding	(2,542,855)
Less: Premium on long-term debt	(43,403)
Plus: Noncapital debt and premium	282,854
Total Net Investment in Capital Assets	<u>\$ 98,170,860</u>

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

G. NET POSITION/FUND BALANCE (continued)

Governmental Funds

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

	<u>Special Revenue Fund</u>					Totals
	General	Park & Recreation Facilities Impact Fees	Debt Service Fund	Capital Improvements	Nonmajor Governmental Funds	
Nonspendable						
Delinquent personal property taxes	\$ 3,226	\$ -	\$ -	\$ -	\$ -	\$ 3,226
Inventories and prepaid items	16,297	-	-	-	1,395	17,692
Due from other funds	280,250	-	-	-	-	280,250
Noncurrent receivables	175,000	-	-	-	-	175,000
Restricted						
Imagination station	7,411	-	-	-	-	7,411
Park land acquisition	-	-	-	-	2,462	2,462
Park land improvements	-	-	-	-	67,603	67,603
Woodcreek stormwater	-	-	-	-	92,952	92,952
Police forfeitures	-	-	-	-	13,510	13,510
Law enforcement facilities impact fees	-	-	-	-	204,625	204,625
Tourism	-	-	-	-	89,865	89,865
Library trust	-	-	-	-	38,047	38,047
Committed						
Health insurance	196,260	-	-	-	-	196,260
Subsequent year projects	-	-	-	1,836,990	1,485,060	3,322,050
Assigned						
Façade improvements	192,999	-	-	-	-	192,999
Planning consulting	45,000	-	-	-	-	45,000
Community center capital	15,000	-	-	-	-	15,000
Carryovers and miscellaneous	293,777	-	-	-	-	293,777
Unassigned (deficit)	7,373,176	(1,349,964)	(605,912)	-	(1,797,919)	3,619,381
Total Fund Balances (Deficits)	\$ 8,598,396	\$ (1,349,964)	\$ (605,912)	\$ 1,836,990	\$ 197,600	\$ 8,677,110

CITY OF OCONOMOWOC

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

NOTE IV – Detailed Notes on All Funds (continued)

H. RESTATEMENT OF NET POSITION

Net position has been restated to correct errors as noted in the table below:

	Governmental Activities	Business-Type Activities	Electric Utility	Water Utility	Wastewater Utility
Net Position as presented December 31, 2016	\$ 73,255,787	\$ 126,048,506	\$ 40,479,468	\$ 29,876,688	\$ 55,692,350
To eliminate recognized revenue for special assessments that are not collectible until a future event takes place	-	(335,122) (13,679)	-	(335,122) -	- (13,679)
To eliminate recognized revenue for North Interceptor, 2nd Street and Lift Station	-	(2,529,980)	-	-	(2,529,980)
To eliminate unfunded pension assets that are amortized over life of liability (allowable under regulatory guidance)	-	(317,190)	(161,990)	(65,960)	(89,240)
To recognize impact fee monies collected	-	119,934	-	119,934	-
To record compensated absences	(315,497)	(168,990)	(103,140)	(25,009)	(40,841)
Restated Net Position as of December 31, 2016	<u>\$ 72,940,290</u>	<u>\$ 122,803,479</u>	<u>\$ 40,214,338</u>	<u>\$ 29,570,531</u>	<u>\$ 53,018,610</u>

I. SPECIAL ITEM

During 2017 the City entered into an agreement to create the Western Lakes Fire District. As a part of that agreement the City transferred fire related equipment, vehicles, and buildings to the new district. This transfer resulted in a loss on assets totaling \$3,058,976 which has been reported as a special item in the 2017 financial statements.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION

A. EMPLOYEES’ RETIREMENT SYSTEM (continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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

During the reporting period, the WRS recognized \$599,847 in contributions from the City.

Contribution rates as of December 31, 2017 are:

	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

At December 31, 2017, the City reported a liability of \$516,523 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.062666730%, which was an increase of 0.000180720% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$728,959.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,950	\$ 1,624,422
Change in assumptions	540,045	-
Net difference between projected and actual earnings on pensions plan investments	3,080,368	509,279
Change in proportion and differences between employer contributions and proportionate share of contributions	16,840	2,850
Employer contributions subsequent to the measurement date	612,520	-
Totals	\$ 4,446,723	\$ 2,136,551

\$612,520 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2017	\$ 1,336,925	\$ 646,644
2018	1,336,925	646,644
2019	1,117,568	646,644
2020	41,889	196,585
2021	896	34
Total	\$ 3,834,203	\$ 2,136,551

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Actuarial valuation date	December 31, 2015
Measurement date of net pension liability	December 31, 2016
Actuarial cost method	Entry Age
Asset valuation method	Fair Market Value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Salary increases	3.2%
Salary increases	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%

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

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

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Variable Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net position liability (asset)	\$6,795,197	\$516,523	(\$4,318,340)

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

At December 31, 2017, the City reported a payable to the pension plan of \$134,909 which represents contractually required contributions outstanding as of the end of the year.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

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

Long-Term Contracts – WPPI Energy

The City of Oconomowoc Electric Utility purchases its electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.0825 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The City of Oconomowoc Electric Utility is one of 51 members of WPPI located throughout the State of Wisconsin and Upper Michigan and Iowa. On December 31, 1989, each of WPPI's members, including the City of Oconomowoc, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract was amended during 2002 to extend the term of the contract through 2037. A subsequent amendment has extended the contract through 2055.

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

C. COMMITMENTS AND CONTINGENCIES (continued)

Long-Term Contracts – WPPI Energy (continued)

Under the Long-term Contract, the City of Oconomowoc Electric Utility and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality.

The City of Oconomowoc Electric Utility has agreed to charge rates to the retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the City of Oconomowoc Electric Utility payable from any operating and maintenance fund established by the City of Oconomowoc Electric Utility.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial thirty-five year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

Total purchases under this arrangement amounted to \$17,530,985 in 2017.

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

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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

CITY OF OCONOMOWOC

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

NOTE V – OTHER INFORMATION (continued)

E. WESTERN LAKES FIRE DISTRICT

By agreement dated February 2, 2017, the Western Lakes Fire District (WLFD) was created. The WLFD, which provides a unified integrated fire and emergency medical service, began operations on March 2, 2017. The WLFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the City of Oconomowoc, Village of Dousman, Village of Summit, and the Town of Ottawa. The Western Lakes Fire District is operated by a Fire Board consisting of seven citizen members appointed by the participating municipalities. The affirmative vote of a majority of the members of the Fire Board is required on most matters.

The powers of the Fire Board include developing and submitting the department's budget. The capital and operating budget of the department is approved by the Fire Board and the participating municipalities, any budget exceeding 104% of the current year's authorized expenditures must be approved by all participating municipalities.

Also established by the agreement is a Joint Fire Commission which is responsible for overseeing operational aspects of the district, including authorizing repair, maintenance and renewal of physical assets. In addition the Fire Commission has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc. The City is obligated by the joint venture agreement to remit an amount annually to the district. The City made payments to the district in 2017 totaling \$1,535,630.

Financial information of the district is available directly from the district by request. Western Lakes Fire District, 1400 Oconomowoc Parkway, Oconomowoc, WI 53066.

F. SUBSEQUENT EVENTS

The City acquired property on February 15, 2018, at a purchase price of \$2.5 million.

The Wastewater rates were increased by the City's City Council effective on January 31, 2018. Rates were increased by 3.1%, 5.4% and 8.5% for residential customer, commercial customers and sanitary districts, respectively.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF OCONOMOWOC

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

WRS Fiscal Year End Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.06297662%	\$ (1,546,877)	\$ 7,751,645	19.96%	102.74%
12/31/15	0.06248601%	1,015,387	7,845,958	12.94%	98.20%
12/31/16	0.06266673%	516,523	8,032,246	6.43%	99.12%

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

City's Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 615,410	\$ 615,410	\$ -	\$ 7,845,958	7.84%
12/31/16	601,843	601,843	-	8,032,246	7.49%
12/31/17	599,847	599,847	-	7,978,650	7.52%

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

CITY OF OCONOMOWOC

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2017

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 DEBT SERVICE FUND
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,264,829	\$ 1,264,829	\$ 1,264,829	\$ -
Miscellaneous	47,985	47,985	2,992	(44,993)
Total Revenues	<u>1,312,814</u>	<u>1,312,814</u>	<u>1,267,821</u>	<u>(44,993)</u>
EXPENDITURES				
Debt Service				
Principal	1,019,816	1,019,816	985,481	34,335
Interest and fiscal charges	292,998	292,998	281,348	11,650
Total Expenditures	<u>1,312,814</u>	<u>1,312,814</u>	<u>1,266,829</u>	<u>45,985</u>
Excess of revenues under expenditures	-	-	992	992
OTHER FINANCING USES				
Transfers out	(650,000)	(650,000)	(653,391)	(3,391)
Net change in fund balance	<u>\$ (650,000)</u>	<u>\$ (650,000)</u>	<u>(652,399)</u>	<u>\$ (2,399)</u>
Fund balance - Beginning of year			<u>46,487</u>	
Fund balance (deficit) - End of year			<u>\$ (605,912)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENTS
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,897,700	\$ 1,897,700	\$ 1,897,700	\$ -
Special assessments	-	788,027	-	(788,027)
Intergovernmental	1,070,000	1,070,000	-	(1,070,000)
Miscellaneous	15,000	15,000	43,989	28,989
Total Revenues	<u>2,982,700</u>	<u>3,770,727</u>	<u>1,941,689</u>	<u>(1,829,038)</u>
EXPENDITURES				
Capital Outlay	<u>4,790,177</u>	<u>6,657,497</u>	<u>4,663,727</u>	<u>1,993,770</u>
Excess (deficiency) of revenues over expenditures	<u>(1,807,477)</u>	<u>(2,886,770)</u>	<u>(2,722,038)</u>	<u>164,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,863,477	1,863,477	2,071,868	208,391
Transfers out	(75,000)	(95,791)	(58,872)	36,919
Sale of capital assets	19,000	19,000	12,135	(6,865)
Total Other financing sources (uses)	<u>1,807,477</u>	<u>1,786,686</u>	<u>2,025,131</u>	<u>238,445</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,100,084)</u>	<u>(696,907)</u>	<u>\$ 403,177</u>
Fund balance - Beginning of year			<u>2,533,897</u>	
Fund balance - End of year			<u>\$ 1,836,990</u>	

CITY OF OCONOMOWOC

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

	Special Revenue Funds						Transportation Facilities Impact Fees Fund
	Ambulance Fund	Garbage and Refuse Fund	Park Land Acquisition Fund	Park Land Improvement Fund	Woodcreek Stormwater Fund	Community Development Fund	
ASSETS							
Cash and investments	\$ 1,073,548	\$ 439,964	\$ 2,462	\$ 67,603	\$ 92,952	\$ 43,609	\$ 341
Receivables							
Accounts (net)	5,916	-	-	-	-	-	-
Due from other funds	-	863,700	-	-	7,450	-	-
Inventories and prepaid items	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,079,464	\$ 1,303,664	\$ 2,462	\$ 67,603	\$ 100,402	\$ 43,609	\$ 341
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 2	\$ 77,075	\$ -	\$ -	\$ -	\$ -	\$ 511
Deposits	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	260,500
Total Liabilities	2	77,075	-	-	-	-	261,011
Deferred Inflows of Resources							
Unearned revenues	-	864,600	-	-	7,450	-	-
Total Deferred Inflows of Resources	-	864,600	-	-	7,450	-	-
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	2,462	67,603	92,952	-	-
Committed	1,079,462	361,989	-	-	-	43,609	-
Unassigned (Deficits)	-	-	-	-	-	-	(260,670)
Total Fund Balances (Deficits)	1,079,462	361,989	2,462	67,603	92,952	43,609	(260,670)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,079,464	\$ 1,303,664	\$ 2,462	\$ 67,603	\$ 100,402	\$ 43,609	\$ 341

CITY OF OCONOMOWOC

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

	Special Revenue Funds (continued)					Total Special Revenue Funds
	Law Enforcement Facilities Impact Fees Fund	Fire & EMS Facilities Impact Fees Fund	Tourism Fund	Library Trust Fund	Police Forfeitures Fund	
ASSETS						
Cash and investments	\$ 204,625	\$ -	\$ 89,865	\$ 38,047	\$ 13,510	\$ 2,066,526
Receivables						
Accounts (net)	-	-	-	-	-	5,916
Due from other funds	-	-	-	-	-	871,150
Inventories and prepaid items	-	-	1,395	-	-	1,395
TOTAL ASSETS	<u>\$ 204,625</u>	<u>\$ -</u>	<u>\$ 91,260</u>	<u>\$ 38,047</u>	<u>\$ 13,510</u>	<u>\$ 2,944,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,588
Deposits	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	260,500
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,088</u>
Deferred Inflows of Resources						
Unearned revenues	-	-	-	-	-	872,050
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>872,050</u>
Fund Balances (Deficits)						
Nonspendable	-	-	1,395	-	-	1,395
Restricted	204,625	-	89,865	38,047	13,510	509,064
Committed	-	-	-	-	-	1,485,060
Unassigned (Deficits)	-	-	-	-	-	(260,670)
Total Fund Balances (Deficits)	<u>204,625</u>	<u>-</u>	<u>91,260</u>	<u>38,047</u>	<u>13,510</u>	<u>1,734,849</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 204,625</u>	<u>\$ -</u>	<u>\$ 91,260</u>	<u>\$ 38,047</u>	<u>\$ 13,510</u>	<u>\$ 2,944,987</u>

CITY OF OCONOMOWOC

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

	Capital Projects Fund			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	TID #4 Capital Projects Fund	TID #5 Capital Projects Fund	TID #6 Capital Projects Fund		
ASSETS					
Cash and investments	\$ 78	\$ 122,649	\$ 29	\$ 122,756	\$ 2,189,282
Receivables					
Accounts (net)	574,728	-	-	574,728	580,644
Due from other funds	346,029	-	-	346,029	1,217,179
Inventories and prepaid items	-	-	-	-	1,395
TOTAL ASSETS	\$ 920,835	\$ 122,649	\$ 29	\$ 1,043,513	\$ 3,988,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	\$ 26,667	\$ 1,755	\$ 3,671	\$ 32,093	\$ 109,681
Deposits	-	170,390	-	170,390	170,390
Advance from other funds	2,012,500	-	19,750	2,032,250	2,292,750
Total Liabilities	2,039,167	172,145	23,421	2,234,733	2,572,821
Deferred Inflows of Resources					
Unearned revenues	346,029	-	-	346,029	1,218,079
Total Deferred Inflows of Resources	346,029	-	-	346,029	1,218,079
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	1,395
Restricted	-	-	-	-	509,064
Committed	-	-	-	-	1,485,060
Unassigned (Deficits)	(1,464,361)	(49,496)	(23,392)	(1,537,249)	(1,797,919)
Total Fund Balances (Deficits)	(1,464,361)	(49,496)	(23,392)	(1,537,249)	197,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 920,835	\$ 122,649	\$ 29	\$ 1,043,513	\$ 3,988,500

CITY OF OCONOMOWOC

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

	Special Revenue Funds						
	Ambulance Fund	Garbage and Refuse Fund	Park Land Acquisition Fund	Park Land Improvement Fund	Woodcreek Stormwater Fund	Community Development Fund	Transportation Facilities Impact Fees Fund
REVENUES							
Taxes	\$ 145,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	7,450	-	-
Intergovernmental	4,180	131,937	-	-	-	-	-
License and permits	-	-	-	-	-	-	132,424
Public charges for services	168,675	860,913	-	-	-	-	-
Miscellaneous	11,794	8,169	36	640	902	447	496
Total Revenues	329,649	1,001,019	36	640	8,352	447	132,920
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	-
Public safety	194,070	-	-	-	-	-	-
Public works	-	891,054	-	-	4,770	-	10,164
Culture and recreation	-	-	3,540	-	-	-	-
Conservation and development	-	-	-	-	-	6,847	-
Debt Service							
Interest expense and fees	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	194,070	891,054	3,540	-	4,770	6,847	10,164
Excess (deficiency) of revenues over expenditures	135,579	109,965	(3,504)	640	3,582	(6,400)	122,756
OTHER FINANCING USES							
Transfers out	(120,833)	-	-	-	-	-	-
Net change in fund balances	14,746	109,965	(3,504)	640	3,582	(6,400)	122,756
FUND BALANCES (DEFICITS) - Beginning of Year	1,064,716	252,024	5,966	66,963	89,370	50,009	(383,426)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 1,079,462	\$ 361,989	\$ 2,462	\$ 67,603	\$ 92,952	\$ 43,609	\$ (260,670)

CITY OF OCONOMOWOC

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

	Special Revenue Funds (continued)					Total Special Revenue Funds
	Law Enforcement Facilities Impact Fees Fund	Fire & EMS Facilities Impact Fees Fund	Tourism Fund	Library Trust Fund	Police Forfeitures Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ 252,963	\$ -	\$ -	\$ 397,963
Special assessments	-	-	-	-	-	7,450
Intergovernmental	-	-	-	-	497	136,614
License and permits	92,280	40,452	-	-	-	265,156
Public charges for services	-	-	-	-	-	1,029,588
Miscellaneous	1,434	33	121	58	126	24,256
Total Revenues	93,714	40,485	253,084	58	623	1,861,027
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	177	-	-	-	194,247
Public works	-	-	-	-	-	905,988
Culture and recreation	-	-	161,824	490	-	165,854
Conservation and development	-	-	-	-	-	6,847
Debt Service						
Interest expense and fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	177	161,824	490	-	1,272,936
Excess (deficiency) of revenues over expenditures	93,714	40,308	91,260	(432)	623	588,091
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	(120,833)
Net change in fund balances	93,714	40,308	91,260	(432)	623	467,258
FUND BALANCES (DEFICITS) - Beginning of Year	110,911	(40,308)	-	38,479	12,887	1,267,591
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 204,625	\$ -	\$ 91,260	\$ 38,047	\$ 13,510	\$ 1,734,849

CITY OF OCONOMOWOC

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

	Capital Projects Funds			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	TID #4	TID #5	TID #6		
	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund		
REVENUES					
Taxes	\$ 339,012	\$ -	\$ -	\$ 339,012	\$ 736,975
Special assessments	-	-	-	-	7,450
Intergovernmental	16,562	-	-	16,562	153,176
License and permits	-	-	-	-	265,156
Public charges for services	-	-	-	-	1,029,588
Miscellaneous	2,751	-	-	2,751	27,007
Total Revenues	<u>358,325</u>	<u>-</u>	<u>-</u>	<u>358,325</u>	<u>2,219,352</u>
EXPENDITURES					
Current					
General government	3,608	40,437	15,211	59,256	59,256
Public safety	-	-	-	-	194,247
Public works	-	5,094	4,216	9,310	915,298
Culture and recreation	-	-	-	-	165,854
Conservation and development	45,465	3,965	3,965	53,395	60,242
Debt Service					
Interest expense and fees	28,656	-	-	28,656	28,656
Capital Outlay	1,069,541	-	-	1,069,541	1,069,541
Total Expenditures	<u>1,147,270</u>	<u>49,496</u>	<u>23,392</u>	<u>1,220,158</u>	<u>2,493,094</u>
Excess (deficiency) of revenues over expenditures	<u>(788,945)</u>	<u>(49,496)</u>	<u>(23,392)</u>	<u>(861,833)</u>	<u>7,606</u>
OTHER FINANCING USES					
Transfers out	-	-	-	-	(120,833)
Net change in fund balances	(788,945)	(49,496)	(23,392)	(861,833)	(394,575)
FUND BALANCES (DEFICITS) - Beginning of Year	(675,416)	-	-	(675,416)	592,175
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (1,464,361)</u>	<u>\$ (49,496)</u>	<u>\$ (23,392)</u>	<u>\$ (1,537,249)</u>	<u>\$ 197,600</u>

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - AMBULANCE

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 145,000	\$ 145,000	\$ 145,000	\$ -
Intergovernmental	5,000	5,000	4,180	(820)
Public charges for services	784,500	167,405	168,675	1,270
Miscellaneous	2,750	2,750	11,794	9,044
Total Revenues	<u>937,250</u>	<u>320,155</u>	<u>329,649</u>	<u>9,494</u>
EXPENDITURES				
Public safety	<u>906,193</u>	<u>206,286</u>	<u>194,070</u>	<u>12,216</u>
Excess of revenues under expenditures	<u>31,057</u>	<u>113,869</u>	<u>135,579</u>	<u>21,710</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(120,833)</u>	<u>(120,833)</u>	<u>-</u>
Net change in fund balance	<u>\$ 31,057</u>	<u>\$ (6,964)</u>	14,746	<u>\$ 21,710</u>
Fund balance - Beginning of year			<u>1,064,716</u>	
Fund balance - End of year			<u>\$ 1,079,462</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - GARBAGE AND REFUSE
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 136,000	\$ 136,000	\$ 131,937	\$ (4,063)
Public charges for services	856,500	856,500	860,913	4,413
Miscellaneous	4,010	4,010	8,169	4,159
Total Revenues	<u>996,510</u>	<u>996,510</u>	<u>1,001,019</u>	<u>4,509</u>
EXPENDITURES				
Public works	<u>978,704</u>	<u>978,704</u>	<u>891,054</u>	<u>87,650</u>
Net change in fund balance	<u>\$ 17,806</u>	<u>\$ 17,806</u>	109,965	<u>\$ 92,159</u>
Fund balance - Beginning of year			<u>252,024</u>	
Fund balance - End of year			<u>\$ 361,989</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - PARK LAND ACQUISITION
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 36	\$ 36
EXPENDITURES				
Culture and recreation	-	5,000	3,540	1,460
Net change in fund balance	\$ -	\$ (5,000)	(3,504)	\$ 1,496
Fund balance - Beginning of year			5,966	
Fund balance - End of year			\$ 2,462	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - PARK LAND IMPROVEMENT
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 175	\$ 175	\$ 640	\$ 465
EXPENDITURES				
Culture and recreation	20,000	20,000	-	20,000
Net change in fund balance	<u>\$ (19,825)</u>	<u>\$ (19,825)</u>	640	<u>\$ 20,465</u>
Fund balance - Beginning of year			<u>66,963</u>	
Fund balance - End of year			<u>\$ 67,603</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - WOODCREEK STORMWATER

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 7,450	\$ 7,450	\$ 7,450	\$ -
Miscellaneous	300	300	902	602
Total Revenues	<u>7,750</u>	<u>7,750</u>	<u>8,352</u>	<u>602</u>
EXPENDITURES				
Public works	<u>5,309</u>	<u>5,309</u>	<u>4,770</u>	<u>539</u>
Net change in fund balance	<u>\$ 2,441</u>	<u>\$ 2,441</u>	3,582	<u>\$ 1,141</u>
Fund balance - Beginning of year			<u>89,370</u>	
Fund balance - End of year			<u>\$ 92,952</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT AUTHORITY
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 175	\$ 175	\$ 447	\$ 272
EXPENDITURES				
Conservation and development	10,000	10,000	6,847	3,153
Net change in fund balance	\$ (9,825)	\$ (9,825)	(6,400)	\$ 3,425
Fund balance - Beginning of year			50,009	
Fund balance - End of year			\$ 43,609	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TRANSPORTATION FACILITIES IMPACT FEES
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 15,600	\$ 15,600	\$ 132,424	\$ 116,824
Miscellaneous	-	-	496	496
Total Revenues	<u>15,600</u>	<u>15,600</u>	<u>132,920</u>	<u>117,320</u>
EXPENDITURES				
Public works	<u>15,000</u>	<u>56,825</u>	<u>10,164</u>	<u>46,661</u>
Net change in fund balance	<u>\$ 600</u>	<u>\$ (41,225)</u>	122,756	<u>\$ 163,981</u>
Fund balance (deficit) - Beginning of year			<u>(383,426)</u>	
Fund balance (deficit) - End of year			<u>\$ (260,670)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - LAW ENFORCEMENT FACILITIES IMPACT FEES

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 21,600	\$ 21,600	\$ 92,280	\$ 70,680
Miscellaneous	300	300	1,434	1,134
Total Revenues	<u>21,900</u>	<u>21,900</u>	<u>93,714</u>	<u>71,814</u>
EXPENDITURES				
Public safety	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Net change in fund balance	<u>\$ 11,900</u>	<u>\$ 11,900</u>	93,714	<u>\$ 81,814</u>
Fund balance - Beginning of year			<u>110,911</u>	
Fund balance - End of year			<u>\$ 204,625</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - FIRE & EMS FACILITIES IMPACT FEES
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 25,500	\$ 25,500	\$ 40,452	\$ 14,952
Miscellaneous	50	50	33	(17)
Total Revenues	<u>25,550</u>	<u>25,550</u>	<u>40,485</u>	<u>14,935</u>
EXPENDITURES				
Public safety	<u>300</u>	<u>300</u>	<u>177</u>	<u>123</u>
Net change in fund balance	<u>\$ 25,250</u>	<u>\$ 25,250</u>	40,308	<u>\$ 15,058</u>
Fund balance (deficit) - Beginning of year			<u>(40,308)</u>	
Fund balance - End of year			<u>\$ -</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - TOURISM
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 220,000	\$ 220,000	\$ 252,963	\$ 32,963
Miscellaneous	160	160	121	(39)
Total Revenues	<u>220,160</u>	<u>220,160</u>	<u>253,084</u>	<u>32,924</u>
EXPENDITURES				
Culture and recreation	<u>196,067</u>	<u>196,067</u>	<u>161,824</u>	<u>34,243</u>
Net change in fund balance	<u>\$ 24,093</u>	<u>\$ 24,093</u>	91,260	<u>\$ 67,167</u>
Fund balance - Beginning of year			<u>-</u>	
Fund balance - End of year			<u>\$ 91,260</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - TID #4

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 340,877	\$ 340,877	\$ 339,012	\$ (1,865)
Intergovernmental	17,000	17,000	16,562	(438)
Miscellaneous	500	500	2,751	2,251
Total Revenues	<u>358,377</u>	<u>358,377</u>	<u>358,325</u>	<u>(52)</u>
EXPENDITURES				
General government	150	150	3,608	(3,458)
Conservation and development	-	-	45,465	(45,465)
Debt Service				
Interest and fiscal charges	28,875	28,875	28,656	219
Capital Outlay	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,069,541</u>	<u>530,459</u>
Total Expenditures	<u>1,629,025</u>	<u>1,629,025</u>	<u>1,147,270</u>	<u>481,755</u>
Net change in fund balance	<u>\$ (1,270,648)</u>	<u>\$ (1,270,648)</u>	(788,945)	<u>\$ 481,703</u>
Fund balance (deficit) - Beginning of year			<u>(675,416)</u>	
Fund balance (deficit) - End of year			<u>\$ (1,464,361)</u>	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND - TID #5
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	-	-	40,437	(40,437)
Public works	-	-	5,094	(5,094)
Conservation and development	-	-	3,965	(3,965)
Total Expenditures	-	-	49,496	(49,496)
Net change in fund balance	\$ -	\$ -	(49,496)	\$ (49,496)
Fund balance - Beginning of year			-	
Fund balance (deficit) - End of year			\$ (49,496)	

CITY OF OCONOMOWOC

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - TID #6

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	-	-	15,211	(15,211)
Public works	-	-	4,216	(4,216)
Conservation and development	-	-	3,965	(3,965)
Total Expenditures	-	-	23,392	(23,392)
Net change in fund balance	\$ -	\$ -	(23,392)	\$ (23,392)
Fund balance - Beginning of year			-	
Fund balance (deficit) - End of year			\$ (23,392)	

CITY OF OCONOMOWOC

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2017

	Data Processing Fund	Risk Management Fund	Fleet	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 440,368	\$ 301,760	\$ 386,247	\$ 1,128,375
Accounts receivable	-	12,801	66	12,867
Inventories and prepaid items	25,768	-	-	25,768
Total Current Assets	466,136	314,561	386,313	1,167,010
Non-Current Assets				
Machinery and equipment	408,504	-	-	408,504
Less: Accumulated depreciation	(162,627)	-	-	(162,627)
Total Non-Current Assets	245,877	-	-	245,877
Total Assets	712,013	314,561	386,313	1,412,887
LIABILITIES				
Current Liabilities				
Accounts payable	33,759	533	19,567	53,859
Accrued liabilities	-	-	163	163
Current portion of general obligation debt	3,400	-	-	3,400
Total Current Liabilities	37,159	533	19,730	57,422
Non-Current Liabilities				
General obligation debt	9,634	-	-	9,634
Total Liabilities	46,793	533	19,730	67,056
NET POSITION				
Net investment in capital assets	232,843	-	-	232,843
Unrestricted	432,377	314,028	366,583	1,112,988
TOTAL NET POSITION	\$ 665,220	\$ 314,028	\$ 366,583	\$ 1,345,831

CITY OF OCONOMOWOC

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

	Data Processing Fund	Risk Management Fund	Fleet	Totals
OPERATING REVENUES				
Charges for services	\$ 655,026	\$ 480,073	\$ 425,122	\$ 1,560,221
Other	2,206	47,129	4,365	53,700
Total Operating Revenues	<u>657,232</u>	<u>527,202</u>	<u>429,487</u>	<u>1,613,921</u>
OPERATING EXPENSES				
Administrative and general	531,214	465,912	436,515	1,433,641
Depreciation	25,923	-	-	25,923
Total Operating Expenses	<u>557,137</u>	<u>465,912</u>	<u>436,515</u>	<u>1,459,564</u>
Operating Income (Loss)	<u>100,095</u>	<u>61,290</u>	<u>(7,028)</u>	<u>154,357</u>
NONOPERATING REVENUES				
Interest income	<u>4,253</u>	<u>2,211</u>	<u>5,566</u>	<u>12,030</u>
Change in net position	104,348	63,501	(1,462)	166,387
NET POSITION - Beginning of Year	<u>560,872</u>	<u>250,527</u>	<u>368,045</u>	<u>1,179,444</u>
NET POSITION - END OF YEAR	<u>\$ 665,220</u>	<u>\$ 314,028</u>	<u>\$ 366,583</u>	<u>\$ 1,345,831</u>

CITY OF OCONOMOWOC

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Data Processing Fund	Risk Management Fund	Fleet	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 655,026	\$ 477,080	\$ 426,831	\$ 1,558,937
Payments to suppliers	(417,032)	(411,160)	(236,034)	(1,064,226)
Payments to and on behalf of employees	(66,664)	(7,090)	(177,251)	(251,005)
Net Cash Flows From Operating Activities	<u>171,330</u>	<u>58,830</u>	<u>13,546</u>	<u>243,706</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES				
Net acquisition of capital assets	(167,979)	-	-	(167,979)
Principal paid on notes	(3,400)	-	-	(3,400)
Net Cash Flows From Capital and Financing Activities	<u>(171,379)</u>	<u>-</u>	<u>-</u>	<u>(171,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	4,253	2,211	5,566	12,030
Net change in cash and cash equivalents	4,204	61,041	19,112	84,357
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>436,164</u>	<u>240,719</u>	<u>367,135</u>	<u>1,044,018</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 440,368</u>	<u>\$ 301,760</u>	<u>\$ 386,247</u>	<u>\$ 1,128,375</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 100,095	\$ 61,290	\$ (7,028)	\$ 154,357
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	25,923	-	-	25,923
Change in assets and liabilities				
Accounts receivable	-	(2,993)	1,711	(1,282)
Inventories and prepaid items	16,394			16,394
Accounts payable	28,918	533	18,700	48,151
Accrued liabilities	-	-	163	163
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ 171,330</u>	<u>\$ 58,830</u>	<u>\$ 13,546</u>	<u>\$ 243,706</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS				
Cash and investments	<u>\$ 440,368</u>	<u>\$ 301,760</u>	<u>\$ 386,247</u>	<u>\$ 1,128,375</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF OCONOMOWOC

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

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
ASSETS				
Cash and investments	\$ 11,902,920	\$ 12,369,462	\$ (11,902,920)	\$ 12,369,462
Taxes receivable	<u>12,586,784</u>	<u>12,405,280</u>	<u>(12,586,784)</u>	<u>12,405,280</u>
Total Assets	<u>\$ 24,489,704</u>	<u>\$ 24,774,742</u>	<u>\$ (24,489,704)</u>	<u>\$ 24,774,742</u>
LIABILITIES				
Due to other governments	<u>\$ 24,489,704</u>	<u>\$ 24,774,742</u>	<u>\$ (24,489,704)</u>	<u>\$ 24,774,742</u>

CITY OF OCONOMOWOC

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
As of December 31, 2017

Governmental Capital Assets	
Land	\$ 13,490,246
Land Improvements	4,733,641
Buildings	11,824,573
Machinery and equipment	7,610,963
Infrastructure	75,559,205
Construction in progress	<u>2,175,743</u>
Total Governmental Capital Assets	<u>\$ 115,394,371</u>
Investment in Governmental Capital Assets by Source	
General fund	\$ 3,310,107
Special revenue funds	6,130,804
Capital projects funds	63,759,134
Contributions	<u>42,194,326</u>
Total Investment in Governmental Capital Assets	<u>\$ 115,394,371</u>

CITY OF OCONOMOWOC

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY As of December 31, 2017

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Function and Activity				
General government	\$ 2,722,406	\$ 210,983	\$ (249,278)	\$ 2,684,111
Public safety				
Police	1,360,127	65,629	(169,823)	1,255,933
Fire	5,452,958	-	(5,242,195)	210,763
Ambulance	641,030	-	(641,030)	-
Public works	78,992,901	9,100,081	(4,096,783)	83,996,199
Culture and recreation	19,254,856	6,856,870	(388,417)	25,723,309
Conservation development	1,524,056	-	-	1,524,056
Total Governmental Capital Assets	<u>\$ 109,948,334</u>	<u>\$ 16,233,563</u>	<u>\$ (10,787,526)</u>	<u>\$ 115,394,371</u>

CITY OF OCONOMOWOC

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
As of December 31, 2017

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Function and Activity							
General government	\$ 205,960	\$ 287,755	\$ 1,710,840	\$ 479,556	\$ -	\$ -	\$ 2,684,111
Public safety							
Police	-	-	313,608	942,325	-	-	1,255,933
Fire	210,763	-	-	-	-	-	210,763
Ambulance	-	-	-	-	-	-	-
Public works	1,789,923	2,089,075	626,570	3,811,750	75,504,573	174,308	83,996,199
Culture and recreation	9,806,642	2,356,811	9,173,555	2,330,234	54,632	2,001,435	25,723,309
Conservation development	1,476,958	-	-	47,098	-	-	1,524,056
Total Governmental Capital Assets	<u>\$ 13,490,246</u>	<u>\$ 4,733,641</u>	<u>\$ 11,824,573</u>	<u>\$ 7,610,963</u>	<u>\$ 75,559,205</u>	<u>\$ 2,175,743</u>	<u>\$ 115,394,371</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Oconomowoc's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends (Tables 1 thru 4)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 thru 11)

These schedules contain information to help the reader assess the government's most significant local revenue sources, electric charges for service and property tax.

Debt Capacity (Tables 12 thru 16)

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 17 thru 18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (Tables 19 thru 21)

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF OCONOMOWOC, WISCONSIN

Table 2 - Changes in Net Position

Last Ten Years

(accrual basis of accounting)

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
General Government	\$ 1,734,840	\$ 1,417,110	\$ 1,717,894	\$ 2,002,530	\$ 1,686,098	\$ 1,722,233	\$ 1,114,912	\$ 1,133,667	\$ 1,301,859	\$ 1,778,192
Public Safety	5,133,204	5,250,239	5,216,917	5,725,215	6,124,308	6,200,876	6,839,962	6,537,553	7,300,689 ⁽¹²⁾	7,004,271
Public Works	4,570,339	7,035,365 ⁽¹⁾	5,485,728	4,999,037	5,157,208	5,251,866	5,562,184	6,420,900 ⁽⁹⁾	4,313,368	7,152,335
Sanitation	957,109	1,027,870	1,059,573	1,145,997	1,187,665	1,206,549	1,238,375	921,556 ⁽¹⁰⁾	939,100	891,054
Health & Human Services	55,490	44,066	47,846	53,193	51,639	65,396	67,238	81,262	69,535	79,054
Culture & Recreation	2,574,813	2,558,067	2,657,723	2,769,148	2,956,094	3,037,207	2,694,682	3,102,567	3,318,525	2,424,466
Conservation & Development	678,834	554,573	630,122	494,693	211,363	479,290	3,551,540 ⁽⁶⁾	739,394	991,179	915,791
Interest on Long-Term Debt	941,625	1,046,927	1,030,837	1,063,375	961,798	865,729	415,205 ⁽⁷⁾	297,667 ⁽⁷⁾	277,199	279,056
Total Governmental Activities	16,646,254	18,934,217	17,846,640	18,253,188	18,336,173	18,829,146	21,484,098	19,234,566	18,511,454	20,524,219
Business-Type Activities:										
Electric Utility	19,437,258	19,553,523	22,388,184 ⁽²⁾	22,864,613	23,457,389	23,203,140	23,311,332	23,340,476	23,194,300	22,472,596 ⁽¹⁴⁾
Water Utility	1,935,284	2,116,428	2,147,650	2,408,769	2,269,042	2,288,830	2,495,848	2,467,765	2,476,278	2,604,895
Wastewater Utility	2,564,093	2,682,741	2,781,547	2,751,028	2,765,639	2,896,853	3,084,401	3,322,953	3,171,820	3,266,269
Total Business-Type Activities Expenses	23,936,635	24,352,692	27,317,381	28,024,410	28,492,070	28,388,823	28,891,581	29,131,194	28,842,398	28,343,760
Total Primary Government Expenses	\$ 40,582,889	\$ 43,286,909	\$ 45,164,021	\$ 46,277,598	\$ 46,828,243	\$ 47,217,969	\$ 50,375,679	\$ 48,365,760	\$ 47,353,852	\$ 48,867,979
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 415,923	\$ 350,031	\$ 788,228	\$ 864,551	\$ 877,816	\$ 862,810	\$ 405,750	\$ 383,964	\$ 432,358	\$ 387,904
Public Safety	1,787,647	1,514,930	1,418,359	1,687,187	1,559,019	1,829,378	1,604,617	1,713,420	1,842,484	1,078,173
Sanitation	852,801	920,809	1,033,112	1,046,298	1,142,594	1,164,153	1,173,835	840,976 ⁽¹⁰⁾	851,706	861,637
Other Activities	607,477	556,442	572,623	626,707	623,901	671,989	696,091	816,484	902,714	961,168
Operating Grants and Contributions	1,649,035	1,540,331	1,468,424	1,511,971	1,433,184	1,498,010	1,529,070	1,584,185	1,575,807	1,531,323
Capital Grants and Contributions	9,301,184 ⁽³⁾	4,028,451	7,167,706 ⁽³⁾	795,765	4,313,414 ⁽⁴⁾	715,030	2,015,696 ⁽⁵⁾	1,699,734	2,265,675 ⁽¹³⁾	6,638,724 ⁽⁸⁾
Total Governmental Activities	14,614,067	8,910,994	12,448,452	6,532,479	9,949,928	6,741,370	7,425,059	7,038,763	7,870,744	11,458,929
Business-Type Activities:										
Charges For Services:										
Electric Utility	21,012,751	21,323,094	22,919,822	23,693,501	24,147,335	24,057,575	25,154,540	25,183,209	24,924,397	24,066,162
Water Utility	1,927,837	2,494,171	2,527,357	2,716,239	3,555,142	3,433,380	3,349,615	3,361,175	3,399,073	3,349,010
Wastewater Utility	3,602,493	2,939,941	3,061,843	3,177,237	3,349,799	3,516,994	3,522,210	3,726,990	4,041,408	3,852,615
Capital Grants and Contributions	2,694,911	2,321,969	2,265,051	2,298	811,825	275,745	1,261,085 ⁽⁸⁾	1,872,161 ⁽⁸⁾	2,075,942 ⁽⁸⁾	4,187,817
Total Business-Type Activities	29,237,992	29,079,175	30,774,073	29,589,275	31,864,101	31,283,694	33,287,450	34,143,535	34,440,820	35,455,604
Total Primary Government Program Revenues	43,852,059	37,990,169	43,222,525	36,121,754	41,814,029	38,025,064	40,712,509	41,182,298	42,311,564	46,914,533
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,032,187)	\$ (10,023,223)	\$ (5,398,188)	\$ (11,720,709)	\$ (8,386,245)	\$ (12,087,776)	\$ (14,059,039)	\$ (12,195,803)	\$ (10,640,710)	\$ (9,065,290)
Business-type Activities	5,301,357	4,726,483	3,456,692	1,564,865	3,372,031	2,894,871	4,395,869	5,012,341	5,598,422	7,111,844
Total Primary Government Net Expense	\$ 3,269,170	\$ (5,296,740)	\$ (1,941,496)	\$ (10,155,844)	\$ (5,014,214)	\$ (9,192,905)	\$ (9,663,170)	\$ (7,183,462)	\$ (5,042,288)	\$ (1,953,446)

CITY OF OCONOMOWOC, WISCONSIN
Table 2 - Changes in Net Position (cont)
Last Ten Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 11,841,415	\$ 12,490,952	\$ 12,512,323	\$ 12,426,047	\$ 12,431,797	\$ 12,453,379	\$ 12,754,228	\$ 10,228,149 ⁽¹¹⁾	\$ 10,540,331	\$ 10,844,325
Other Taxes	306,691	276,638	345,331	348,571	375,828	385,647	402,925	436,126	424,462	444,269
Unrestricted Grants and Contributions	426,264	434,843	374,457	361,378	325,804	336,336	412,679	317,364	321,041	334,229
Investment Earnings	647,330	209,519	144,420	119,388	116,693	99,425	100,417	92,685	144,675	231,009
Miscellaneous	220,481	164,019	281,827	317,154	305,072	299,351	189,023	238,144	230,792	370,008
Special item - loss on sale of asset	-	-	-	-	-	-	-	-	-	(3,058,976) ⁽¹⁵⁾
Transfers	864,243	973,520	1,152,893	1,324,306	1,395,363	1,541,232	1,556,837	1,500,376	1,621,147	1,855,873
Total Governmental Activities	<u>14,306,424</u>	<u>14,549,491</u>	<u>14,811,251</u>	<u>14,896,844</u>	<u>14,950,557</u>	<u>15,115,370</u>	<u>15,416,109</u>	<u>12,812,844</u>	<u>13,282,448</u>	<u>11,020,737</u>
Business-Type Activities:										
Investment Earnings	955,880	426,370	341,384	383,986	447,462	310,853	318,377	325,784	324,402	391,217
Miscellaneous	-	-	-	103,673	-	-	-	-	-	-
Transfers	(864,243)	(973,520)	(1,152,893)	(1,324,306)	(1,395,363)	(1,541,232)	(1,556,837)	(1,500,376)	(1,621,147)	(1,855,873)
Total Business-Type Activities	<u>91,637</u>	<u>(547,150)</u>	<u>(811,509)</u>	<u>(836,647)</u>	<u>(947,901)</u>	<u>(1,230,379)</u>	<u>(1,238,460)</u>	<u>(1,174,592)</u>	<u>(1,296,745)</u>	<u>(1,464,656)</u>
Total Primary Government	<u>14,398,061</u>	<u>14,002,341</u>	<u>13,999,742</u>	<u>14,060,197</u>	<u>14,002,656</u>	<u>13,884,991</u>	<u>14,177,649</u>	<u>11,638,252</u>	<u>11,985,703</u>	<u>9,556,081</u>
Change in Net Position										
Governmental Activities	\$ 12,274,237	\$ 4,526,268	\$ 9,413,063	\$ 3,176,135	\$ 6,564,312	\$ 3,027,594	\$ 1,357,070	\$ 617,041	\$ 2,641,738	\$ 1,955,447
Business-Type Activities	5,392,994	4,179,333	2,645,183	728,218	2,424,130	1,664,492	3,157,409	3,837,749	4,301,677	5,647,188
Total Primary Government	<u>\$ 17,667,231</u>	<u>\$ 8,705,601</u>	<u>\$ 12,058,246</u>	<u>\$ 3,904,353</u>	<u>\$ 8,988,442</u>	<u>\$ 4,692,086</u>	<u>\$ 4,514,479</u>	<u>\$ 4,454,790</u>	<u>\$ 6,943,415</u>	<u>\$ 7,602,635</u>

Notes:

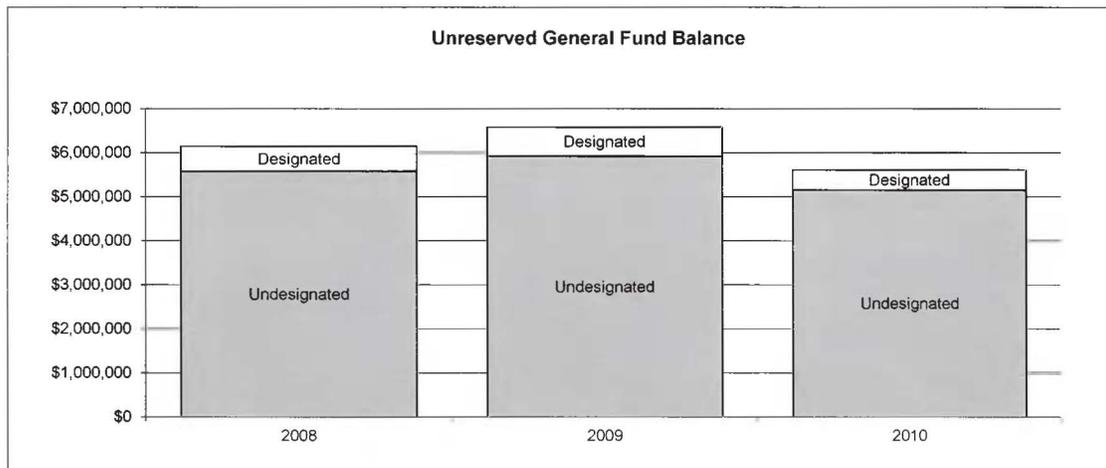
- (1) Increase in DPW expenses from 2008 to 2009 due to significant street construction capital improvements.
- (2) Increase in electric utility expenses due to the high cost of power and the power cost adjustment clause (PCAC).
- (3) Jurisdictional transfer from the State of Wisconsin for STH 16 in 2008 and 2010.
- (4) Increase due to \$2.4 million CDBG Grant for Community Center.
- (5) Sales of capital assets were not unusual nor infrequent; therefore they were not classified as a special item and instead included in miscellaneous.
- (6) Increase due to donation of property to developer as authorized in the TID #4 project plan.
- (7) Decrease due to early retirement of TID #4 related debt.
- (8) Increase due to dedication of infrastructure improvements for residential subdivisions.
- (9) Increase in maintenance projects as compared to capitalizable construction projects.
- (10) Decrease due to change in providers for garbage collection, reduction in expenses and corresponding charges to public.
- (11) Decrease relates to closure of TID 3 and resulting reduction in tax increment.
- (12) Increase due to dam repair and maintenance projects completed during 2016.
- (13) Increase due to dedication of Veterans Memorial Park.
- (14) Overall expenses for utilities decreased due to a combination of less electricity being sold and a lower average price per unit.
- (15) Loss due to creation of Western Lakes Fire District and transfer of related fire and ambulance assets to the district.

CITY OF OCONOMOWOC, WISCONSIN
Table 3 - Fund Balances of Governmental Funds
Pre-GASB 54 (2008-2010)
(modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund			
Reserved	\$ 220,120	\$ 211,782	\$ 1,836,927 ⁽¹⁾
Restricted			
Unreserved			
Undesignated	5,573,399	5,916,488	5,151,092 ⁽¹⁾
Designated	568,644	666,298	454,243
Subtotal Unreserved	<u>6,142,043</u>	<u>6,582,786</u>	<u>5,605,335</u>
Total General Fund	<u>6,362,163</u>	<u>6,794,568</u>	<u>7,442,262</u>
All Other Governmental Funds			
Reserved	536,267	189,349	220,821
Restricted			
Unreserved			
Undesignated, reported in			
Special Revenue Funds	-	(8,167)	(237,252)
Capital Projects Funds	(618,385)	(826,729)	(365,664)
Debt Service Fund	(265,569)	(217,974)	(2,767,809) ⁽²⁾
Subtotal Undesignated	<u>(883,954)</u>	<u>(1,052,870)</u>	<u>(3,370,725)</u>
Designated, reported in			
Special Revenue Funds	2,408,952	3,430,829	1,992,908
Capital Projects Funds	10,056,337	13,789,107 ⁽³⁾	13,577,154
Subtotal Designated	<u>12,465,289</u>	<u>17,219,936</u>	<u>15,570,062</u>
Subtotal Unreserved	<u>11,581,335</u>	<u>16,167,066</u>	<u>12,199,337</u>
Total All Other Governmental Funds	<u>12,117,602</u>	<u>16,356,415</u>	<u>12,420,158</u>

Notes:

- (1) Increase in reserved fund balance and decrease in undesignated fund balance due to interfund loans between general fund and TID #4 (\$1,335,500) and general fund and Fire and EMS impact fee fund (\$240,000).
- (2) Decrease in other governmental funds undesignated fund balance reported in debt service fund due to interfund loan between wastewater utility (enterprise fund) and the debt service fund.
- (3) Increase in other governmental funds' designated fund balance in capital projects from 2008 to 2009 due primarily to carryover of debt proceeds for two year street maintenance project.

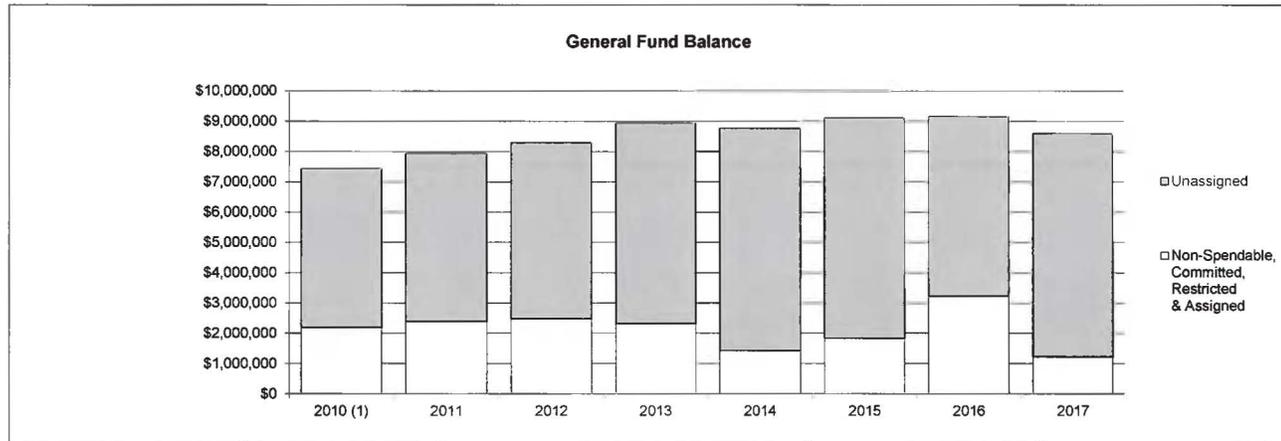


CITY OF OCONOMOWOC, WISCONSIN
Table 3 - Fund Balances of Governmental Funds
Post-GASB 54 (2010 & Forward)
(modified accrual basis of accounting)

	2010 ⁽¹⁾	2011	2012	2013	2014	2015	2016	2017
General Fund								
Nonspendable	\$ 1,766,012	\$ 1,733,839	\$ 1,704,188	\$ 1,672,084	\$ 696,270 ⁽⁵⁾	\$ 683,782	\$ 1,232,994 ⁽⁶⁾	\$ 474,773 ⁽⁷⁾
Restricted	15,000	15,000	14,954	13,278	13,278	7,661	7,411	7,411
Committed	196,260	196,260	196,260	196,260	196,260	196,260	196,260	196,260
Assigned	213,898	445,473	558,828	434,030	517,419	946,589	1,790,709	546,776
Unassigned	5,251,092	5,542,777	5,820,027	6,623,734	7,343,839	7,275,444	5,928,342	7,373,176
Total General Fund	7,442,262	7,933,349	8,294,257	8,939,386	8,767,066	9,109,736	9,155,716	8,598,396
All Other Governmental Funds								
Nonspendable	-	-	20,449	367	-	-	985	1,395
Restricted								
TID #3 Capital Projects Fund	11,087,389	13,358,880	12,575,954	57,494 ⁽²⁾	-	-	-	-
Debt Service Fund	-	-	-	-	33,690	45,476	46,487	-
Other	12,187	1,099,161	1,301,307	2,785,708 ⁽³⁾	1,433,373	1,326,759	1,342,823	509,064 ⁽⁹⁾
Committed								
Capital Improvements Funds	3,010,836	2,227,556	2,524,237	2,898,485	2,242,876	2,496,179	2,533,897	1,836,990
Other	1,028,549	1,133,483	1,153,078	1,218,123	1,271,203	1,450,417	1,365,764	1,485,060
Assigned	-	-	19,600	-	-	-	-	-
Unassigned								
Debt Service Fund	(2,767,809)	(2,719,310)	(76,117) ⁽⁴⁾	(25,243)	-	-	-	(605,912) ⁽⁸⁾
Parks and Recreation	-	-	-	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-	-	-	(1,349,964) ⁽⁹⁾
Other	-	(812,416)	(1,436,068)	(151,270) ⁽³⁾	(272,601)	(300,561)	(1,099,150)	(1,797,919)
Total All Other Governmental Funds	12,371,153	14,287,354	16,082,440	6,783,664	4,708,541	5,018,270	4,190,806	78,714
Total Fund Balance for Governmental Funds	\$ 19,813,415	\$ 22,220,703	\$ 24,376,697	\$ 15,723,050	\$ 13,475,607	\$ 14,128,006	\$ 13,346,522	\$ 8,677,110

Notes:

- (1) 2010 restated in GASB 54 new fund categories for comparison purposes.
- (2) Decrease due to \$12.6 million TID #3 debt payoff and \$3 million transfer to TID #4.
- (3) \$3 million donor increment from TID #3 to TID #4, resulting in a reduction of unassigned deficit and an increase to restricted balance.
- (4) Decrease due to refinancing of internal advance for Community Center with external debt.
- (5) Decrease due to repayment of long term internal advance due from TID #4.
- (6) Increase due to long term internal advance due from TID #4 and Highway Impact Fee Fund.
- (7) Decrease due to refinance of internal advance to TID #4.
- (8) Decrease due to issuance of internal advance for Western Lakes Fire District capital project.
- (9) Decrease due to completion of Fowler boardwalk and related capital projects.



CITY OF OCONOMOWOC, WISCONSIN
Table 4 - Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 12,201,941	\$ 12,829,297	\$ 12,923,744	\$ 12,842,742	\$ 12,872,762	\$ 12,904,809	\$ 13,218,761	\$ 10,720,026 ⁽¹³⁾	\$ 11,013,147	\$ 11,340,704
Special Assessments	18,615	28,952	23,545	22,338	25,941	20,038	18,062	23,054	17,814	20,347
Intergovernmental	1,806,235	1,843,353	1,812,448	1,924,108	4,216,408 ⁽¹⁾	1,900,262	1,902,444	1,870,907	2,200,213	1,833,033
Licenses & Permits	891,252	473,472	422,723	709,276	697,628	912,518	711,990	779,266	1,427,789	1,253,552
Fines & Forfeitures	407,420	402,877	360,099	363,598	374,446	463,488	366,454	303,950	295,801	318,331
Public Charges for Service	2,006,925	2,059,930	2,099,443	2,319,161	2,297,148	2,343,960	2,352,013	2,183,544	2,378,273	1,677,266
Intergovernmental Charges	341,127	358,262	479,167	480,039	490,910	528,929	555,865	579,805	647,117	481,992
Interdepartmental Charges	77,526	88,215	94,478	104,872	114,949	71,555	69,310	49,188	36,286	8,815
Miscellaneous	1,037,694	2,474,894 ⁽²⁾	387,752	376,172	727,923	681,208	324,452	300,397	401,434	531,297
Total Revenues	18,788,735	20,559,252	18,603,399	19,142,306	21,818,115	19,826,767	19,519,351	16,810,137	18,417,874	17,465,337
Expenditures										
General Government	1,423,170	1,305,716	1,193,865	1,443,477	1,049,020	1,137,436	1,190,042	1,247,000	1,281,584	1,602,268
Public Safety	4,988,505	5,132,396	5,109,713	5,453,505	5,742,408	5,922,656	6,188,561	6,127,844	6,449,923	5,839,697
Public Works	3,247,823	2,982,597	3,118,696	3,369,449	3,280,946	3,450,449	3,694,919	3,350,900	4,232,380	3,122,329
Health & Human Services	55,490	44,066	47,846	53,193	51,639	50,921	55,713	67,622	69,122	78,682
Culture & Recreation	2,559,063	2,576,221	2,444,583	2,441,651	2,411,125	2,753,605	2,544,598	2,645,274	2,903,744	2,883,686
Conservation & Development	517,573	415,551	474,845	458,803	534,042	460,342	550,767	634,238	780,772	750,883
Debt Service										
Principal Retirement	461,300	5,602,248 ⁽³⁾	757,411	6,182,935 ⁽³⁾	6,048,840 ⁽⁴⁾	18,520,470 ⁽⁵⁾	5,808,935 ⁽¹²⁾	962,116	970,481	985,481
Interest & Fiscal Charges	933,669	1,042,830	1,114,762	1,109,532	1,151,035	1,011,776	463,088	322,512	307,459	310,004
Capital Outlay	4,576,213	7,870,113 ⁽⁶⁾	8,783,134 ⁽⁷⁾	5,197,551	9,631,767 ⁽⁸⁾	3,342,920	4,085,781	2,300,608	3,825,040	8,429,727
Total Expenditures	18,762,806	26,971,738	23,044,855	25,710,096	29,900,822	36,650,575	24,582,404	17,658,114	20,820,505	24,002,757
Revenues Over/(Under)										
Expenditures	25,929	(6,412,486)	(4,441,456)	(6,567,790)	(8,082,707)	(16,823,808)	(5,063,053)	(847,977)	(2,402,631)	(6,537,420)
Other Financing Sources/(Uses)										
Long Term Debt Issued	-	10,025,000	-	7,510,000	8,650,000	6,400,000	1,228,528	-	-	-
Premium on Debt Issued	-	85,184	-	91,767	193,338	233,929	30,245	-	-	-
Transfers In	2,664,713 ⁽¹⁰⁾	6,940,969 ⁽³⁾	4,962,376 ⁽³⁾	8,035,795 ⁽³⁾	3,712,971	17,700,461 ⁽¹¹⁾	10,746,677 ⁽¹²⁾	1,844,507	2,409,630	4,107,446
Transfers Out	(1,800,470) ⁽¹⁰⁾	(5,967,449)	(3,809,483)	(6,711,489)	(2,317,608)	(16,164,229) ⁽¹¹⁾	(9,189,840) ⁽¹²⁾	(344,131)	(788,483)	(2,251,573)
Sale of Capital Asset	-	-	-	-	-	-	-	-	-	12,135
Total Other Financing Sources/(Uses)	864,243	11,083,704	1,152,893	8,926,073	10,238,701	8,170,161	2,815,610	1,500,376	1,621,147	1,868,008
Net Change in Fund Balances	890,172	4,671,218	(3,288,563)	2,358,283	2,155,994	(8,653,647)	(2,247,443)	652,399	(781,484)	(4,669,412)
Debt Service as a Percentage of Noncapital Expenditures	9.0%	29.2% ⁽⁹⁾	13.1%	35.6%	35.5% ⁽⁹⁾	58.6% ⁽¹²⁾	30.6% ⁽¹³⁾	8.2%	8.1%	6.8%

Notes:

- (1) Increase due to \$2.4 million CDBG Community Center grant
- (2) Includes \$2 million contribution from developer for new fire station.
- (3) Includes \$5 million transfer to refinance TID #4 NANs to debt service fund.
- (4) Includes refinancing of \$4.3 million Community Center debt.
- (5) Increase due to \$12.6 million TID #3 debt payoff.
- (6) Increase due to significant street construction capital improvements.
- (7) Increase due to significant street construction capital improvements, construction of new fire station, and purchase of properties for future community center.
- (8) Increase due to completion of new Community Center building in 2012 and construction of Southeast Arterial Road.
- (9) Includes \$965,000 General Fund undesignated fund balance transfer to the Capital Projects Fund.
- (10) Includes \$448,000 General Fund designated fund balance and \$527,000 from undesignated general fund balance transfer to the Capital Projects Fund.
- (11) \$12.6 million TID #3 debt payoff and \$3 million transfer from TID #3 to TID #4.
- (12) Includes \$4.98 million early retirement of debt related to TID #4
- (13) Decrease relates to closure of TID 3 and corresponding reduction to increment.

CITY OF OCONOMOWOC, WISCONSIN
Table 5 - Electric Charges for Service Revenue Base
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014 ⁽¹³⁾	2015	2016	2017
Residential										
kWh ⁽¹⁾	70,402	67,975 ⁽⁴⁾	72,508	71,516	73,058	72,123	72,121	70,705	74,055	71,388 ⁽⁴⁾
Rate ⁽²⁾	\$ 98.90	\$ 102.12	\$ 108.22	\$ 113.46	\$ 113.76	\$ 115.10	\$ 122.76	\$ 124.48	\$ 122.74	\$ 124.58
Customers	7,536	7,563	7,576	7,682 ⁽⁵⁾	7,716	8,040 ⁽⁶⁾	8,059	8,199	8,256	8,435
Commercial										
kWh ⁽¹⁾	28,499	27,695 ⁽⁴⁾	27,859	27,472	27,710	26,670	25,421	23,133	23,766	22,509
Rate ⁽²⁾	\$ 92.95	\$ 98.75	\$ 103.84	\$ 109.35	\$ 111.08	\$ 112.25	\$ 119.49	\$ 120.31	\$ 118.42	\$ 119.25
Customers	1,022	1,026	1,038	1,026	1,009	1,168 ⁽⁷⁾	1,047	1,043	1,057	1,074
Small Power										
kWh ⁽¹⁾	23,804	21,941 ⁽⁴⁾	23,014	22,900	23,474	23,755	22,357	25,159	24,935	25,423
Rate ⁽²⁾	\$ 93.74	\$ 97.91	\$ 98.63	\$ 102.18	\$ 103.79	\$ 105.27	\$ 111.69	\$ 111.88	\$ 110.67	\$ 112.06
Customers	72	67	68	63	67	84 ⁽⁷⁾	71	80	83	88
Large Power										
kWh ⁽¹⁾	56,700	51,068 ⁽⁴⁾	50,700 ⁽⁸⁾	50,264 ⁽⁸⁾	51,514	63,419 ⁽⁹⁾	73,379	74,768	72,570	68,735 ⁽⁴⁾
Rate ⁽²⁾	\$ 76.33	\$ 83.29	\$ 90.34	\$ 95.20	\$ 95.58	\$ 94.90	\$ 96.18	\$ 95.93	\$ 94.55	\$ 96.44
Customers	32	33	33	33	32	41 ⁽⁹⁾	43	42	41	41
Industrial										
kWh ⁽¹⁾	63,913	61,604 ⁽⁴⁾	59,820 ⁽⁸⁾	57,320 ⁽⁸⁾	55,881 ⁽⁸⁾	43,593 ⁽⁹⁾	35,756	34,744	32,896	29,267 ⁽⁴⁾
Rate ⁽²⁾	\$ 69.54	\$ 76.35	\$ 81.75	\$ 87.12	\$ 86.32	\$ 87.17	\$ 88.08	\$ 87.04	\$ 85.51	\$ 86.84
Customers	9	15 ⁽¹⁰⁾	15	15	15	6 ⁽⁹⁾	5	5	5	4
Other ⁽³⁾										
kWh ⁽¹⁾	1,455	1,542 ⁽¹¹⁾	1,530	1,550	1,540	1,525	1,782	1,795	1,622	1,263 ⁽⁴⁾
Rate ⁽²⁾	\$ 172.83	\$ 168.24	\$ 176.62	\$ 180.44	\$ 181.24	\$ 183.68	\$ 218.81	\$ 225.90	\$ 236.02	\$ 187.27
Customers	60	55 ⁽¹²⁾	53	50	50	51	53	58	58	69
Totals										
kWh ⁽¹⁾	244,773	231,825 ⁽⁴⁾	235,431	231,022 ⁽⁸⁾	233,177	231,085	230,816	230,304	229,845	218,585
Rate ⁽²⁾	\$ 85.25	\$ 90.76	\$ 96.63	\$ 101.80	\$ 102.29	\$ 103.40	\$ 108.25	\$ 108.56	\$ 107.56	\$ 109.04
Customers	8,731	8,759	8,783	8,869	8,889	9,390 ⁽⁷⁾	9,278	9,427	9,500	9,711

Notes:

- (1) kWh: Kilowatt Hours sold
- (2) Rate: Weighted Average Rate = total revenues by class divided by total kilowatt hours sold by class. Includes energy charge, customer charge, and various other applicable fixed
- (3) Includes public street and highway lighting.
- (4) Usage decreased due to a slightly cooler than normal summer, economic slowdown, and an increase in energy efficiency programs.
- (5) Increase due to new large apartment complex which added several new residential customers.
- (6) Several new apartment complexes resulted in many new residential customers with little or no usage (some vacant).
- (7) New reporting method used for customer counts in 2013.
- (8) Business usage has decreased as a result of an economic slowdown and energy efficiency programs.
- (9) Shift of customers from Industrial to Large Power.
- (10) With the installation of new meters, each demand meter is now billed separately instead of one consolidated bill per customer.
- (11) Street lighting removed in 2008 during STH 16 road construction project was replaced and returned to normal usage.
- (12) Customers requested removal of private yard lights.
- (13) Rate increases approved by Public Service Commission effective January 2014.

Source: Wisconsin Public Service Commission Annual Report

CITY OF OCONOMOWOC, WISCONSIN
Table 6 - Electric Charges for Service Rates
 Last Ten Years

	2008	2009	2010	2011	2012	2013	2014 ⁽⁴⁾	2015 ⁽⁵⁾	2016	2017
Residential										
kWh ⁽¹⁾	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.0868	\$ 0.1169	\$ 0.1169	\$ 0.1169	\$ 0.1169
Fixed Charge - Single Phase	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Fixed Charge - Three Phase ⁽⁵⁾	N/A	12.00	12.00	12.00						
Residential - Time of Use										
kWh ⁽¹⁾ - on peak	0.1550	0.1550	0.1550	0.1550	0.1550	0.1550	0.2052	0.2052	0.2052	0.2052
kWh ⁽¹⁾ - off peak	0.0380	0.0380	0.0380	0.0380	0.0380	0.0380	0.0586	0.0586	0.0586	0.0586
Fixed Charge - Single Phase	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Fixed Charge - Three Phase ⁽⁵⁾	N/A	12.00	12.00	12.00						
General Service										
kWh ⁽¹⁾	0.0868	0.0868	0.0868	0.0868	0.0868	0.0868	0.1169	0.1169	0.1169	0.1169
Fixed Charge - Single Phase	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Fixed Charge - Three Phase ⁽⁵⁾								12.00	12.00	12.00
Small Power ⁽³⁾										
kWh ⁽¹⁾	0.0555	0.0555	0.0555	0.0555	0.0555	0.0555	0.0803	0.0803	0.0803	0.0803
kW ⁽²⁾	8.2500	8.2500	8.2500	8.2500	8.2500	8.2500	8.5000	8.5000	8.5000	8.5000
kW ⁽²⁾	8.2500	8.2500	8.2500	8.2500	8.2500	8.2500	8.5000	8.5000	8.5000	8.5000
kW - Distribution ^{(2) (5)}	N/A	1.5000	1.5000	1.5000						
Fixed Charge	40.00	40.00	40.00	40.00	40.00	40.00	50.00	50.00	50.00	50.00
Large Power ⁽³⁾										
kWh ⁽¹⁾ - on peak	0.0584	0.0584	0.0584	0.0584	0.0584	0.0584	0.0958	0.0958	0.0958	0.0958
kWh ⁽¹⁾ - off peak	0.0372	0.0372	0.0372	0.0372	0.0372	0.0372	0.0477	0.0477	0.0477	0.0477
kW ⁽²⁾	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000	9.0000
kW - Distribution ^{(2) (5)}	N/A	1.7500	1.7500	1.7500						
Fixed Charge	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
Industrial ⁽³⁾										
kWh ⁽¹⁾ - on peak	0.0569	0.0569	0.0569	0.0569	0.0569	0.0569	0.0917	0.0917	0.0917	0.0917
kWh ⁽¹⁾ - off peak	0.0363	0.0363	0.0363	0.0363	0.0363	0.0363	0.0458	0.0458	0.0458	0.0458
kW ⁽²⁾	9.5000	9.5000	9.5000	9.5000	9.5000	9.5000	10.0000	10.0000	10.0000	10.0000
kW - Distribution ^{(2) (5)}	N/A	1.7500	1.7500	1.7500						
Fixed Charge	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00	315.00

Notes:

(1) kWh: per kilowatt hour sold (usage).

(2) kW: per kilowatt (demand).

(3) Rates listed do not include optional discounts for primary metering (1.75 % of bill) nor transformer ownership (\$.60 / kWh).

(4) Rate increase approved by Wisconsin Public Service Commission, effective January 2014.

(5) Previously approved existing rates added to table beginning in 2015.

CITY OF OCONOMOWOC, WISCONSIN

Table 7 - Principal Electric Customers

Customer ⁽¹⁾	Type of Business	2008			2017		
		Usage in kilowatt hours	Rank	% of Total	Usage in kilowatt hours	Rank	% of Total
Customer 1 ^{(2) (3)}	Distribution	23,283,017	1	9.3%	17,482,386	1	8.0%
Customer 2 ⁽⁴⁾	Health Care	8,161,822	4	3.3%	8,723,433	2	4.0%
Customer 3 ⁽³⁾	Distribution	11,946,881	2	4.8%	8,082,993	3	3.7%
Customer 4	Manufacturing	4,910,126	7	2.0%	5,737,147	4	2.6%
Customer 5	Manufacturing	9,852,071	3	3.9%	5,696,350	5	2.6%
Customer 6 ⁽⁶⁾	Municipality				5,187,481	6	2.4%
Customer 7 ⁽⁶⁾	Education				5,008,086	7	2.3%
Customer 8 ⁽⁵⁾	Retail	5,261,761	9	2.1%	4,807,097	8	2.2%
Customer 9	Manufacturing	4,319,192	8	1.7%	4,322,868	9	2.0%
Customer 10	Health Care				3,693,653	10	1.7%
Customer 11 ⁽⁷⁾	Manufacturing	4,490,375	5	1.8%			
Customer 12 ⁽³⁾	Hospitality	4,419,218	6	1.8%			
Customer 13	Manufacturing	2,862,920	10	1.1%			
		79,507,383		31.9%	68,741,494		31.4%
		170,006,617		68.1%	149,843,850		68.6%
		<u>249,514,000</u>		<u>100.0%</u>	<u>218,585,344</u>		<u>100.0%</u>

Notes:

- (1) Names omitted to protect customer privacy.
- (2) Implemented various energy conservation programs in the last five years (HVAC, lighting, etc.) which decreased usage.
- (3) Decrease partially due to economic slowdown.
- (4) Building addition in 2009.
- (5) New larger store in 2008, however implemented various energy conservation programs (HVAC, lighting, etc.) which decreased usage.
- (6) Includes seven locations. In prior years not all locations were combined.
- (7) Company moved some production to another plant outside of city.
- (8) Added to the list after improvements to meter reporting system that allowed for totalizing usage from many smaller usage meters

Source: Oconomowoc Utility Billing Department

CITY OF OCONOMOWOC, WISCONSIN
Table 8 - Assessed and Estimated Actual Value of Taxable Property ⁽¹⁾
Last Ten Years

	2008		2009		2010		2011		2012	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Real Property Assessed Value ⁽²⁾										
Residential	\$ 1,060,715,500	68.5%	\$ 1,321,122,600	65.1%	\$ 1,332,361,000	65.2%	\$ 1,374,327,200	67.6%	\$ 1,379,126,600	69.1%
Commercial	404,216,600	26.1%	593,626,700	29.3%	599,495,600	29.3%	544,590,900 ⁽⁷⁾	26.8%	503,812,400	25.3%
Manufacturing	46,543,800	3.0%	64,417,800	3.2%	64,342,600	3.1%	62,611,200	3.1%	61,885,600	3.1%
Other	2,230,300	0.1%	2,243,100	0.1%	2,186,900	0.1%	5,457,600	0.3%	5,199,900	0.3%
Subtotal Real Property	1,513,706,200	97.8%	1,981,410,200	97.6%	1,998,386,100	97.7%	1,986,986,900	97.7%	1,950,024,500	97.7%
Personal Property Assessed Value ⁽²⁾	34,582,052	2.2%	48,053,716	2.4%	46,440,720	2.3%	47,402,309	2.3%	44,897,738	2.3%
Total Taxable Assessed Value	1,548,288,252	100.0%	2,029,463,916	100.0%	2,044,826,820	100.0%	2,034,389,209	100.0%	1,994,922,238	100.0%
Total City Direct Tax Rate ⁽³⁾	\$ 5.80		\$ 4.56 ⁽⁶⁾		\$ 4.56 ⁽⁶⁾		\$ 4.66 ⁽⁸⁾		\$ 4.83 ⁽⁸⁾	
Estimated Actual Taxable Value ⁽⁴⁾	2,015,197,300		2,061,037,900		2,019,391,100		2,018,359,000		1,921,427,200	
Assessed Value as a Percentage of Actual Value ⁽⁵⁾	76.8%		98.5% ⁽⁶⁾		101.3% ⁽⁶⁾		100.8%		103.8%	
	2013		2014		2015		2016		2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Real Property Assessed Value ⁽²⁾										
Residential	\$ 1,383,915,500	69.3%	\$ 1,386,608,100	69.8%	\$ 1,301,260,400	68.7%	\$ 1,321,657,600	68.6%	\$ 1,343,956,800	68.9%
Commercial	496,780,000	24.9%	486,411,800	24.5%	487,318,700	25.7%	496,793,500	25.8%	496,791,000	25.5%
Manufacturing	67,815,100	3.4%	66,925,300	3.4%	59,411,600	3.1%	65,161,000	3.4%	61,733,600	3.2%
Other	3,917,700	0.2%	3,539,900	0.2%	3,513,300	0.2%	3,529,300	0.2%	3,529,400	0.2%
Subtotal Real Property	1,952,428,300	97.8%	1,943,485,100	97.9%	1,851,504,000	97.8%	1,887,141,400	97.9%	1,906,010,800	97.7%
Personal Property Assessed Value ⁽²⁾	43,642,499	2.2%	42,117,187	2.1%	41,951,895	2.2%	40,329,412	2.1%	44,446,768	2.3%
Total Taxable Assessed Value	1,996,070,799	100.0%	1,985,602,287	100.0%	1,893,455,895	100.0%	1,927,470,812	100.0%	1,950,457,568	100.0%
Total City Direct Tax Rate ⁽³⁾	\$ 4.98 ⁽⁹⁾		\$ 5.13		\$ 5.37		\$ 5.37		\$ 5.44	
Estimated Actual Taxable Value ⁽⁴⁾	1,795,970,900		1,799,980,600		1,860,351,900		1,918,686,500		2,010,432,900	
Assessed Value as a Percentage of Actual Value ⁽⁵⁾	111.1%		110.3%		101.8%		100.5%		97.0%	

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Assessed values are prepared by the City of Oconomowoc assessor.
- (3) Tax rates are expressed in rate per \$1,000 in assessed value.
- (4) Estimated actual values (equalized values) are prepared by the Wisconsin Department of Revenue, Bureau of Property Tax and include TID values.
- (5) The Wisconsin Department of Revenue does not consider any amendments to the Statement of Assessment when calculating the equalized ratio. Therefore, the percentage of actual value calculated above may differ slightly from what was printed on the tax bills.
- (6) Revaluation of city property performed.
- (7) Decrease due to change in use for two large properties and a large Board of Review adjustment.
- (8) Increase in tax rate due to decrease in assessed value.
- (9) Increase in tax rate due to new debt for community center and street improvements.

CITY OF OCONOMOWOC, WISCONSIN
Table 9 - Property Tax Rates - Direct and Overlapping Governments ⁽¹⁾
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2008 ⁽⁴⁾	2009 ^{(4), (5)}	2010 ⁽⁴⁾	2011 ⁽⁴⁾	2012 ⁽⁴⁾	2013 ⁽⁴⁾	2014 ⁽⁴⁾	2015 ⁽⁴⁾	2016 ⁽⁴⁾	2017 ⁽⁴⁾
Direct Rates:										
General Fund	\$ 4.3135	\$ 3.3916	\$ 3.4204	\$ 3.4933	\$ 3.5871	\$ 3.4497	\$ 3.4454	\$ 3.5404	\$ 3.5685	\$ 3.7264
Community Development Authority	0.0232	0.0089	-	-	-	-	-	-	-	-
Capital Projects Fund	1.0346	0.8332	0.8235	0.8489	0.8258	0.9398	0.9524	1.0851	1.0777	0.9825
Debt Service Fund	0.4261	0.3256	0.3181	0.3226	0.4208	0.5929	0.6691	0.6775	0.6649	0.6548
Ambulance Special Revenue Fund	-	-	-	-	-	-	0.0673	0.0636	0.0627	0.0751
Total City Rate	5.7974	4.5593	4.5620	4.6648	4.8337	4.9824	5.1342	5.3666	5.3738	5.4388
Overlapping Rates ⁽²⁾:										
Waukesha County	2.3119	1.8158	1.8454	1.9547	1.9368	1.8941	1.9444	2.0448	2.0324	2.0578
State of Wisconsin	0.2209	0.1723	0.1676	0.1684	0.1635	0.1527	0.1538	0.1667	0.1689	0.1749
Waukesha County Technical College	1.4168	1.1231	1.1425	1.2238	1.2053	1.1702	1.1927	0.3823	0.3780	0.3797
Oconomowoc Area School District	9.7290	8.2154	9.0577	9.6241	9.5433	9.8697	9.5608	9.8394	10.0118	10.0581
Special Taxing Districts ⁽³⁾										
Lake District 1 - LaBelle	-	0.0514	0.0601	0.0629	0.0617	0.0626	0.0628	0.1149	0.1127	0.0979
Lake District 2 - Fowler	-	-	-	-	-	-	0.0006	0.0034	0.0039	0.0050
Less: State School Tax Credit	(1.3666)	(1.1594)	(1.1879)	(1.2343)	(1.3163)	(1.3520)	(1.3921)	(1.4566)	(1.6721)	(1.6716)
Totals by Lake District:										
Lake District 1 - LaBelle	18.1094	14.7779	15.6474	16.4644	16.4280	16.7797	16.6566	16.4581	16.4055	16.5356
Lake District 2 - Fowler	18.1094	14.7265	15.5873	16.4015	16.3663	16.7171	16.5944	16.3466	16.2967	16.4427

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Overlapping rates are those of local, county, and state governments that apply to property owners within the City.
- (3) Not all overlapping rates apply to all City property owners. The rates for special districts apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the special district.
- (4) Effective for 2006 levy limits were enacted restricting the city's property tax levy capacity. Since that date there have been several revisions to the calculations.
- (5) As of January 1, 2009 the assessed values within the City increased significantly due to the revaluation performed for city properties. The levies for the 2009 budgets, however, experienced little growth. This resulted in a significant decrease in both the City's portion of the tax rate and the overall tax rate.

Source: City of Oconomowoc Treasurer's Office

CITY OF OCONOMOWOC, WISCONSIN

Table 10 - Principal Taxpayers ⁽¹⁾

Taxpayer	Taxes Payable 2008			Taxes Payable 2017		
	Taxable Assessed Value ⁽²⁾	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value ⁽²⁾	Rank	% of Total Taxable Assessed Value
Pabst Farms RDL LLC	\$ 73,300,000	1	4.7%	\$ 52,834,100	1	2.7%
Dayton Hudson Corp. (Target) ⁽³⁾	50,592,414	2	3.3%	45,307,700	2	2.3%
Waukesha Health Care Inc			0.0%	19,163,300	3	1.0%
Pabst Farms Market Place LLC	10,488,600	4	0.7%	16,374,200	4	0.8%
Summit Center Market Place LLC	7,692,900	6	0.5%	12,559,700	5	0.6%
Whitman Park LLC			0.0%	9,812,700	6	0.5%
Pabst Farms Village Square			0.0%	9,612,651	7	0.5%
Creekside North Partners LLC			0.0%	8,910,100	8	0.5%
Bruno Real Estate LLC			0.0%	8,745,000	9	0.4%
Worthington Apartments LLC			0.0%	7,519,700	10	0.4%
Pabst Farms Land Co I LLC	12,433,300	3	0.8%			
Roundy's Supermarkets Inc	8,211,451	5	0.5%			
Bonneywell Village Associates	7,193,700	7	0.5%			
Unisource Centres, Inc	6,421,975	8	0.4%			
Stonebridge Capital Unit 1 LLC	5,932,200	9	0.4%			
Menasha Corporation (Orbis)	4,812,000	10	0.3%			
Total Principal Taxpayers	187,078,540		12.1%	190,839,151		9.8%
All Other Taxpayers	1,361,209,712		87.9%	1,759,618,417		90.2%
Total	\$ 1,548,288,252		100.0%	\$ 1,950,457,568		100.0%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Assessed values include real and personal property.
- (3) Assessed value decreased in 2011 due to tax assessment settlement agreement.

CITY OF OCONOMOWOC, WISCONSIN
Table 11 - Property Tax Levies and Collections ⁽¹⁾
Last Ten Years

Year	Total Tax Levy ⁽²⁾	Collected Within the Year of the Levy ⁽³⁾		Collections in Subsequent Years ⁽⁴⁾	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 12,938,760	\$ 12,749,511	98.5%	715	\$ 12,750,227	98.5%
2009	13,704,274	13,433,930	98.0%	3,698	13,437,627	98.1%
2010	13,774,601	13,467,191	97.8%	2,066	13,469,256	97.8%
2011	13,831,290	13,588,507	98.2%	1,987	13,590,494	98.3%
2012	13,656,017	13,441,429	98.4%	1,309	13,442,737	98.4%
2013	13,690,528	13,539,531	98.9%	63	13,539,594	98.9%
2014	13,996,851	13,859,092	99.0%	468	13,859,560	99.0%
2015	11,128,679	11,064,869	99.4%	5,834	11,070,703	99.5%
2016	11,438,557	11,375,335	99.4%	245	11,375,579	99.4%
2017	11,751,413	11,664,448	99.3%		11,664,448	99.3%

Notes:

- (1) Information presented in the year for which taxes were levied.
- (2) Total tax levy includes only the City portion of tax levy, TID increment, special assessments and charges, and all omitted taxes for prior years.
- (3) Current tax collections include only those amounts collected directly by the City of Oconomowoc. The City collects all three installments of the real estate taxes through July 31. Delinquent real estate taxes are turned-over to the Waukesha County Treasurer for collection after July 31 of the fiscal year.
- (4) Responsibility for the collection of delinquent personal property taxes remains with the City. Collections in subsequent years include payments received by the City for delinquent personal property taxes only.

CITY OF OCONOMOWOC, WISCONSIN
 Table 12 - Ratios of Outstanding Debt by Type ⁽¹⁾
 Last Ten Years

Year	Governmental Activities			Business-Type Activities			Percentage of Adjusted Gross Income ⁽²⁾	Per Capita ⁽²⁾
	General Obligation Bonds and Notes ⁽¹¹⁾	Note Anticipation Notes	Notes	General Obligation Bonds and Notes ⁽¹¹⁾	Revenue Bonds	Total Primary Government		
2008	\$ 16,762,701	\$ 5,000,000	\$ -	\$ 504,202	\$ 9,092,187	\$ 31,359,090	4.8%	2,193
2009	21,199,268 ⁽³⁾	5,000,000	-	490,388	8,467,559	35,157,215	5.5%	2,453
2010	20,457,360	5,000,000	-	474,885	7,819,609	33,751,854	4.9%	2,142
2011	26,801,735 ⁽⁴⁾	-	33,433 ⁽⁵⁾	457,575	7,148,099	34,440,847	4.6%	2,179
2012	29,422,137 ⁽⁶⁾	-	30,033	438,333	6,457,783	36,348,286	4.8%	2,296
2013	17,553,607 ⁽⁷⁾	-	26,633	415,290	5,738,408	23,733,938	3.0%	1,483
2014	12,980,895 ⁽⁸⁾	-	23,233	384,225	4,994,714	18,383,067	2.3%	1,128
2015	11,993,137	-	19,834	3,515,355 ⁽⁹⁾	- ⁽⁹⁾	15,528,326	1.8%	943
2016	10,997,014	-	16,434	3,050,807	-	14,064,255	1.6%	844
2017	9,985,891	-	13,034	2,586,259	-	12,585,184	n/a ⁽¹⁰⁾	747

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See the Table 17 - Demographic and Economic Statistics for adjusted gross income and population data.
- (3) Increase due to streets Build America Bonds issued for \$5,025,000 in July 2009.
- (4) Increase due to street bonds issued for \$2,525,000 in July 2011 and refinanced TID #4 Note Anticipation Note in November 2011 for \$4,985,000
- (5) Issued data processing note for \$34,000 in October 2011.
- (6) Increase due to \$4,285,000 bonds issued for community center in December 2012.
- (7) Decrease due to \$12,595,000 pay off of TID #3 debt in 2013.
- (8) Decrease due to \$4,985,000 pay off of TID #4 Note Anticipation Note in 2014.
- (9) Increase/Decrease due to refinancing Electric Revenue bonds with General Obligation Notes in 2015.
- (10) n/a - data not available
- (11) Includes premium on long-term debt.

CITY OF OCONOMOWOC, WISCONSIN
Table 13 - Ratios of General Bonded Debt Outstanding ⁽¹⁾
Last Ten Years

Year	General Obligation Bonds ^{(2) (13)}	General Obligation Notes ^{(2) (13)}	Total General Obligation Debt ^{(2) (13)}	Percentage of Estimated Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2008	\$ 17,266,903	\$ -	\$ 17,266,903	0.84%	1,207
2009	21,689,656 ⁽⁵⁾	-	21,689,656	1.07%	1,517
2010	20,932,245	-	20,932,245	1.04%	1,430
2011	22,274,310 ⁽⁶⁾	4,985,000 ⁽⁷⁾	27,259,310	1.42%	1,725
2012	24,875,470 ⁽⁸⁾	4,985,000	29,860,470	1.66%	1,886
2013	11,733,897 ⁽⁹⁾	6,235,000 ⁽¹⁰⁾	17,968,897	1.00%	1,123
2014	10,966,481	2,398,639 ⁽¹¹⁾	13,365,120	0.72%	820
2015	10,069,065	5,451,341 ⁽¹²⁾	15,520,406	0.81%	943
2016	9,367,868	4,679,953	14,047,821	0.70%	843
2017	8,563,404	4,008,746	12,572,150	0.60%	746

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Includes governmental and business-type activities.
- (3) See Table 8 - Assessed and Estimated Actual Value of Taxable Property for property value data.
- (4) See Table 17 - Demographic and Economic Statistics for population.
- (5) Increase due to streets Build America Bonds issued for \$5,025,000 in July 2009.
- (6) Increase due to street bonds issued for \$2,525,000 in July 2011.
- (7) Refinanced TID #4 Note Anticipation Note.
- (8) Increase due to \$4,285,000 bonds issued for community center in December 2012.
- (9) Decrease due to \$12,595,000 pay off of TID #3 debt in 2013.
- (10) Increase due to \$1,250,000 in new street improvement debt.
- (11) Decrease due to \$4,985,000 pay off of TID #4 Note Anticipation Note in 2014.
- (12) Increase due to refinancing Electric Revenue bonds with General Obligation Notes in 2015.
- (13) Figures presented include related premiums.

CITY OF OCONOMOWOC, WISCONSIN

Table 14 - Computation of Direct and Overlapping Bonded Debt ⁽¹⁾
December 31, 2017

<u>Jurisdiction</u>	<u>Total Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽²⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Oconomowoc	\$9,998,925	100.00%	\$9,998,925
Overlapping ⁽³⁾ :			
Oconomowoc Area School District	80,460,000	38.77%	31,194,342
Waukesha County	75,125,000	3.83%	2,877,288
Waukesha County Technical College	28,070,000	3.67%	1,030,169
Subtotal Overlapping	<u>183,655,000</u>		<u>35,101,799</u>
Total Direct and Overlapping Debt	<u><u>\$193,653,925</u></u>		<u><u>\$45,100,724</u></u>

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) Applicable percentages were estimated by determining the portion of another government unit's equalized value that is within the City's geographic boundaries and dividing it by each government's total equalized valuation.
- (3) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

CITY OF OCONOMOWOC, WISCONSIN
Table 15 - Computation of Legal Debt Margin
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 103,051,895	\$ 100,969,555	\$ 100,917,950	\$ 96,071,360	\$ 89,798,545
Total Net Debt Applicable to Limit	<u>17,266,903</u>	<u>21,689,656</u>	<u>20,932,245</u>	<u>27,259,310</u>	<u>29,860,470</u>
Legal Debt Margin	<u>\$ 85,784,992</u>	<u>\$ 79,279,899</u>	<u>\$ 79,985,705</u>	<u>\$ 68,812,050</u>	<u>\$ 59,938,075</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.76%	21.48%	20.74%	28.37%	33.25%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 89,999,030	\$ 93,017,595	\$ 95,934,325	\$ 100,521,645	\$ 104,689,955
Total Net Debt Applicable to Limit	<u>17,740,000</u>	<u>13,094,838</u>	<u>15,188,236</u>	<u>13,762,409</u>	<u>12,369,080</u>
Legal Debt Margin	<u>\$ 72,259,030</u>	<u>\$ 79,922,757</u>	<u>\$ 80,746,089</u>	<u>\$ 86,759,236</u>	<u>\$ 92,320,875</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.71%	14.08%	15.83%	13.69%	11.81%

Legal Debt Margin Calculation for 2017:

Estimated Actual Value of Real and Personal Property	<u>\$ 2,093,799,100</u>
Debt Limit - 5 Percent of Estimated Actual Value	\$ 104,689,955 ⁽¹⁾
Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 13,645,317
Less:	
Unsecured Notes	13,034
Premium on Long-Term Debt	203,070
Vested compensated absences	543,610
Net Pension Liability	<u>516,523</u>
Total Debt Applicable to Limitation	12,369,080
Less amount available in debt service fund	<u>-</u>
	<u>12,369,080</u>
Legal Debt Margin	<u>\$ 92,320,875</u>

Notes:

(1) Wisconsin State Statute 67.03 limits general obligation borrowing for general city purposes to 5% of the estimated actual value of real and personal property.

CITY OF OCONOMOWOC, WISCONSIN

Table 16 - Pledged-Revenue Coverage ⁽¹⁾

Last Ten Years

Year	Wastewater Revenue Bonds						Water Revenue Bonds ^{(2) (3)}					
	Wastewater Charges for Services	Less: Operating Expenses ⁽⁴⁾	Net Available Revenue	Debt Service		Cover-age	Amount Available in Special Redemption Fund	Amount Available in Reserve Fund	Total Funds Available for Payment	Debt Service		Cover-age
				Principal	Interest					Principal	Interest	
2008	\$ 2,676,575	\$ 1,650,951	\$ 1,025,624	\$ 289,628	\$ 79,938	2.78	\$ -	\$ -	\$ -	\$ -	\$ -	-
2009	2,738,226	1,683,642	1,054,584	297,950	71,497	2.85	-	-	-	-	-	-
2010	2,797,316	1,730,943	1,066,373	306,510	62,814	2.89	-	-	-	-	-	-
2011	2,844,485	1,718,535	1,125,950	315,316	53,881	3.05	-	-	-	-	-	-
2012	2,937,920	1,757,746	1,180,174	324,375	44,692	3.20	-	-	-	-	-	-
2013	3,070,358	1,790,857	1,279,501	333,694	35,239	3.47	-	-	-	-	-	-
2014	3,132,218	1,866,323	1,265,895	343,281	25,514	3.43	-	-	-	-	-	-
2015	3,240,584	2,084,937	1,155,647	353,144	15,510	3.13	-	-	-	-	-	-
2016	3,306,648	1,932,799	1,373,849	363,289	5,219	3.73	-	-	-	-	-	-
2017	3,306,648	1,932,799	1,373,849	-	-	-	-	-	-	-	-	-

Year	Electric Revenue Bonds ^{(2) (5)}					
	Amount Available in Special Redemption Fund	Amount Available in Reserve Fund	Total Funds Available for Payment	Debt Service		Cover-age
				Principal	Interest	
2008	\$ 294,382	\$ 588,448	\$ 882,830	\$ 335,000	\$ 241,548	1.53
2009	321,212	588,448	909,659	350,000	227,848	1.57
2010	328,962	588,448	917,409	365,000	213,548	1.59
2011	332,812	588,448	921,259	375,000	198,748	1.61
2012	344,062	588,448	932,509	395,000	183,348	1.61
2013	351,362	588,448	939,810	410,000	167,248	1.63
2014	358,512	588,448	946,959	425,000	133,148	1.70
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-

Notes:

- (1) Details regarding the government's outstanding debt can be found in the notes to the financial statements.
- (2) Each month, the pledged portion of the utility revenues are segregated into a separate fund (special redemption fund) and the cash is reserved for the upcoming debt payment. A reserve fund was also established when the debt was issued and is intended to subsidize any future decrease in revenues that results in an inability to make a debt payment. Throughout the life of the debt, the reserve fund was not needed.
- (3) The water revenue bonds were satisfied in April 2007.
- (4) Operating expenses do not include depreciation.
- (5) The electric revenue bonds were issued in December 2007 and refunded during 2015.

CITY OF OCONOMOWOC, WISCONSIN
Table 17 - Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Adjusted Gross Income ⁽²⁾</u>	<u>Per Capita Adjusted Gross Income</u>	<u>School Enrollment ⁽³⁾</u>	<u>Waukesha County Unemployment Rate ⁽⁴⁾</u>
2008	14,300	\$ 649,022,024	\$ 45,386	4,890	3.9%
2009	14,330	638,020,509 ⁽⁵⁾	44,523 ⁽⁵⁾	4,992	7.5% ⁽⁵⁾
2010	15,759	682,233,465	43,292	5,023	7.4% ⁽⁵⁾
2011	15,805	744,123,110	47,082	5,088	6.5%
2012	15,834	759,187,130	47,947	5,168	6.0%
2013	16,004	786,146,550	49,122	5,278	5.9%
2014	16,293	795,452,140	48,822	5,339	4.5%
2015	16,464	849,007,258	51,567	5,362	3.8%
2016	16,656	892,449,096	53,581	5,505	3.6%
2017	16,842	n/a ⁽⁶⁾	n/a ⁽⁶⁾	5,610	2.9%

Notes:

- (1) The 2010 population is the official U.S. Census. Population estimates for the other years are prepared by the Wisconsin Department of Administration, Demographic Services Center.
- (2) Wisconsin Department of Revenue, Division of Research and Policy.
- (3) Oconomowoc Area School District.
- (4) Wisconsin Department of Workforce Development.
- (5) Declining economy and unstable job market resulted in lower gross incomes and higher unemployment.
- (6) n/a - data not available

<u>Year</u>	<u>Median Age</u>	<u>Percent High School Graduates</u>	<u>Percent College Graduates</u>
1980	32.1	74.4%	19.0%
1990	34.6	84.1%	21.1%
2000	38.0	88.9%	30.7%
2010	38.5	96.0%	36.6%

Source: U.S. Bureau of the Census.

CITY OF OCONOMOWOC, WISCONSIN

Table 18 - Principal Employers
Current Year and Nine Years Ago

Employer	2008 ⁽¹⁾			2017 ⁽¹⁾		
	Employees	Rank	Percent of Total City Employment ⁽²⁾	Employees	Rank	Percent of Total City Employment ⁽²⁾
Target Stores	500-999	1	5.24%	500-999	1	4.45%
Oconomowoc Memorial Hospital	500-999	4	5.24%	250-499	2	2.23%
Lutheran Homes of Oconomowoc Inc/Shorehaven	250-499	6	2.62%	250-499	3	2.23%
Bruno Independent Living Aids	250-499	8	2.62%	250-499	4	2.23%
First Bank Financial Center				250-499	5	2.23%
Oconomowoc Development Training				250-499	6	2.23%
3M Detection Solutions				100-249	7	1.04%
Bimbo Bakeries USA				100-249	8	1.04%
Oconomowoc Area School District ⁽³⁾				100-249	9	1.04%
ORBIS				100-249	10	1.04%
Roundy's Inc	500-999	2	5.24%			
Homes for Independent Living of WI Inc	500-999	3	5.24%			
Aurora Medical Group ⁽⁴⁾	250-499	5	2.62%			
YMCA at Pabst Farms	250-499	7	2.62%			
Paragon Industries Inc	100-249	9	1.22%			
Pick N Save (Ultra Mart Foods Inc)	100-249	10	1.22%			
Total	4,850		33.92%	3,325		19.74%

Notes:

- (1) Information only available in employee range format.
- (2) The percent of employment and total employees is calculated from the median of the employee range and city population.
- (3) Includes multiple locations within the city. Prior years did not include all locations.
- (4) Employer moved out of the City into a new location in the Village of Summit in 2009.

Source: Wisconsin Department of Workforce Development and SEWRPC

CITY OF OCONOMOWOC, WISCONSIN
Table 19 - Full-Time Equivalent City Government Employees by Function
Last Ten Years

Function	2008	2009 ⁽¹⁾	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Non-Union	8.95	8.34	8.09	8.61	8.67	8.57	8.29	7.92	8.01	7.92
Union	-	0.06 ⁽²⁾	0.06	0.06	0.06	0.06	- ⁽⁶⁾	-	-	-
Public Safety										
Police										
Officers	19.65	19.95	19.70	19.95	20.00	19.94	19.83	19.48	19.90	20.66
Civilians	11.29	11.15	11.68	11.59	11.59	11.59	11.39	11.41	11.41	12.07
Fire										
Full-Time Firefighters	4.00	4.85	7.03 ⁽³⁾	6.51	6.56	6.56	6.56	6.65	6.36	1.06 ⁽⁹⁾
Paid On Call Firefighters	4.91	5.30	5.06	3.65	3.67	10.80 ⁽⁴⁾	12.58 ⁽⁴⁾	12.59	12.59	2.10 ⁽⁹⁾
Civilians	1.00	0.45	0.45	0.50	0.45	0.45	0.45	0.45	0.45	0.08 ⁽⁹⁾
Public Works										
Non-Union	4.70	5.10	5.46	6.20	6.20	6.20	14.61	14.42	14.74	14.73
Union	9.00	9.86	9.85	9.77	9.81	8.79 ⁽⁵⁾	- ⁽⁶⁾	-	-	-
Culture & Recreation										
Non-Union	17.76	18.06	19.37	19.40	19.12	19.40	24.99	24.40	23.27	23.75
Union	5.00	5.05	5.30	5.31	5.13	5.30	- ⁽⁶⁾	-	-	-
Conservation & Development	3.30 ⁽⁶⁾	3.30	3.30	3.25	3.25	3.06	3.46	3.46	3.49	3.51
Fleet										
Non-Union	-	-	-	-	-	1.93 ⁽⁵⁾	2.07	1.96	1.96	2.04
Wastewater										
Non-Union	3.67	3.15	3.44	4.34 ⁽⁷⁾	4.35	4.12	10.87	10.49	10.53	10.39
Union	7.00	7.49	6.38	6.42	6.43	6.41	- ⁽⁶⁾	-	-	-
Water										
Non-Union	3.37	2.65	3.55	4.23 ⁽⁷⁾	4.24	4.00	9.75	9.59	10.11	10.37
Union	6.50	6.52	5.91	5.77	5.92	5.67	- ⁽⁶⁾	-	-	-
Electric										
Non-Union	8.92	7.83	7.78	8.48 ⁽⁷⁾	8.49	8.47	20.23	21.14	19.38	20.30
Union	11.00	12.73	13.51	12.75	12.68	11.61 ⁽⁵⁾	- ⁽⁶⁾	-	-	-
Total	<u>130.02</u>	<u>131.84</u>	<u>135.92</u>	<u>136.79</u>	<u>136.62</u>	<u>142.93</u>	<u>145.08</u>	<u>143.96</u>	<u>142.20</u>	<u>128.98</u>

- Notes:**
- (1) Beginning in 2009, amounts are based on budget account allocations.
 - (2) A calculation error was found and corrected.
 - (3) Three new full time firefighters were hired 12/15/2010.
 - (4) Implementation of Ambo Coverage hours during 2013; 2014 first full year of coverage hours.
 - (5) Two employees (from Public Works & Electric) were transferred to newly created Fleet Department in 2013.
 - (6) New full-time Associate Planner position was created.
 - (7) New full-time Utility Engineer position was created.
 - (8) Effective January 2014 the AFSCME, IBEW and Dispatch Unions termed.
 - (9) Effective March 2017 the City's Fire and Ambulance departments joined the Western Lakes Fire District. All City employees became employees of the District upon completion of the consolidation.

Source: City adopted budget.

Note: The FTE's presented are the approved number of positions and may not agree to the number of positions filled. Schedule does not include seasonal part-time employees.

CITY OF OCONOMOWOC, WISCONSIN
Table 20 - Operating Indicators by Function ⁽¹⁾
Last Ten Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of Assessable Parcels	5,971	5,998	6,148 ⁽⁴⁾	6,154	6,157	6,161	6,164	6,282	6,342	6,985
Number of Public Hearings	45	32	42	47	29	21	25	16	21	24
Number of Agendas/Minutes Distributed	400	543	403	363	323	298	278	328	328	331
Public Safety										
Calls for Police Service	27,975	27,867	31,987	34,519	36,554	35,221	35,644	38,589	43,654 ⁽¹⁷⁾	37,349 ⁽¹⁷⁾
Speed Enforcement	1,814	1,690	1,903	1,962	2,117 ⁽⁵⁾	2,482 ⁽⁵⁾	2,015	1,845	2,782	1,877
Total Arrests	5,017	5,006	5,099	6,094	6,443	6,862	7,231	6,023	5,126	7,442 ⁽²⁰⁾
Fire Responses ⁽²⁾	434	408	374	384	409	436	433	457	458	n/a ⁽¹⁸⁾
Fire Inspections ⁽²⁾	1,576	1,297	1,284	1,428	1,470	1,485	1,555	1,617	1,614	n/a ⁽¹⁸⁾
Ambulance Responses ⁽²⁾	1,456	1,424	1,448	1,428	1,116 ⁽⁶⁾	1,024	1,099	1,155	1,301	n/a ⁽¹⁸⁾
Public Works										
Number of Building Permits Issued	394	275	256	263	241	309	342	361	387	346
Number of Inspections by Building Inspector	4,886	3,769	2,498	3,427	3,344	3,594	4,057	4,498	5,443	5,544
Brush and Yard Waste (ton)	999	991	952	1,211	908	1,038	1,048	1,057	1,192	993
Asphalt Placed by City Crew (ton)	1,065 ⁽⁷⁾	262	287	1,090 ⁽⁷⁾	208	211	203	268	249	241
Miles of Streets	76	79	80	81	84	84	85	86	85 ⁽¹⁸⁾	87
Culture and Recreation										
Library Items Circulated	281,746	301,956	307,526	297,367	281,568	276,794	269,282	264,716	275,992	280,030
Library Card Holders	17,928	18,118	18,503	18,324	19,119	20,387	21,523	22,564	17,209 ⁽¹⁶⁾	16,484
Summer Reading Program Registrants	1,428	1,680	1,700	1,800	1,918	2,264	2,023	1,854	1,961	1,922
Recreation Program Participants	3,544	3,586	3,577	4,795	4,412	4,896	3,992 ⁽¹³⁾	4,251	4,086	4,897
Park Land Acreage	337	337	337	337	337	337	337	337	337	337
Conservation and Development										
Total Planning/Zoning Applications	7	6	10	12	5 ⁽⁸⁾	4	5	1	4	3
Wastewater Utility										
Average Number of Customers ⁽³⁾	7,246	7,354	7,388	7,459	7,516	7,623	7,667	7,765	7,848	7,920
Sewerage Treated (million gallons)	1,270	1,044	1,005	916	806 ⁽⁹⁾	993	855	806	945	1,006
Average Daily Flow (million gallons)	3.47	3.14	2.75	2.50	2.21	2.73	2.34	2.21	2.58	2.76
Water Utility										
Average Number of Customers	5,599	5,618	5,713	5,713	5,762	6,094	6,023 ⁽¹⁴⁾	5,800 ⁽¹⁴⁾	5,907	5,918
Total Pumped (million gallons)	678	677	720	690	751 ⁽¹⁰⁾	693	697	631 ⁽¹⁵⁾	591	557
Average Daily Consumption (million gallons)	1.86	1.85	1.97	1.89	2.06 ⁽¹⁰⁾	1.90	1.91	1.73	1.62	1.53
Electric Utility										
Average Number of Customers	8,671	8,707	8,783	8,869	8,889	9,390 ⁽¹¹⁾	9,278 ⁽¹⁴⁾	9,462	9,500	9,711
Total Kilowatt Hours Purchased	252,986,000 ⁽¹²⁾	239,568,000 ⁽¹²⁾	243,633,000	238,113,000 ⁽¹²⁾	240,070,000	238,527,000	236,646,000	234,568,000	236,148,400	222,259,919
Average Daily Consumption (kilowatt hours)	693,115 ⁽¹²⁾	656,351 ⁽¹²⁾	667,488	652,365 ⁽¹²⁾	657,726	653,499	648,345	642,652	646,982	608,931

Notes:

- (1) Indicators are not available for the Health & Welfare function.
- (2) Includes contract agencies.
- (3) Including sanitary districts.
- (4) 152 parcels were attached into the City from the Village of Summit.
- (5) City received speed grants in 2012-2013 to cover costs associated with monitoring and improving traffic safety during peak times.
- (6) Decrease in runs due to change in contract areas - loss of Village of Oconomowoc Lake and Village of Summit as of 1/1/12.
- (7) Increase in potholes and street repairs due to harsh winter weather.
- (8) Zoning code amended effective 8/21/2012. Many process and procedures were streamlined resulting in less applications and requiring less formal review.
- (9) Drought conditions in 2012 led to less infiltration.
- (10) Increase due to drought conditions in summer 2012.
- (11) New reporting method used for customer counts in 2013.
- (12) Increase in energy efficiency programs and decrease in manufacturing production.
- (13) Prior years included WPPA ticket promotions and boat moorings which have since been excluded from the participant counting method.
- (14) Reduction due to adjustment for customers with multiple meters.
- (15) Reduction due to discovery and repairs of various water main leaks both by the city and a significant customer.
- (16) Reduction due to planned purging of inactive cards during 2016.
- (17) Increase in 2016 due to more all inclusive method of tracking. Decrease in 2017 due to overall lower call volume and activity in the city.
- (18) Decrease due to portion of street vacated to developer during 2016.
- (19) Effective March 2017 the Fire & Ambulance departments left the city and merged with Western Lakes Fire Department.
- (20) Higher volume of citations issued due to traffic grants.

CITY OF OCONOMOWOC, WISCONSIN
Table 21 - Capital Asset Statistics by Function
Last Ten Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Patrol Units	9.5 ⁽²⁾	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	2 ⁽³⁾	2	2	2	2	2	2	2
Ambulances	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	76.17	78.95	80.26	80.98	83.56 ⁽⁴⁾	83.84	84.89	85.58	85.48	87.23
Storm Sewer (miles)	38.84	40.09	41.50	47.30	55.55 ⁽⁴⁾	56.14	57.40	57.95	58.94	60.11
Culture and Recreation										
Park Acreage	337 ⁽⁵⁾	337	337	337	337	337	337	337	337	337
Parks	47 ⁽⁵⁾	47	47	47	47	47	47	47	47	47
Beaches	3	3	3	3	3	3	3	3	3	3
Community Centers	1	1	1	- ⁽⁶⁾	1 ⁽⁶⁾	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Wastewater Utility										
Lift Stations ⁽¹⁾	1	1	1	1	1	1	1	1	1	1
Sewer Main (feet)	552,920	554,642	555,234	556,045	564,387 ⁽⁴⁾	564,387	570,955	573,676	575,476	594,678
Manholes	2,054	2,058	2,065	2,069	2,093	2,093	2,116	2,129	2,131	3,412
Pump Stations ⁽¹⁾	19	19	19	19	19	19	19	19	19	19
Water Utility										
Wells	6	6	6	6	6	6	6	6	6	6
Watermain (feet)	491,662	505,660	504,906 ⁽⁷⁾	508,356	510,890	513,290	523,573	530,151	537,641	555,702
Fire Hydrants	1,060	1,103	1,117	1,130	1,141	1,147	1,176	1,197	1,125	1,199
Valves	1,402	1,474	1,499	1,518	1,381	1,381	1,415	1,437	1,665	1,739
Electric Utility										
Substations	7	7	6	6	6	6	6	6	6	6
Primary Wire (miles)	369	375	375	375	387	387	388	389	389	393
Transformers	1,691	1,648 ⁽⁸⁾	1,687	1,591 ⁽⁹⁾	1,635	1,589 ⁽⁹⁾	1,615	1,678	1,701	1,745
Street Lights	1,028 ⁽¹⁰⁾	1,004 ⁽¹¹⁾	1,006	1,005	1,005	1,012	1,452 ⁽¹²⁾	1,457	1,795 ⁽¹²⁾	1,806

Notes:

- (1) City has one lift station (Olympia) and all other stations are considered pump stations. Split out appropriately starting in 2011.
- (2) Harley motorcycle is leased and used for patrol purposes from May - October.
- (3) Fire Station #2 was completed in 2010 and the building is shared with Village of Dousman Fire Department.
- (4) Addition of Southeast Arterial and Old School House Road, as well as city wide storm water infrastructure assessment which led to additional footage.
- (5) Includes all parks and acreage maintained per Park and Open Space Plan.
- (6) Community center demolished in March 2011. Staff moved to temporary offices during 2011 and 2012. New community center substantially complete in 2012.
- (7) Decrease due to the removal of some 4" mains that ran parallel with 8" mains on West Wisconsin Avenue.
- (8) Old transformers were disposed of in December 2009 and replacements were not purchased until January 2010.
- (9) Fluctuations due to timing of purchases and disposals. 2011 and 2013 counts appear lower as a result of disposals of multiple years. (i.e 2010 retirements disposed in 2011).
- (10) Approximately 61 street lights transferred ownership to the city from the electric utility and are not included in this number.
- (11) Fewer street lights were replaced with the completion of downtown East Wisconsin Avenue road construction project.
- (12) The City conducted a street light audit, resulting in positive adjustment.

Note: Indicators are not available for the General Government, Health & Welfare, or Conservation and Development functions.

Source: Various City departments.

APPENDIX B

**PROPOSED FORM OF LEGAL OPINION
FOR THE NOTES**

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December 18, 2018

Re: City of Oconomowoc, Wisconsin ("Issuer")
\$1,500,000 General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$225,000	4.00%
2020	45,000	4.00
2021	75,000	4.00
2022	75,000	4.00
2023	100,000	4.00
2024	105,000	4.00
2025	135,000	4.00
2026	165,000	4.00
2027	270,000	3.00
2028	305,000	3.00

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019.

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

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

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

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

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

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

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

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

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

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APPENDIX C

**PROPOSED FORM OF CONTINUING
DISCLOSURE CERTIFICATE FOR THE NOTES**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oconomowoc, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on December 4, 2018 (the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

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

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

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

"Final Official Statement" means the Final Official Statement dated December 4, 2018 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at City Hall, 174 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, phone (262) 569-2186, fax (262) 569-3238.

"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 270 days after the end of the Fiscal Year, commencing with the year ending December 31, 2018, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. CITY DEBT STRUCTURE - Total Outstanding General Obligation Debt Summary
2. CITY DEBT STRUCTURE - Total Outstanding Revenue Debt Summary (if any)
3. CITY DEBT STRUCTURE - Debt Ratios (including Equalized Value)

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 18th day of December, 2018.

(SEAL)

David Nold
Mayor

Diane Coenen
City Clerk



411 East Wisconsin Avenue
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Attorneys at Law in
Chicago
Indianapolis
Madison
Milwaukee
Naples
Phoenix
Scottsdale
Tampa
Tucson
Washington, D.C.

December 18, 2018

City of Oconomowoc
174 E. Wisconsin Avenue
Oconomowoc, WI 53066

\$1,500,000

City of Oconomowoc, Waukesha County, Wisconsin ("Issuer")
General Obligation Promissory Notes, Series 2018A ("Notes")

Ladies and Gentlemen:

We have acted as special disclosure counsel to the Issuer in connection with the issuance of the above-captioned Notes. The Notes are being offered for sale pursuant to a Preliminary Official Statement dated November 19, 2018 (the "Preliminary Official Statement") and a final Official Statement dated December 4, 2018 (the "Final Official Statement" and together with the Preliminary Official Statement, the "Issuer's Offering Document").

As special disclosure counsel to the Issuer, we have reviewed the Issuer's Offering Document and certain supporting materials provided by the Issuer and its representatives and have participated in conferences and conversations with the Issuer and its representatives in which the contents of the Issuer's Offering Document were discussed. Regarding questions of fact material to this letter, we have relied on certifications provided by officers of the Issuer. Pursuant to the terms of our engagement by the Issuer, we have not made an independent investigation to verify the accuracy or completeness of the information and facts included in the Issuer's Offering Document, beyond reviewing the materials provided to us or the information confirmed for us by the Issuer. It is the Issuer's responsibility to verify all such information.

We are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Issuer's Offering Document. Nor are we rendering any opinion or making any representation as to the suitability of the Notes for investment by any investor. Subject to the foregoing, and based upon our examination of such materials and participation in such conferences and conversations, no information has come to the attention of the attorneys in our firm rendering legal services in connection with this matter that has caused them to believe that the Preliminary Official Statement contained as of its date or the Final Official Statement contained as of its date or contains as of the date hereof any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, we do not express any belief with respect to any financial and statistical data and forecasts, projections, numbers, estimates, assumptions and expressions of opinion, information about bond insurers, or any information regarding the Depository Trust Company and the book-entry system for the Notes

contained or incorporated by reference in the Issuer's Offering Document and its appendices, which we expressly exclude from the scope of this paragraph.

This letter is addressed to the addressee solely for the addressee's benefit in its capacity as issuer of the Notes. This letter may not be relied upon, used or quoted by the addressee for any other purpose and may not be relied upon by any other person other than the addressee, without our express prior written consent. Our engagement with respect to this matter terminates after delivery of this letter. We disclaim any obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current law, by legislative or regulatory action, by judicial decision or for any other reason.

Charles & Brady LLP

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oconomowoc, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on December 4, 2018 (the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

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

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

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

"Final Official Statement" means the Final Official Statement dated December 4, 2018 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at City Hall, 174 East Wisconsin Avenue, Oconomowoc, Wisconsin 53066, phone (262) 569-2186, fax (262) 569-3238.

"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 270 days after the end of the Fiscal Year, commencing with the year ending December 31, 2018, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. CITY DEBT STRUCTURE - Total Outstanding General Obligation Debt Summary
2. CITY DEBT STRUCTURE - Total Outstanding Revenue Debt Summary (if any)
3. CITY DEBT STRUCTURE - Debt Ratios (including Equalized Value)

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 18th day of December, 2018.



A handwritten signature in cursive script that reads "David Nold".

David Nold
Mayor

A handwritten signature in cursive script that reads "Diane Coenen".

Diane Coenen
City Clerk

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW PUBLIC NOTICE REQUIREMENTS**

I, Diane Coenen, City Clerk
(name) (title)

of City of Oconomowoc
(official name of municipality)

hereby certify that:

1. **Meeting Date.** On the 4th day of December, 2018 a
Common Council meeting was held commencing
(County Board, Common Council, etc.)
at 7:30 o'clock p.m. at 174 E. Wisconsin Avenue, Oconomowoc, WI (Council Chambers),
(location)

2. **Posting.** On the 30th day of November, 2018 at
approximately 4:27 o'clock p.m., I posted or caused to be posted a notice setting forth the
time, date, place and subject matter (including specific reference to the borrowing) of said
meeting in the following public places (include any posting of the notice on the municipality's
website and attach an extra sheet if necessary):

Bulletin Board located at Front Entrance of 174 E. Wisconsin Avenue
Bulletin Board located at St. Paul Entrance of City Hall
Bulletin Board located at Community Center, 220 W. Wisconsin Avenue
Bulletin Board located at Public Library, 200 South Street
City of Oconomowoc Website: www.oconomowoc-wi.gov

AND/OR

Publication. The _____
(County, City, etc.)

caused a notice setting forth the time, date, place and subject matter (including specific reference
to the borrowing) of said meeting to be published on the _____ day of _____, 20____
by the following news medium or media (attach an extra sheet if necessary):

(If notice was published rather than posted, attach copy
of published notice).

3. **Notification of Media.** On the 30th day of November, 2018
at approximately 4:27 o'clock p.m., I communicated or caused to be communicated, the
time, date, place and subject matter (including specific reference to the borrowing) of said
meeting to those news media who have filed a written request for such notice, and to the official
newspaper of the City of Oconomowoc, Waukesha County, or, if none exists, to a news medium
(County, City, etc.)
likely to give notice in the area.

4. **Open Meeting Law Compliance.** Said meeting was a
Regular meeting of the
(regular, special, adjourned annual, etc.)
Common Council which was called, noticed, held and
(County Board, Common Council, etc.)
conducted in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin
Statutes and any other applicable local rules and State statutes.

Diane Coenen
Name: Diane Coenen
Title: City Clerk

Attest:

Chris Dehnert
Name: Chris Dehnert
Title: Deputy City Clerk



(Note: Questions regarding this form or open meeting law compliance generally should be directed to local counsel or Quarles & Brady LLP.)

**EXCERPTS OF MINUTES OF MEETING OF THE COMMON COUNCIL
OF THE CITY OF OCONOMOWOC AND
CERTIFICATION OF MUNUEST EXCERPT BY CITY CLERK**

I, Diane Coenen, being first duly sworn, hereby certify that I am the duly qualified and acting City Clerk of the City of Oconomowoc, Wisconsin (the "Issuer"), and as such I have in my possession, or have access to, the complete corporate records of the Issuer and of its Common Council; that I have carefully compared the transcript attached hereto with the aforesaid records; and that said transcript attached hereto is a true, correct and complete copy of all the records in relation to the adoption of **Resolution No. 18-R2776** entitled:

**RESOLUTION AWARDING THE SALE OF \$1,500,000
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A**

I hereby further certify as follows:

1. Said Resolution was considered for adoption by the Common Council of the Issuer at a meeting held at City Hall, 174 East Wisconsin Avenue, Oconomowoc, Wisconsin at 7:30 p.m. on December 4, 2018 at a regular meeting of the Common Council and was held in open session.

2. Said Resolution was on the agenda for said meeting and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of said meeting in compliance with Section 19.84 of the Wisconsin Statutes, including, without limitation, by posting on the bulletin board in the City Hall, by notice to those news media who have filed a written request for notice of meetings, and by notice to the official newspaper of the Issuer.

3. Said meeting was called to order by Mayor David Nold, who chaired the meeting. Upon roll, I noted and recorded that the following alderpersons were present:

Ald. Mike Miller

Ald. Charlie Shaw

Ald. Kevin Ellis

Ald. Karen Spiegelberg

Ald. Derek Zwart

Ald. Tom Strey

Ald. Lou Kowieski

and that the following alderpersons were absent:

Ald. Matt Rosek

I noted and recorded that a quorum was present. Various matters and business were taken up during the course of the meeting without intervention of any closed session. One of the matters taken up was said Resolution, which was introduced, and its adoption was moved by Ald. Kevin Ellis and seconded by Ald. Tom Strey. Following discussion and after all alderpersons who desired to do so had expressed their views for or against said Resolution, the question was called, and upon roll being called and the continued presence of a quorum being noted, the recorded vote was as follows:

AYE:

Ald. Mike Miller

Ald. Karen Spiegelberg

Ald. Tom Strey

Ald. Charlie Shaw

Ald. Derek Zwart

Ald. Lou Kowieski

NAY:

Ald. Kevin Ellis

ABSTAINED:

0

Whereupon the meeting chair declared said Resolution adopted, and I so recorded it.

IN WITNESS WHEREOF, I have signed my name and affixed the seal of the Issuer hereto on this 5th day of December, 2018.

CITY OF OCONOMOWOC, WISCONSIN



By:

Diane Coenen

Diane Coenen, City Clerk

RESOLUTION NO. 18-R2776

**RESOLUTION AWARDING THE SALE OF \$1,500,000
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A**

WHEREAS, on October 16, 2018, the Common Council of the City of Oconomowoc, Waukesha County, Wisconsin (the "City") adopted a resolution authorizing the issuance and providing for the sale of general obligation promissory notes in an amount not to exceed \$1,500,000 (the "Notes") for the public purpose of financing street improvement projects (the "Project"); and

WHEREAS, the Common Council hereby finds and determines that the Project is within the City's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes; and

WHEREAS, the City is authorized by the provisions of Section 67.12(12), Wisconsin Statutes, to borrow money and issue general obligation promissory notes for such public purpose; and

WHEREAS, the City has directed Hutchinson, Shockey, Erley & Co. ("HSE") to take the steps necessary to sell the Notes to pay the cost of the Project; and

WHEREAS, HSE, in consultation with the officials of the City, prepared an Official Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Notes and indicating that the Notes would be offered for public sale on December 4, 2018; and

WHEREAS, the City Clerk (in consultation with HSE) caused notice of the sale of the Notes to be published and/or announced and caused the Official Notice of Sale to be distributed to potential bidders offering the Notes for public sale; and

WHEREAS, the City has duly received bids for the Notes as described on the Bid Tabulation attached hereto as Exhibit B and incorporated herein by this reference (the "Bid Tabulation"); and

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Official Notice of Sale and is deemed to be the most advantageous to the City. HSE has recommended that the City accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Ratification of the Official Notice of Sale and Offering Materials. The Common Council hereby ratifies and approves the details of the Notes set forth in Exhibit A attached hereto as and for the details of the Notes. The Official Notice of Sale and any other offering materials prepared and circulated by HSE are hereby ratified and approved in all respects. All actions taken by officers of the City and HSE in connection with the preparation and distribution of the Official Notice of Sale and any other offering materials are hereby ratified and approved in all respects.

Section 1A. Authorization and Award of the Notes. For the purpose of paying the cost of the Project, there shall be borrowed pursuant to Section 67.12(12), Wisconsin Statutes, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) from the Purchaser in

accordance with the terms and conditions of the Proposal. The Proposal of the Purchaser offering to purchase the Notes for the sum set forth on the Proposal, plus accrued interest to the date of delivery, is hereby accepted. The Mayor and City Clerk or other appropriate officers of the City are authorized and directed to execute an acceptance of the Proposal on behalf of the City. The good faith deposit of the Purchaser shall be retained by the City Treasurer and applied in accordance with the Official Notice of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The Notes shall bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Notes. The Notes shall be designated "General Obligation Promissory Notes, Series 2018A"; shall be issued in the aggregate principal amount of \$1,500,000; shall be dated December 18, 2018; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum and mature on April 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit D-1 and incorporated herein by this reference. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Notes is set forth on the Debt Service Schedule attached hereto as Exhibit D-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Notes maturing on April 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the City, on April 1, 2026 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the City, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 4. Form of the Notes. The Notes shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit E and incorporated herein by this reference.

Section 5. Tax Provisions.

(A) Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Notes as the same becomes due, the full faith, credit and resources of the City are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the City a direct annual irrepealable tax in the years 2018 through 2027 for payments due in the years 2019 through 2028 in the amounts set forth on the Schedule; provided that, to the extent taxes can no longer be levied in the year 2018, the amount of tax levied in the year 2019 shall be the total amount of debt service due on the Notes in the years 2019 and 2020; and provided further that the amount of such tax carried onto the tax rolls shall be abated by any amounts appropriated pursuant to subsection (D) below which are applied to payment of principal of or interest on the Notes in the year 2019.

(B) Tax Collection. So long as any part of the principal of or interest on the Notes remains unpaid, the City shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Notes, said tax shall be, from year to year, carried onto the tax roll of the City and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the City for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Notes when due, the requisite amounts shall be paid from other funds of the City then available, which sums shall be replaced upon the collection of the taxes herein levied.

(D) Appropriation. To the extent necessary to provide for payment of the Notes, the City hereby appropriates from taxes levied in anticipation of the issuance of the Notes, proceeds of the Notes or other funds of the City on hand a sum sufficient to be irrevocably deposited in the segregated Debt Service Fund Account created below and used to pay debt service on the Notes coming due in 2019 as set forth on the Schedule.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the City, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the City may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for General Obligation Promissory Notes, Series 2018A" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Notes is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the City at the time of delivery of and payment for the Notes; (ii) any premium which may be received by the City above the par value of the Notes and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Notes when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Notes when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Notes until all such principal and interest has been paid in full and the Notes canceled; provided (i) the funds to provide for each payment of principal of and interest on the Notes prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Notes may be used to reduce the next succeeding tax levy, or may, at the option of the City, be invested by purchasing the Notes as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Notes have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the City, unless the Common Council directs otherwise.

Section 7. Proceeds of the Notes; Segregated Borrowed Money Fund. The proceeds of the Notes (the "Note Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Notes into the Debt Service Fund Account created above) shall be deposited into a special fund separate and distinct from all other funds of the City and disbursed solely for the purpose or purposes for which borrowed or for the payment of the principal of and the interest on the Notes. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Notes have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 8. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the City, charged with the responsibility for issuing the Notes, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Notes to the Purchaser which will permit the conclusion that the Notes are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 9. Compliance with Federal Tax Laws. (a) The City represents and covenants that the projects financed by the Notes and the ownership, management and use of the projects will not cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Notes including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Notes) if taking, permitting or omitting to take such action would cause any of the Notes to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Notes to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Notes shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Notes provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Notes and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Designation as Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Section 11. Execution of the Notes; Closing; Professional Services. The Notes shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the City of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Notes may be imprinted on the Notes in lieu of the manual signature of the officer but, unless the City has contracted with a fiscal agent to authenticate the Notes, at

least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Notes shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Notes and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements and contracts in conjunction with the Notes, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Notes is hereby ratified and approved in all respects.

Section 12. Payment of the Notes; Fiscal Agent. The principal of and interest on the Notes shall be paid by the City Clerk or the City Treasurer (the "Fiscal Agent").

Section 13. Persons Treated as Owners; Transfer of Notes. The City shall cause books for the registration and for the transfer of the Notes to be kept by the Fiscal Agent. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

The City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

Section 14. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Notes (the "Record Date"). Payment of interest on the Notes on any interest payment date shall be made to the registered owners of the Notes as they appear on the registration book of the City at the close of business on the Record Date.

Section 15. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the City Clerk or other authorized representative of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 16. Official Statement. The Common Council hereby approves the Preliminary Official Statement with respect to the Notes and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the City in connection with the preparation of such Preliminary Official Statement and any addenda to it or final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate City official shall certify the Preliminary Official Statement and any addenda or final Official Statement. The

City Clerk shall cause copies of the Preliminary Official Statement and any addenda or final Official Statement to be distributed to the Purchaser.

Section 17. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the owners of the Notes, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Notes or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Notes).

To the extent required under the Rule, the Mayor and City Clerk, or other officer of the City charged with the responsibility for issuing the Notes, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the City's Undertaking.

Section 18. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Notes in the Record Book.

Section 19. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Notes, the officers of the City are authorized to take all actions necessary to obtain such municipal bond insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Mayor and City Clerk including provisions regarding restrictions on investment of Note proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Notes by the bond insurer and notices to be given to the bond insurer. In addition, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Note provided herein.

Section 20. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

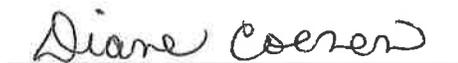
Adopted, approved and recorded December 4, 2018.

CITY OF OCONOMOWOC



David Nold
Mayor

Attest:



Diane Coenen
City Clerk

(SEAL)

EXHIBIT A

Official Notice of Sale

To be provided by Hutchinson, Shockey, Erley & Co. and incorporated into the Resolution.

(See Attached)

OFFICIAL NOTICE OF SALE

\$1,500,000
CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
DATED DECEMBER 18, 2018

NOTICE IS HEREBY GIVEN that bids will be received by the Common Council of the City of Oconomowoc, Waukesha County, Wisconsin for the purchase of all but no part of its Notes electronically via PARITY (as described below) or at the offices of the City's financial advisor, Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203 ("HSE"), Attention: Debra Oppenorth, until 10:00 a.m. (Central Time) on:

December 4, 2018

at which time the bids will be publicly opened and read. Bids may be mailed, delivered or submitted by fax to HSE at the address set forth above or faxed to (414) 298-9893, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to HSE prior to the time of sale. The bidder shall be responsible for submitting to HSE the final bid price and coupons, by telephone (414) 298-9898 or fax (414) 298-9893 for inclusion in the submitted bid. Bids which are mailed or delivered should be directed to HSE and plainly marked "Bid for City of Oconomowoc General Obligation Promissory Notes, Series 2018A". A meeting of the Common Council will be held on said date for the purpose of taking action on such bids as may be received. Bids will only be considered by the Common Council if the required good faith deposit has been received in accordance with the requirements set forth below.

Dates and Maturities: The Notes will be dated December 18, 2018 and will mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2019	\$225,000
2020	45,000
2021	75,000
2022	75,000
2023	100,000
2024	105,000
2025	135,000
2026	165,000
2027	270,000
2028	305,000

Interest: Interest on the Notes will be payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2019 to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day of the calendar month next

preceding each interest payment date. 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 MSRB.

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

Term Bonds at Bidder's 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.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on April 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Security and Purpose: The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the City. The Notes will be issued for the public purpose of paying the cost of street improvement projects.

Registration: The Notes will be issued as fully-registered Notes without coupons and, when issued, will be registered only in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE NOTES MAY NOT PROVIDE FOR THE NOTES TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Notes. A single Note certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the denomination of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder shall be required to deposit the Note certificates with DTC as a condition to delivery of the Notes. The City will make payments of principal and interest on the Notes to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes.

Depository: In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully-registered certificated Notes in the denomination of

\$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Fiscal Agent: The Notes shall be distributed to the owners in fully-registered form in the denomination of \$5,000 or any integral multiple thereof by the City Clerk or Treasurer (the "Fiscal Agent"). The Notes shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the 15th day of the calendar month next preceding each interest payment date and as to principal by presentation of the Notes at the office of the Fiscal Agent. The City will pay all costs relating to the registration of the Notes.

Designation as Qualified Tax-Exempt Obligations: The Notes will be designated "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City Clerk or other officer of the City charged with the responsibility for issuing the Notes, shall provide an appropriate certificate of the City as of the date of delivery and payment for the Notes confirming the "qualified" status.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid but the difference between the highest and lowest rate bid shall not exceed Two Percent (2.00%). All Notes of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%) of the principal amount of the Notes (\$1,500,000) nor more than One Hundred Four Percent (104%) of the principal amount of the Notes (\$1,560,000) plus accrued interest to the date of delivery will be considered. The Notes will be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the City.

The underwriter shall be responsible for paying all costs of issuance on behalf of the City. These costs include HSE's Financial Advisory fee, Quarles & Brady LLP Bond Counsel and Disclosure Counsel fees, Moody's Rating Agency fee, IPREO Official Statement Electronic Distribution fee, and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the Notes. The total of these costs is \$44,175, which is to be paid at closing by the underwriter.

Type of Bid: Bids must be submitted either: (1) to HSE as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale, within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice are conflicting with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact Hutchinson, Shockey, Erley & Co., Suite 630, 1110 North Old World Third Street, Milwaukee, Wisconsin 53203 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City and HSE assume no responsibility or liability for bids submitted through PARITY. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder,

and neither the City, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The City is using the services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY is not an agent of the City.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Good Faith Deposit: A cashier's check in the amount of \$30,000 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$30,000 shall be made by the winning bidder by federal wire transfer as directed by the City Treasurer to be received by the City no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (December 4, 2018) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Notes. The good faith deposit will be applied to the purchase price of the Notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Notes shall be made at the closing. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

Bond Insurance at Bidder's Option: If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder. Each bidder shall indicate if it is obtaining bond insurance and shall list the name of the bond insurer on the bidder's Official Bid Form. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Notes.

Delivery: The Notes will be delivered in printed form, one Note per maturity, registered in the name of CEDE & CO., as nominee of DTC, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within forty-five (45) days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith deposit shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Notes (including an arbitrage certificate and a no-litigation certificate) will be furnished to the successful bidder without cost. A Continuing

Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Certificate is a condition of closing.

CUSIP Numbers: The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

Establishment of Issue Price: (a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an Underwriter's Certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

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

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

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

of the Notes (the "hold-the-offering-price rule"). The form of Underwriter's Certificate will be modified to reflect compliance with the requirements of the rule selected by the Underwriter.

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

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

The winning bidder shall promptly advise the City when the underwriter has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the underwriter selects the 10% test, the underwriter agrees to promptly report to the City, Bond Counsel and HSE the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

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

agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

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

Official Statement: Bidders may obtain a copy of the Preliminary Official Statement by request to the City's financial advisor prior to the bid opening. By submitting a bid, the successful bidder agrees to supply to the City within 24 hours after the award of the Notes all necessary pricing information and any underwriter identification necessary to complete the

Preliminary Official Statement. Within seven business days of the award of the Notes, the successful bidder will be provided with up to 25 copies of the Official Statement without cost. If the successful bidder is the manager of an underwriting syndicate, the successful bidder shall be responsible for distributing copies of the Official Statement and any addenda to syndicate members.

Certification Regarding Official Statement: The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City also agrees to notify the successful bidder of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Common Council), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Preliminary Official Statement and in the Final Official Statement.

Irregularities: The City reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to: Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203; Attention: Debra Opgenorth or the undersigned.

Ms. Laurie Sullivan
Director of Finance/Administrative Services
City of Oconomowoc
City Hall
174 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
Phone: (262) 569-2186

Exhibit A
(to Official Notice of Sale)

City of Oconomowoc, Wisconsin ("City")
\$1,500,000
General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018

UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Underwriter in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Notes.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Notes.

2. *Bond Insurance.*

(a) The Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by _____ (the "Bond Insurer") was essential in marketing the Notes at the rates and prices at which they were marketed and the absence of the Bond Insurance Policy would have had a material adverse effect on the interest rates at which the Notes were sold.

(b) In our opinion, the Bond Insurance Premium paid to the Bond Insurer for its Bond Insurance Policy is a reasonable arm's-length charge for the transfer of credit risk which the Bond Insurance Policy represents.

(c) In our opinion, the present value of the Bond Insurance Premium is less than the present value of the interest on the Notes reasonably expected to be saved as a result of the Bond Insurance Policy. In making this determination present values were computed by using the yield on the Notes (determined with regard to the Bond Insurance Premium) as the discount rate.]

Defined Terms.

(a) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is December 4, 2018.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public). The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP ("Bond Counsel") in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Notes.

[UNDERWRITER]

By: _____

Name: _____

Dated: December 18, 2018

SCHEDULE A
TO
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B
TO
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)

EXHIBIT B

Bid Tabulation

To be provided by Hutchinson, Shockey, Erley & Co. and incorporated into the Resolution.

(See Attached)

SALE RESULTS

CITY OF OCONOMOWOC, WI
\$1,500,000 G.O. Promissory Notes, Series 2018A

Sale Date: December 4, 2018

<u>Bidder</u>	<u>TIC</u>
Robert W. Baird & Co., Inc.	3.378004
BOK Financial Securities, Inc. (in association with First Bank Financial Centre, Oconomowoc, WI)	3.442805
D.A. Davidson & Co.	3.498607
Bankers Bank	3.556600
Raymond James & Associates, Inc.	3.601066

Hutchinson, Shockey, Erley & Co.

EXHIBIT C

Winning Bid

To be provided by Hutchinson, Shockey, Erley & Co. and incorporated into the Resolution.

(See Attached)



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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Robert W. Baird & Co., Inc. - Milwaukee, WI's Bid

PARITY

**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,503,709.90, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	4.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	4.0000
04/01/2023	100M	4.0000
04/01/2024	105M	4.0000
04/01/2025	135M	4.0000
04/01/2026	165M	4.0000
04/01/2027	270M	3.0000
04/01/2028	305M	3.0000

Total Interest Cost: \$295,071.53
 Premium: \$3,709.90
 Net Interest Cost: \$291,361.63
 TIC: 3.378004
 Time Last Bid Received On: 12/04/2018 9:29:44 CST

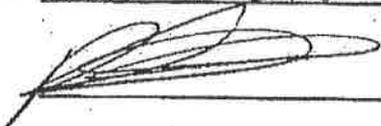
This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee, WI
 Contact: Peter Anderson
 Title:
 Telephone: 414-765-7331
 Fax:

Issuer Name: City of Oconomowoc

Company Name: Robert W. Baird + Co Inc

Accepted By: _____

Accepted By: 

Date: _____

Date: 12-4-18

EXHIBIT D-1

Pricing Summary

To be provided by Hutchinson, Shockey, Erley & Co. and incorporated into the Resolution.

(See Attached)

City of Oconomowoc, WI

\$1,500,000.00 General Obligation Promissory Notes, Series 2018A

Dated: 12/18/2018

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2019	Serial Coupon	4.000%	1.850%	225,000.00	100.607%	226,365.75
04/01/2020	Serial Coupon	4.000%	2.000%	45,000.00	102.524%	46,135.80
04/01/2021	Serial Coupon	4.000%	2.100%	75,000.00	104.216%	78,162.00
04/01/2022	Serial Coupon	4.000%	2.200%	75,000.00	105.673%	79,254.75
04/01/2023	Serial Coupon	4.000%	2.300%	100,000.00	106.898%	106,898.00
04/01/2024	Serial Coupon	4.000%	2.400%	105,000.00	107.895%	113,289.75
04/01/2025	Serial Coupon	4.000%	2.500%	135,000.00	108.672%	146,707.20
04/01/2026	Serial Coupon	4.000%	2.600%	165,000.00	109.235%	180,237.75
04/01/2027	Serial Coupon	3.000%	2.700%	270,000.00	101.969%	275,316.30
04/01/2028	Serial Coupon	3.000%	2.800%	305,000.00	101.307%	308,986.35
Total	-	-	-	\$1,500,000.00	-	\$1,561,353.65

Bid Information

Par Amount of Bonds	\$1,500,000.00
Reoffering Premium or (Discount)	61,353.65
Gross Production	\$1,561,353.65
Total Underwriter's Discount (3.843%)	\$(57,643.75)
Bid (100.247%)	1,503,709.90
Total Purchase Price	\$1,503,709.90
Bond Year Dollars	\$8,644.17
Average Life	5.763 Years
Average Coupon	3.4135336%
Net Interest Cost (NIC)	3.3706156%
True Interest Cost (TIC)	3.3780042%

EXHIBIT D-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by Hutchinson, Shockey, Erley & Co. and incorporated into the Resolution.

(See Attached)

City of Oconomowoc, WI

\$1,500,000.00 General Obligation Promissory Notes, Series 2018A

Dated: 12/18/2018

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/18/2018	-	-	-	-	-
04/01/2019	225,000.00	4.000%	15,521.53	240,521.53	-
10/01/2019	-	-	22,625.00	22,625.00	263,146.53
04/01/2020	45,000.00	4.000%	22,625.00	67,625.00	-
10/01/2020	-	-	21,725.00	21,725.00	89,350.00
04/01/2021	75,000.00	4.000%	21,725.00	96,725.00	-
10/01/2021	-	-	20,225.00	20,225.00	116,950.00
04/01/2022	75,000.00	4.000%	20,225.00	95,225.00	-
10/01/2022	-	-	18,725.00	18,725.00	113,950.00
04/01/2023	100,000.00	4.000%	18,725.00	118,725.00	-
10/01/2023	-	-	16,725.00	16,725.00	135,450.00
04/01/2024	105,000.00	4.000%	16,725.00	121,725.00	-
10/01/2024	-	-	14,625.00	14,625.00	136,350.00
04/01/2025	135,000.00	4.000%	14,625.00	149,625.00	-
10/01/2025	-	-	11,925.00	11,925.00	161,550.00
04/01/2026	165,000.00	4.000%	11,925.00	176,925.00	-
10/01/2026	-	-	8,625.00	8,625.00	185,550.00
04/01/2027	270,000.00	3.000%	8,625.00	278,625.00	-
10/01/2027	-	-	4,575.00	4,575.00	283,200.00
04/01/2028	305,000.00	3.000%	4,575.00	309,575.00	-
10/01/2028	-	-	-	-	309,575.00
Total	\$1,500,000.00	-	\$295,071.53	\$1,795,071.53	-

Yield Statistics

Bond Year Dollars	\$8,644.17
Average Life	5.763 Years
Average Coupon	3.4135336%

Net Interest Cost (NIC)	3.3706156%
True Interest Cost (TIC)	3.3780042%
Bond Yield for Arbitrage Purposes	2.6270707%
All Inclusive Cost (AIC)	3.3780042%

IRS Form 8038

Net Interest Cost	2.5950487%
Weighted Average Maturity	5.768 Years

EXHIBIT E

(Form of Note)

REGISTERED UNITED STATES OF AMERICA DOLLARS
STATE OF WISCONSIN
WAUKESHA COUNTY
NO. R- _____ CITY OF OCONOMOWOC \$ _____
GENERAL OBLIGATION PROMISSORY NOTE, SERIES 2018A

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:
April 1, _____ December 18, 2018 _____ % _____

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$ _____)

FOR VALUE RECEIVED, the City of Oconomowoc, Waukesha County, Wisconsin (the "City"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Note are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Note is registered on the Bond Register maintained by the City Clerk or City Treasurer (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Note is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

For the prompt payment of this Note together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Note is one of an issue of Notes aggregating the principal amount of \$1,500,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the City pursuant to the provisions of Section 67.12(12), Wisconsin Statutes, for the public purpose of financing street improvement projects, as authorized by resolutions adopted on October 16, 2018 and December 4, 2018. Said resolutions are recorded in the official minutes of the Common Council for said dates.

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

In the event the Notes are redeemed prior to maturity, as long as the Notes are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Notes of a maturity are to be called for redemption, the Notes of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Notes called for redemption, CUSIP numbers, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Note and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrepealable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note has been designated by the Common Council as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the City appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Notes (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Notes, or (iii) with respect to any particular Note, after such Note has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon

and for all other purposes whatsoever. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Oconomowoc, Waukesha County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN

By: _____
David Nold
Mayor

(SEAL)

By: _____
Diane Coenen
City Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company
or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

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

In the event the Notes are redeemed prior to maturity, as long as the Notes are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Notes of a maturity are to be called for redemption, the Notes of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Notes called for redemption, CUSIP numbers, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Notes shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Notes shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the City, including this Note and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrepealable tax has been levied sufficient to pay this Note, together with the interest thereon, when and as payable.

This Note has been designated by the Common Council as a "qualified tax-exempt obligation" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is transferable only upon the books of the City kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Notes, and the City appoints another depository, upon surrender of the Note to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the City for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Notes (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any

proposed redemption of the Notes, or (iii) with respect to any particular Note, after such Note has been called for redemption. The Fiscal Agent and City may treat and consider the Depository in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Notes are issuable solely as negotiable, fully-registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Oconomowoc, Waukesha County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, if any, all as of the original date of issue specified above.

CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN

By: David Nold
David Nold
Mayor

By: Diane Coenen
Diane Coenen
City Clerk



SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

SPECIMEN

(e.g. Bank, Trust Company
or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

CITY OF OCONOMOWOC, WISCONSIN

TAX EXEMPTION CERTIFICATE

DATED DECEMBER 18, 2018

\$1,500,000
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

TAX EXEMPTION CERTIFICATE

THIS TAX EXEMPTION CERTIFICATE (the "Certificate") is being executed effective December 18, 2018, by the City of Oconomowoc, Wisconsin (the "Issuer") in connection with the issuance by the Issuer on the date of this Certificate of its \$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Obligations").

The Obligations are being issued pursuant to resolutions adopted on October 16, 2018 and December 4, 2018 (collectively, the "Resolution") and are being sold to Robert W. Baird & Co. Incorporated (the "Underwriter"). Hutchinson, Shockey, Erley & Co. is the municipal advisor to the Issuer with respect to the issuance of the Obligations (the "Municipal Advisor").

The Issuer will use the proceeds of the Obligations for the following purposes:

- (i) to pay all or a portion of the costs of street improvement projects (the "Project");
- (ii) to pay any capitalized interest associated with the Project (the "Capitalized Interest"); and
- (iii) to pay certain costs associated with the issuance of the Obligations.

WHEREAS, it is the purpose of this Certificate, the Underwriter's Certificate attached as Exhibit B-1 (the "Underwriter's Certificate") and the Certificate of Municipal Advisor attached as Exhibit B-2 (the "Certificate of Municipal Advisor") to set forth the facts, circumstances, estimates and expectations as to future events of the Issuer, the Underwriter and the Municipal Advisor upon which it may be concluded that the Obligations are not "private activity bonds" under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code") and the related regulations of the Internal Revenue Service (the "Regulations") and are not Arbitrage Bonds.

The Issuer certifies, represents and agrees as follows:

**ARTICLE 1
PROCEEDS**

Section 1.1. Purchase Price. The Obligations will be purchased by the Underwriter in exchange for the Total Purchase Price determined as follows:

Face amount of the Obligations	\$1,500,000.00
Plus Original Issue Premium	<u>61,353.65</u>
Sale Proceeds	\$1,561,353.65
Plus Accrued Interest	<u>0.00</u>

Issue Price	\$1,561,353.65
Less Underwriter's Discount (including Issuing Expenses to be paid by Underwriter)	<u>57,643.75</u>
Total Purchase Price	<u>\$1,503,709.90</u>

Section 1.2. Deposit of the Sale Proceeds. Upon receipt, the Issuer will cause the Sale Proceeds, net of the Underwriter's Discount which was paid to the Underwriter in the form of a discount, to be deposited as follows:

- (a) Bid premium in the amount of \$3,709.90 will be deposited in the Debt Service Account and used to pay Capitalized Interest, and
- (b) the remaining Sale Proceeds will be deposited in the Borrowed Money Fund.

On the date of this Certificate, except as provided in this Section, no money from any source is being deposited in any fund or account created by the Resolution. Except for the amounts described in this Section and except for amounts that may be described on the "Facts and Estimates in Support of Tax Exemption Certificate" attached as Exhibit A to this Certificate (the "Facts and Estimates"), the Issuer does not have or expect to receive, from any source whatever, any funds the use of which is restricted, legally or by contract or otherwise, to the same purposes for which the Obligations are being issued.

Section 1.3. Investment Proceeds. Investment Proceeds have been estimated based upon the assumed investment rate set forth in the Facts and Estimates and disbursement of the Borrowed Money Fund according to the schedule set forth in the Facts and Estimates. The assumed investment rate and disbursement schedule are reasonable. The Investment Proceeds will be applied as provided in the Resolution.

ARTICLE 2 THE PROJECT

Section 2.1. Estimated Cost of the Project. The Estimated Total Cost of the Project to be financed in whole or in part from Sale Proceeds, Investment Proceeds or funds provided by the Issuer is comprised of the estimated or actual costs set forth in the Facts and Estimates.

Capitalized Interest, if any, is interest on the Obligations for a period beginning on the Closing Date and ending on a date which is not later than the estimated completion date of the Project and does not include interest on any part of the Obligations allocated to any discrete portion of the Project after that portion of the Project has been completed.

Section 2.2. Sources of Payment for the Costs of the Project. The Estimated Total Cost of the Project is expected to be paid from the sources of funds set forth in the Facts and Estimates.

The Issuer does not have or expect to have any property, including cash and securities that must be used or, except to the extent that the sources described in the Facts and Estimates are insufficient to pay the Estimated Total Cost of the Project, are expected to be used, directly or indirectly, to pay any of the Estimated Total Cost of the Project.

Section 2.3. Project Diligence. The Issuer has commenced the construction and acquisition of the Project and either has incurred on the date of this Certificate or expects to incur within 6 months of the date of this Certificate substantial binding obligations (which are not subject to contingencies within the control of the Issuer) to third parties to expend at least 5% of the Net Proceeds of the Obligations on the Project. The completion of the Project and the allocation of the Net Proceeds to expenditures related to the Project are expected to proceed with due diligence. The assumed construction and acquisition schedules set forth in the Facts and Estimates are reasonable and will result in 100% of the Net Proceeds allocable to the Project being allocated to expenditures on the Project within a period ending three years from the date of this Certificate.

Section 2.4. Obligations Not Hedge Bonds. None of the Proceeds of the Obligations are being invested in nonpurpose investments having a substantially guaranteed yield for a period of four years or more.

Section 2.5. No Restricted Working Capital Expenditures. All of the Gross Proceeds of the Obligations which are not applied to the payment of costs which are properly chargeable to a capital account (or would be so chargeable with a proper election to do so) will be applied to the payment of (a) Issuing Expenses, (b) interest on the Obligations for a period commencing on the date of this Certificate and ending on the date that is the later of three years from the date of this Certificate or one year after the Project is placed in service, (c) rebate or yield reduction payments, (d) working capital costs, other than those described in (a) and (b) of this Section, not exceeding 5% of the Sale Proceeds of the Obligations and that are directly related to capital expenditures financed by the Obligations and (e) principal or interest on the Obligations to the extent they are unexpected excess Sale Proceeds or Investment Proceeds that are deposited in a bona fide debt service fund.

Section 2.6. Reimbursement. Any costs of the Project which the Issuer has paid prior to the date of this Certificate for which the Issuer expects to be reimbursed from the Proceeds of the Obligations are described in the Facts and Estimates (and referred to in this Certificate as the "Reimbursable Expenditures"). The Issuer certifies that each Reimbursable Expenditure was, and agrees that it will not reimburse itself for a Reimbursable Expenditure unless it was, (a) paid by the Issuer from its own cash and either has been or could be capitalized by the Issuer for accounting purposes and (b) not paid prior to the sixtieth day before the execution by the authorized officer of the Issuer of the Declaration of Intent attached as Exhibit 2.6 hereto (the "Reimbursement Resolutions") except for (i) those representing Issuing Expenses, (ii) those which are Preliminary Expenditures and which, in the aggregate, represent not more than 20% of the Issue Price of the portion of the Obligations that are expected to finance the portion of the Project for which the Preliminary Expenditures were incurred and (iii) those which do not exceed in the aggregate the lesser of \$100,000 or 5% of the Proceeds. On the date the Reimbursement Resolutions were adopted, the Issuer reasonably expected that it would reimburse itself for the expenditures described in the Reimbursement Resolutions from the proceeds of an obligation.

The Reimbursement Resolutions were not blanket resolutions routinely adopted as a matter of course. Any reimbursement allocation to be made with respect to the Reimbursable Expenditures will be made in writing not later than 18 months after the later of the date a Reimbursable Expenditure was paid or the date the property provided by a Reimbursable Expenditure was placed in service, but in no event more than 3 years after the Reimbursable Expenditure was paid. All of the expenditures for which the Issuer will be reimbursed from the Proceeds of the Obligations were described in the Reimbursement Resolutions. Proceeds of the Obligations in an amount equal to the amount of expenditures relating to the Project which have been paid from other funds of the Issuer prior to receipt of the proceeds of the Obligations are hereby allocated to the reimbursement of those original expenditures.

No portion of the proceeds of the Obligations allocable to the Reimbursable Expenditures will, upon receipt by the Issuer, be used, directly or indirectly, (i) within one year of the date of its allocation, to refund an issue of governmental obligations or to create or increase the balance in, or replace funds that have been, are being or will be on deposit in, a sinking fund (other than a bona fide debt service fund) or a reserve or replacement fund or in any manner which results in the creation of Replacement Proceeds of the Obligations or any other bonds or (ii) in any abusive arbitrage device designed to avoid, in whole or in part, arbitrage yield restrictions, arbitrage rebate requirements or any other provision of Sections 142 through 147 of the Code.

Section 2.7. Allocation of Proceeds. The Issuer may establish any allocation and accounting method for the Proceeds of the Obligations that is permitted under the Code so long as the allocation is not inconsistent with the provisions of the Resolution. The Issuer acknowledges that it must account for the allocation of Proceeds to expenditures not later than 18 months after the later of (a) the date the expenditure is paid or (b) the date the project to be financed, if any, is placed in service, but in no event later than the date 60 days after the fifth anniversary of the Issue Date or the date 60 days after the retirement of the Obligations, if earlier (as set forth in Regulations Section 1.148-6(d)(1)(iii)).

ARTICLE 3 COVENANTS AND CERTIFICATIONS REGARDING OWNERSHIP AND USE OF THE FINANCED PROPERTY AND CERTAIN OTHER GENERAL FEDERAL INCOME TAX MATTERS

Section 3.1. Ownership of the Financed Property. All of the property which is to be provided by the Proceeds of the Obligations (collectively, the "Financed Property") is and will be owned by the Issuer. The Issuer agrees that it will not cease to own any portion of the Financed Property unless the Issuer complies with the applicable provisions of the Resolution and either (i) all property financed directly or indirectly with the Proceeds of the Obligations which the Issuer no longer owns was property which had become inadequate, obsolete or worn out and that the property had been owned and used by the Issuer for a period not less than its reasonably expected economic life or (ii) it obtains an opinion of bond counsel to the effect that the disposition will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur. The Issuer agrees that any proceeds realized from the disposition of any Financed Property as provided in the preceding sentence will be treated as Financed Property for purposes of this Certificate or in any other manner which, based upon an opinion of bond

counsel, will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 3.2. Use of the Project and the Financed Property. No person other than the Issuer, employees of the Issuer and members of the general public currently uses any portion of the Financed Property except pursuant to the contracts described in Exhibit 3.2 ("Private Use Contracts"). Except for the Private Use Contracts, there are and will be no leases, management or incentive payment contracts, take-or-pay or other output contracts or similar arrangements between the Issuer and any nongovernmental person with respect to the Financed Property.

The Issuer agrees that no portion of the Proceeds of the Obligations will be used for a Private Business Use except pursuant to the Private Use Contracts and that payment of the principal of or interest on the Obligations will not directly or indirectly (a) be secured by any interest in property used or to be used for a Private Business Use or payments in respect of property used or to be used for a Private Business Use or (b) be derived from payments in respect of property or borrowed money used or to be used for a Private Business Use to the extent necessary to maintain the tax-exempt status of the interest on the Obligations. The Issuer agrees that it will not lease or otherwise permit others to use any portion of the Financed Property, whether pursuant to an extended or renewed Private Use Contract, a new lease or management contract or otherwise, if the property to be leased or otherwise used, when aggregated with other Financed Property then subject to lease or other use, represents more than 5% of the Proceeds of the Obligations, unless prior to the lease or other permitted use the Issuer obtains an opinion of bond counsel to the effect that the proposed lease or other use will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 3.3. Loans of Proceeds. Not more than 5% of the Proceeds of the Obligations has been or will be loaned, directly or indirectly, in whole or in part, by the Issuer to any other person.

Section 3.4. No Federal Guaranty. The Obligations are not "federally guaranteed" within the meaning of Section 149(d) of the Code. Neither the payment of the principal of or interest on the Obligations, nor any credit enhancement or liquidity facility relating to the Obligations is guaranteed, in whole or in part, by the United States or any agency or instrumentality of it. No portion of the Proceeds of the Obligations will be used to make a loan, the payment of principal or interest with respect to which is to be guaranteed, in whole or in part, by the United States or any agency or instrumentality of it. No Proceeds of the Obligations will be invested, directly or indirectly, in federally insured deposits or accounts except for Proceeds invested for an initial temporary period until such Proceeds are needed for the purpose for which the Obligations were issued, Proceeds invested as a part of a bona fide debt service fund or Proceeds invested in bonds issued by the United States Treasury.

ARTICLE 4
FUNDS AND ACCOUNTS

Section 4.1. Funds and Accounts under the Resolution.

(a) Debt Service Account. The Resolution provides for a Debt Service Fund Account (the "Debt Service Account"). The Debt Service Account will be used primarily to achieve a proper matching of revenues with principal and interest payments on the Obligations within each bond year. The Issuer expects that the Debt Service Account will be depleted at least once each bond year to pay debt service on the Obligations (except for a reasonable carryover amount not to exceed the greater of the earnings on the Debt Service Account, in the aggregate, for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Obligations for the immediately preceding bond year).

(b) Borrowed Money Fund. The Resolution creates a Borrowed Money Fund (the "Borrowed Money Fund"). Amounts on deposit in the Borrowed Money Fund are reasonably expected to be allocated to expenditures for the Project and will be held in the Borrowed Money Fund until they are applied to the Project.

Section 4.2. No Sinking Fund. Other than the Debt Service Account, no funds have been established, or are expected to be established, regardless of where they are located or by whom they are owned, which are reasonably expected to be used, directly or indirectly, to pay the principal of or interest on the Obligations.

Section 4.3. No Pledged Funds. Except for amounts on deposit in the Debt Service Account, there are no amounts which have been pledged or are expected to be pledged or otherwise restricted, regardless of where they are located or by whom they are owned, directly or indirectly, to pay the principal of or interest on the Obligations or to pay amounts due to a guarantor of the Obligations and as to which there is a reasonable assurance that they will be available to pay the principal of or interest on the Obligations even if the Issuer encounters financial difficulties.

Section 4.4. No Negative Pledges. No amounts are or are expected to be held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the owners of the Obligations.

Section 4.5. No Replacement Proceeds. Neither the Issuer nor any other substantial beneficiary of the Obligations has any property or amounts, regardless of where they are located or by whom they are owned, which have a sufficiently direct nexus to the Obligations or the purposes for which the Obligations are being issued to conclude that those amounts would have been used for the purposes for which the Proceeds of the Obligations are being used if the Proceeds of the Obligations were not so used. The mere availability or preliminary earmarking of amounts for those purposes does not in itself establish a sufficient nexus. Amounts described in this Section include, but are not limited to, sinking funds, pledged funds and other replacement proceeds described in the preceding three Sections to the extent that those funds or amounts are held by or derived from a substantial beneficiary of the Obligations, including the Issuer.

Section 4.6. No Other Replacement Proceeds. The term of the Obligations is not longer than is reasonably necessary for the governmental purpose for which the Obligations are being issued. The Obligations have a weighted average maturity that does not exceed 120% of the average reasonably expected economic life of the Financed Property, determined as provided under Section 147(b) of the Code based on the information set forth in the Facts and Estimates. None of the Proceeds of the Obligations will be used to finance restricted working capital expenditures or a working capital reserve.

ARTICLE 5 YIELD AND YIELD RESTRICTIONS

Section 5.1. Yield on the Obligations. The Yield on the Obligations is 2.6270707%, as calculated by the Municipal Advisor in the Schedule attached hereto as Exhibit 5.1. The Obligations are not subject to mandatory early redemption in full or contingent redemptions which are expected to be exercised. None of the Obligations are subject to optional redemption within five years of the date of this Certificate. The Obligations maturing in the year 2027 are subject to optional early redemption and are issued at an issue price that exceeds the stated redemption price at maturity by more than 1/4 of 1% multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date on that Obligation. Therefore, the Yield on the Obligations has been computed by treating the Obligations maturing in the year 2027 as redeemed at their stated redemption price on the optional redemption date that would produce the lowest Yield on the Obligations of that maturity. None of the Obligations bear interest at increasing interest rates.

Section 5.2. No Hedging Transactions. The Issuer has not entered an interest rate swap, interest rate cap, futures contract, forward contract, option or other contract designed primarily to modify the Issuer's risk of interest rate changes (collectively, an "Interest Rate Hedge") with respect to the Obligations and the Issuer will not enter an Interest Rate Hedge with respect to the Obligations without obtaining an opinion of bond counsel to the effect that the Interest Rate Hedge will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 5.3. No Other Obligations. The Obligations were sold on the Sale Date. The Issuer has not sold in the 15 days immediately preceding the Sale Date, and the Issuer will not sell within 15 days after the Sale Date, any other tax-exempt obligations that will be sold pursuant to the same plan of financing as the Obligations and which are reasonably expected to be paid from substantially the same source of funds as the Obligations.

Section 5.4. Temporary Periods; Yield Restrictions. The Issuer agrees that it will not make investments with money on deposit in the funds and accounts established under the Resolution which do not meet the following limitations:

(a) Proceeds to be used to pay Issuing Expenses may be invested without regard to the yield on the investment until one year after the date of this Certificate.

(b) Proceeds on deposit in the the Borrowed Money Fund which are to be used to pay costs of the Project and the Capitalized Interest, including earnings on them, may be

invested without regard to the Yield on the investment until the earlier of (i) three years after the date of this Certificate, (ii) the completion or abandonment of the Project or (iii) the date on which the Obligations are advance refunded.

(c) Amounts on deposit in the Debt Service Account or any other fund or account, to the extent they are reasonably expected to be expended to pay debt service on the Obligations on or prior to the October 1 immediately succeeding the date of their deposit, may be invested without regard to the Yield on the investment for not more than thirteen months. Other amounts on deposit in the Debt Service Account, except as provided in (d) below, may not be invested in a manner which produces a Yield greater than the Yield on the Obligations.

(d) Except as otherwise provided in this Section above, amounts on deposit in any fund or account representing earnings on any other fund or account established under the Resolution may be invested without regard to the Yield on the investment for a one-year period beginning on the date of the receipt of those earnings.

Section 5.5. Investments in Certificates of Deposit. The Issuer agrees that it will not invest amounts on deposit in the funds and accounts established under the Resolution in Certificates of Deposit without complying with the provisions of Regulation Section 1.148-5(d)(6)(ii).

Section 5.6. No Investments in Guaranteed Investment Contracts. No amounts on deposit in the funds and accounts established under the Resolution are expected to be invested in an escrow float contract, debt service fund forward agreement, debt service reserve fund agreement or any other nonpurpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate or any agreement to supply investments on two or more future dates (a "Guaranteed Investment Contract"). In addition, the Issuer agrees that it will not invest amounts on deposit in the funds and accounts established under the Resolution in a Guaranteed Investment Contract without complying with the provisions of Regulations Section 1.148-5(d)(6)(iii).

Section 5.7. Records Relating to Investments. The Issuer agrees to keep adequate records with respect to its investment and reinvestment of any money it holds in any of the funds and accounts established under the Resolution or otherwise, with respect to the Obligations. For purposes of this Section, adequate records with respect to investments include (a) purchase price, (b) purchase date, (c) type of investment, (d) accrued interest paid, (e) interest rate, if applicable, (f) principal amount, (g) maturity date, (h) interest payment date, if applicable, (i) date of liquidation and (j) receipts upon liquidation.

ARTICLE 6 REBATE

Section 6.1. Rebate. (a) The Issuer has general taxing powers, all of the Net Proceeds of the Obligations are to be used for local governmental activities of the Issuer and the aggregate face amount of all tax-exempt obligations issued by the Issuer and all subordinate entities of the Issuer in the current calendar year (excluding current refunding obligations which are not taken

into account in determining small issuer status under Section 148(f)(4)(D)(iii) of the Code) will not exceed \$5,000,000.

(b) Unless the Obligations are exempt from the arbitrage rebate requirements, the Issuer will take the following actions in order to provide for payment to the United States Treasury of amounts required to be paid to it pursuant to Section 148 of the Code:

(i) Not later than 30 days after each Installment Computation Date the Issuer or a bond counsel, a financial consultant, an accountant or another person or entity experienced in calculating arbitrage rebate retained by the Issuer will determine the amount with respect to the Obligations required to be paid to the United States Treasury pursuant to Section 148 of the Code as of the relevant Installment Computation Date.

(ii) The Issuer will make payment to the United States Treasury on the dates (generally, 60 days after each Installment Computation Date and the Final Computation Date), in the amounts and in the manner required by Section 148 of the Code.

(iii) The Issuer agrees to keep the records necessary to make the calculations described in this Section and records of the calculations made under this Section until six years after the final payment of the Obligations.

Section 6.2. In General. The Issuer acknowledges that failure to comply with the provisions of Section 148(f) of the Code, whether or not mentioned in this Certificate, may result in the occurrence of an Event of Taxability or a liability to the United States under Section 148 of the Code. The representations, certifications and elections made in this Article, and the terms used in this Article, are based upon the provisions of Section 148 of the Code and Section 1.148-7 of the Regulations. The Code and Regulations should be consulted for further information regarding the content of this Article.

ARTICLE 7 DEFINITIONS

Section 7.1. Definitions. As used in this Certificate, the following terms have the following meanings unless the context clearly requires another meaning. Other capitalized terms used but not defined in this Certificate have the same meanings as are attributed to them in the Resolution.

"Accrued Interest" means the interest, if any, accrued on the Obligations from the date of the Obligations to the date of this Certificate (which does not exceed one year) and which will be paid within one year of the date of this Certificate.

"Arbitrage Bonds" has the meaning used in Section 148 of the Code and the Regulations.

"Capitalized Interest" means the estimated amount of interest on the Obligations to be paid from Sale Proceeds and Investment Proceeds. See Section 2.1 and the Facts and Estimates.

"Closing Date" means December 18, 2018.

"Estimated Total Cost of the Project" means the estimated total cost of the Project as described in Section 2.1 and the Facts and Estimates.

"Event of Taxability" means any act, omission or event which results in the interest paid or payable on any Obligations becoming includable for federal income tax purposes in the gross income of any Registered Owner.

"Final Computation Date" means the date the last Obligation is discharged; provided, however, if the Obligations are retired within 3 years of the issue date, the Final Computation Date need not occur before the end of 8 months after the issue date or during the period in which the Issuer reasonably expects that any of the spending exceptions under Section 1.148-7 of the Regulations will apply to the Obligations.

"Financed Property" has the meaning specified in Section 3.1.

"First Required Rebate Payment Date" means a date which is not later than five years and 60 days after the date on which the Obligations were issued.

"Gross Proceeds" means any Proceeds and Replacement Proceeds.

"Installment Computation Date" means, initially, any date selected by the Issuer pursuant to Section 1.148-3(e) of the Regulations which is not later than five years after the Closing Date (and, if no date is selected by the Issuer, shall be the date which is five years after the Closing Date). Thereafter, but prior to the Final Computation Date, Installment Computation Date means any date selected by the Issuer which is not later than five years after the previous Installment Computation Date. On or before the First Required Rebate Payment Date, the Issuer may treat the last day of any bond year as the Installment Computation Date but then cannot change that treatment after the First Required Rebate Payment Date. After the First Required Rebate Payment Date, the Issuer must consistently select either the end of each bond year or the fifth bond year as the Installment Computation Date.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds of the Obligations. Investment Proceeds as of the date of this Certificate are reasonably expected to be as set forth in the Facts and Estimates.

"Issue Price" means, in the case of the Obligations, the reasonably expected initial offering price to the public as of the Sale Date because the competitive sale requirements of Section 1.148-1(f) of the Regulations were satisfied as evidenced by the Certificate of Municipal Advisor. See Section 1.1, Exhibit B-1 and Exhibit B-2.

"Issuing Expenses" means the costs incurred to issue the Obligations.

"Net Proceeds" means the Sale Proceeds less the amount of Sale Proceeds deposited in a debt service reserve fund (\$0).

"Original Issue Premium" means the amount of original issue premium on the Obligations, calculated based on the Issue Price of the Obligations.

"Preliminary Expenditures" means architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs (not including land acquisition, site preparation and similar costs incident to the commencement of construction) with respect to the Project.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit.

"Proceeds" means the Sale Proceeds and the Investment Proceeds.

"Replacement Proceeds" means amounts of the type described in Sections 4.2 through 4.6.

"Sale Date" means December 4, 2018.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Obligations, including amounts used to pay Underwriter's Discount or other compensation to the Underwriter and accrued interest other than Accrued Interest. See Section 1.1.

"U.S. Government Obligations" means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

"Yield" means yield computed under Section 1.148-4 of the Regulations for the Obligations and computed under Section 1.148-5 of the Regulations for an investment.

ARTICLE 8 QUALIFIED TAX-EXEMPT OBLIGATIONS

The Issuer designated the Obligations as "qualified tax-exempt obligations." Because the Obligations are issued with more than a de minimus amount of premium, the amount of the Obligations for purposes of Section 265(b)(3) of the Code is their Issue Price (\$1,561,353.65). The amount of the Obligations plus the aggregate principal amount of all other tax-exempt obligations to be issued by the Issuer and all subordinate entities in the current calendar year (including obligations issued on behalf of organizations described in Section 501(c)(3) of the Code but excluding current refunding obligations which are not taken into account in determining small issuer status pursuant to Section 265(b)(3)(C)(ii)(III) of the Code) is not reasonably expected to exceed \$10,000,000. The Issuer will not designate more than \$10,000,000 of obligations as "qualified tax-exempt obligations" in the current calendar year.

ARTICLE 9 MISCELLANEOUS

Section 9.1. No Overissuance. Based on the information contained in the Facts and Estimates, it is expected that the sum of the Sale Proceeds allocated to the Project, the Investment Proceeds and any funds of the Issuer to be used to pay Project costs will not exceed amounts needed to pay the Estimated Total Cost of the Project. Therefore, no Obligations are being issued for purposes other than financing the costs of the Project and no Obligations are

being issued solely for the purpose of investing the proceeds derived from their sale in investments having a Yield greater than the Yield on the Obligations.

Section 9.2. Short Term Borrowings. If any short term borrowings have been incurred in anticipation of the issuance of the Obligations, those borrowings will be fully paid and retired within 30 days of the date of this Certificate.

Section 9.3. No Abusive Arbitrage Device. No action has been taken in connection with the issuance of the Obligations which has the effect of enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Obligations.

Section 9.4. Opinion of Bond Counsel. The Issuer may deviate from the provisions of this Certificate if it is furnished with an opinion of bond counsel to the effect that the proposed deviation will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur. The Issuer further agrees to comply with any further or different instructions provided to it in an opinion of bond counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Obligations or prevent the occurrence of an Event of Taxability.

Section 9.5. Responsibility for Retaining Records. THE ISSUER ACKNOWLEDGES THAT IT IS RESPONSIBLE FOR MAINTAINING ALL RECORDS IN COMPLIANCE WITH THE RULES AND REGULATIONS APPLICABLE TO THE OBLIGATIONS PURSUANT TO THE CODE, INCLUDING THE FOLLOWING:

- (a) the bond transcript;
- (b) information showing how the Proceeds of the Obligations are spent, which may include invoices and checks or other verifiable information;
- (c) records of all investments of Proceeds of the Obligations and any other Gross Proceeds of the Obligations;
- (d) records establishing the use of all Financed Property, including management contracts, leases, and any trade or business use; and
- (e) records, certifications, and opinions relating to any change of use of any of the Financed Property, including remedial action certificates and opinions.

THE ISSUER AGREES TO RETAIN SUCH RECORDS UNTIL AT LEAST THREE YEARS FOLLOWING THE FINAL PAYMENT OF THE OBLIGATIONS OR THE FINAL PAYMENT OF ANY ISSUE OR ISSUES OF TAX-EXEMPT BONDS REFUNDING THE OBLIGATIONS.

Section 9.6. General Covenants. The Issuer agrees for the benefit of the registered owners of the Obligations that it will not use or direct the use of the Proceeds of the Obligations in a manner which would cause the Obligations to become Arbitrage Bonds.

Section 9.7. Representations Reasonable. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Underwriter and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable.

Section 9.8. Expectation. On the basis of the foregoing, it is not expected that the Proceeds of the Obligations will be used in a manner that will cause the Obligations to become Arbitrage Bonds.

Section 9.9. Person Responsible. The person signing this Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Obligations on behalf of the Issuer.

Section 9.10. Form 8038-G. To the best of the Issuer's knowledge and belief, the information contained in the Information Return (Form 8038-G) attached in the transcript is complete and accurate.

IN WITNESS WHEREOF, the Issuer has executed this Tax Exemption Certificate by its duly authorized officer.

CITY OF OCONOMOWOC, WISCONSIN

By: David Neld
Title: Mayor

**EXHIBIT A
TO
TAX EXEMPTION CERTIFICATE**

Facts and Estimates in Support of Tax Exemption Certificate

(See attached)

FACTS AND ESTIMATES IN SUPPORT
OF
TAX EXEMPTION CERTIFICATE
FOR
\$1,500,000
CITY OF OCONOMOWOC
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
DATED DECEMBER 18, 2018
CLOSING DECEMBER 18, 2018

1. Cost of the Project:

The elements of the Project and the respective costs are estimated to be at least as follows:

<u>PURPOSE</u>	<u>ESTIMATED COST</u>
a) Project	<u>\$1,500,000</u>
b) Deposit to Debt Service Fund (Bid Premium)	3,709.90
c) Issuing Expenses (including Underwriter's Discount)	<u>57,643.75</u>
ESTIMATED TOTAL:	<u>\$1,561,353.65</u>

2. Source of funds for the Project:

The estimated total cost of the Project is expected to be financed from:

Sale Proceeds	\$1,561,353.65
Estimated Investment Earnings on Temporary Investment of Sale Proceeds (See Paragraph 6)	<u> - 0 -</u>
Other Sources (If Any) Itemize:	
_____	_____
_____	_____
_____	_____
TOTAL:	<u>\$1,561,353.65</u>

3. Schedule of the Project:

The schedule of the various elements of the Project financed with Proceeds including the contemplated completion and final payment dates, is as follows:

<u>CONSTRUCTION PROJECTS</u>	<u>DATE</u>
a) Street improvement projects	
1. hire architect/engineer	<u>Jan</u> , 20 <u>18</u>
2. bid projects	<u>Feb</u> , 20 <u>18</u>
3. sign contracts	<u>Feb</u> , 20 <u>18</u>
4. commence construction	<u>May</u> , 20 <u>18</u>
5. complete construction	<u>Oct</u> , 20 <u>18</u>
6. final payment on construction contracts	<u>Dec</u> , 20 <u>18</u>

4. Reimbursement of Project Costs:

Sale Proceeds in the amount of \$1,500,000 are allocated to reimburse expenditures made on the Project prior to the date of issuance of the Obligations. These expenditures were made on or after June 19, 2018 for the following purposes:

Street improvement projects

5. Reasonably Expected Economic Life:

<u>Element of the Project</u>	<u>Economic Life</u>
<u>Street construction</u>	<u>20</u> years
_____	_____ years
_____	_____ years
_____	_____ years
_____	_____ years

6. Investment of Funds:

Some of the Sale Proceeds will be invested between the time of borrowing and actual expenditure for the various elements of the Project. Investment Proceeds have been estimated at \$ — 0 — as described in Section 2 above, based on an assumed interest rate of 2.16 % and disbursement of funds in accordance with the Project schedules set forth in Section 3.

Prepared and submitted by:



Laurie Sullivan
Director of Finance/Administrative Services

Effective Date: December 18, 2018

**EXHIBIT B-1
TO
TAX EXEMPTION CERTIFICATE**

Underwriter's Certificate

(See attached)

City of Oconomowoc, Wisconsin ("City")
\$1,500,000
General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018

UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of Robert W. Baird & Co. Incorporated ("Baird"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Baird are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Baird in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Baird to purchase the Notes.

(b) Baird was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Baird constituted a firm offer to purchase the Notes.

2. *Defined Terms.*

(a) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is December 4, 2018.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Baird's interpretation of any laws, including specifically

Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. Baird understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificate and compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Notes.

ROBERT W. BAIRD & CO. INCORPORATED

By: 

Name: Managing Director

Dated: December 18, 2018

SCHEDULE A
TO
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

City of Oconomowoc, WI

\$1,500,000.00 General Obligation Promissory Notes, Series 2018A

Dated: 12/18/2018

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2019	Serial Coupon	4.000%	1.850%	225,000.00	100.607%	226,365.75
04/01/2020	Serial Coupon	4.000%	2.000%	45,000.00	102.524%	46,135.80
04/01/2021	Serial Coupon	4.000%	2.100%	75,000.00	104.216%	78,162.00
04/01/2022	Serial Coupon	4.000%	2.200%	75,000.00	105.673%	79,254.75
04/01/2023	Serial Coupon	4.000%	2.300%	100,000.00	106.898%	106,898.00
04/01/2024	Serial Coupon	4.000%	2.400%	105,000.00	107.895%	113,289.75
04/01/2025	Serial Coupon	4.000%	2.500%	135,000.00	108.672%	146,707.20
04/01/2026	Serial Coupon	4.000%	2.600%	165,000.00	109.235%	180,237.75
04/01/2027	Serial Coupon	3.000%	2.700%	270,000.00	101.969%	275,316.30
04/01/2028	Serial Coupon	3.000%	2.800%	305,000.00	101.307%	308,986.35
Total	-	-	-	\$1,500,000.00	-	\$1,561,353.65

Bid Information

Pur Amount of Bonds	\$1,500,000.00
Reoffering Premium or (Discount)	61,353.65
Gross Production	\$1,561,353.65
Total Underwriter's Discount (3.843%)	\$(57,643.75)
Bid (100.247%)	1,503,709.90
Total Purchase Price	\$1,503,709.90
Bond Year Dollars	\$8,644.17
Average Life	5.763 Years
Average Coupon	3.4135336%
Net Interest Cost (NIC)	3.3706156%
True Interest Cost (TIC)	3.3780042%

SCHEDULE B
TO
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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Robert W. Baird & Co., Inc. - Milwaukee, WI's Bid



**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,503,709.90, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	4.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	4.0000
04/01/2023	100M	4.0000
04/01/2024	105M	4.0000
04/01/2025	135M	4.0000
04/01/2026	165M	4.0000
04/01/2027	270M	3.0000
04/01/2028	305M	3.0000

Total Interest Cost: \$296,071.83
 Premium: \$3,709.90
 Net Interest Cost: \$291,361.83
 TIC: 3.378004
 Time Last Bid Received On: 12/04/2018 9:29:44 CST

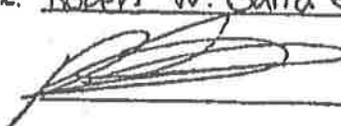
This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee, WI
 Contact: Peter Anderson
 Title:
 Telephone: 414-765-7331
 Fax:

Issuer Name: City of Oconomowoc

Company Name: Robert W. Baird + Co Inc

Accepted By: _____

Accepted By: 

Date: _____

Date: 12-4-18

**EXHIBIT B-2
TO
TAX EXEMPTION CERTIFICATE**

Certificate of Municipal Advisor

(See attached)

City of Oconomowoc, Wisconsin
\$1,500,000
General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of Hutchinson, Shockey, Erley & Co. (the "Municipal Advisor"), as the municipal advisor to City of Oconomowoc, Wisconsin (the "City") in connection with the issuance of the above-captioned obligations (the "Notes"), has assisted the City in soliciting and receiving bids from potential underwriters in connection with the sale of the Notes in a competitive bidding process in which bids were requested for the purchase of the Notes at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Notes.

1. The Notes were offered for sale at specified written terms more particularly described in the Official Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.
2. The Official Notice of Sale was disseminated electronically through Parity and notice of the sale appeared on the calendar of bond sales in The Bond Buyer® newspaper prior to the sale of the Notes. The methods of distribution of the Official Notice of Sale are regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.
3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Notes so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").
4. The City received bids from at least three bidders who, based upon the Municipal Advisor's knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes have established industry reputations for underwriting new issuances of municipal bonds. The bids received are attached to this certificate as Attachment 2.
5. The winning bidder was Robert W. Baird & Co. Incorporated ("Baird"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Official Notice of Sale. A bid comparison is attached as Attachment 3. The bid comparison does not include a bid received from Bankers' Bank but such bid was not better than Baird's bid. The City awarded the Notes to Baird.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing

information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Notes. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

HUTCHINSON, SHOCKEY, ERLEY & CO.

By: James J. Miller
Name: James J. Miller
Dated: December 18, 2018

ATTACHMENT 1
TO
CERTIFICATE OF MUNICIPAL ADVISOR

OFFICIAL NOTICE OF SALE

(See Attached)

OFFICIAL NOTICE OF SALE

\$1,500,000
CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
DATED DECEMBER 18, 2018

NOTICE IS HEREBY GIVEN that bids will be received by the Common Council of the City of Oconomowoc, Waukesha County, Wisconsin for the purchase of all but no part of its Notes electronically via PARITY (as described below) or at the offices of the City's financial advisor, Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203 ("HSE"), Attention: Debra Opgenorth, until 10:00 a.m. (Central Time) on:

December 4, 2018

at which time the bids will be publicly opened and read. Bids may be mailed, delivered or submitted by fax to HSE at the address set forth above or faxed to (414) 298-9893, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to HSE prior to the time of sale. The bidder shall be responsible for submitting to HSE the final bid price and coupons, by telephone (414) 298-9898 or fax (414) 298-9893 for inclusion in the submitted bid. Bids which are mailed or delivered should be directed to HSE and plainly marked "Bid for City of Oconomowoc General Obligation Promissory Notes, Series 2018A". A meeting of the Common Council will be held on said date for the purpose of taking action on such bids as may be received. Bids will only be considered by the Common Council if the required good faith deposit has been received in accordance with the requirements set forth below.

Dates and Maturities: The Notes will be dated December 18, 2018 and will mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2019	\$225,000
2020	45,000
2021	75,000
2022	75,000
2023	100,000
2024	105,000
2025	135,000
2026	165,000
2027	270,000
2028	305,000

Interest: Interest on the Notes will be payable semi-annually on April 1 and October 1 of each year, commencing on April 1, 2019 to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day of the calendar month next

preceding each interest payment date. 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 MSRB.

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

Term Bonds at Bidder's 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.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on April 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Security and Purpose: The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the City. The Notes will be issued for the public purpose of paying the cost of street improvement projects.

Registration: The Notes will be issued as fully-registered Notes without coupons and, when issued, will be registered only in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE NOTES MAY NOT PROVIDE FOR THE NOTES TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Notes. A single Note certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the denomination of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder shall be required to deposit the Note certificates with DTC as a condition to delivery of the Notes. The City will make payments of principal and interest on the Notes to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes.

Depository: In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully-registered certificated Notes in the denomination of

\$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Fiscal Agent: The Notes shall be distributed to the owners in fully-registered form in the denomination of \$5,000 or any integral multiple thereof by the City Clerk or Treasurer (the "Fiscal Agent"). The Notes shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the 15th day of the calendar month next preceding each interest payment date and as to principal by presentation of the Notes at the office of the Fiscal Agent. The City will pay all costs relating to the registration of the Notes.

Designation as Qualified Tax-Exempt Obligations: The Notes will be designated "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City Clerk or other officer of the City charged with the responsibility for issuing the Notes, shall provide an appropriate certificate of the City as of the date of delivery and payment for the Notes confirming the "qualified" status.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid but the difference between the highest and lowest rate bid shall not exceed Two Percent (2.00%). All Notes of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%) of the principal amount of the Notes (\$1,500,000) nor more than One Hundred Four Percent (104%) of the principal amount of the Notes (\$1,560,000) plus accrued interest to the date of delivery will be considered. The Notes will be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the City.

The underwriter shall be responsible for paying all costs of issuance on behalf of the City. These costs include HSE's Financial Advisory fee, Quarles & Brady LLP Bond Counsel and Disclosure Counsel fees, Moody's Rating Agency fee, IPREO Official Statement Electronic Distribution fee, and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the Notes. The total of these costs is \$44,175, which is to be paid at closing by the underwriter.

Type of Bid: Bids must be submitted either: (1) to HSE as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale, within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice are conflicting with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact Hutchinson, Shockey, Erley & Co., Suite 630, 1110 North Old World Third Street, Milwaukee, Wisconsin 53203 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City and HSE assume no responsibility or liability for bids submitted through PARITY. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder,

and neither the City, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The City is using the services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY is not an agent of the City.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Good Faith Deposit: A cashier's check in the amount of \$30,000 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$30,000 shall be made by the winning bidder by federal wire transfer as directed by the City Treasurer to be received by the City no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (December 4, 2018) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Notes. The good faith deposit will be applied to the purchase price of the Notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Notes shall be made at the closing. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

Bond Insurance at Bidder's Option: If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder. Each bidder shall indicate if it is obtaining bond insurance and shall list the name of the bond insurer on the bidder's Official Bid Form. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Notes.

Delivery: The Notes will be delivered in printed form, one Note per maturity, registered in the name of CEDE & CO., as nominee of DTC, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within forty-five (45) days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith deposit shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Notes (including an arbitrage certificate and a no-litigation certificate) will be furnished to the successful bidder without cost. A Continuing

Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Certificate is a condition of closing.

CUSIP Numbers: The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

Establishment of Issue Price: (a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an Underwriter's Certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

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

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

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

of the Notes (the "hold-the-offering-price rule"). The form of Underwriter's Certificate will be modified to reflect compliance with the requirements of the rule selected by the Underwriter.

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

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

The winning bidder shall promptly advise the City when the underwriter has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the underwriter selects the 10% test, the underwriter agrees to promptly report to the City, Bond Counsel and HSE the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

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

agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

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

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),

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

(iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

Official Statement: Bidders may obtain a copy of the Preliminary Official Statement by request to the City's financial advisor prior to the bid opening. By submitting a bid, the successful bidder agrees to supply to the City within 24 hours after the award of the Notes all necessary pricing information and any underwriter identification necessary to complete the

Preliminary Official Statement. Within seven business days of the award of the Notes, the successful bidder will be provided with up to 25 copies of the Official Statement without cost. If the successful bidder is the manager of an underwriting syndicate, the successful bidder shall be responsible for distributing copies of the Official Statement and any addenda to syndicate members.

Certification Regarding Official Statement: The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City also agrees to notify the successful bidder of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Common Council), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Preliminary Official Statement and in the Final Official Statement.

Irregularities: The City reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to: Hutchinson, Shockey, Erley & Co., 1110 N. Old World Third Street, Suite 630, Milwaukee, Wisconsin 53203; Attention: Debra Opgenorth or the undersigned.

Ms. Laurie Sullivan
Director of Finance/Administrative Services
City of Oconomowoc
City Hall
174 East Wisconsin Avenue
Oconomowoc, Wisconsin 53066
Phone: (262) 569-2186

Exhibit A
(to Official Notice of Sale)

City of Oconomowoc, Wisconsin ("City")
\$1,500,000
General Obligation Promissory Notes, Series 2018A,
dated December 18, 2018

UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Underwriter in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Notes.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Notes.

[2. *Bond Insurance.*

(a) The Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by _____ (the "Bond Insurer") was essential in marketing the Notes at the rates and prices at which they were marketed and the absence of the Bond Insurance Policy would have had a material adverse effect on the interest rates at which the Notes were sold:

(b) In our opinion, the Bond Insurance Premium paid to the Bond Insurer for its Bond Insurance Policy is a reasonable arm's-length charge for the transfer of credit risk which the Bond Insurance Policy represents.

(c) In our opinion, the present value of the Bond Insurance Premium is less than the present value of the interest on the Notes reasonably expected to be saved as a result of the Bond Insurance Policy. In making this determination present values were computed by using the yield on the Notes (determined with regard to the Bond Insurance Premium) as the discount rate.]

____. *Defined Terms.*

(a) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is December 4, 2018.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public). The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP ("Bond Counsel") in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Notes.

[UNDERWRITER]

By: _____

Name: _____

Dated: December 18, 2018

SCHEDULE A
TO
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B
TO
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)

ATTACHMENT 2
TO
CERTIFICATE OF MUNICIPAL ADVISOR

COPIES OF BIDS RECEIVED

(See Attached)



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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Robert W. Baird & Co., Inc. - Milwaukee, WI's Bid



**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,503,709.90, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	4.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	4.0000
04/01/2023	100M	4.0000
04/01/2024	105M	4.0000
04/01/2025	135M	4.0000
04/01/2026	165M	4.0000
04/01/2027	270M	3.0000
04/01/2028	306M	3.0000

Total Interest Cost: \$295,071.53
 Premium: \$3,709.90
 Net Interest Cost: \$291,361.63
 TIC: 3.378004
 Time Last Bid Received On: 12/04/2018 9:29:44 CST

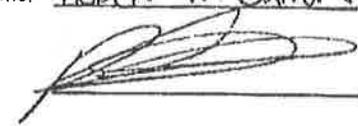
This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee, WI
 Contact: Peter Anderson
 Title:
 Telephone: 414-765-7331
 Fax:

Issuer Name: City of Oconomowoc

Company Name: Robert W Baird & Co Inc

Accepted By: _____

Accepted By: 

Date: _____

Date: 12-4-18



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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BOK Financial Securities, Inc. - Dallas , TX's Bid



**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,503,409.80, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	5.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	4.0000
04/01/2023	100M	5.0000
04/01/2024	105M	4.0000
04/01/2025	135M	4.0000
04/01/2026	165M	4.0000
04/01/2027	270M	3.0000
04/01/2028	305M	3.0000

Total Interest Cost: \$300,001.39
 Premium: \$3,409.80
 Net Interest Cost: \$296,591.59
 TIC: 3.442805
 Time Last Bid Received On: 12/04/2018 9:56:04 CST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: BOK Financial Securities, Inc., Dallas , TX
 Contact: Allen Mattson
 Title:
 Telephone: 414-203-6558
 Fax: 214-576-0870

Issuer Name: City of Oconomowoc Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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D.A. Davidson & Co. - Denver , CO's Bid



**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,523,533.55, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	5.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	4.0000
04/01/2023	100M	5.0000
04/01/2024	105M	5.0000
04/01/2025	135M	5.0000
04/01/2026	165M	5.0000
04/01/2027	270M	3.0000
04/01/2028	305M	3.0500

Total Interest Cost: \$327,476.27
 Premium: \$23,533.55
 Net Interest Cost: \$303,942.72
 TIC: 3.498607
 Time Last Bid Received On: 12/04/2018 9:49:12 CST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: D.A. Davidson & Co., Denver , CO
 Contact: justin sheldon
 Title:
 Telephone: 303-764-6050
 Fax:

Issuer Name: City of Oconomowoc Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

SALE DATE: December 4, 2018

OFFICIAL BID FORM

CITY OF OCONOMOWOC, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A
Dated December 18, 2018

Director of Finance and Administrative Services
City of Oconomowoc
c/o Hutchinson, Shockey, Erley & Co.
1110 N. Old World Third Street, Suite 630
Milwaukee, Wisconsin 53203

We offer to purchase all but no part of your \$1,500,000 General Obligation Promissory Notes, Series 2018A, dated December 18, 2018 (the "Notes"). This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received which is incorporated herein by reference and is made a part of the bid described herein.

Terms of Notes: The Notes shall bear interest at the following rate or rates per annum (on a 360-day basis), and we will pay you \$ 1,519,247.45 (which shall result in a purchase price not less than 100.00% (\$1,500,000) nor more than 104.00% (\$1,500,000) of the principal amount of the Notes) plus accrued interest, if any, from December 18, 2018, the dated date, to the date of delivery and payment. The Notes shall bear interest as follows:

April 1	Principal* Amount	Interest Rate	April 1	Principal* Amount	Interest Rate
2019	\$ 225,000	<u>2.10</u> %	2024	\$ 105,000	<u>4.00</u> %
[2020 Term	45,000	<u>2.35</u>	2025	135,000	<u>4.00</u>
2021 Term	75,000	<u>2.50</u>	2026	165,000	<u>4.00</u>
[2022 Term	75,000	<u>2.50</u>	2027	270,000	<u>4.00</u>
2023	100,000	<u>2.50</u>	2028	305,000	<u>4.00</u>

Bond Years: 8,644.17

The underwriter shall be responsible for paying all costs of issuance on behalf of the City. These costs include HSE's Financial Advisory fee, Quarles & Brady LLP Bond Counsel and Disclosure Counsel fees, Moody's Rating Agency fee, IPREO Official Statement Electronic Distribution fee, and other miscellaneous expenses of the City incurred in connection with the offering and delivery of the Bonds. The total of these costs is \$44,175, which is to be paid at closing by the underwriter.

Good-Faith Deposit. In accordance with the terms of the Official Notice of Sale, a good-faith deposit is enclosed in the form of a cashier's check in the amount of \$30,000 or a deposit in the amount of \$30,000 shall be made by federal wire transfer to be received by the City no later than 1:00 p.m. Central Time on the sale date of December 4, 2018.

If this bid is accepted by the City, the proceeds of the good-faith deposit are to be retained by the City to be applied to the purchase price of the Notes or in the event that we should fail to take up and pay for the Notes in compliance with the bid described herein, the good-faith deposit will be retained by the City as full and complete liquidated damages. The amount of the good-faith deposit is to be returned to us on the failure on the part of the City to perform in accordance with the terms of the Official Notice of Sale and this bid.

Closing and Delivery. We agree to accept delivery of and pay for the Notes awarded to us in federal funds or other immediately available funds on or about December 18, 2018.

Certification of Price. We agree to certify to the City, prior to delivery of the Notes, the initial offering price to the public of the Notes, together with such other information as may be required by the City to enable it to determine the "issue price" of the Notes awarded to us as defined in Section 1274 of the Internal Revenue Code of 1986.

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

This bid form is a firm offer for purchase of the Notes identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Our calculation of the true interest cost rate, computed in accordance with the Official Notice of Sale but not a part of the above bid, is:

Net Interest Cost: \$ 311,386.05

True Interest Rate: 3.5566 %

Respectfully submitted,

Firm Name

Bankers' Bank

Direct Contact and Phone Number

Garrett Marr 608.829.5728

By

[Signature]

The foregoing offer is hereby accepted this 4th day of December, 2018 by Members of the Common Council and in recognition therefor is signed by the officers empowered and authorized to make such acceptance.

Mayor

City Clerk



Parity Calendar

Deal List

Upcoming Calendar	Overview	Result	Excel
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Raymond James & Associates, Inc. - Memphis , TN's Bid



**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

For the aggregate principal amount of \$1,500,000.00, we will pay you \$1,506,402.45, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
04/01/2019	225M	5.0000
04/01/2020	45M	4.0000
04/01/2021	75M	4.0000
04/01/2022	75M	5.0000
04/01/2023	100M	5.0000
04/01/2024	105M	5.0000
04/01/2025	135M	5.0000
04/01/2026	165M	4.0000
04/01/2027		
04/01/2028	575M	3.0000

Total Interest Cost: \$316,502.64
 Premium: \$6,402.45
 Net Interest Cost: \$310,100.19
 TIC: 3.601066
 Time Last Bid Received On: 12/04/2018 9:51:21 CST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Raymond James & Associates, Inc., Memphis , TN
 Contact: Ed Baker
 Title: Senior Vice Presiden
 Telephone: 312-612-7651
 Fax:

Issuer Name: City of Oconomowoc Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

ATTACHMENT 3
TO
CERTIFICATE OF MUNICIPAL ADVISOR

BID COMPARISON

(See Attached)



[Parity Calendar](#)

[Deal List](#)

10:00:39 a.m. CDST	Upcoming Calendar	Overview	Compare	Summary
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Bid Results

**Oconomowoc
\$1,500,000 General Obligation Promissory Notes,
Series 2018A**

The following bids were submitted using **PARITY®** and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.378004
<input type="checkbox"/>	BOK Financial Securities, Inc.	3.442805
<input type="checkbox"/>	D.A. Davidson & Co.	3.498607
<input type="checkbox"/>	Raymond James & Associates, Inc.	3.601066

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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**EXHIBIT 2.6
TO
TAX EXEMPTION CERTIFICATE**

Declaration(s) of Official Intent

(See attached)

NO. _____

DECLARATION OF OFFICIAL INTENT

This is a Declaration of Official Intent of the City of Oconomowoc, Wisconsin (the "Issuer") to reimburse an expenditure with proceeds of a borrowing or borrowings authorized by the Issuer. This Declaration is made under and pursuant to Treas. Reg. Section 1.150-2. The undersigned has been designated as an official or employee authorized by the Issuer to make this Declaration of Official Intent pursuant to a Resolution adopted on March 5, 2002. This Declaration of Official Intent is a public record maintained in the files of the Issuer and is available for public inspection pursuant to Subchapter II of Chapter 19, Wisconsin Statutes.

The undersigned hereby declares that it is the reasonable expectation of the Issuer to use proceeds of a borrowing or borrowings to be incurred by the Issuer to reimburse expenditures for Project description: Public Safety Facility, and 2018 Streets Improvement program

(Provide a general functional description of the property, project or program for which the expenditure to be reimbursed is paid, e.g. " building program", "highway capital improvement program", "hospital equipment acquisition", "combined utility improvement program", etc.)

OR

2. Identify fund(s)/account(s): Capital Projects Fund

(Provide a general functional description of the purpose of the fund or account from which the expenditure to be reimbursed is paid, e.g. "construction fund program" and "parks and recreation fund" and "highway fund".)

The maximum principal amount of the borrowing or borrowings to be incurred to reimburse expenditures for the above-described purposes is reasonably expected, on the date hereof, to be \$5,000,000.00

The Issuer intends to reimburse itself from borrowed funds within eighteen (18) months, (3 years if the Issuer is a "small issuer") after the later of (a) the date the expenditure is paid or (b) the date the facility is placed in service, but in no event more than 3 years after the expenditure is paid.

No money from sources other than the anticipated borrowing or borrowings is, or is reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer with respect to the expenditure, pursuant to the budgetary and financial circumstances of the Issuer as of the date of this Declaration.

Dated this 22 day of March, 2018.



By: _____
Laurie Sullivan, Finance Director

**EXHIBIT 3.2
TO
TAX EXEMPTION CERTIFICATE**

Schedule of Private Use Contracts

NONE

**EXHIBIT 5.1
TO
TAX EXEMPTION CERTIFICATE**

Yield Calculation

(See attached)

City of Oconomowoc, WI

\$1,500,000.00 General Obligation Promissory Notes, Series 2018A

Dated: 12/18/2018

Proof Of Bond Yield @ 2.6270707%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/18/2018	-	1.000000x	-	-
04/01/2019	240,521.53	0.9925604x	238,732.15	238,732.15
10/01/2019	22,625.00	0.9796918x	22,165.53	260,897.67
04/01/2020	67,625.00	0.9669901x	65,392.70	326,290.38
10/01/2020	21,725.00	0.9544530x	20,735.49	347,025.87
04/01/2021	96,725.00	0.9420784x	91,122.54	438,148.41
10/01/2021	20,225.00	0.9298643x	18,806.51	456,954.91
04/01/2022	95,225.00	0.9178086x	87,398.32	544,353.24
10/01/2022	18,725.00	0.9059092x	16,963.15	561,316.39
04/01/2023	118,725.00	0.8941640x	106,159.62	667,476.01
10/01/2023	16,725.00	0.8825711x	14,761.00	682,237.01
04/01/2024	121,725.00	0.8711285x	106,038.12	788,275.13
10/01/2024	14,625.00	0.8598343x	12,575.08	800,850.21
04/01/2025	149,625.00	0.8486865x	126,984.72	927,834.93
10/01/2025	11,925.00	0.8376833x	9,989.37	937,824.30
04/01/2026	446,925.00	0.8268226x	369,527.71	1,307,352.01
10/01/2026	4,575.00	0.8161028x	3,733.67	1,311,085.68
04/01/2027	4,575.00	0.8055220x	3,685.26	1,314,770.94
10/01/2027	4,575.00	0.7950784x	3,637.48	1,318,408.43
04/01/2028	309,575.00	0.7847702x	242,945.22	1,561,353.65
Total	\$1,786,971.53	-	\$1,561,353.65	-

Derivation Of Target Amount

Par Amount of Bonds	\$1,500,000.00
Reoffering Premium or (Discount)	61,353.65
Original Issue Proceeds	\$1,561,353.65

(Rev. September 2018)

Under Internal Revenue Code section 149(e)
See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.
Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Oconomowoc		2 Issuer's employer identification number (EIN) 39-6005555	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite 174 East Wisconsin Avenue, P.O. Box 27		5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Oconomowoc WI 53066		7 Date of issue 12/18/2018	
8 Name of issue General Obligation Promissory Notes, Series 2018A		9 CUSIP number 675634NT2	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Laurie Sullivan, Director of Finance/Administrative Services		10b Telephone number of officer or other employee shown on 10a (262) 569-3234	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13 1,561,354
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ▶	18
19a If bonds are TANs or RANs, check only box 19a <input type="checkbox"/>	
b If bonds are BANs, check only box 19b <input type="checkbox"/>	
20 If bonds are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	04/01/2028	\$ 1,561,354	\$ 1,500,000	5.768 years	2.62707 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22	0	
23	Issue price of entire issue (enter amount from line 21, column (b))	23	1,561,354	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	57,644	
25	Proceeds used for credit enhancement	25	0	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	0	
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	0	
29	Total (add lines 24 through 28)	29	57,644	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,503,710	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	_____ years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded	_____ years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	_____
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	_____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2018)

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	0	
b Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____			
c Enter the EIN of the issuer of the master pool bond ▶ _____			
d Enter the name of the issuer of the master pool bond ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶			<input checked="" type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶			<input type="checkbox"/>
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box ▶			<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶			<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶			<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input checked="" type="checkbox"/> and enter the amount of reimbursement ▶ <u>\$1,500,000</u>			
b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) <u>03/22/2018</u>			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
		12/18/2018	David Nold, Mayor		
	Signature of issuer's authorized representative	Date	Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Brian G. Lanser		12/18/2018		PO1299140
	Firm's name ▶ Quarles & Brady LLP	Firm's EIN ▶ 39-0432630		Phone no. (414) 277-5000	
Firm's address ▶ 411 East Wisconsin Avenue, Milwaukee, WI 53202					

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

City of Oconomowoc, Wisconsin

(Name of Issuer and Co-Issuer(s), if applicable)

December 18, 2018

(Date)

The Depository Trust Company
18301 Bermuda Green Drive
Tampa, FL 33647
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[incorporated-in]~~ [formed under the laws of] the State of Wisconsin

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Oconomowoc, Wisconsin

(Issuer)

By: 
(Authorized Officer's Signature)

Laurie Sullivan, Director of Finance/Administrative Services

(Print Name)

174 East Wisconsin Avenue

(Street Address)

Oconomowoc WI USA 53066

(City) (State) (Country) (Zip Code)

(262) 569-3234

(Phone Number)

lsullivan@oconomowoc-wi.gov

(E-mail)

DTCC

Address)

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

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

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

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

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

SCHEDULE A

(To Blanket Issuer Letter of Representations)

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 Issuer 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 Issuer 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 Issuer, 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 Issuer 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 Issuer 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. Issuer 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



411 East Wisconsin Avenue
 Suite 2350
 Milwaukee, Wisconsin 53202-4426
 414.277.5000
 Fax 414.271.3552
 www.quarles.com

Attorneys at Law in
 Chicago
 Indianapolis
 Madison
 Milwaukee
 Minneapolis
 Naples
 Phoenix
 Scottsdale
 Tampa
 Tucson
 Washington, D.C.

December 13, 2018

VIA UPS

The Depository Trust Company
 Attn: Underwriting Packaging Department
 570 Washington Blvd.
 Jersey City, NJ 07310

Re: City of Oconomowoc, Wisconsin
 \$1,500,000 General Obligation Promissory Notes, Series 2018A

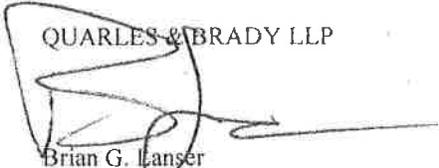
Dear Ladies and Gentlemen:

Enclosed please find the below-described securities of the above-named issue which we are forwarding to you in anticipation of the closing on December 18, 2018. Please acknowledge receipt of these securities below and fax us a copy of this letter to (414) 978-8700 or email a copy to pubfin-team-DTC-firm@quarles.com. These securities are not to be released until verification by bond counsel that the closing has been completed.

Note	Cusip #	Par Value	Int. Rate	Regis	Maturity
R-1	675634NJ4	\$225,000	4.00%	CEDE & CO.	04/01/19
R-2	675634NK1	45,000	4.00	CEDE & CO.	04/01/20
R-3	675634NL9	75,000	4.00	CEDE & CO.	04/01/21
R-4	675634NM7	75,000	4.00	CEDE & CO.	04/01/22
R-5	675634NN5	100,000	4.00	CEDE & CO.	04/01/23
R-6	675634NP0	105,000	4.00	CEDE & CO.	04/01/24
R-7	675634NQ8	135,000	4.00	CEDE & CO.	04/01/25
R-8	675634NR6	165,000	4.00	CEDE & CO.	04/01/26
R-9	675634NS4	270,000	3.00	CEDE & CO.	04/01/27
R-10	675634NT2	305,000	3.00	CEDE & CO.	04/01/28

If you have any questions regarding the enclosed securities, please do not hesitate to call us immediately.

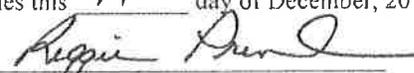
Very truly yours,

QUARLES & BRADY LLP

 Brian G. Lanser

BGL:SMN:adb
 Enclosures
 #710013.00025

ACKNOWLEDGMENT AND RECEIPT

We acknowledge receipt of the above-described securities this 14th day of December, 2018.

By 
 Authorized Signature

HutchinsonShockeyErley&Co

1110 N. Old World Third Street, Suite 630
Milwaukee, Wisconsin 53203
P 414.298.9898 F 414.298.9893
www.hsemuni.com



CLOSING MEMO

TO: ATTACHED DISTRIBUTION LIST
FROM: Deb Opgenorth, Hutchinson, Shockey, Erley & Co.
DATE: December 12, 2018
RE: Closing instructions for:
City of Oconomowoc, Wisconsin
\$1,500,000 General Obligation Promissory Notes, Series 2018A (the "Notes")
Dated December 18, 2018

On Tuesday, December 18, 2018, Robert W. Baird & Co., Inc. shall pay to the City of Oconomowoc \$1,473,709.90 representing the following:

Par Amount of Notes	\$ 1,500,000.00
Plus: Net Reoffering Premium	<u>3,709.90 *</u>
	1,503,709.90
Less: Good Faith Deposit	<u>(30,000.00)</u>
Total	<u>\$ 1,473,709.90</u>

* To be deposited to the Debt Service Fund Account for the Notes.

Upon closing on December 18, 2018, \$1,473,709.90 shall be wire transferred as follows:

Bank: US Bank, N.A.
Milwaukee, WI 53202
ABA No.: 075 000 022
Acct. Name: Wisconsin Investment Series Cooperative
Acct. No.: 182380416178
For credit to: City of Oconomowoc - Capital
Acct. No.: 51264-408

Please Note -- Upon closing the Underwriter will pay the following Issuance Expenses:

Quarles & Brady LLP (Bond/Disclosure Counsel total)	\$ 14,875.00
Hutchinson, Shockey, Erley & Co. (Financial Advisor)	15,000.00
Moody's Investors Services, Inc. (Rating Fee)	12,000.00
Printing and Distribution of Official Statements	<u>2,300.00</u>
Total	\$ 44,175.00

CITY OF OCONOMOWOC, WISCONSIN
\$1,500,000 General Obligation Promissory Notes, Series 2018A

DISTRIBUTION LIST

City

Laurie Sullivan, Director of Finance
and Administrative Services
174 E. Wisconsin Avenue
P.O. Box 27
Oconomowoc, WI 53066
Telephone: (262) 569-3234
lsullivan@oconomowoc-wi.gov

Paying Agent

Laurie Sullivan, Director of Finance
and Administrative Services
174 E. Wisconsin Avenue
P.O. Box 27
Oconomowoc, WI 53066
Telephone: (262) 569-3234
lsullivan@oconomowoc-wi.gov

Bond Counsel

Brian Lanser
Quarles & Brady
411 E. Wisconsin Avenue
27th floor
Milwaukee, WI 53202
Telephone: (414) 277-5775
brian.lanser@quarles.com

Financial Advisor

James Miller
Hutchinson, Shockey, Erley & Co.
1110 N. Old World 3rd Street, Suite 630
Milwaukee, WI 53203
Telephone: (414) 290-5801
jmiller@hsemuni.com

or

Deb Opgenorth
Hutchinson, Shockey, Erley & Co.
1110 N. Old World 3rd Street, Suite 630
Milwaukee, WI 53203
Telephone: (414) 290-5809
dopgenorth@hsemuni.com

Underwriter

Vicki Ossoinik
Robert W. Baird & Co., Inc.
777 E. Wisconsin Avenue
Milwaukee, WI 53202
Telephone: (414) 765-3725
E-mail: vossoinik@rwbaird.com

Janet Solberg (Operations-Closing)
Robert W. Baird & Co., Inc.
777 E. Wisconsin Avenue
Milwaukee, WI 53202
Telephone: (414) 765-3841
E-mail: jsolberg@rwbaird.com

City of Oconomowoc, WI

\$1,500,000.00 General Obligation Promissory Notes, Series 2018A

Dated: 12/18/2018

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/18/2018	-	-	-	-	-
04/01/2019	225,000.00	4.000%	15,521.53	240,521.53	-
10/01/2019	-	-	22,625.00	22,625.00	263,146.53
04/01/2020	45,000.00	4.000%	22,625.00	67,625.00	-
10/01/2020	-	-	21,725.00	21,725.00	89,350.00
04/01/2021	75,000.00	4.000%	21,725.00	96,725.00	-
10/01/2021	-	-	20,225.00	20,225.00	116,950.00
04/01/2022	75,000.00	4.000%	20,225.00	95,225.00	-
10/01/2022	-	-	18,725.00	18,725.00	113,950.00
04/01/2023	100,000.00	4.000%	18,725.00	118,725.00	-
10/01/2023	-	-	16,725.00	16,725.00	135,450.00
04/01/2024	105,000.00	4.000%	16,725.00	121,725.00	-
10/01/2024	-	-	14,625.00	14,625.00	136,350.00
04/01/2025	135,000.00	4.000%	14,625.00	149,625.00	-
10/01/2025	-	-	11,925.00	11,925.00	161,550.00
04/01/2026	165,000.00	4.000%	11,925.00	176,925.00	-
10/01/2026	-	-	8,625.00	8,625.00	185,550.00
04/01/2027	270,000.00	3.000%	8,625.00	278,625.00	-
10/01/2027	-	-	4,575.00	4,575.00	283,200.00
04/01/2028	305,000.00	3.000%	4,575.00	309,575.00	-
10/01/2028	-	-	-	-	309,575.00
Total	\$1,500,000.00	-	\$295,071.53	\$1,795,071.53	-

Yield Statistics

Bond Year Dollars	\$8,644.17
Average Life	5.763 Years
Average Coupon	3.4135336%
Net Interest Cost (NIC)	3.3706156%
True Interest Cost (TIC)	3.3780042%
Bond Yield for Arbitrage Purposes	2.6270707%
All Inclusive Cost (AIC)	3.3780042%

IRS Form 8038

Net Interest Cost	2.5950487%
Weighted Average Maturity	5.768 Years