

# PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 1, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

Rating Application Made: S&P Global Ratings

## CITY OF LAKE MILLS, WISCONSIN (Jefferson County)

### \$1,865,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021A

**BID OPENING:** September 7, 2021, 11:00 A.M., C.T.      **CONSIDERATION:** September 7, 2021, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,865,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds") of the City of Lake Mills, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, sewerage projects, consisting of sanitary sewer and storm sewer projects and water system projects. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** September 29, 2021

**MATURITY:** May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$15,000	2029	\$ 95,000	2036	\$105,000
2023	80,000	2030	95,000	2037	105,000
2024	80,000	2031	100,000	2038	110,000
2025	80,000	2032	100,000	2039	110,000
2026	80,000	2033	100,000	2040	110,000
2027	90,000	2034	100,000	2041	115,000
2028	90,000	2035	105,000		

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

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

**INTEREST:** May 1, 2022 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on May 1, 2031 and thereafter are subject to call for prior optional redemption on May 1, 2030 or any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$1,841,687.

**MAXIMUM BID:** \$1,976,900.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$37,300 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** City officer or a bank or trust company to be selected by the City.

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

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

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

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

## REPRESENTATIONS

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

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

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

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

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

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

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

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

## CLOSING CERTIFICATES

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

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**CITY OF LAKE MILLS  
CITY COUNCIL**

		<u>Term Expires</u>
Greg Waters	Council President	April 2023
Steve Fields	Council Vice President	April 2022
Catherine Bishop	Councilperson	April 2024
Liesa Kerler	Councilperson	April 2023
Michelle Quednow	Councilperson	April 2022

**ADMINISTRATION**

Steven Wilke, City Manager  
Elizabeth Milbrath, City Treasurer/Finance Director  
Melissa Quest, City Clerk

**PROFESSIONAL SERVICES**

Daniel Drescher, City Attorney, Lake Mills, Wisconsin  
Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin  
Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other offices located in Roseville, Minnesota)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Lake Mills, Wisconsin (the "City") and the issuance of its \$1,865,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the City Council on September 7, 2021.

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

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of September 29, 2021. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

### OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2031 shall be subject to optional redemption prior to maturity on May 1, 2030 or any date thereafter, at a price of par plus accrued interest.

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

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

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, sewerage projects, consisting of sanitary sewer and storm sewer projects and water system projects.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$1,865,000	
Estimated Interest Earnings	<u>1,200</u>	
<b>Total Sources</b>		<b>\$1,866,200</b>
<b>Uses</b>		
Estimated Underwriter's Discount	\$23,313	
Costs of Issuance	57,650	
Deposit to Project Construction Fund	1,781,600	
Rounding Amount	<u>3,638</u>	
<b>Total Uses</b>		<b>\$1,866,200</b>

\*Preliminary, subject to change.

**SECURITY**

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

**RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA-" by S&P Global Ratings ("S&P").

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

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

## **CONTINUING DISCLOSURE**

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

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

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

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

## **LEGAL OPINION**

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

## **STATEMENT REGARDING COUNSEL PARTICIPATION**

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

## **TAX EXEMPTION**

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

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

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

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

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

## **ORIGINAL ISSUE DISCOUNT**

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

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



between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

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

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

## **BOND PREMIUM**

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

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

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2020, have been audited by Hawkins Ash CPAs, LLP, Manitowoc, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## **RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Also on April 16, 2020, former President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on former President Trump's guidelines. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$97,903. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The City's allocation is \$591,422.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

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

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

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

### Assessed Value

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

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

## CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$691,208,300
2021 Equalized Value Reduced by Tax Increment Valuation	\$660,203,500
2020 Assessed Value	\$612,910,202

## 2021 EQUALIZED VALUE BY CLASSIFICATION

	<b>2021 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$ 517,406,500	74.855%
Commercial	139,249,600	20.146%
Manufacturing	27,726,100	4.011%
Agricultural	136,500	0.020%
Undeveloped	171,500	0.025%
Ag Forest	37,800	0.005%
Forest	14,400	0.002%
Other	83,100	0.012%
Personal Property	6,382,800	0.923%
Total	<u>\$ 691,208,300</u>	<u>100.000%</u>

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2017	506,172,221	543,381,000	6.15%
2018	503,860,310	565,307,400	4.04%
2019	599,349,934	600,718,700	6.26%
2020	612,910,202	639,518,000	6.46%
2021	N/A	691,208,300	8.08%

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

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

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
Gudlach Properties	Commercial Rental Property	\$ 8,726,014	1.36%
Lm40pl, LLC	Real Estate	5,716,201	0.89%
Crystal Farms Refrigerated Dist.	Food Distribution	5,176,803	0.81%
M and R Properties	Rental Properties	4,345,779	0.68%
Dwyer	Rental Properties	4,081,091	0.64%
J Mechler LLC	Manufacturing	3,126,338	0.49%
Tamarackpen LLC	Rental Properties	3,112,242	0.49%
Neal Shade	Rental Properties	3,043,121	0.48%
Mary Loeder Enterprise	Commercial	2,777,494	0.43%
Custom Pharmacy Leaseback	Commercial Rental Property	<u>2,568,563</u>	<u>0.40%</u>
<b>Total</b>			<b>6.67%</b>
City's Total 2020 Equalized Value <sup>2</sup>		\$639,518,000	

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the City. 2021 data is not yet available.

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



## DEBT

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

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

Total General Obligation Debt (includes the Bonds)\* \$ 19,769,621

#### Revenue Debt (see schedules following)

Total revenue debt secured by electric, sewer and water revenues \$ 16,029,367

\*Preliminary, subject to change.

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

City of Lake Mills, Wisconsin  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 09/30/2021)

Dated Amount	Corporate Purpose Bonds Series 2012A		Corporate Purpose Bonds Series 2014B		Taxable Promissory Notes Series 2014C		Corporate Purpose Bonds Series 2015A		Corporate Purpose Bonds Series 2016B	
	04/11/2012	03/01	09/04/2014	09/01	09/04/2014	09/01	06/23/2015	06/01	07/13/2016	06/01
Maturity	\$5,015,000		\$3,530,000		\$1,305,000		\$3,495,000		\$3,105,000	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	0	0	0	0	0	0	0	27,369	0	25,444
2022	325,000	17,874	240,000	93,825	150,000	13,275	345,000	50,425	175,000	49,138
2023	260,000	10,740	275,000	84,225	150,000	9,150	295,000	42,425	170,000	45,688
2024	270,000	3,713	270,000	73,225	150,000	4,650	295,000	35,050	170,000	42,288
2025			415,000	62,425			270,000	27,988	170,000	38,888
2026			445,000	45,825			245,000	21,550	175,000	35,438
2027			445,000	32,475			195,000	15,806	175,000	31,938
2028			100,000	19,125			150,000	11,063	125,000	28,625
2029			100,000	16,125			150,000	6,750	125,000	25,500
2030			100,000	13,125			150,000	2,250	125,000	22,375
2031			100,000	10,000					125,000	19,094
2032			100,000	6,750					125,000	15,656
2033			100,000	3,375					125,000	12,219
2034									120,000	8,700
2035									115,000	5,175
2036									115,000	1,725
2037										
2038										
2039										
2040										
2041										
	855,000	32,326	2,690,000	460,500	450,000	27,075	2,095,000	240,675	2,135,000	407,888

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City of Lake Mills, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 09/30/2021)

Calendar Year Ending	Corporate Purpose Bonds Series 2017A		Promissory Notes Series 2017B		Promissory Notes Series 2018A		Promissory Notes		Corporate Purpose Bonds Series 2019B	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2021	0	04/01	0	04/01	0	05/01	0	04/20	0	05/01
2022	70,000	04/01	220,000	04/01	215,000	05/01	54,408	04/20	125,000	05/01
2023	75,000	04/01	205,000	04/01	250,000	05/01	56,339	04/20	125,000	05/01
2024	75,000	04/01	205,000	04/01	250,000	05/01	58,301	04/20	135,000	05/01
2025	65,000	04/01	180,000	04/01	300,000	05/01	60,407	04/20	135,000	05/01
2026	80,000	04/01	185,000	04/01	315,000	05/01	62,550	04/20	135,000	05/01
2027	85,000	04/01	195,000	04/01	325,000	05/01	64,770	04/20	140,000	05/01
2028	100,000	04/01	100,000	04/01	340,000	05/01	67,055	04/20	140,000	05/01
2029	100,000	04/01	100,000	04/01			69,448	04/20	145,000	05/01
2030	100,000	04/01	100,000	04/01				04/20	100,000	05/01
2031	100,000	04/01	100,000	04/01				04/20	100,000	05/01
2032	100,000	04/01	100,000	04/01				04/20	100,000	05/01
2033								04/20	105,000	05/01
2034								04/20	105,000	05/01
2035								04/20	110,000	05/01
2036								04/20	115,000	05/01
2037								04/20	115,000	05/01
2038								04/20	120,000	05/01
2039								04/20	120,000	05/01
2040								04/20	120,000	05/01
2041								04/20	120,000	05/01
	950,000		1,190,000		1,995,000		493,278		2,170,000	
			188,700		257,100		82,022		597,150	

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**City of Lake Mills, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 09/30/2021)**

Dated Amount	Corporate Purpose Bonds Series 2020A		Promissory Notes		Corporate Purpose Bonds Series 2021A		Total P & I	Total Interest	Total Principal	Principal Outstanding	% Paid	Calendar Year Ending
	Maturity	Principal	Interest	Principal	Interest	Principal						
	06/10/2020	\$2,725,000	04/01	10/27/2020	\$195,000	09/30/2021	\$1,865,000*					
2021		0		0	0	0	0	171,268	19,769,621	19,769,621	.00%	2021
2022	70,000	53,800		37,632	3,963	15,000	33,655	507,684	2,042,040	17,727,581	10.33%	2022
2023	125,000	51,850		38,586	3,009	80,000	30,703	450,603	2,104,925	15,622,656	20.98%	2023
2024	125,000	49,350		39,559	2,037	80,000	30,183	393,442	2,122,859	13,499,797	31.71%	2024
2025	125,000	46,850		40,567	1,028	80,000	29,563	338,504	1,840,974	11,658,824	41.03%	2025
2026	125,000	44,350				80,000	28,823	285,090	1,847,550	9,811,273	50.37%	2026
2027	130,000	41,800				90,000	27,905	235,142	1,844,770	7,966,503	59.70%	2027
2028	130,000	39,200				90,000	26,803	187,922	1,242,055	6,724,448	65.99%	2028
2029	140,000	36,500				95,000	25,553	158,767	924,448	5,800,000	70.66%	2029
2030	140,000	33,700				95,000	24,175	134,825	810,000	4,990,000	74.76%	2030
2031	145,000	30,850				100,000	22,638	115,656	670,000	4,320,000	78.15%	2031
2032	145,000	27,950				100,000	20,938	98,119	670,000	3,650,000	81.54%	2032
2033	145,000	25,050				100,000	19,138	81,906	575,000	3,075,000	84.45%	2033
2034	155,000	22,050				100,000	17,238	66,963	480,000	2,595,000	86.87%	2034
2035	155,000	18,950				105,000	15,226	55,101	485,000	2,110,000	89.33%	2035
2036	165,000	15,750				105,000	13,152	43,002	500,000	1,610,000	91.86%	2036
2037	175,000	12,350				105,000	11,039	32,314	395,000	1,215,000	93.85%	2037
2038	175,000	8,850				110,000	8,808	23,058	405,000	810,000	95.90%	2038
2039	175,000	5,350				110,000	6,443	13,593	405,000	405,000	97.95%	2039
2040	180,000	1,800				110,000	3,968	5,768	290,000	115,000	99.42%	2040
2041						115,000	1,351	1,351	115,000	0	100.00%	2041
		2,725,000		156,344	10,037	1,865,000	397,295	3,400,075	19,769,621	23,169,696		

\* Preliminary, subject to change.

**City of Lake Mills, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Electric, Sewer, and Water Revenues  
(As of 09/30/2021)**

Calendar Year Ending	Sewer, Light & Water Mort Revenue Bonds Series 2014A		Sewer, Light & Water Mort Revenue Bonds Series 2016A		Sewer, Light & Water Mort Revenue Bonds Series 2017C		Sewer, Light & Water Mort Revenue Bonds WPPI Loan		Sewer, Light & Water Mort Revenue Bonds Series 2018B	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	0	05/01	0	33,060	0	16,275	12,100	0	0	28,358
2022	250,000	09/04/2014	365,000	62,470	50,000	31,800	48,400	0	70,000	55,315
2023	250,000	\$4,715,000	375,000	55,070	50,000	30,300	48,400	0	70,000	52,515
2024	250,000	05/01	390,000	47,420	50,000	28,800	48,400	0	70,000	49,715
2025	250,000	07/13/2016	400,000	39,520	55,000	27,225	48,400	0	70,000	46,915
2026	250,000	\$4,500,000	415,000	31,370	55,000	25,575	48,400	0	75,000	44,015
2027	250,000	05/01	420,000	23,020	55,000	23,925	35,267	0	80,000	40,915
2028	250,000	07/13/2016	430,000	14,305	55,000	22,275			85,000	37,615
2029	250,000	\$4,715,000	445,000	4,895	60,000	20,475			85,000	34,555
2030	325,000	05/01			60,000	18,525			95,000	31,628
2031	350,000	09/04/2014			65,000	16,494			95,000	28,493
2032	360,000	\$4,715,000			65,000	14,300			100,000	25,275
2033	365,000	05/01			65,000	12,025			100,000	21,875
2034	365,000	07/13/2016			70,000	9,663			105,000	18,288
2035		05/01			70,000	7,125			110,000	14,525
2036		09/04/2014			75,000	4,406			115,000	10,530
2037		\$4,715,000			80,000	1,500			115,000	6,390
2038		05/01							120,000	2,160
2039		07/13/2016								
2040		\$4,500,000								
2041		05/01								
	3,765,000		3,240,000	311,130	980,000	310,688	289,367	0	1,560,000	549,080

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**City of Lake Mills, Wisconsin  
Schedule of Bonded Indebtedness continued  
Revenue Debt Secured by Electric, Sewer, and Water Revenues  
(As of 09/30/2021)**

Sewer, Light & Water Mort Revenue Bonds Series 2019A		Sewer, Light & Water Mort Revenue Bonds Series 2021B		Estimated Interest	
Dated Amount	Maturity	Principal	Interest	Principal	Interest
06/27/2019 \$5,880,000	05/01	0	82,200	0	0
		230,000	160,950	30,000	14,347
		235,000	153,975	30,000	11,625
		245,000	146,775	30,000	11,490
		255,000	139,275	30,000	11,325
		260,000	131,550	35,000	11,095
		265,000	123,675	35,000	10,780
		275,000	115,575	35,000	10,395
		280,000	107,250	35,000	9,958
		295,000	98,625	35,000	9,476
		305,000	89,625	35,000	8,943
		315,000	80,325	35,000	8,356
		320,000	70,800	35,000	7,718
		330,000	61,050	35,000	7,035
		350,000	50,850	35,000	6,318
		360,000	40,200	40,000	5,510
		380,000	29,100	40,000	4,610
		385,000	17,625	40,000	3,670
		395,000	5,925	40,000	2,690
				40,000	1,680
				45,000	585
		5,480,000	1,705,350	715,000	157,604

Calendar Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	12,100	220,852	232,952	16,017,267	.08%	2021
2022	1,043,400	443,050	1,486,450	14,973,867	6.58%	2022
2023	1,058,400	414,154	1,472,554	13,915,467	13.19%	2023
2024	1,083,400	387,369	1,470,769	12,832,067	19.95%	2024
2025	1,108,400	359,929	1,468,329	11,723,667	26.86%	2025
2026	1,138,400	331,774	1,470,174	10,585,267	33.96%	2026
2027	1,140,267	302,984	1,443,250	9,445,000	41.08%	2027
2028	1,130,000	273,178	1,403,178	8,315,000	48.13%	2028
2029	1,155,000	242,176	1,397,176	7,160,000	55.33%	2029
2030	810,000	213,954	1,023,954	6,350,000	60.39%	2030
2031	850,000	188,066	1,038,066	5,500,000	65.69%	2031
2032	875,000	160,563	1,035,563	4,625,000	71.15%	2032
2033	885,000	132,036	1,017,036	3,740,000	76.67%	2033
2034	905,000	102,651	1,007,651	2,835,000	82.31%	2034
2035	565,000	78,818	643,818	2,270,000	85.84%	2035
2036	590,000	60,646	650,646	1,680,000	89.52%	2036
2037	615,000	41,600	656,600	1,065,000	93.36%	2037
2038	545,000	23,455	568,455	520,000	96.76%	2038
2039	435,000	8,615	443,615	85,000	99.47%	2039
2040	40,000	1,680	41,680	45,000	99.72%	2040
2041	45,000	585	45,585	0	100.00%	2041
	16,029,367	3,988,133	20,017,500			

\* Preliminary, subject to change.

**DEBT LIMIT**

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

Equalized Value	\$ 691,208,300
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 34,560,415
Less: General Obligation Debt (includes the Bonds)*	<u>(19,769,621)</u>
Unused Debt Limit*	<u><u>\$ 14,790,794</u></u>

\*Preliminary, subject to change.

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

<b>Taxing District</b>	<b>2021 Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Jefferson County	\$ 8,726,940,700	7.92%	\$ 19,365,000	\$ 1,533,708
Madison Area Technical College District	100,506,585,126 <sup>4</sup>	0.64%	170,145,000	1,088,928
Lake Mills Area School District	1,230,543,934 <sup>4</sup>	51.97%	31,745,000	<u>16,497,876</u>
City's Share of Total Overlapping Debt				<u><u>\$19,120,513</u></u>

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

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

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

<sup>4</sup> 2020 equalized values, 2021 equalized values are expected to be certified in October 2021.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$691,208,300</b>	<b>Debt/ Per Capita 6,276<sup>1</sup></b>
Total General Obligation Debt (includes the Bonds)*	\$ 19,769,621	2.86%	\$ 3,150.04
City's Share of Total Overlapping Debt	<u>19,120,513</u>	<u>2.77%</u>	<u>3,046.61</u>
Total*	\$ 38,890,134	5.63%	\$ 6,196.64

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

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

## FUTURE FINANCING

Concurrently with the Bonds, the City expects to issue its \$715,000\* Sewerage System and Light and Water System Utility Mortgage Revenue Bonds, Series 2021B (the "Series 2021B Bonds"), (The Bonds, along with the Series 2021B Bonds the "Concurrent Obligations"). In addition to the Concurrent Obligations, the City plans to borrow \$440,000 for equipment, \$305,000 on a taxable basis for projects within TID #5 as well as \$400,000 for road improvements within TID #3 sometime in the next twelve months. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Estimated 2021 population.



## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2016/17	\$3,882,300	100%	\$8.39
2017/18	4,087,900	100%	8.11
2018/19	4,170,815	100%	7.90
2019/20	4,420,600	100%	7.89
2020/21	4,544,100	100%	7.66

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

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

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the City did not adopt such resolutions. The City

cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

**PROPERTY TAX RATES**

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

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
2016/17	\$11.00	\$4.45	\$8.39	\$0.19	\$24.03
2017/18	10.46	4.31	8.11	0.00	22.88
2018/19	10.07	4.14	7.90	0.00	22.11
2019/20	10.21	3.94	7.89	0.00	22.04
2020/21	9.28	3.86	7.66	0.00	20.80

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

**LEVY LIMITS**

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is

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

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

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 adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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

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

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

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

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

# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in 1905 and is governed by a City Council, which consists of five City Council members. Council Members are elected to staggered three-year terms. The appointed City Manager, Treasurer/Finance Director and City Clerk are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 59 full-time, 12 part-time, and 12 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$240,773, \$241,734 and \$245,998 respectively.

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

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

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the City reported an asset of \$760,561 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 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 0.02358728% of the aggregate WRS net pension asset as of December 31, 2019.

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

**Recognized and Certified Bargaining Units**

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

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

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

The following bargaining units represent employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Wisconsin Professional Police Association	December 31, 2021

**OTHER POST EMPLOYMENT BENEFITS**

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

For Fiscal Year 2020, the City's portion of contributions to the LRLIF totaled \$2,748. For Fiscal Year 2020, the City reported a liability of \$647,356 for its proportionate share of the net OPEB liability/asset of the LRLIF. The net OPEB liability was measured as of December 31, 2019 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.152026% of the aggregate LRLIF net OPEB liability as of December 31, 2019.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 7 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

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

## **MUNICIPAL BANKRUPTCY**

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

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

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

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

**FUNDS ON HAND** (as of July 31, 2021)

<b>Fund</b>	<b>Total Cash and Investments</b>	<b>Fund</b>	<b>Total Cash and Investments</b>
General Fund - Money Market	\$ 2,177,360	Reserve Fund - City	55,918
Special Assessments	716,444	Sewer Impact Fees	279,764
Library Endowment	58,914	Water Impact Fees	340,946
Library Expansion	463,142	2012 Bonds	12,278
Water Utility Bond Reserve	41,658	Cemetery Perpetual Care	289,914
Water Utility P&I Account	174,710	DNR Replacement	478,910
Fire Department Fund	73,647	Bond Reserve Fund - Sewer	417,595
ARPA Funds	313,156	2014 Bond P&I	103,660
2016 Bond B GO Bond	82,656	Tax Account	5,440
Now Account - All Utilities	2,739,522	2015 Bond Funds	28,535
Bond Reserve - Electric Utility	658,644	TID #7	38,215
Bond P&I - Electric Utility	207,668	General Fund Checking	350,216
Bond P&I - Sewer Utility	36,953	2020 Bond P&I	79,266
2020A	21,807	2017 Bond B	31,203
2020A TID #5	45,442	2017 C Electric Bond	379,594
Park Impact Fees	280,084	2018 Notes A	276,249
TID #2	617,648	2019 Bond	32,254
TID #3	200,397	DSR Water	228,953
TID #4	355,303	AMI Water	170,355
TID #5	41,651	AMI Electric	210,213
TID #6	17530	2019A Sewer	54,725
			<hr/>
		<b>Total Funds on Hand</b>	<b>\$ <u>13,206,697</u></b>

## ENTERPRISE FUNDS

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

	2018	2019	2020
<b>Water</b>			
Total Operating Revenues	\$ 1,182,471	\$ 1,409,125	\$ 1,585,155
Less: Operating Expenses	<u>(1,134,951)</u>	<u>(1,069,510)</u>	<u>(1,453,074)</u>
Operating Income	\$ 47,520	\$ 339,615	\$ 132,081
Plus: Depreciation	238,732	243,460	798,979
Interest Income	<u>9,758</u>	<u>33,718</u>	<u>16,792</u>
Revenues Available for Debt Service	<u><u>\$ 296,010</u></u>	<u><u>\$ 616,793</u></u>	<u><u>\$ 947,852</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$ 1,695,893	\$ 1,677,013	\$ 1,811,140
Less: Operating Expenses	<u>(1,736,110)</u>	<u>(1,725,113)</u>	<u>(1,676,969)</u>
Operating Income	\$ (40,217)	\$ (48,100)	\$ 134,171
Plus: Depreciation	494,378	468,468	516,576
Interest Income	<u>16,732</u>	<u>39,936</u>	<u>20,800</u>
Revenues Available for Debt Service	<u><u>\$ 470,893</u></u>	<u><u>\$ 460,304</u></u>	<u><u>\$ 671,547</u></u>
<b>Electric</b>			
Total Operating Revenues	\$ 7,888,633	\$ 7,560,810	\$ 7,488,579
Less: Operating Expenses	<u>(7,062,702)</u>	<u>(6,925,017)</u>	<u>(6,711,547)</u>
Operating Income	\$ 825,931	\$ 635,793	\$ 777,032
Plus: Depreciation	778,533	783,425	798,979
Interest Income	<u>26,052</u>	<u>18,401</u>	<u>16,792</u>
Revenues Available for Debt Service	<u><u>\$ 1,630,516</u></u>	<u><u>\$ 1,437,619</u></u>	<u><u>\$ 1,592,803</u></u>



## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2021
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	Adopted Budget <sup>1</sup>
Revenues					
Taxes	\$ 4,000,799	\$ 4,228,987	\$ 4,311,309	\$ 4,537,663	\$ 4,544,100
Intergovernmental	1,694,839	1,121,687	1,121,908	1,501,222	2,303,400
Licenses and permits	148,573	198,769	199,924	214,904	159,900
Fines and forfeitures	66,155	59,951	63,115	51,676	51,000
Public charges for services	154,636	165,371	139,852	188,816	388,800
Intergovernmental charges for services	340,994	353,548	334,000	361,092	407,900
Miscellaneous general revenues	367,240	499,278	433,638	338,492	128,500
Total Revenues	<u>\$ 6,773,236</u>	<u>\$ 6,627,591</u>	<u>\$ 6,603,746</u>	<u>\$ 7,193,865</u>	<u>\$ 7,983,600</u>
Expenditures					
Current:					
General government	\$ 1,017,146	\$ 1,003,487	\$ 1,158,832	\$ 1,192,997	\$ 1,123,300
Public safety	1,601,364	1,597,285	1,721,200	1,799,392	1,893,900
Public works	1,122,967	1,150,067	1,116,423	1,068,769	1,109,200
Health and social services	138,506	159,468	133,798	120,710	134,200
Culture and recreation	704,343	764,984	1,013,983	803,439	1,118,900
Conservation and development	273,588	534,847	243,586	140,508	113,200
Debt Service	1,403,771	1,534,223	1,649,065	1,833,493	2,028,500
Capital outlay	2,964,307	1,795,304	2,195,648	2,661,412	2,315,680
Total Expenditures	<u>\$ 9,225,992</u>	<u>\$ 8,539,665</u>	<u>\$ 9,232,535</u>	<u>\$ 9,620,720</u>	<u>\$ 9,836,880</u>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (2,452,756)</b>	<b>\$ (1,912,074)</b>	<b>\$ (2,628,789)</b>	<b>\$ (2,426,855)</b>	<b>\$ (1,853,280)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	3,218,970	2,318,167	\$3,079,300	2,102,524	1,853,300
Transfers in	532,878	540,527	569,848	584,309	0
Transfers out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 3,751,848</b>	<b>\$ 2,858,694</b>	<b>\$ 3,649,148</b>	<b>\$ 2,686,833</b>	<b>\$ 1,853,300</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 1,299,092</b>	<b>\$ 946,620</b>	<b>\$ 1,020,359</b>	<b>\$ 259,978</b>	<b>\$ 20</b>
General Fund Balance January 1	3,304,831	4,603,923	5,550,543	6,570,900	6,830,878
General Fund Balance December 31	<u>\$ 4,603,923</u>	<u>\$ 5,550,543</u>	<u>\$ 6,570,902</u>	<u>\$ 6,830,878</u>	<u>\$ 6,830,898</u>
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$ 759,350	\$ 704,007	\$ 1,435,372	\$ 1,396,558	
Committed	400,140	400,140	400,140	400,140	
Unassigned	3,444,433	4,446,396	4,735,390	5,034,180	
<b>Total</b>	<u>\$ 4,603,923</u>	<u>\$ 5,550,543</u>	<u>\$ 6,570,902</u>	<u>\$ 6,830,878</u>	

<sup>1</sup> The 2021 budget was adopted on November 3, 2020.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 5,708 and a current estimated population of 6,276 comprises an area of 32.75 square miles and is located approximately 20 miles east of the City of Madison, Wisconsin.

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

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
School District of Lake Mills Area	Elementary and secondary education	222
Seljan Tool Co., Inc.	Tool & die, plastic products	150
Wisco Farm Co-op/Crystal Farms	Manufacturing - distribution	143
HammerHead	Manufacturer, welding, fabrication	100
Earth Tool Company LLC.	Trenchless tool manufacturer	100
Chapter 2 Inc.	Tool & Die, plastic products	105
The City	Municipal government and services	83
Aztalan Engineering Inc.	Precision machine components manufacturer	78
Fiberdome, Inc.	Fiberglass boats and products manufacturer	70
Willowbrook Nursing Rehab Center	Health care	70

**Source:** *Data Axle Reference Solutions, written and telephone survey (Aug 2021), 2022 Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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

## BUILDING PERMITS

	2017	2018	2019	2020	2021 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	14	9	22	5	11
Valuation	\$2,881,454	\$3,094,737	\$5,815,018	\$663,666	\$3,084,253
<u>New Multiple Family Buildings</u>					
No. of building permits	2	5	2	1	1
Valuation	\$500,000	\$3,491,900	\$2,689,520	\$1,344,760	\$820,000
<u>New Commercial/Industrial</u>					
No. of building permits	1	3	4	2	0
Valuation	\$620,000	\$2,520,000	\$5,030,000	\$4,600,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	316	119	250	31	102
Valuation	\$6,368,541	\$12,846,026	\$46,520,918	\$7,264,195	\$5,745,751

**Source:** The City.

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<sup>1</sup> As of August 5, 2021.

## U.S. CENSUS DATA

### Population Trend: The City

2000 U.S. Census	4,843
2010 U.S. Census	5,708
2021 Estimated Population	6,276
Percent of Change 2000 - 2010	17.86%

### Income and Age Statistics

	The City	Jefferson County	State of Wisconsin	United States
2019 per capita income	\$31,182	\$31,992	\$33,375	\$34,103
2019 median household income	\$70,239	\$66,291	\$61,747	\$62,843
2019 median family income	\$78,646	\$79,081	\$78,679	\$77,263
2019 median gross rent	\$978	\$857	\$856	\$1,062
2019 median value owner occupied units	\$198,100	\$190,400	\$180,600	\$217,500
2019 median age	36.9 yrs.	41.1 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	93.43%	91.43%
City % of 2019 median family income	99.96%	101.79%

### Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	2,581	2,758	6.86%

**Source:** 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Jefferson County	Jefferson County	State of Wisconsin	State of Wisconsin
2017	44,028	3.2%	3.3%	
2018	44,556	2.9%	3.0%	
2019	44,264	3.1%	3.3%	
2020	42,762	5.4%	6.3%	
2021, July <sup>1</sup>	45,302	3.4%	4.1%	

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

<sup>1</sup> Preliminary.

### FINANCIAL STATEMENTS

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

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

**CITY OF LAKE MILLS, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020**

**CITY OF LAKE MILLS, WISCONSIN**  
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**CITY OF LAKE MILLS, WISCONSIN**  
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	<b><u>MEMBERS OF THE COMMON COUNCIL</u></b>
	President Diann Fritsch
	Vice President Mike Foster
	Member Doug Fritsch
	Member Vickie Schmidt
	City Manager Steven Wilke
	Treasurer/Finance Director Elizabeth Milbrath
	City Attorney Daniel Drescher
	City Clerk Melissa Quest



## INDEPENDENT AUDITORS' REPORT

To the Common Council  
City of Lake Mills, 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 Lake Mills, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Mills, Wisconsin's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Mills, Wisconsin, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

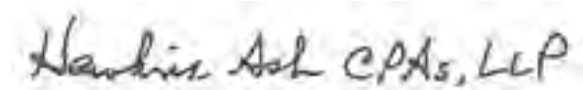
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our consideration of the City of Lake Mills, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Mills, Wisconsin's internal control over financial reporting and compliance.

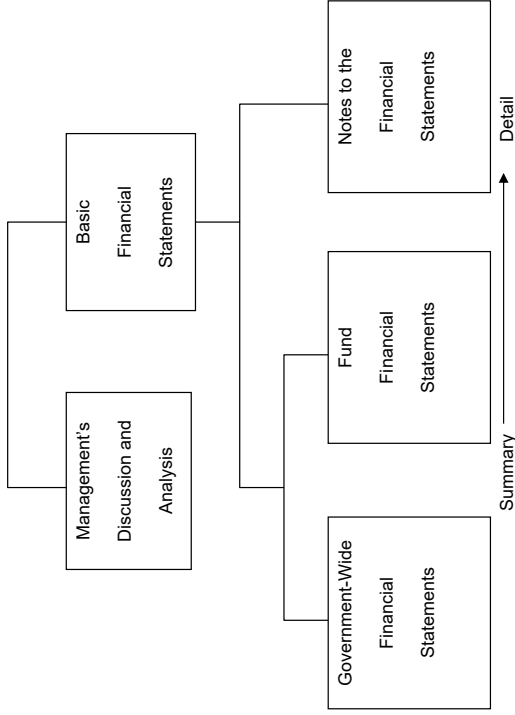
HAWKINS ASH CPAS, LLP

A handwritten signature in dark ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin  
June 1, 2021

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

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

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

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

**Management's**

**Discussion and Analysis**

As management of the City of Lake Mills, we offer readers of the City of Lake Mills' basic financial statements this narrative overview and analysis of the financial activities of the City of Lake Mills for the fiscal year ended December 31, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of Lake Mills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,360,480 (*net position*).
- The government's total net position increased by \$3,998,503, due to an increase in the governmental activities and an increase in the business-type activities net position.
- As of the close of the current fiscal year, the City of Lake Mills' governmental funds reported combined ending fund balances of \$7,659,915, an increase of \$1,215,792 in comparison with the prior year. Approximately 49.4 percent of this total amount, or \$3,787,777, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,034,180 or 52.3 percent of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

**Proprietary Funds** - The City of Lake Mills has three proprietary funds. A *proprietary fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lake Mills uses enterprise funds to account for its electric and water activity and for its sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

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

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

**City of Lake Mills  
Changes in Net Position**  
Figure 3

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
<b>Revenues:</b>					
Program revenues:					
Charges for services	\$ 1,418,694	\$ 1,368,005	\$ 10,884,874	\$ 10,644,501	\$ 12,303,568
Operating grants and contributions	926,562	619,507	-	(30)	619,477
Capital grants and contributions	1,052,714	23,045	1,300,102	125,836	2,352,816
General revenues:					
Property taxes	5,313,659	5,020,720	-	-	5,313,659
Other taxes	113,832	102,810	-	-	113,832
Intergovernmental revenues not restricted to specific programs	621,401	513,867	-	-	621,401
Interest and investment income	55,956	166,357	49,908	92,055	105,864
Gain on sale of capital assets	239,281	25,214	-	9,220	239,281
Miscellaneous	228,355	440,335	-	2,477	228,355
<b>Total revenues</b>	<b>9,970,454</b>	<b>8,279,460</b>	<b>12,234,884</b>	<b>10,874,059</b>	<b>22,205,539</b>
<b>Expenses:</b>					
General government	1,317,097	1,420,591	-	-	1,317,097
Public safety	1,682,517	1,952,311	-	-	1,682,517
Public works	1,262,557	2,223,771	-	-	1,262,557
Health and human services	123,383	140,574	-	-	123,383
Culture, recreation and education	1,360,876	972,141	-	-	1,360,876
Conservation and development	1,530,834	1,357,400	-	-	1,530,834
Interest on long-term debt	587,361	590,341	-	-	587,361
Electric	-	-	6,945,256	7,170,571	6,945,256
Water	-	-	1,644,771	1,176,586	1,644,771
Sewer	-	-	1,752,183	1,741,644	1,752,183
<b>Total expenses</b>	<b>7,864,625</b>	<b>8,657,129</b>	<b>10,342,210</b>	<b>10,088,801</b>	<b>18,206,835</b>
<b>Income (loss) before transfers</b>	<b>2,105,829</b>	<b>(377,669)</b>	<b>1,892,674</b>	<b>785,258</b>	<b>407,589</b>
Transfers	584,309	565,499	(584,309)	(565,499)	-
<b>Change in net position</b>	<b>2,690,138</b>	<b>187,830</b>	<b>1,308,365</b>	<b>219,759</b>	<b>407,589</b>
Net position - beginning of year	4,767,697	4,579,867	24,584,280	24,374,521	28,954,388
<b>Net position - end of year</b>	<b>\$ 7,457,835</b>	<b>\$ 4,767,697</b>	<b>\$ 25,902,645</b>	<b>\$ 24,594,280</b>	<b>\$ 29,361,977</b>

**Governmental activities:**  
Governmental activities increased the City's net position by \$2,690,138.

**Business-type activities:**  
Business-type activities increased the City's net position by \$1,308,365.

**City of Lake Mills  
Net Position**  
Figure 2

	Governmental Activities		Business-Type Activities		Total
	2020	2019	2020	2019	
<b>Current and other assets</b>	\$ 14,593,197	\$ 12,125,240	\$ 9,548,645	\$ 24,141,842	\$ 21,389,748
Capital assets	20,130,472	18,498,014	33,876,386	54,358,025	52,374,400
<b>Total assets</b>	<b>34,723,669</b>	<b>30,623,254</b>	<b>43,425,031</b>	<b>78,499,867</b>	<b>73,764,148</b>
<b>Deferred outflows of resources</b>	<b>1,500,896</b>	<b>2,803,959</b>	<b>824,332</b>	<b>1,351,218</b>	<b>4,155,177</b>
<b>Long-term liabilities outstanding</b>	<b>21,156,605</b>	<b>21,171,779</b>	<b>16,537,872</b>	<b>17,758,866</b>	<b>38,930,645</b>
Other liabilities	407,181	339,448	913,550	833,555	1,320,731
<b>Total liabilities</b>	<b>21,563,786</b>	<b>21,511,227</b>	<b>17,451,422</b>	<b>18,592,421</b>	<b>40,103,648</b>
<b>Deferred inflows of resources</b>	<b>7,202,744</b>	<b>7,148,289</b>	<b>1,246,463</b>	<b>1,305,411</b>	<b>8,449,207</b>
<b>Net position:</b>	<b>490,320</b>	<b>513,222</b>	<b>19,741,562</b>	<b>19,281,762</b>	<b>19,794,894</b>
Restricted	898,786	388,517	5,164,362	2,670,149	6,063,148
Unrestricted	6,068,729	3,895,958	996,721	2,642,369	7,065,450
<b>Total net position</b>	<b>\$ 7,457,835</b>	<b>\$ 4,767,697</b>	<b>\$ 25,902,645</b>	<b>\$ 24,594,280</b>	<b>\$ 29,361,977</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Lake Mills exceeded liabilities by \$33,360,480 as of December 31, 2020. The City's net position increased by \$3,988,503 for the fiscal year ended December 31, 2020. However, the largest portion (61%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items.

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

An additional portion of the City of Lake Mills' net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,065,450 is unrestricted.

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

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

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

The general fund is the chief operating fund of the City of Lake Mills. At the end of the current fiscal year, unassigned fund balance of the General Fund as \$5,034,180, while total fund balance reached \$6,830,878. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.3 percent of total General Fund expenditures, while total fund balance represents 71 percent of that same amount.

At December 31, 2020, the governmental funds of the City of Lake Mills reported a combined fund balance of \$7,659,915, a 18.9 percent increase over last year. Included in this change in fund balance are increases in fund balance in the general fund, library, park improvements, community block grant, cemetery perpetual care and library endowment funds.

**General Fund Budgetary Highlights** - During the fiscal year, the City did not revise the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds** - The City of Lake Mills' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Utility at the end of the fiscal year amounted to \$2,073,812, the Water Utility totaled \$(1,106,525), and those for the Sewer Utility amounted to \$1,872,192. The total change in net position was \$266,591, \$556,358, and \$485,416, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Lake Mills' business-type activities.

**Capital Asset and Debt Administration**

**Capital Assets:** The City of Lake Mills' investment in capital assets for its governmental and business-type activities as of December 31, 2020, totals \$54,358,025 (net of accumulated depreciation). These assets include land, construction in progress, land improvements, buildings, equipment, and infrastructure. Major capital asset transactions during the year include the following additions:

- Land improvements of \$84,397, equipment purchases of \$1,265,939 and \$2,011,199 of infrastructure in governmental-type activities.
- Construction in progress of \$1,425,254 and equipment and systems purchases of \$5,322,879 in business-type activities.

**City of Lake Mills' Capital Assets**

Figure 4  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 769	\$ 850	\$ 133	\$ 133	\$ 902	\$ 984
Construction in progress	1,092	1,568	580	3,903	1,673	5,471
Land improvements	1,944	1,865	383	383	2,326	2,248
Buildings	11,666	11,761	7,279	7,279	18,945	19,040
Equipment and systems	7,149	6,130	52,584	47,417	59,733	53,547
Infrastructure	17,326	15,315	-	-	17,326	15,315
Less: Accumulated depreciation	(19,816)	(18,991)	(26,731)	(25,238)	(46,547)	(44,229)
Total	\$ 20,130	\$ 18,498	\$ 34,228	\$ 33,876	\$ 54,358	\$ 52,374

Note - totals may not add due to rounding.

Additional information of the City's capital assets can be found in the notes to the basic financial statements.

**Long-term Obligations** : As of December 31, 2020, the City of Lake Mills had total long-term obligations outstanding of \$37,694,477. Of this, \$20,423,152 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents mortgage revenue bonds secured solely by specified revenue sources (i.e. revenue bonds) and employee benefits.

**City of Lake Mills' Long-Term Obligations**

Figure 5  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds/notes	\$ 20,061	\$ 19,114	\$ 362	\$ 449	\$ 20,423	\$ 19,562
Mortgage revenue bonds	-	-	15,971	16,911	15,971	16,911
Other long-term obligations	1,096	2,058	204	399	1,300	2,458
Total	\$ 21,157	\$ 21,172	\$ 16,538	\$ 17,759	\$ 37,694	\$ 38,931

Note - totals may not add due to rounding.

The City of Lake Mills' total debt decreased by \$1,236,168 or 3.3% during the past fiscal year, primarily due to new debt.

The State of Wisconsin Statutes limit the amount of general obligation debt that a unit of government can issue up to 5 percent of the total equalized value of taxable property located within that government's boundaries. The legal debt limit for the City of Lake Mills is \$31,975,900.

Additional information regarding the City of Lake Mills' long-term debt can be found in the notes to the basic financial statements.

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Treasurer/Finance Director, City of Lake Mills, 200 D Water Street, Lake Mills, Wisconsin 53551-1632.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 10,162,453	\$ 2,581,325	\$ 12,743,778
Receivables			
Taxes	3,100,745	-	3,100,745
Accounts and other	133,846	881,808	1,015,654
Special assessments	612,933	529,362	1,142,295
Interest	-	11,329	11,329
Internal balances	(61,294)	61,294	-
Due from other governments	57,895	-	57,895
Inventories	-	240,098	240,098
Prepaid expenses	58,550	-	58,550
Wisconsin Retirement System, net pension	528,069	232,492	760,561
Restricted assets			
Cash and investments	-	5,010,937	5,010,937
Capital assets (net of accumulated depreciation)			
Capital assets not being depreciated	1,861,635	713,389	2,575,024
Capital assets being depreciated	18,268,837	33,514,164	51,783,001
<b>TOTAL ASSETS</b>	<b>34,723,669</b>	<b>43,776,198</b>	<b>78,499,867</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Charge on refunding	89,480	199,425	288,905
Wisconsin Retirement System pension	1,232,461	542,611	1,775,072
Wisconsin Retirement System LRLIF	178,755	82,296	261,051
<b>TOTAL DEFERRED OUTFLOWS     OF RESOURCES</b>	<b>1,500,696</b>	<b>824,332</b>	<b>2,325,028</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,224,365</b>	<b>44,600,530</b>	<b>80,824,895</b>
<b>LIABILITIES</b>			
Accounts payable	277,744	627,238	904,982
Accrued liabilities			
Payroll, payroll taxes	-	155,257	155,257
Interest	129,437	-	129,437
Other	-	34,876	34,876
Current portion of long-term obligations	2,292,705	88,064	2,380,769
Payable from restricted assets			
Accrued revenue bond interest	-	80,418	80,418
Current portion of revenue loans	-	946,462	946,462
Unearned revenue - other	-	15,761	15,761
Noncurrent portion of long-term obligations	18,863,900	15,503,346	34,367,246
<b>TOTAL LIABILITIES</b>	<b>21,563,786</b>	<b>17,451,422</b>	<b>39,015,208</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - tax roll	5,514,537	-	5,514,537
Unavailable revenue - special assessments	-	501,172	501,172
Wisconsin Retirement System pension	1,587,338	698,852	2,286,190
Wisconsin Retirement System LRLIF	100,869	46,439	147,308
<b>TOTAL DEFERRED INFLOWS     OF RESOURCES</b>	<b>7,202,744</b>	<b>1,246,463</b>	<b>8,449,207</b>
<b>NET POSITION</b>			
Net investment in capital assets	490,320	19,741,562	20,231,882
Restricted for			
Permanent funds - nonexpendable	370,717	-	370,717
Debt service	-	3,928,087	3,928,087
Other activities	528,069	1,236,275	1,764,344
Unrestricted	6,068,729	996,721	7,065,450
<b>TOTAL NET POSITION</b>	<b>7,457,835</b>	<b>25,902,645</b>	<b>33,360,480</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 36,224,365</b>	<b>\$ 44,600,530</b>	<b>\$ 80,824,895</b>

The accompanying notes are an integral part of these statements.



**CITY OF LAKE MILLS, WISCONSIN**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

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
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 1,317,097	\$ 272,012	\$ -	\$ -	(1,045,085)	\$	(1,045,085)
Public safety	1,682,517	373,208	28,852	-	(1,280,457)		(1,280,457)
Public works	1,262,557	371,961	521,362	1,052,714	683,480		683,480
Health and human services	123,383	43,820	-	-	(79,563)		(79,563)
Culture, recreation and education	1,360,876	357,693	373,104	-	(630,079)		(630,079)
Conservation and development	1,530,834	-	3,244	-	(1,527,590)		(1,527,590)
Interest and fiscal charges	587,361	-	-	-	(587,361)		(587,361)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>7,864,625</b>	<b>1,418,694</b>	<b>926,562</b>	<b>1,052,714</b>	<b>(4,466,655)</b>		<b>(4,466,655)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Electric Utility	6,945,256	7,488,579	-	81,350	\$	624,673	624,673
Water Utility	1,644,771	1,585,155	-	806,726		747,110	747,110
Sewer Utility	1,752,183	1,811,140	-	412,026		470,983	470,983
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>10,342,210</b>	<b>10,884,874</b>	<b>-</b>	<b>1,300,102</b>		<b>1,842,766</b>	<b>1,842,766</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,206,835</b>	<b>\$ 12,303,568</b>	<b>\$ 926,562</b>	<b>\$ 2,352,816</b>	<b>(4,466,655)</b>	<b>1,842,766</b>	<b>(2,623,889)</b>
<b>General revenues</b>							
Taxes							
Property taxes, levied for general purposes					4,422,801	-	4,422,801
Property taxes, levied for tax incremental district					890,858	-	890,858
Other taxes					113,832	-	113,832
Intergovernmental revenues not restricted to specific programs					621,401	-	621,401
Interest and investment income					55,956	49,908	105,864
Gain on sale of capital assets					239,281	-	239,281
Miscellaneous					228,355	-	228,355
Transfers					584,309	(584,309)	-
Total general revenues					7,156,793	(534,401)	6,622,392
<b>CHANGE IN NET POSITION</b>					2,690,138	1,308,365	3,998,503
<b>NET POSITION - BEGINNING OF YEAR</b>					4,767,697	24,594,280	29,361,977
<b>NET POSITION - END OF YEAR</b>					<b>\$ 7,457,835</b>	<b>\$ 25,902,645</b>	<b>\$ 33,360,480</b>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	GENERAL FUND	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and investments	\$ 7,432,714	\$ 685,764	\$ 2,043,975	\$ 10,162,453
Receivables				
Taxes	2,131,929	966,198	2,618	3,100,745
Accounts and other	62,553	69,964	1,329	133,846
Special assessments	612,933	-	-	612,933
Due from other funds	1,297,613	29,374	526,719	1,853,706
Due from other governments	-	-	57,895	57,895
Prepaid expenses	58,550	-	-	58,550
Advances to other funds	1,338,008	-	-	1,338,008
	<b>12,934,300</b>	<b>1,751,300</b>	<b>2,632,536</b>	<b>17,318,136</b>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	272,592	5,151	-	277,743
Due to other funds	672,176	-	1,242,824	1,915,000
Advances from other funds	-	1,338,008	-	1,338,008
TOTAL LIABILITIES	944,768	1,343,159	1,242,824	3,530,751
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - tax roll	4,545,721	966,198	2,618	5,514,537
Unavailable revenue - special assessments	612,933	-	-	612,933
TOTAL DEFERRED INFLOWS OF RESOURCES	5,158,654	966,198	2,618	6,127,470
<b>FUND BALANCES</b>				
Nonspendable	1,396,558	-	370,717	1,767,275
Committed	400,140	-	-	400,140
Assigned	-	-	1,704,723	1,704,723
Unassigned	5,034,180	(558,057)	(688,346)	3,787,777
TOTAL FUND BALANCES	6,830,878	(558,057)	1,387,094	7,659,915
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<b>\$ 12,934,300</b>	<b>\$ 1,751,300</b>	<b>\$ 2,632,536</b>	
<b>Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:</b>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:				
Governmental capital asset			39,946,298	
Governmental accumulated depreciation			(19,815,826)	20,130,472
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures:				
Special assessments to be collected after year end				612,932
Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements.				
				251,078
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:				
General obligation debt			(20,060,821)	
Accrued interest on general obligation debt			(129,437)	
Charge on refunding			89,480	
Premium			(486,923)	
Vested employee benefits			(165,584)	
WRS liability			(443,277)	(21,196,562)
<b>Total net position - governmental activities</b>				<b>\$ 7,457,835</b>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	GENERAL FUND	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE</b>				
Taxes	\$ 4,537,663	\$ 890,858	\$ -	\$ 5,428,521
Special assessment	-	-	467,490	467,490
Intergovernmental	1,501,222	50,715	19,705	1,571,642
Licenses and permits	214,904	-	-	214,904
Fines, forfeits and penalties	51,676	-	-	51,676
Public charges for services	188,816	464,791	479,804	1,133,411
Intergovernmental charges for services	361,092	-	-	361,092
Miscellaneous	338,492	12,245	177,394	528,131
<b>TOTAL REVENUE</b>	<b>7,193,865</b>	<b>1,418,609</b>	<b>1,144,393</b>	<b>9,756,867</b>
<b>EXPENDITURES</b>				
Current				
General government	1,192,997	-	-	1,192,997
Public safety	1,799,392	-	-	1,799,392
Public works	1,068,769	-	419,861	1,488,630
Health and human services	120,710	-	-	120,710
Culture, recreation and education	803,439	-	-	803,439
Conservation and development	140,508	-	-	140,508
Debt service				
Principal	1,357,360	615,334	-	1,972,694
Interest	430,648	118,285	-	548,933
Other	45,485	21,334	-	66,819
Capital outlay	2,661,412	1,508,924	57,468	4,227,804
<b>TOTAL EXPENDITURES</b>	<b>9,620,720</b>	<b>2,263,877</b>	<b>477,329</b>	<b>12,361,926</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,426,855)</b>	<b>(845,268)</b>	<b>667,064</b>	<b>(2,605,059)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	584,309	-	-	584,309
Sale of asset	-	239,281	-	239,281
Issuance of long-term debt	2,050,000	870,000	-	2,920,000
Premium on long-term debt	52,524	24,737	-	77,261
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,686,833</b>	<b>1,134,018</b>	<b>-</b>	<b>3,820,851</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>259,978</b>	<b>288,750</b>	<b>667,064</b>	<b>1,215,792</b>
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<b>6,570,900</b>	<b>(846,807)</b>	<b>720,030</b>	<b>6,444,123</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 6,830,878</b>	<b>\$ (558,057)</b>	<b>\$ 1,387,094</b>	<b>\$ 7,659,915</b>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds \$ 1,215,792

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	\$	4,227,804	
Capital outlay not capitalized		(866,269)	
Depreciation expense reported in the statement of activities		(1,172,548)	
Less cost of assets disposed		<u>(556,529)</u>	
Amount by which capital outlays are greater than depreciation in the current period:			1,632,458

Some capital assets acquired during the year were financed with loans. The amount of the loans are reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is: (2,920,000)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits decreased by: 24,750

Wisconsin Retirement System asset, deferred inflows of resources, liability and deferred outflows of resources changes: (9,049)

Wisconsin Retirement System Local Retiree Life Insurance Fund asset, deferred inflows of resources, liability and deferred outflows of resources changes: (27,102)

OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes: 410,368

Certain revenues are deferred in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year:

New special assessment revenue recognized in the statement of activities		576,899	
Other unearned revenue recognized in the statement of activities		(137,802)	

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 1,972,694

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest and other debt costs paid during the current period		538,491	
The amount of interest and other debt costs accrued during the current period		<u>(587,361)</u>	
Interest paid is less than interest accrued by:			<u>(48,870)</u>

**Change in net position - governmental activities \$ 2,690,138**

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	ELECTRIC UTILITY	WATER UTILITY	SEWER UTILITY	TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 1,399,755	\$ (573,632)	\$ 1,755,202	\$ 2,581,325
Accounts receivable	598,737	143,296	139,775	881,808
Special assessment receivable	-	194,805	334,557	529,362
Interest receivable	-	-	11,329	11,329
Due from other funds	837,590	391,738	400,079	1,629,407
Inventories	226,466	13,632	-	240,098
<b>RESTRICTED ASSETS</b>				
Cash and investments	<u>1,951,351</u>	<u>1,487,184</u>	<u>1,572,402</u>	<u>5,010,937</u>
<b>TOTAL CURRENT ASSETS</b>	<u>5,013,899</u>	<u>1,657,023</u>	<u>4,213,344</u>	<u>10,884,266</u>
<b>NONCURRENT ASSETS</b>				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	548,339	153,899	11,151	713,389
Capital assets being depreciated	<u>13,651,179</u>	<u>9,859,699</u>	<u>10,003,286</u>	<u>33,514,164</u>
<b>NET CAPITAL ASSETS</b>	<u>14,199,518</u>	<u>10,013,598</u>	<u>10,014,437</u>	<u>34,227,553</u>
<b>OTHER ASSETS</b>				
Wisconsin Retirement System net pension	-	55,504	65,980	121,484
<b>TOTAL NONCURRENT ASSETS</b>	<u>14,199,518</u>	<u>10,069,102</u>	<u>10,080,417</u>	<u>34,349,037</u>
<b>TOTAL ASSETS</b>	<u>19,213,417</u>	<u>11,726,125</u>	<u>14,293,761</u>	<u>45,233,303</u>
<b>DEFERRED OUTFLOWS OR RESOURCES</b>				
Charge on refunding	176,418	23,007	-	199,425
Wisconsin Retirement System pension	370,088	129,540	153,991	653,619
Wisconsin Retirement System LRLIF	<u>39,294</u>	<u>19,647</u>	<u>23,355</u>	<u>82,296</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>585,800</u>	<u>172,194</u>	<u>177,346</u>	<u>935,340</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>19,799,217</u>	<u>11,898,319</u>	<u>14,471,107</u>	<u>46,168,643</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	392,228	147,921	87,089	627,238
Accrued liabilities				
Payroll	46,430	45,264	76,756	168,450
Interest	1,351	-	-	1,351
Other	21,683	-	-	21,683
Due to other funds	532,780	828,876	206,457	1,568,113
Current portion of long-term obligations	48,400	-	-	48,400
<b>PAYABLE FROM RESTRICTED ASSETS</b>				
Accrued interest	34,886	31,032	13,149	79,067
Current portion of long-term obligations	<u>478,474</u>	<u>301,525</u>	<u>206,127</u>	<u>986,126</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,556,232</u>	<u>1,354,618</u>	<u>589,578</u>	<u>3,500,428</u>
<b>NONCURRENT LIABILITIES</b>				
Unearned revenue - other	15,761	-	-	15,761
Long-term obligations	<u>7,206,404</u>	<u>6,014,025</u>	<u>2,282,917</u>	<u>15,503,346</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>7,222,165</u>	<u>6,014,025</u>	<u>2,282,917</u>	<u>15,519,107</u>
<b>TOTAL LIABILITIES</b>	<u>8,778,397</u>	<u>7,368,643</u>	<u>2,872,495</u>	<u>19,019,535</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	-	194,805	306,367	501,172
Wisconsin Retirement System pension	333,681	166,840	198,331	698,852
Wisconsin Retirement System LRLIF	<u>22,173</u>	<u>11,087</u>	<u>13,179</u>	<u>46,439</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>355,854</u>	<u>372,732</u>	<u>517,877</u>	<u>1,246,463</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,440,755	4,404,085	7,896,722	19,741,562
Restricted for debt service	1,916,465	1,142,646	868,976	3,928,087
Restricted for other	111,008	369,010	756,257	1,236,275
Unrestricted	<u>1,196,738</u>	<u>(1,758,797)</u>	<u>1,558,780</u>	<u>996,721</u>
<b>TOTAL NET POSITION</b>	<u>10,664,966</u>	<u>4,156,944</u>	<u>11,080,735</u>	<u>25,902,645</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 19,799,217</u>	<u>\$ 11,898,319</u>	<u>\$ 14,471,107</u>	<u>\$ 46,168,643</u>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	ELECTRIC UTILITY	WATER UTILITY	SEWER UTILITY	TOTAL
<b>OPERATING REVENUE</b>				
Charges for services	\$ 7,488,579	\$ 1,585,155	\$ 1,811,140	\$ 10,884,874
<b>OPERATING EXPENSES</b>				
Operations	4,788,122	180,048	275,240	5,243,410
Maintenance	402,569	610,398	260,642	1,273,609
General and administrative	637,907	366,354	597,165	1,601,426
Depreciation	798,979	270,140	516,576	1,585,695
Taxes	83,970	26,134	27,346	137,450
<b>TOTAL OPERATING EXPENSES</b>	<b>6,711,547</b>	<b>1,453,074</b>	<b>1,676,969</b>	<b>9,841,590</b>
<b>OPERATING INCOME</b>	<b>777,032</b>	<b>132,081</b>	<b>134,171</b>	<b>1,043,284</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	16,792	12,316	20,800	49,908
Interest expense	(213,605)	(188,991)	(75,214)	(477,810)
Amortization	(20,755)	(2,706)	-	(23,461)
Other	651	-	-	651
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(216,917)</b>	<b>(179,381)</b>	<b>(54,414)</b>	<b>(450,712)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>560,115</b>	<b>(47,300)</b>	<b>79,757</b>	<b>592,572</b>
<b>OPERATING TRANSFER IN (OUT)</b>	<b>(374,874)</b>	<b>(203,068)</b>	<b>(6,367)</b>	<b>(584,309)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>81,350</b>	<b>806,726</b>	<b>412,026</b>	<b>1,300,102</b>
<b>CHANGE IN NET POSITION</b>	<b>266,591</b>	<b>556,358</b>	<b>485,416</b>	<b>1,308,365</b>
<b>NET POSITION BEGINNING OF YEAR</b>	<b>10,398,375</b>	<b>3,600,586</b>	<b>10,595,319</b>	<b>24,594,280</b>
<b>NET POSITION END OF YEAR</b>	<b>\$ 10,664,966</b>	<b>\$ 4,156,944</b>	<b>\$ 11,080,735</b>	<b>\$ 25,902,645</b>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	ELECTRIC UTILITY	WATER UTILITY	SEWER UTILITY	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 6,768,874	\$ 1,079,598	\$ 1,772,875	\$ 9,621,347
Receipts from (payments to) municipality	673,774	320,778	54,945	1,049,497
Payments to suppliers for goods and services	(5,383,514)	(762,113)	(624,436)	(6,770,063)
Payments for employees for services	(162,894)	(208,678)	(354,470)	(726,042)
Payments for employee benefits	(148,485)	(62,178)	(89,027)	(299,690)
Net cash provided by operating activities	<u>1,747,755</u>	<u>367,407</u>	<u>759,887</u>	<u>2,875,049</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to governmental funds	(374,874)	(203,068)	(6,367)	(584,309)
Net cash (used in) noncapital financing activities	<u>(374,874)</u>	<u>(203,068)</u>	<u>(6,367)</u>	<u>(584,309)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of property, plant and equipment	(536,484)	(634,371)	(766,007)	(1,936,862)
Receipt of developer's fees	81,350	806,726	412,026	1,300,102
Issue of bonds and loans	(125,658)	(62,829)	(74,686)	(263,173)
Retirement of bonds and loans	(523,340)	(300,060)	(202,429)	(1,025,829)
Wisconsin Retirement System pension	32,471	16,236	19,301	68,008
Charge on refunding	20,755	2,706	-	23,461
Interest and amortization paid	(236,687)	(193,097)	(77,183)	(506,967)
Net cash (used in) capital and related financing activities	<u>(1,287,593)</u>	<u>(364,689)</u>	<u>(688,978)</u>	<u>(2,341,260)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	16,792	12,316	20,800	49,908
Net cash provided by investing activities	<u>16,792</u>	<u>12,316</u>	<u>20,800</u>	<u>49,908</u>
Net change in cash and cash equivalents	102,080	(188,034)	85,342	(612)
Cash and cash equivalents - beginning of year	3,249,026	1,101,586	3,242,262	7,592,874
Cash and cash equivalents - end of year	<u>\$ 3,351,106</u>	<u>\$ 913,552</u>	<u>\$ 3,327,604</u>	<u>\$ 7,592,262</u>
<b>Reconciliation of cash to balance sheet</b>				
Cash	\$ 1,399,755	\$ (573,632)	\$ 1,755,202	\$ 2,581,325
Restricted cash and investments	1,951,351	1,487,184	1,572,402	5,010,937
Total cash on cash flow statement	<u>\$ 3,351,106</u>	<u>\$ 913,552</u>	<u>\$ 3,327,604</u>	<u>\$ 7,592,262</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 777,032	\$ 132,081	\$ 134,171	\$ 1,043,284
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	798,979	270,140	516,576	1,585,695
Changes in assets and liabilities				
(Increase) decrease in receivables	(126,514)	(18,224)	(5,138)	(149,876)
(Increase) decrease in due from other funds	(15,320)	(189,107)	-	(204,427)
(Increase) decrease in inventories	158,674	205	-	158,879
(Increase) decrease in Wisconsin Retirement System net pension	-	(55,504)	(65,980)	(121,484)
(Increase) decrease in Wisconsin Retirement System pension	127,399	119,203	141,700	388,302
(Increase) decrease in Wisconsin Retirement System LRLIF	(26,182)	(13,090)	(15,561)	(54,833)
Increase (decrease) in accounts payable	(50,597)	90,959	23,682	64,044
Increase (decrease) in due to other funds	99,448	22,552	21,818	143,818
Increase (decrease) in compensated absences	10,084	8,192	8,619	26,895
Increase (decrease) in other payables	(1,703)	-	-	(1,703)
Increase (decrease) in unearned revenue	(3,545)	-	-	(3,545)
Total adjustments	<u>970,723</u>	<u>235,326</u>	<u>625,716</u>	<u>1,831,765</u>
Net cash provided by operating activities	<u>\$ 1,747,755</u>	<u>\$ 367,407</u>	<u>\$ 759,887</u>	<u>\$ 2,875,049</u>

The accompanying notes are an integral part of these statements.

**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2020**

	<b>CUSTODIAL FUND</b>
<b>ASSETS</b>	
Cash	\$ 4,153,899
Taxes receivable	3,638,529
<b>TOTAL ASSETS</b>	<b>7,792,428</b>
 <b>LIABILITIES</b>	
Due to other governments	4,153,899
 <b>NET POSITION</b>	
Restricted for other governments	3,638,529
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 7,792,428</b>

The accompanying notes are an integral part of these statements.



**CITY OF LAKE MILLS, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>CUSTODIAL FUND</b>
<b>ADDITIONS</b>	
Collections for other governments	\$ 7,792,428
 <b>DEDUCTIONS</b>	
Payments to other governments	8,082,300
 CHANGE IN NET POSITION	 (289,872)
NET POSITION - BEGINNING OF YEAR	3,928,401
<b>NET POSITION - END OF YEAR</b>	<b>\$ 3,638,529</b>

The accompanying notes are an integral part of these statements.

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

The financial statements of the City of Lake Mills, Wisconsin (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

**Reporting Entity** - The City of Lake Mills, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin, 1883. The City operates under a City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

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

The Lake Mills Housing Authority is not considered a component unit of the City. Although the City does appoint the Housing Authority's Board, it cannot impose its will since Board members can only be removed for just cause. Any financial benefit or burden is insignificant.

**Basis of Presentation**

**Government-Wide Financial Statements**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the

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

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

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

Electric Utility - accounts for operations of the electric system.

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the City reports the following fund types:

Permanent Funds - Cemetery Perpetual Care and Library Endowment - are used to account for financial resources to be used for a specific purpose.

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with

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

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

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

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

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

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

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

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

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

**Inventories** - Inventories are priced at the lower of cost (first-in, first-out) or market. The cost of governmental fund type inventories are recorded as expenditures when purchased.

**Prepaid Items** - Prepaid items represent payments for goods or services for which benefits extend beyond December 31. A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

**Restricted Cash** - The 2007, 2009, 2014 and 2016 mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenue as described below:

**Special Redemption Fund** - The bond ordinances require monthly deposits to the redemption account in an amount equal to one-sixth of the next installment of interest coming due on the bonds and one-twelfth of the installment of principal coming due on the next succeeding principal payment date. This account is to be used solely for the payment of principal and interest on bonds as they become due.

**Reserve Fund** - A reserve fund is to be established with a balance of \$696,047. This account shall have funds taken from it only when the bond and interest redemption funds are not sufficient to meet principal and interest payments.

**Equipment Replacement Fund** - The Sewer Utility has established an equipment replacement fund to be used for significant wastewater treatment and collection system mechanical equipment replacement as required by the Wisconsin Department of Natural Resources as a condition to receiving construction grants. An annual deposit or qualifying replacement expenditures totaling \$46,700 is required.

**Impact Fees** - Revenue from impact fees is placed in a segregated, interest-bearing account as required by Wisconsin State Statute 66.0617.

**Other Funds** - These funds consist of unspent construction and improvement receipts and monies set aside to pay general obligation debt.

The December 31, 2020 balances of the Utility's restricted assets are as follows:

	Electric	Water	Sewer	Totals
Revenue bond				
Special redemption fund	\$ 1,294,215	\$ 1,132,052	\$ 441,701	\$ 2,867,968
Reserve fund	657,136	41,626	440,424	1,139,186
DNR equipment replacement	-	-	396,178	396,178
Impact fees	-	313,506	294,099	607,605
Total	\$ 1,951,351	\$ 1,487,184	\$ 1,572,402	\$ 5,010,937

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

**Capital Assets** - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 for general capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net 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 fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset for governmental activities is as follows:

Buildings	15 - 50 years
Land improvements	10 - 75 years
Equipment	4 - 12 years
Infrastructure	15 - 75 years

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

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

Buildings	30 - 50 years
Land improvements	30 - 100 years
Equipment	7 - 40 years

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is vested as earned and sick pay is vested at varying percentages after five or more years of service. Vacation pay and vested sick pay are accrued when incurred in government-wide and proprietary funds and reported as a fund liability. Vacation pay and vested sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it only if they have matured.

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

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

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

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has three items that qualify for reporting in this category. They are the deferred charge on refunding, Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

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

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

**Net Position Classifications** - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

**NOTE 2 - Cash and Investments**

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

As of December 31, 2020, the City had the following investments:

<u>Investment</u>	<u>Weighted Average</u> <u>Maturities</u>	<u>Fair</u> <u>Value</u>
State of Wisconsin Investment Pool	Less than one year	\$ 1,621,046
Community Investment Partners	Less than one year	2,558,199
Certificates of deposit	Less than one year	10,526
Total		<u>\$ 4,190,371</u>

**CITY OF LAKE MILLS WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

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

**Investment Pool Information** - Participation in the State of Wisconsin Local Government Investment Pool and Community Investment Partners is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2020, the Pool's fair value was 100 percent of book value.

**Determining Fair Value** - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

- 1) State of Wisconsin Local Government Investment Pool and Community Investment Partners fair value is determined by the investment board based on published market quotations. (level 2 inputs)

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

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

**Credit Risk** - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. The State of Wisconsin Investment Pool and Investment Community Partners are not rated.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2020, \$11,668,536 of the City's bank balance of \$17,969,454 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government and municipal governments' securities held by the banks in the City's name. \$4,761,267 was uninsured and not collateralized.

**NOTE 3 - Property Taxes**

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

**CITY OF LAKE MILLS WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**NOTE 3 - Property Taxes - Continued**

Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2020 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 850,437	\$ -	\$ (81,120)	\$ 769,317
Construction in progress	1,567,727	-	(475,409)	1,092,318
Total capital assets not being depreciated	<u>2,418,164</u>	<u>-</u>	<u>(556,529)</u>	<u>1,861,635</u>
<b>Capital assets being depreciated:</b>				
Land improvements	1,865,000	84,397	(5,500)	1,943,897
Buildings and improvements	11,761,291	-	(95,630)	11,665,661
Equipment	6,130,261	1,265,939	(247,000)	7,149,200
Infrastructure	15,314,706	2,011,199	-	17,325,905
Total capital assets being depreciated	<u>35,071,258</u>	<u>3,361,535</u>	<u>(348,130)</u>	<u>38,084,663</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	(590,244)	(62,241)	5,500	(646,985)
Buildings and improvements	(3,548,335)	(236,763)	95,630	(3,689,468)
Equipment	(5,078,740)	(447,367)	247,000	(5,279,107)
Infrastructure	(9,774,089)	(426,177)	-	(10,200,266)
Total accumulated depreciation	<u>(18,991,409)</u>	<u>(1,172,548)</u>	<u>348,130</u>	<u>(19,815,826)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>16,079,850</u>	<u>2,188,987</u>	<u>-</u>	<u>18,268,837</u>
<b>Governmental activities: capital assets, net of accumulated depreciation</b>	<u>\$ 18,468,014</u>	<u>\$ 2,188,987</u>	<u>\$ (556,529)</u>	<u>\$ 20,130,472</u>

Depreciation expense was charged to functions as follows:

General government	\$ 42,737
Public safety	256,904
Public works	678,655
Health and human services	3,031
Culture, recreation and education	177,699
Conservation and development	13,522
Total	<u>\$ 1,172,548</u>

**CITY OF LAKE MILLS WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Mortgage revenue bonds - electric	\$ 7,788,110	\$ -	(474,940)	\$ 7,313,170	\$ 478,474
Mortgage revenue bonds - water	6,566,889	-	(300,060)	6,266,829	301,525
Mortgage revenue bonds - sewer	2,555,668	-	(164,205)	2,391,463	166,463
Notes payable - direct borrowing - electric	371,067	-	(48,400)	322,667	48,400
Notes payable - direct borrowing - sewer	77,888	-	(38,224)	39,664	39,664
Wisconsin Retirement System					
Net pension liability - electric	125,658	-	(125,658)	-	-
LRUF - electric	64,970	32,471	-	97,441	-
Net pension liability - water	62,829	-	(62,829)	-	-
LRUF - water	32,485	16,236	-	48,721	-
Net pension liability - sewer	74,686	-	(74,686)	-	-
LRUF - sewer	38,616	19,301	-	57,917	-
<b>Total</b>	<b>\$ 17,758,866</b>	<b>\$ 88,008</b>	<b>\$ (1,289,002)</b>	<b>\$ 16,537,872</b>	<b>\$ 1,034,526</b>

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$548,933 for the governmental-type activities and \$477,810 for business-type activities. Total interest paid during the year aggregated \$520,543 for governmental type activities and \$482,912 for business-type activities.

**General Obligation Debt** - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2020, is comprised of the following individual issues:

Issue Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance
Bonds	4/11/12	1.1 - 2.75%	3/1/24	\$ 1,415,000
Notes payable - direct placement	9/4/14	.7 - 3.1%	9/1/24	585,000
Bonds	9/4/14	2 - 4%	9/1/33	2,930,000
Bonds	6/23/15	2.5 - 3%	6/1/30	2,460,000
Bonds	7/13/16	2 - 3%	6/1/36	2,310,000
Notes payable - direct placement	4/6/17	1.1 - 2.95%	4/1/27	1,390,000
Bonds	4/6/17	3 - 3.25%	4/1/32	1,025,000
Bonds	7/11/18	3%	5/1/28	2,190,000
Notes payable - direct borrowing	6/21/19	3.5%	4/20/29	545,821
Bonds	6/27/19	3%	5/1/39	2,265,000
Bonds	6/27/19	3%	5/1/25	25,000
Bonds	6/10/20	2%	4/1/40	2,725,000
Notes payable - direct borrowing	10/27/20	2.5%	6/1/25	195,000
<b>Total</b>				<b>\$ 20,060,821</b>

**CITY OF LAKE MILLS WISCONSIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020**

**NOTE 4 - Capital Assets - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 133,082	\$ -	\$ -	\$ 133,082
Construction in progress	3,902,817	1,425,254	(4,747,764)	580,307
Total capital assets not being depreciated	4,035,899	1,425,254	(4,747,764)	713,389
Capital assets being depreciated:				
Land improvements	382,576	-	-	382,576
Buildings	7,278,843	-	-	7,278,843
Equipment and systems	47,416,602	5,322,879	(155,239)	52,584,242
Total capital assets being depreciated	55,078,021	5,322,879	(155,239)	60,245,661
Less accumulated depreciation for:				
Land improvements	(249,401)	(11,019)	-	(260,420)
Buildings	(2,819,912)	(196,160)	-	(3,016,072)
Equipment and systems	(22,168,221)	(1,442,023)	155,239	(23,455,005)
Total accumulated depreciation	(25,237,534)	(1,649,202)	155,239	(26,731,497)
Total capital assets being depreciated, net of accumulated depreciation	29,840,487	3,673,677	-	33,514,164
<b>Business-type activities capital assets, net of accumulated depreciation</b>	<b>\$ 33,876,386</b>	<b>\$ 5,096,931</b>	<b>\$ (4,747,764)</b>	<b>\$ 34,225,553</b>

Depreciation expense was charged to functions as follows:

Electric utility	\$ 816,306
Water utility	292,935
Sewer utility	539,961
<b>Total depreciation for business-type activities</b>	<b>\$ 1,649,202</b>

**NOTE 5 - Long-Term Obligations**

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 16,035,000	\$ 2,725,000	\$ (1,415,000)	\$ 17,345,000	\$ 1,730,000
Notes payable - direct borrowing	773,515	195,000	(227,694)	740,821	91,474
Notes payable - direct placement	2,305,000	-	(330,000)	1,975,000	335,000
Premium	443,039	77,260	(33,376)	486,923	35,307
Vested vacation pay	76,134	68,594	(76,134)	68,594	68,594
Vested sick pay	114,200	96,980	(114,200)	96,980	32,330
Wisconsin Retirement System					
Net pension liability	600,314	-	(600,314)	-	-
LRUF	296,886	146,391	-	443,277	-
Supplemental pension	527,691	-	(527,691)	-	-
<b>Total</b>	<b>\$ 21,171,779</b>	<b>\$ 3,309,235</b>	<b>\$ (3,324,409)</b>	<b>\$ 21,156,605</b>	<b>\$ 2,292,705</b>

**CITY OF LAKE MILLS WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**CITY OF LAKE MILLS WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

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

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

**Default With Finance Related Consequences** - The 6/21/19 and 10/27/20 notes payable - direct borrowing contain provisions that in event of default, outstanding amounts become immediately due if the City is unable to make the payment.

**Subjective Acceleration Clause** - The 6/21/19 and 10/27/20 notes payable - direct borrowing contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

Proprietary fund debt is expected to be repaid with electric, water and sewer utilities revenue. Proprietary fund debt at December 31, 2020, is comprised of the following individual issues:

Issue Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance
Mortgage revenue bonds-sewer	10/24/01	3.042%	5/1/21	\$ 76,463
Notes-direct borrowing-sewer	11/1/11	3.75%	3/15/21	39,664
Mortgage revenue bonds-water	5/17/13	3 - 3.625%	5/1/34	860,000
Mortgage revenue bonds-electric	9/4/14	3 - 3.625%	5/1/34	3,105,000
Mortgage revenue bonds-electric	7/13/16	2 - 2.2%	5/1/29	2,540,586
Mortgage revenue bonds-water	7/13/16	2 - 2.2%	5/1/29	1,054,413
Mortgage revenue bonds-electric	4/6/17	3 - 3.75%	5/1/37	1,025,000
Notes-direct borrowing-electric	8/22/17	-	8/22/27	322,667
Bonds-electric	7/11/18	3.2 - 4%	5/1/38	642,584
Bonds-water	7/11/18	3.2 - 4%	5/1/38	987,416
Bonds-sewer	6/27/19	3%	5/1/39	3,365,000
Total				\$ 16,333,793

**General Obligation Debt Limit Calculation** - The 2020 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$639,518,000. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Section 67.03(1)(e) of the Wisconsin Statutes follows:

Debt limit (5% of \$639,518,000)	\$ 31,975,900
Applicable long-term debt	(20,423,152)
Amount available in debt service	<u>\$ 11,552,748</u>
Margin of indebtedness	-

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

Year Ending December 31	Bonds		Notes Payable - Direct Borrowing and Placement		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,730,000	\$ 399,128	\$ 426,474	\$ 68,861	\$ 2,624,463
2022	1,565,000	359,062	462,298	60,910	2,447,270
2023	1,575,000	317,978	450,165	49,832	2,392,975
2024	1,590,000	275,526	453,118	38,125	2,356,769
2025	1,480,000	236,150	281,176	25,740	2,023,066
2026-2030	5,575,000	637,894	642,590	34,464	6,889,948
2031-2035	2,375,000	197,720	-	-	2,572,720
2036-2040	1,455,000	30,225	-	-	1,485,225
	<u>\$ 17,345,000</u>	<u>\$ 2,453,683</u>	<u>\$ 2,715,821</u>	<u>\$ 277,932</u>	<u>\$ 22,792,436</u>

Year Ending December 31	Bonds		Notes Payable - Direct Borrowing and Placement		Total
	Principal	Interest	Principal	Interest	
2021	\$ 946,462	\$ 454,492	\$ 88,064	\$ 1,487	\$ 1,490,505
2022	965,000	428,703	48,400	-	1,442,103
2023	980,000	402,529	48,400	-	1,430,929
2024	1,005,000	375,878	48,400	-	1,429,278
2025	1,030,000	348,604	48,400	-	1,427,004
2026-2030	5,115,000	1,312,363	80,667	-	6,508,030
2031-2035	3,905,000	623,763	-	-	4,528,763
2036-2040	2,025,000	117,837	-	-	2,142,837
	<u>\$ 15,971,462</u>	<u>\$ 4,064,169</u>	<u>\$ 362,331</u>	<u>\$ 1,487</u>	<u>\$ 20,399,449</u>

**Bond Compliance Requirements** - A statutory mortgage lien upon the Electric, Water, and Sewer Utilities and any additions, improvements, and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the resolution creating the 2009 bond issues.



**CITY OF LAKE MILLS WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

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

The 2009 mortgage bond ordinances require segregation of the proceeds of the bond issues and creation and continual funding of redemption, reserve, and depreciation funds. These are further discussed in Note 1.

The resolution authorizing the issuance of the 2009 mortgage revenue bonds requires the Utility to maintain earnings of at least 1.25 times the annual debt service on the 2009 bonds. The calculation of the 2011 earnings requirement follows:

	Electric	Water	Sewer	Total
Operating revenue	\$ 7,488,579	\$ 1,585,155	\$ 1,811,140	\$ 10,884,874
Interest income	16,792	12,316	20,800	49,908
<b>TOTAL REVENUE</b>	<b>7,505,371</b>	<b>1,597,471</b>	<b>1,831,940</b>	<b>10,934,782</b>
Less: Total operating expenses excluding depreciation and tax equivalent	5,537,694	979,866	1,160,393	7,677,953
<b>EARNINGS DEFINED BY ORDINANCE</b>	<b>\$ 1,967,677</b>	<b>\$ 617,605</b>	<b>\$ 671,547</b>	<b>\$ 3,256,829</b>
<b>REQUIRED EARNINGS (1.25 times annual debt service)</b>	<b>\$ 852,158</b>	<b>\$ 604,379</b>	<b>\$ 294,658</b>	<b>\$ 1,751,195</b>

The Utilities, in total, are in compliance with all material bond requirements.

**NOTE 6 - Wisconsin Retirement System**

**General Information about the Pension Plan**

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

ETF issues a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**CITY OF LAKE MILLS WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

**CITY OF LAKE MILLS, WISCONSIN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020

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

**Contributions** - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees.

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 \$245,998 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the City reported a liability (asset) of (\$760,561) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .02358728%, which was a decrease of .00068375% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$283,662.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,443,721	\$ 722,485
Net differences between projected and actual earnings on pension plan investments	-	1,554,858
Changes in assumptions	59,267	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	274	8,847
Employer contributions subsequent to the measurement date	271,810	-
<b>Total</b>	<b>\$ 1,775,072</b>	<b>\$ 2,286,190</b>

\$271,810 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2021	\$ (233,910)
2022	(174,928)
2023	25,813
2024	(399,903)
Thereafter	-

**Actuarial Assumptions** - The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	3%
Inflation	.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	1.9%
Post-retirement Adjustments*	

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Asset Allocation Targets and Expected Returns  
As of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.75%.  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate** - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used

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

To determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond 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 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
City's proportionate share of the net pension liability (asset)	\$ 1,958,582	\$ (760,561)	\$ (2,793,434)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan** - The City reported a payable of \$46,430 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

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

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

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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

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

valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .152026%, which was a decrease of .015765% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$62,223.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 29,000
Net differences between projected and actual earnings on OPEB plan investments	12,212	-
Changes in assumption	238,813	71,204
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,278	47,104
Employer contributions subsequent to the measurement date	2,748	-
<b>Total</b>	<b>\$ 261,051</b>	<b>\$ 147,308</b>

\$2,748 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2021	\$ 19,458
2022	19,458
2023	18,141
2024	16,785
Thereafter	37,153

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Contribution rates as of December 31, 2019 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance		
Employee Contribution Rates*		
For the year ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$ .05	
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57

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

During the reporting period, the LRLIF recognized \$2,748 in contributions from the employer.

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

At December 31, 2020, the City reported a liability (asset) of \$647,356 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial

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

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	3%
Inflation	1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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

Local OPEB Life Insurance  
 Asset Allocation Targets and Expected Returns  
 As of December 31, 2019

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	45	2.12
US Long Credit Bonds	Barclays Long Credit	5	2.9
US Mortgages	Barclays MBS	50	1.53
Inflation			2.2
Long-term Expected Rate of Return			4.23

The long-term expected rate of return slightly decreased from 5% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

**Single Discount Rate** - A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's proportionate share of the net OPEB liability (asset)	\$ 893,891	\$ 647,356	\$ 459,792

**Payables to the Pension Plan** - The City reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2020.

**NOTE 8 - Supplemental Pension Defined Benefit Plan**

**General Information about the Supplemental Pension Plan**

**Plan Description** - The City had a non-contributory entitlement program covering substantially all volunteer fire fighters. The plan was discontinued during 2020 and plan assets were distributed to the participants.

**Benefits Provided** - The purpose of the plan was to provide a retirement income for volunteer firefighters in recognition of their service to the fire department. Administrators that do not participate in the District's medical plan upon their retirement will instead receive a cash benefit in lieu of such participation. The amount of this benefit is determined by individual years of service. Eligibility for this benefit is a minimum age of 65 with one year of service.

**NOTE 8 - Supplemental Pension Defined Benefit Plan - Continued**

**Employees Covered** - As of the measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>63</u>
Total	63

**Contributions** - The City Council has the authority to establish the contribution requirements for the plan. The Council establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended December 31, 2020, the City contributed zero and the Plan members did not make a contribution.

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

Actuarial Valuation Date:	April 1, 2019
Measurement Date:	March 31, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	2.48%
Discount Rate:	2.48%
Mortality:	RP2000MF with improvement

The net supplemental pension liability for December 31, 2020 is based upon an update of the liability calculated from the April 1, 2020 actuarial valuation. There were no material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**Long-Term Expected Return on Plan Assets** - The long-term expected real rate of return on plan investments is based off a 20 year AA municipal bond rate.

**Discount Rate** - A discount rate of 2.48% was used to measure the total supplemental pension liability. This discount rate was based on the expected rate of return on pension plan investments of 2.48%. The projection of cash flows used to determine the discount rate assumed the 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 plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

**Sensitivity of the Supplemental Pension Liability to Changes in the Discount Rate** - The following presents the supplemental pension liability calculated using the discount rate of 2.48 percent, as well as what the supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.48 percent) or 1-percentage-point higher (3.48 percent) than the current rate:

**NOTE 8 - Supplemental Pension Defined Benefit Plan - Continued**

Supplemental pension liability	1% Decrease to Discount Rate (1.48%)	Current Discount Rate (2.48%)	1% Increase to Discount Rate (3.48%)
	\$ -	\$ -	\$ -

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

For the year ended December 31, 2020, the City recognized pension expense of zero.

At December 31, 2020, 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	\$ -	\$ -
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

Zero reported as deferred outflows related to OPEB resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in expense as follows:

Year ending December 31	Deferred Outflows/Inflows of Resources
2021	\$ -
2022	-
2023	-
2024	-
Thereafter	-

**Payables to the Pension Plan** - The City reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended December 31, 2020.

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 9 - Interfund Balance and Activity**

Interfund receivable and payable balances on December 31, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Assessment	\$ 1,170,695
General	Sanitation and Recycling	72,129
General	Electric	40,993
General	Water	47,592
Cemetery Perpetual Care	General	7,981
Library	General	120,446
Capital Projects	General	29,374
Park Improvements	General	398,292
Electric	General	56,306
Electric	Water	781,284
Water	General	16,705
Water	Sewer	229,956
Water	Electric	145,077
Sewer	General	53,369
Sewer	Electric	346,710
<b>Total</b>		<u>\$ 3,516,909</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

<u>Advance To</u>	<u>Advance From</u>	<u>Amount</u>
General	Capital Projects	\$ 1,338,008

The principal purposes of these advances are capital projects and capital asset acquisition. For the statement of net position, advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Interfund transfers at December 31, 2020 were as follows:

<u>Funds Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
General	Electric	\$ 374,874
General	Water	203,068
General	Sewer	<u>6,367</u>
		<u>\$ 584,309</u>

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

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 10 - Fund Balances and Net Position**

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 58,550
General	Advances	\$ 1,338,008
Cemetery perpetual care	Permanent fund	\$ 302,377
Library endowment	Permanent fund	\$ 68,340
Committed		
General	Capital reserve	\$ 400,140
Assigned		
Library	Specific expenses	\$ 523,970
Park improvements	Specific expenses	\$ 669,034
Community development	Specific expenses	\$ 511,719
block grant		
<b>Net Position</b>		
<b>Governmental Activities</b>		
Restricted		
Cemetery perpetual care	Permanent fund	\$ 302,377
Library endowment	Permanent fund	\$ 68,340
Other activities	Wisconsin Retirement System pension	\$ 528,069
<b>Business-Type Activities</b>		
Restricted		
Electric utility	Principal and interest	\$ 1,916,465
Electric utility	Wisconsin Retirement System pension	\$ 111,008
Water utility	Principal and interest	\$ 1,142,646
Water utility	Wisconsin Retirement System pension	\$ 55,504
Water utility	Impact fees	\$ 313,506
Sewer utility	Principal and interest	\$ 868,976
Sewer utility	Wisconsin Retirement System pension	\$ 65,980
Sewer utility	Impact fees	\$ 294,099
Sewer utility	DNR requirements	\$ 396,178

Deficits - The following individual funds had deficits at December 31, 2020:

Capital projects	\$ 558,057
Sanitation and recycling	\$ 72,129
Special assessment	\$ 616,217

The deficits will be funded by future revenues.

**NOTE 11 - Risk Management**

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

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 12 - The Wisconsin Public Power Incorporated System (WPPPI)**

Lake Mills Light and Water Department purchases all of its electric requirements from the Wisconsin Public Power Incorporated System (WPPPI). WPPPI 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, Section 66.0825 of the Wisconsin Statutes (the Act). WPPPI's purposes include providing an adequate, economical, and reliable supply of electric energy to its members.

Lake Mills Light and Water is one of 51 members of WPPPI located throughout the State of Wisconsin. On December 1, 1989, each of WPPPI's members, including Lake Mills Light and Water, commenced purchasing electric service from WPPPI under a new Long-Term Power Supply Contract for Participating Members (the Long-Term Contract) under which WPPPI 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.

Under the Long-Term Contract, Lake Mills Light and Water, and the other members of WPPPI are required to pay for all power and energy requirements supplied or made available by WPPPI at rates sufficient to cover all of WPPPI's revenue requirement which includes power supply costs, administrative expenses, and debt service on outstanding bonds. WPPPI's subsequent years' rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. Lake Mills Light and Water has agreed to charge rates to the retail ratepayers of its combined electric and water system sufficient to meet its obligations to WPPPI. The Long-Term Contract provides that all payments to WPPPI under the Contract constitute operating expenses of Lake Mills Light and Water combined electric and water system payable from any operating and maintenance fund established by Lake Mills Light and Water for that system.

The Long-Term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any other time thereafter, provided that no WPPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

**NOTE 13 - Tax Incremental Finance Districts**

Tax increment financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area.

The City has financed development and public improvement costs in its TIF through general fund advances and through the issuance of general obligation long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures.

Tax increments will be used to repay general fund advances and to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The TIF is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the TIF. The City becomes liable for any cost not recovered by the termination date.

**NOTE 13 - Tax Incremental Finance Districts - Continued**

The City has five Tax Incremental Financing Districts. The following is a project summary of TIF activity and status of the district through December 31, 2020:

Sources of funds	TIF #2	TIF #3	TIF #4
Proceeds from long-term debt	\$ 4,825,331	\$ 270,000	\$ 4,630,000
TID increments	4,510,102	474,828	3,122,922
Exempt computer aids	175,171	102,646	48,823
Interest income	110,981	10,167	18,236
Transfer from other funds	107,790	-	-
Special assessments	64,722	-	30,757
Miscellaneous	358,961	-	141,532
Total sources of funds	<u>9,794,097</u>	<u>1,216,602</u>	<u>7,992,270</u>
Uses of funds			
Project expenditures	3,063,036	885,138	5,580,329
Administration	36,464	300	15,671
Interest on advances	214,290	6,611	17,969
Principal - long-term debt	2,971,099	269,999	1,755,000
Interest - long-term debt	1,360,748	13,293	782,270
Payment to escrow agent	1,764,109	-	-
Debt discount/issue cost	51,716	4,480	16,976
Total uses of funds	<u>9,461,462</u>	<u>1,179,821</u>	<u>8,168,215</u>
Fund balances as of			
December 31, 2020	<u>332,635</u>	<u>36,781</u>	<u>(175,945)</u>
Future requirements			
Advances from General Fund	50,471	77,446	263,307
Debt principal	209,232	-	3,875,000
Debt interest	2,471	-	372,973
Less: Cash on hand	<u>(376,828)</u>	<u>(114,227)</u>	<u>(87,362)</u>
Total future requirements	<u>\$ (114,654)</u>	<u>\$ (36,781)</u>	<u>\$ 4,423,918</u>
District termination date	1/6/2021	8/15/2033	7/18/2026



**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 13 - Tax Incremental Finance Districts - Continued**

	TIF #5	TIF #6	TIF #7
Sources of funds			
Proceeds from long-term debt	\$ 895,000	\$ -	\$ -
TID increments	-	-	-
Exempt computer aids	1,698	1,003	-
Interest income	177	26	-
Transfer from other funds	-	-	-
Special assessments	721,456	25,214	-
Miscellaneous	-	-	-
<u>Total sources of funds</u>	<u>1,618,331</u>	<u>26,243</u>	<u>-</u>
Uses of funds			
Project expenditures	1,610,037	760,145	4,214
Administration	-	-	-
Interest on advances	4,760	14,660	-
Principal - long-term debt	-	-	-
Interest - long-term debt	-	-	-
Payment to escrow agent	-	-	-
Debt discount/issue cost	(3,404)	-	-
<u>Total uses of funds</u>	<u>1,611,393</u>	<u>774,805</u>	<u>4,214</u>
Fund balances as of			
December 31, 2020	<u>6,938</u>	<u>(748,562)</u>	<u>(4,214)</u>
Future requirements			
Advances from General Fund	192,628	749,402	4,214
Debt principal	895,000	-	-
Debt interest	202,240	-	-
Less: Cash on hand	(61,071)	(840)	-
<u>Total future requirements</u>	<u>\$ 1,228,797</u>	<u>\$ 748,562</u>	<u>\$ 4,214</u>
District termination date	4/15/2041	8/5/2034	5/1/2039

**CITY OF LAKE MILLS, WISCONSIN**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2020

**NOTE 13 - Tax Incremental Finance Districts - Continued**

	TIF #8
Sources of funds	
Proceeds from long-term debt	\$ -
TID increments	-
Exempt computer aids	-
Interest income	-
Transfer from other funds	-
Special assessments	-
Miscellaneous	-
<u>Total sources of funds</u>	<u>-</u>
Uses of funds	
Project expenditures	5,688
Administration	-
Interest on advances	-
Principal - long-term debt	-
Interest - long-term debt	-
Payment to escrow agent	-
Debt discount/issue cost	-
<u>Total uses of funds</u>	<u>5,688</u>
Fund balances as of	
December 31, 2020	<u>(5,688)</u>
Future requirements	
Advances from General Fund	5,688
Debt principal	-
Debt interest	-
Less: Cash on hand	-
<u>Total future requirements</u>	<u>\$ -</u>
District termination date	1/1/2048

**NOTE 14 - Coronavirus (COVID-19)**

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of operations including costs for emergency preparedness, virtual meetings, shortages of personnel, and potential delays in revenue collections.

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
 DECEMBER 31, 2020

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

1. Prior to October 15, the City Manager submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. In December, the budget is legally enacted through passage of an ordinance.
4. The Department directors are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditures control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget ordinance and subsequent revisions authorized by the Common Council.
9. Appropriations lapse at year end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following expenditure classifications were in excess of \$1,000 over budget.

General Fund		\$ 45,485
Debt service - other		

**CITY OF LAKE MILLS, WISCONSIN**  
**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**CITY OF LAKE MILLS, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 4,542,700	\$ 4,542,700	\$ 4,537,663	\$ (5,037)
Intergovernmental	1,817,300	1,817,300	1,501,222	(316,078)
Licenses and permits	147,200	147,200	214,904	67,704
Fines, forfeits and penalties	63,000	63,000	51,676	(11,324)
Public charges for services	160,100	160,100	188,816	28,716
Intergovernmental charges for services	341,500	341,500	361,092	19,592
Miscellaneous	277,500	277,500	338,492	60,992
<b>TOTAL REVENUES</b>	<b>7,349,300</b>	<b>7,349,300</b>	<b>7,193,865</b>	<b>(155,435)</b>
<b>EXPENDITURES</b>				
Current				
General government	1,220,525	1,220,525	1,192,997	27,528
Public safety	1,803,900	1,803,900	1,798,392	4,508
Public works	1,074,000	1,074,000	1,068,769	5,231
Health and human services	132,500	132,500	120,710	11,790
Culture, recreation and education	841,300	841,300	803,439	37,861
Conservation and development	170,900	170,900	140,508	30,392
Debt service				
Principal	1,357,400	1,357,400	1,357,360	40
Interest	431,000	431,000	430,648	352
Other	-	-	45,485	(45,485)
Capital outlay	2,865,600	2,865,600	2,661,412	204,188
<b>TOTAL EXPENDITURES</b>	<b>9,897,125</b>	<b>9,897,125</b>	<b>9,620,720</b>	<b>276,405</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(2,547,825)</b>	<b>(2,547,825)</b>	<b>(2,426,855)</b>	<b>120,970</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	585,000	585,000	584,309	(691)
Issuance of long-term debt	1,965,300	1,965,300	2,050,000	84,700
Premium on long-term debt	-	-	52,524	52,524
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,550,300</b>	<b>2,550,300</b>	<b>2,686,833</b>	<b>136,533</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,475</b>	<b>2,475</b>	<b>259,978</b>	<b>257,503</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>6,570,902</b>	<b>6,570,902</b>	<b>6,570,902</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 6,573,377</b>	<b>\$ 6,573,377</b>	<b>\$ 6,830,880</b>	<b>\$ 257,503</b>

**CITY OF LAKE MILLS, WISCONSIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**DECEMBER 31, 2020**

- NOTE 1 - Budgetary Information** - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes. The City follows these procedures in establishing the budgetary data reflected in the financial statements.
- Prior to October 15, the City Manager submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
  - A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
  - In December, the budget is legally enacted through passage of an ordinance.
  - The Department directors are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Common Council.
  - Formal budgetary integration is employed as a management control device during the year for the General Fund.
  - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
  - Budgetary expenditures control is exercised at the department level within the fund.
  - Budgeted amounts are as authorized in the original budget ordinance and subsequent revisions authorized by the Common Council.
  - Appropriations lapse at year end, except those specifically carried forward by Council action.
  - Encumbrance accounting is not used.

**NOTE 2 - Excess of Actual Expenditure Over Budget** - The following expenditure classifications were in excess of \$1,000 over budget.

General Fund	\$ 45,485
Debt service - other	

**CITY OF LAKE MILLS, WISCONSIN**  
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES  
YEAR ENDED DECEMBER 31, 2020

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
			Covered Payroll	Contribution Deficiency (Excess)	
2020	0.02358728%	\$ (760,561)	\$ 3,283,123	-23.17%	102.96%
2019	0.02427103%	863,487	3,197,059	27.01%	96.45%
2018	0.02439301%	(724,257)	3,119,627	-23.22%	102.93%
2017	0.02413916%	198,964	3,041,906	6.54%	99.12%
2016	0.02358082%	383,184	3,097,482	12.37%	98.20%
2015	0.02359165%	(579,475)	3,097,482	-18.71%	102.74%

SCHEDULE OF CONTRIBUTIONS

	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contribution Deficiency (Excess)			
2020	\$ 245,998	\$ (245,998)	\$ -	\$ 3,283,123	7.49%
2019	241,734	(241,734)	-	3,197,059	7.56%
2018	240,773	(240,773)	-	3,119,627	7.72%
2017	244,156	(244,156)	-	3,041,906	8.03%
2016	229,783	(229,783)	-	3,097,482	7.42%
2015	226,072	(226,072)	-	3,097,482	7.30%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

Changes of benefit terms - there were no changes of benefit terms for any participating employer in WRS. Changes of assumptions - no significant change in assumptions were noted from the prior year.

**CITY OF LAKE MILLS, WISCONSIN**  
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES  
YEAR ENDED DECEMBER 31, 2020

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
			Covered Payroll	Contribution Deficiency (Excess)	
2020	0.15202600%	\$ 647,356	\$ 3,149,000	20.56%	37.58%
2019	0.16779100%	432,957	3,130,000	13.83%	48.69%
2018	0.17134900%	515,517	7,205,716	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS

	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contribution Deficiency (Excess)			
2020	\$ 2,748	\$ (2,748)	\$ -	\$ 3,149,000	0.09%
2019	3,232	(3,232)	-	3,130,000	0.10%
2018	3,253	(3,253)	-	7,205,716	0.05%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

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

Changes of assumptions - several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation.

**CITY OF LAKE MILLS, WISCONSIN**  
**SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
 Last 10 Fiscal Years

	2020	2019	2018	2017
<b>Total Pension Liability</b>				
Service cost	\$ -	\$ 22,743	\$ 19,316	\$ 17,864
Interest	-	10,784	15,138	-
Differences between expected and actual experience	-	3,085	(923)	418,305
Changes in assumptions	-	93,627	(3,261)	15,900
Benefit payments	(527,691)	(64,880)	(10,563)	(9,444)
Net Changes in Total Pension Liability	(527,691)	65,359	19,707	442,625
Total Pension Liability - Beginning	527,691	462,332	442,625	-
<b>Total Pension Liability - Ending (a)</b>	<b>\$ -</b>	<b>\$ 527,691</b>	<b>\$ 462,332</b>	<b>\$ 442,625</b>

Plan fiduciary net position as a percentage of the total pension liability 0.00% 0.00% 0.00% 0.00%

Covered payroll \$ - \$ - \$ - \$ -

Pension liability as a percentage of covered payroll N/A N/A N/A N/A

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years

	2020	2019	2018	2017
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -

Contributions as a percentage of covered payroll N/A N/A N/A N/A

Actuarial valuation date 4/1/2020 4/1/2019 4/1/2018 4/1/2017

Measurement date 3/31/2021 3/31/2020 3/31/2019 3/31/2018

The City implemented the Government Accounting Standards Board Statement No. 73 for the year ended December 31, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 6 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2020**

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 7 year level % open amortization, fair market value asset valuation, 2.48% discount rate, Mortality RP2000MF with improvement.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions other than discount rate.

**CITY OF LAKE MILLS, WISCONSIN**  
**SUPPLEMENTARY INFORMATION**

**CITY OF LAKE MILLS, WISCONSIN**  
 COMBINING BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS				PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LIBRARY IMPROVEMENTS	PARK IMPROVEMENTS	SANITATION AND RECYCLING	SPECIAL ASSESSMENT	COMMUNITY DEVELOPMENT BLOCK GRANT	CEMETERY PERPETUAL CARE	LIBRARY ENDOWMENT	
<b>ASSETS</b>								
Cash and investments	\$ 403,524	\$ 270,742	\$ -	\$ 496,583	\$ 511,719	\$ 293,067	\$ 68,340	\$ 2,043,975
Receivable	-	-	-	-	-	1,329	-	1,329
Accounts and other	-	-	-	2,618	-	-	-	2,618
Taxes	120,446	398,292	-	-	-	7,981	-	526,719
Due from other funds	-	-	-	57,895	-	-	-	57,895
Due from other governments	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>523,970</b>	<b>669,034</b>	<b>-</b>	<b>557,096</b>	<b>511,719</b>	<b>302,377</b>	<b>68,340</b>	<b>2,632,536</b>
<b>LIABILITIES</b>								
Due to other funds	-	-	72,129	1,170,695	-	-	-	1,242,824
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - tax roll	-	-	-	2,618	-	-	-	2,618
<b>FUND BALANCE</b>								
Nonspendable	-	-	-	-	-	302,377	68,340	370,717
Assigned	523,970	669,034	-	-	511,719	-	-	1,704,723
Unassigned	-	-	(72,129)	(616,217)	-	-	-	(688,346)
<b>TOTAL FUND BALANCE</b>	<b>523,970</b>	<b>669,034</b>	<b>(72,129)</b>	<b>(616,217)</b>	<b>511,719</b>	<b>302,377</b>	<b>68,340</b>	<b>1,387,094</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 523,970</b>	<b>\$ 669,034</b>	<b>\$ -</b>	<b>\$ 557,096</b>	<b>\$ 511,719</b>	<b>\$ 302,377</b>	<b>\$ 68,340</b>	<b>\$ 2,632,536</b>

**CITY OF LAKE MILLS, WISCONSIN**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS				PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LIBRARY IMPROVEMENTS	PARK AND RECYCLING	SANITATION	SPECIAL ASSESSMENT	COMMUNITY DEVELOPMENT BLOCK GRANT	CEMETERY PERPETUAL CARE	LIBRARY ENDOWMENT	
REVENUES								
Special assessments	\$ -	\$ -	\$ -	467,490	\$ -	\$ -	\$ -	467,490
Intergovernmental	-	-	19,705	-	-	-	-	19,705
Public charges for services	2,301	102,064	370,879	-	-	4,560	-	479,804
Miscellaneous								
Donations	26,499	-	-	-	-	-	-	26,499
Interest	976	874	-	522	3,080	7,439	201	13,092
Principal repayment	-	-	-	-	137,803	-	-	137,803
TOTAL REVENUE	<u>29,776</u>	<u>102,938</u>	<u>390,584</u>	<u>468,012</u>	<u>140,883</u>	<u>11,999</u>	<u>201</u>	<u>1,144,393</u>
EXPENDITURES								
Current								
Public works	-	-	419,861	-	-	-	-	419,861
Capital outlay	-	-	-	57,468	-	-	-	57,468
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>419,861</u>	<u>57,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,329</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	29,776	102,938	(29,277)	410,544	140,883	11,999	201	667,064
FUND BALANCE AT BEGINNING OF YEAR	494,194	566,096	(42,852)	(1,026,761)	370,836	290,378	68,139	720,030
FUND BALANCE AT END OF YEAR	<u>\$ 523,970</u>	<u>\$ 669,034</u>	<u>\$ (72,129)</u>	<u>\$ (616,217)</u>	<u>\$ 511,719</u>	<u>\$ 302,377</u>	<u>\$ 68,340</u>	<u>\$ 1,387,094</u>

**CITY OF LAKE MILLS, WISCONSIN**  
**DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUE</b>				
Taxes				
Property	\$ 4,420,600	\$ 4,420,600	4,422,891	\$ 2,291
Mobile home	100,000	100,000	92,767	(7,233)
Transfer of assets	2,100	2,100	2,100	-
Interest on taxes	1,000	1,000	1,000	930
Other taxes	1,000	1,000	1,000	(5,037)
<b>TOTAL</b>	<b>4,524,700</b>	<b>4,524,700</b>	<b>4,537,698</b>	<b>(16,002)</b>
Intergovernmental				
State shared taxes	607,000	607,000	489,895	(113,915)
State fire insurance	19,500	19,500	22,846	4,486
State fire insurance improvement grants	7,100	7,100	7,100	0
State water patrol grants	-	-	3,244	3,244
State general transportation aid grants	445,700	445,700	430,760	(14,940)
State other highway aid grants	-	-	21,817	21,817
State other transportation grants	-	-	88,785	88,785
State recycling	100	100	-	(100)
State payment for municipal services ad	2,300	2,300	1,893	(407)
State payment in lieu of taxes	3,800	3,800	3,800	0
County and other local government grants	717,800	717,800	303,139	(414,661)
County and other local government grants	15,000	15,000	145,869	130,869
<b>TOTAL</b>	<b>1,817,300</b>	<b>1,817,300</b>	<b>1,501,222</b>	<b>(316,078)</b>
Licenses and Permits				
Business and occupational licenses	16,000	16,000	16,158	(1,842)
Nonbusiness licenses	4,200	4,200	317	(3,883)
Other regulatory permits and fees	80,000	80,000	70,275	(9,725)
<b>TOTAL</b>	<b>100,200</b>	<b>100,200</b>	<b>86,750</b>	<b>(13,450)</b>
Fines, Forfeits and Penalties				
Law and ordinance violations	57,000	57,000	45,466	(11,534)
Parking violations	6,000	6,000	6,300	300
<b>TOTAL</b>	<b>63,000</b>	<b>63,000</b>	<b>51,766</b>	<b>(11,234)</b>
Public Charges for Services				
Public works for services	600	600	606	6
Wired control	1,300	1,300	478	(822)
Cometery	36,000	36,000	39,000	4,000
Community center	2,500	2,500	15	(2,485)
Other culture and recreation	119,300	119,300	146,891	27,591
Capital charges for services	180,100	180,100	188,016	7,916
<b>TOTAL</b>	<b>600,200</b>	<b>600,200</b>	<b>668,896</b>	<b>68,696</b>
Intergovernmental Charges for Service				
Law enforcement	1,500	1,500	1,514	14
Fire protection	340,000	340,000	359,579	19,579
<b>TOTAL</b>	<b>341,500</b>	<b>341,500</b>	<b>361,093</b>	<b>19,593</b>
Miscellaneous				
Capital charges	53,000	53,000	59,863	(13,137)
Sandy Beach leases	217,500	217,500	211,575	(5,925)
Miscellaneous	3,000	3,000	28,524	25,524
Donations	4,000	4,000	86,530	82,530
<b>TOTAL</b>	<b>277,500</b>	<b>277,500</b>	<b>386,492</b>	<b>108,992</b>
<b>TOTAL REVENUE</b>	<b>7,349,300</b>	<b>7,349,300</b>	<b>7,106,886</b>	<b>(242,414)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	1,865,000	1,865,000	584,309	(691)
Issuance of long-term debt	2,050,000	2,050,000	84,700	84,700
Premium on long-term debt	-	-	52,824	52,824
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>3,915,000</b>	<b>3,915,000</b>	<b>721,833</b>	<b>(1,182)</b>
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>\$ 9,889,600</b>	<b>\$ 9,889,600</b>	<b>\$ 9,889,608</b>	<b>\$ (18,002)</b>

**CITY OF LAKE MILLS, WISCONSIN**  
**DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>EXPENDITURES</b>				
General Government				
Legislative	\$ 100,500	\$ 74,715	\$ 92,530	\$ (17,815)
Judicial	43,800	48,473	53,144	(4,671)
Legal/labor relations	75,700	75,700	63,785	11,915
General administration	350,200	350,200	331,932	18,268
Financial administration	314,125	335,237	313,044	22,193
General buildings and plant	257,300	257,300	215,497	41,803
Other general government	78,900	78,900	123,055	(44,155)
<b>TOTAL</b>	<b>1,220,525</b>	<b>1,220,525</b>	<b>1,192,997</b>	<b>27,528</b>
Public Safety				
Police	1,211,900	1,211,900	1,215,896	(3,996)
Fire protection	474,200	474,200	475,278	(2,078)
Ambulance	42,200	42,200	42,154	46
Inspection	63,600	63,600	63,974	10,526
<b>TOTAL</b>	<b>1,893,900</b>	<b>1,893,900</b>	<b>1,799,392</b>	<b>4,508</b>
Public Works				
Street department	896,400	896,400	884,322	14,078
Street lighting	82,600	82,600	79,031	3,569
Sanitation	84,000	84,000	95,256	(11,256)
Mass transit	9,000	9,000	10,160	(1,160)
Recycling	10,000	10,000	10,160	-
<b>TOTAL</b>	<b>1,074,000</b>	<b>1,074,000</b>	<b>1,068,769</b>	<b>5,231</b>
Health and Human Services				
Public health services	20,500	20,500	18,196	2,304
Cometery	112,000	112,000	102,514	9,486
<b>TOTAL</b>	<b>132,500</b>	<b>132,500</b>	<b>120,710</b>	<b>11,790</b>
Culture, Recreation and Education				
Library	372,100	372,100	361,168	10,932
Other culture	11,500	11,500	7,689	3,811
Parks	399,500	399,500	366,075	(6,575)
Recreation facilities	96,200	96,200	95,507	2,893
<b>TOTAL</b>	<b>841,300</b>	<b>841,300</b>	<b>803,439</b>	<b>37,861</b>
Conservation and Development				
Community development	31,300	31,300	41,462	(10,162)
Forestry	139,600	139,600	99,046	40,554
<b>TOTAL</b>	<b>170,900</b>	<b>170,900</b>	<b>140,508</b>	<b>30,392</b>
Debt Service				
Principal	1,357,400	1,357,400	1,357,360	40
Interest	431,000	431,000	430,648	352
Other	-	-	45,485	(45,485)
<b>TOTAL</b>	<b>1,788,400</b>	<b>1,788,400</b>	<b>1,833,493</b>	<b>(45,093)</b>
Capital Outlay				
General government	20,000	20,000	24,568	(4,568)
Public safety	621,500	621,500	634,266	(12,766)
Public works	1,076,500	1,076,500	1,315,919	(245,019)
Culture, recreation and education	1,136,100	1,136,100	629,864	506,236
Conservation and development	11,500	11,500	57,195	(45,695)
<b>TOTAL</b>	<b>2,865,600</b>	<b>2,865,600</b>	<b>2,851,412</b>	<b>204,188</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,897,125</b>	<b>\$ 9,897,125</b>	<b>\$ 9,620,720</b>	<b>\$ 276,405</b>





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Common Council  
City of Lake Mills, Wisconsin

**CITY OF LAKE MILLS, WISCONSIN  
OTHER REPORT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Mills, Wisconsin as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Mills, Wisconsin's basic financial statements and have issued our report thereon dated June 1, 2021.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below, that we consider to be material weaknesses.

**2020-001 - Preparation of Financial Statements**

Program: Government-Wide

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

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

Questioned Cost: Not applicable.

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

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

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding.

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

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

#### **2020-002 - Material Audit Adjustments**

Program: Government-Wide

Criteria: Generally accepted accounting principles.

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

Questioned Cost: Not applicable.

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

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

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding.

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

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

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

As part of obtaining reasonable assurance about whether the City of Lake Mills, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the following paragraph.

#### **2020-003 - Debt Service Fund**

Program: Government-Wide.

Criteria: Wisconsin Statute 67.11(1) requires a debt service fund be used for all general long-term debt.

Condition: The City currently uses the general fund's general checking account for debt service payments.

Questioned Cost: Not applicable.

Context: The City makes very few debt service related transactions.

Effect: The City is not in compliance with Wisconsin Statute 67.11(1).

Information: Isolated instance.

Prior Year Finding: This was a prior year finding.

Recommendation: We recommend the City use a separate debt service fund.

Management's Response: We are aware of the situation, but it is not practical to set up a separate fund for debt service related transactions.

#### **City of Lake Mills, Wisconsin's Responses to Findings**

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

**Purpose of this Report**

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin  
June 1, 2021

**FORM OF LEGAL OPINION**

(See following pages.)

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

September 29, 2021

Re: City of Lake Mills, Wisconsin ("Issuer")  
\$1,865,000 General Obligation Corporate Purpose Bonds, Series 2021A,  
dated September 30, 2021 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$15,000	___%
2023	80,000	___
2024	80,000	___
2025	80,000	___
2026	80,000	___
2027	90,000	___
2028	90,000	___
2029	95,000	___
2030	95,000	___
2031	100,000	___
2032	100,000	___
2033	100,000	___
2034	100,000	___
2035	105,000	___
2036	105,000	___
2037	105,000	___
2038	110,000	___
2039	110,000	___
2040	110,000	___
2041	115,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2022.

The Bonds maturing on May 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2030 or on any date thereafter. Said Bonds are

redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

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

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



**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages.)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Lake Mills, Jefferson County, Wisconsin (the "Issuer") in connection with the issuance of \$1,865,000 General Obligation Corporate Purpose Bonds, Series 2021A, dated September 29, 2021 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on August 3, 2021 and September 7, 2021 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

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

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

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

"Final Official Statement" means the Final Official Statement dated September 8, 2021 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer" means the City of Lake Mills, Jefferson County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Treasurer/Finance Director of the Issuer who can be contacted at 200 D Water Street, Lake Mills, Wisconsin 53551, phone (920) 648-2344, fax (920) 648-2347.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 29th day of September, 2021.

(SEAL)

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Steven Wilke  
City Manager

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Melissa Quest  
City Clerk

**NOTICE OF SALE**

**\$1,865,000\* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021A  
CITY OF LAKE MILLS, WISCONSIN**

Bids for the purchase of \$1,865,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds") of the City of Lake Mills, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on September 7, 2021, at which time they will be opened, read and tabulated. The bids will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of street improvement projects, sewerage projects, consisting of sanitary sewer and storm sewer projects and water system projects. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Bonds will be dated September 29, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$15,000	2029	\$95,000	2036	\$105,000
2023	80,000	2030	95,000	2037	105,000
2024	80,000	2031	100,000	2038	110,000
2025	80,000	2032	100,000	2039	110,000
2026	80,000	2033	100,000	2040	110,000
2027	90,000	2034	100,000	2041	115,000
2028	90,000	2035	105,000		

**ADJUSTMENT OPTION**

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

**TERM BOND OPTION**

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



## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

## **PAYING AGENT**

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

## **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after May 1, 2031 shall be subject to optional redemption prior to maturity on May 1, 2030 or any date thereafter, at a price of par plus accrued interest.

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

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

## **DELIVERY**

On or about September 29, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

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

## STATEMENT REGARDING COUNSEL PARTICIPATION

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

## SUBMISSION OF BIDS

Bids must not be for less than \$1,841,687 nor more than \$1,976,900 plus accrued interest on the principal sum of \$1,865,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 11:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

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

**A good faith deposit ("Deposit") in the amount of \$37,300 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

### **AWARD**

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

### **BOND INSURANCE**

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

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

### **CUSIP NUMBERS**

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

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

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

### **CONTINUING DISCLOSURE**

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

### **NEW ISSUE PRICING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **PRELIMINARY OFFICIAL STATEMENT**

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

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

By Order of the City Council

Steven Wilke, City Manager  
City of Lake Mills, Wisconsin

# BID FORM

The City Council  
City of Lake Mills, Wisconsin (the "City")

September 7, 2021

RE: **\$1,865,000\* General Obligation Corporate Purpose Bonds, Series 2021A (the "Bonds")**  
DATED: **September 29, 2021**

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$1,841,687 nor more than \$1,976,900) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035		

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

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

**A good faith deposit ("Deposit") in the amount of \$37,300 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about September 29, 2021.

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

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

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

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

If the competitive sale requirements are not met, we elect to use either the: \_\_\_ 10% test, or the \_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from September 29, 2021 of the above bid is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Lake Mills, Wisconsin, on September 7, 2021.

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