

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CITY OF HORICON COMMON COUNCIL

		<u>Term Expires</u>
Joshua Maas	Mayor	April 2024
Donald Miller	Council President	April 2023
James Bandsma	Alderperson	April 2023
Marie Fenske	Alderperson	April 2024
Forrest Frami	Alderperson	April 2023
Richard Marschke	Alderperson	April 2024
Bryce Remy	Alderperson	April 2024

ADMINISTRATION

Kristen Jacobson, City Clerk/Treasurer

PROFESSIONAL SERVICES

Douglas Plier, City Attorney, Horicon, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Horicon, Wisconsin (the "City") and the issuance of its \$2,065,000* General Obligation Promissory Notes, Series 2022A (the "Notes"). **The Common Council adopted a resolution on May 24, 2022 (the "Parameters Resolution"), which authorized the City Clerk/Treasurer or the Mayor to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 16, 2022, neither the City Clerk/Treasurer or the Mayor will have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

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

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 7, 2022. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2023, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2030 shall be subject to optional redemption prior to maturity on April 1, 2029 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of purchasing a fire truck, replacing a roof on the Public Safety Building, and projects in the City's Tax Incremental District No.4, including streetscaping and street improvement projects.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Notes	\$2,065,000
Estimated Interest Earnings	<u>797</u>
Total Sources	\$2,065,797

Uses

Estimated Underwriter's Discount	\$20,650
Cost of Issuance	51,150
Deposit to Project Construction Fund	1,991,706
Rounding Amount	<u>2,291</u>
Total Uses	\$2,065,797

*Preliminary, subject to change

SECURITY

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

RATING

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

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

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

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the 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 Notes under existing law substantially in the following form:

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

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

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

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

ORIGINAL ISSUE DISCOUNT

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Note, on days that are determined by reference to the maturity date of such Discounted Note. The amount treated as original issue discount on a Discounted Note for a particular semiannual

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

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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, 2021 have been audited by Baker Tilly LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 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.

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 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 distributed \$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 \$61,372. 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 \$381,517.

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

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

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

Assessed Value

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

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$295,416,000
2021 Equalized Value Reduced by Tax Increment Valuation	\$254,040,700
2021 Assessed Value	\$251,856,400

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$181,983,300	61.602%
Commercial	47,536,400	16.091%
Manufacturing	53,834,000	18.223%
Agricultural	23,800	0.008%
Undeveloped	25,400	0.009%
Ag Forest	44,900	0.015%
Personal Property	<u>11,968,200</u>	4.051%
Total	<u><u>\$295,416,000</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2017	\$246,307,000	\$243,666,900	12.95%
2018	246,684,300	259,632,900	6.55%
2019	251,478,400	269,420,700	3.77%
2020	253,462,600	278,097,900	3.22%
2021	251,856,400	295,416,000	6.23%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2021 Equalized Value ¹	Percent of City's Total Equalized Value
John Deere Horicon Works	Industrial	\$47,412,205	16.05%
Metals USA	Industrial	7,982,855	2.70%
Premier Nature View Estates	Multi-family Residential	7,034,500	2.38%
United Cooperative	Industrial	5,840,219	1.98%
Gardner	Industrial	3,989,783	1.35%
NHPCO Wisconsin AFL LLC	Commercial	2,937,022	0.99%
J&J Holdings	Industrial	2,497,314	0.85%
Horicon Bank/Sword Financial	Commercial	2,416,983	0.82%
VMK Investments	Multi-family Residential /Commercial	2,081,682	0.70%
Innovative Technology	Industrial	1,906,339	0.65%
Total		\$84,098,902	28.47%

City's Total 2021 Equalized Value² \$295,416,000

Source: The City.

¹ Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u>\$6,927,660</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$489,931</u>
Total revenue debt secured by water revenues	<u>\$2,313,886</u>

*Preliminary, subject to change.

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

City of Horicon, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 07/07/2022)

	Promissory Notes Series 2014A	Corporate Purpose Bonds Series 2016A	State Trust Fund Loan	Promissory Notes Series 201A	Promissory Notes Series 202AA
Dated Amount	07/16/2014 \$1,630,000	11/01/2016 \$1,600,000	01/14/2019 \$782,682	07/14/2021 \$2,650,000	07/07/2022 \$2,065,000*
Maturity	06/01	11/01	03/15	04/01	04/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal
2022	0	4,869	90,000	14,356	0
2023	205,000	7,380	100,000	47,529	29,595
2024	205,000	2,511	110,000	49,592	27,531
2025			110,000	22,713	25,224
2026			110,000	20,513	54,234
2027			110,000	18,313	56,675
2028			115,000	16,113	59,176
2029			115,000	13,813	61,888
2030			125,000	11,513	64,673
2031			120,000	8,700	67,584
2032			120,000	6,000	70,607
2033			120,000	3,000	73,802
	410,000	14,760	1,345,000	186,856	657,660
					190,696
					2,450,000
					126,103
					2,065,000
					355,977
					6,927,660
					874,391
					7,302,052

*Preliminary, subject to change.

City of Horicon, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 07/07/2022)

Sewerage System Revenue Bonds (CWF) Series 2018						
Dated Amount	Maturity	Principal	Interest	Total Principal	Total Interest	Total P & I
Calendar Year Ending						
2022	0	4,581	0	4,581	4,581	489,931
2023	26,551	8,913	26,551	8,913	35,465	463,380
2024	27,048	8,412	27,048	8,412	35,460	436,332
2025	27,554	7,902	27,554	7,902	35,455	408,779
2026	28,069	7,382	28,069	7,382	35,451	380,710
2027	28,594	6,852	28,594	6,852	35,446	352,116
2028	29,128	6,312	29,128	6,312	35,441	322,988
2029	29,673	5,762	29,673	5,762	35,436	293,315
2030	30,228	5,202	30,228	5,202	35,430	263,087
2031	30,793	4,632	30,793	4,632	35,425	232,293
2032	31,369	4,051	31,369	4,051	35,420	200,924
2033	31,956	3,459	31,956	3,459	35,414	168,969
2034	32,553	2,855	32,553	2,855	35,409	136,415
2035	33,162	2,241	33,162	2,241	35,403	103,253
2036	33,782	1,615	33,782	1,615	35,397	69,471
2037	34,414	977	34,414	977	35,391	35,057
2038	35,057	328	35,057	328	35,385	0
	489,931	81,476	489,931	81,476	571,408	

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	\$295,416,000
Multiply by 5%	0.05
Statutory Debt Limit	\$14,770,800
Less: General Obligation Debt (includes the Notes)*	(6,927,660)
Unused Debt Limit*	<u><u>\$7,843,140</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2021 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Dodge County	\$7,690,530,553	3.8413%	\$27,255,000	\$1,046,946
Horicon School District	529,596,056	55.7814%	23,900,000	13,331,755
Moraine Park Technical College District	32,380,960,926	0.9123%	28,980,000	<u>264,385</u>
City's Share of Total Overlapping Debt				<u><u>\$14,643,085</u></u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value	Debt/ Per Capita
		\$295,416,000	3,824¹
Total General Obligation Debt (includes the Notes)*	\$6,927,660	2.35%	\$1,811.63
City's Share of Total Overlapping Debt	<u>14,643,085</u>	<u>4.96%</u>	<u>\$3,829.26</u>
Total*	\$21,570,745	7.30%	\$5,640.89

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

Due to an administrative error, the June 1, 2019 principal and interest payments were made late for the \$1,630,000 General Obligation Promissory Notes, Series 2014A dated July 16, 2014. The payments were not completed until June 5, 2019.

FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

¹ 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
2017/18	\$2,334,669	100%	\$9.83
2018/19	2,367,456	100%	11.30
2019/20	2,340,084	100%	10.04
2020/21	2,405,482	100%	10.12
2021/22	2,483,856	In Process	9.78

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 City did not adopt such resolutions. The City cannot predict whether any similar legislation may be adopted in the future.

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools ¹	County	Local	Total
2017/18	\$10.65	\$5.36	\$9.83	\$25.84
2018/19	11.61	5.25	11.30	28.16
2019/20	10.70	4.98	10.04	25.72
2020/21	11.04	4.96	10.12	26.12
2021/22	9.76	4.60	9.78	24.14

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

LEVY LIMITS

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

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

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

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

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1897 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Clerk/Treasurer is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 23 full-time, 45 part-time, and two 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, 2019 ("Fiscal Year 2019"), the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), and the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$111,374, \$119,908 and \$122,137 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, 2020, the total pension liability of the WRS was calculated as \$118.72 billion and the fiduciary net position of the WRS was calculated as \$124.97 billion, resulting in a net pension asset of \$6.24 billion. The spread of COVID-19 has previously impacted investment markets and may do so again in the future, 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 2021, the City reported an asset of \$671,950 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2020 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 0.01076302% of the aggregate WRS net pension asset as of December 31, 2020.

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

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association Local 484	December 31, 2022

OTHER POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$6,549,400 as of December 31, 2021. The City has been funding these obligations on a pay-as-you-go basis.

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 postemployment life insurance benefits for all eligible employees. ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Source: The City's most recent audit.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of March 31, 2022)

Fund	Total Cash and Investments
General	\$3,944,047
Capital Equipment	300,982
Debt Service	116,522
Capital Projects	465,913
Fireman's Pension	10,716
Waste Removal Fund	25,101
Water Utility	1,229,145
Wastewater Utility	2,445,397
Library Trust	216,724
Community Development Authority	6,211
TID #4	790,658
Total Funds on Hand	<u><u>\$9,551,417</u></u>

ENTERPRISE FUNDS

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

	2019	2020	2021
Water			
Total Operating Revenues	\$ 978,611	\$ 993,617	\$ 993,613
Less: Operating Expenses	<u>(781,509)</u>	<u>(774,826)</u>	<u>(895,526)</u>
Operating Income	\$ 197,102	\$ 218,791	\$ 98,087
Plus: Depreciation	23,305	236,751	240,448
Interest Income	3,822	2,281	2,425
Revenues Available for Debt Service	<u><u>\$ 224,229</u></u>	<u><u>\$ 457,823</u></u>	<u><u>\$ 340,960</u></u>
Sewer			
Total Operating Revenues	\$ 954,925	\$ 1,059,593	\$ 1,069,993
Less: Operating Expenses	<u>(979,371)</u>	<u>(957,995)</u>	<u>(993,943)</u>
Operating Income	\$ (24,446)	\$ 101,598	\$ 76,050
Plus: Depreciation	369,349	375,257	379,590
Interest Income	13,043	4,787	3,195
Revenues Available for Debt Service	<u><u>\$ 357,946</u></u>	<u><u>\$ 481,642</u></u>	<u><u>\$ 458,835</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 2021 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Adopted Budget ¹
Revenues					
Taxes and special assessments	\$ 2,062,498	\$ 2,042,100	\$ 2,065,968	\$ 2,098,123	\$ 2,114,306
Intergovernmental	1,205,999	1,257,262	1,401,041	1,321,589	1,298,818
Public charges for services	279,842	344,881	383,056	371,951	260,426
Fines, forfeitures and penalties	81,243	81,507	75,231	75,903	67,530
Licenses and permits	71,868	105,712	102,227	45,120	42,705
Interest	33,314	242,728	61,648	7,799	5,500
Miscellaneous general revenues	61,886	27,771	57,248	20,192	14,150
Total Revenues	\$ 3,796,650	\$ 4,101,961	\$ 4,146,419	\$ 3,940,677	\$ 3,803,435
Expenditures					
Current:					
General government	\$ 688,245	\$ 712,357	\$ 736,915	\$ 775,768	\$ 843,552
Public safety	1,389,915	1,397,395	1,399,934	1,350,485	1,413,012
Public works	726,860	723,214	652,723	603,867	728,562
Health and social services	5,404	8,057	8,062	8,273	22,365
Leisure activities	484,500	486,293	491,043	462,027	482,065
Conservation and development	10,681	15,243	10,428	11,971	43,140
Public service enterprises	31,331	32,273	25,676	23,731	0
Capital outlay	0	32,258	16,107	71,485	180,210
Total Expenditures	\$ 3,336,936	\$ 3,407,090	\$ 3,340,888	\$ 3,307,607	\$ 3,712,906
Excess of revenues over (under) expenditures	\$ 459,714	\$ 694,871	\$ 805,531	\$ 633,070	\$ 90,529
Other Financing Sources (Uses)					
Proceeds from sale of city property	0	0	0	4,020	0
Proceeds of long-term debt	0	0	0	0	0
Transfers in	210,244	193,482	199,238	184,396	188,400
Transfers out	(307,081)	(325,000)	(325,696)	(477,405)	(415,518)
Total Other Financing Sources (Uses)	\$ (96,837)	\$ (131,518)	\$ (126,458)	\$ (288,989)	\$ (227,118)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 362,877	\$ 563,353	\$ 679,073	\$ 344,081	\$ (136,589)
General Fund Balance January 1	2,780,799	3,143,676	3,707,029	4,386,102	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 3,143,676	\$ 3,707,029	\$ 4,386,102	\$ 4,730,183	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	1,414,931	1,195,706	1,038,643	1,078,016	
Assigned	8,740	5,840	5,840	136,589	
Unassigned	1,720,005	2,505,483	3,341,619	3,515,578	
Total	\$ 3,143,676	\$ 3,707,029	\$ 4,386,102	\$ 4,730,183	

¹ The 2022 budget was adopted on November 23, 2021.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 3,767 and a current estimated population of 3,824 comprises an area of 3.5 square miles and is located midway between Beaver Dam and West Bend on State Highway 33 on the south end of the Horicon Marsh Wildlife Area, approximately 45 miles northwest of Milwaukee, Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
John Deere Horicon Works	Manufacturing	1,200
Horicon Public Schools	Elementary and secondary education	111
Garnder Manufacturing	Sheet metal fabrication	99
Metals USA	Metal service center	80
City of Horicon	Municipal government and services	70
Metalcraft of Mayville Inc.	Manufacturing	70
Horicon State Bank	Bank	60
Marlin Technologies Inc.	Manufacturing	60
Horicon Hills Golf Club ²	Golf course	42 ³
Sure Fire Inc.	HVAC contractor	30
Wisconsin DNR - Horicon Marsh	Education and Visitor Center	30

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

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

² Formerly Rock River Hills GC.

³ 4 FT year round, 42 seasonal.

BUILDING PERMITS

	2018	2019	2020	2021	2022 ¹
<u>New Single Family Homes</u>					
No. of building permits	1	0	1	1	2
Valuation	\$225,000	\$0	\$230,000	\$255,000	\$460,000
<u>New Multiple Family Buildings</u>					
No. of building permits	3	0	11	0	0
Valuation	\$1,706,100	\$0	\$8,893,864	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	15	15	18	13	12
Valuation	\$10,155,188	\$17,715,627	\$2,900,892	\$518,761	\$2,063,210
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	115	126	153	104	53
Valuation	\$12,642,100	\$18,542,833	\$11,794,756	\$1,753,995	\$2,789,656

Source: The City.

¹ As of May 23, 2022.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census	3,655
2020 U.S. Census	3,767
2021 Estimated Population	3,824
Percent of Change 2010 - 2020	3.06%

Income and Age Statistics

	The City	Dodge County	State of Wisconsin	United States
2020 per capita income	\$30,350	\$31,078	\$34,450	\$35,384
2020 median household income	\$41,893	\$62,591	\$63,293	\$64,994
2020 median family income	\$52,150	\$75,787	\$80,844	\$80,069
2020 median gross rent	\$733	\$830	\$872	\$1,096
2020 median value owner occupied units	\$137,000	\$169,000	\$189,200	\$229,800
2020 median age	37.0 yrs.	43.0 yrs.	39.6 yrs.	38.2 yrs.
			State of Wisconsin	United States
City % of 2020 per capita income			88.10%	85.77%
City % of 2020 median family income			64.51%	65.13%

Housing Statistics

	The City	2010	2020	Percent of Change
All Housing Units		1,597	1,709	7.01%

Source: 2010 and 2020 Census of Population and Housing, and 2020 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	Average Employment		Average Unemployment	
	Dodge County	Dodge County	Dodge County	State of Wisconsin
2018	46,878		2.6%	3.0%
2019	46,321		2.9%	3.2%
2020	45,349		5.3%	6.3%
2021 ¹	46,971		3.2%	3.8%
2022, March ¹	47,171		2.9%	3.3%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

APPENDIX A

FINANCIAL STATEMENTS

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

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

City of Horicon

Financial Statements and
Supplementary Information

December 31, 2021

City of Horicon
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December 31, 2021

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Independent Auditors' Report

To the City Council of
City of Horicon

Opinions

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 Horicon (the City), Wisconsin, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 Horicon, Wisconsin, as of December 31, 2021; 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Milwaukee, Wisconsin

May 25, 2022

City of Horicon

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

The management of the City of Horicon (the City) offers all persons interested in the financial position of the City this narrative overview and analysis of the City's financial performance during the fiscal year ending December 31, 2021. You are invited to read this narrative in conjunction with the City's financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$21,396,249 (net position). Of this amount, \$1,481,960 is considered an unrestricted net position, \$2,961,717 is restricted for specific purposes (restricted net position), and \$16,952,572 is net investment in capital assets.
- The City's total net position increased by \$200,344. Governmental activities net position increased by \$316,551, while business-type activities net position decreased by \$116,207.
- On December 31, 2021, the City's governmental funds reported combined fund balances of \$6,243,668, an increase of \$275,377 from 2020. General Fund unassigned fund balance was \$3,553,435 at year end, an increase of \$211,816 over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of City government, reporting the City's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net Position – the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

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

City of Horicon
 Management's Discussion and Analysis
 December 31, 2021
 (Unaudited)

City of Horicon
 Management's Discussion and Analysis
 December 31, 2021
 (Unaudited)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses a fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains two proprietary funds, both of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

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's own programs. The accounting used for fiduciary funds is much like that used for proprietary 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.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the City as a Whole

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the City's Statement of Net Position is presented below in Table 1.

Table 1

Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Total
	2021	2020	2021	2020	
Current and other assets	\$ 11,036,982	\$ 10,445,724	\$ 3,564,820	\$ 3,402,094	\$ 14,601,812
Capital assets	15,240,146	14,976,426	10,047,021	10,007,218	25,287,167
Total assets	<u>26,277,138</u>	<u>25,422,150</u>	<u>13,611,841</u>	<u>13,409,312</u>	<u>39,888,979</u>
Deferred outflow of resources	1,929,445	1,465,256	551,082	430,389	2,480,527
Long-term liabilities	8,779,629	7,943,984	6,374,770	5,987,562	15,154,396
Other liabilities	483,648	642,270	95,879	103,179	579,527
Total liabilities	<u>9,263,277</u>	<u>8,586,284</u>	<u>6,470,849</u>	<u>6,090,741</u>	<u>15,733,926</u>
Deferred inflow of resources	4,893,843	4,568,230	345,488	285,967	5,239,331
Net investment in capital assets	12,313,368	12,585,640	5,439,869	5,683,966	16,992,572
Restricted	1,662,751	1,473,652	1,258,866	1,169,163	2,921,717
Unrestricted (deficit)	73,344	(336,380)	647,851	628,964	1,481,960
Total net position	<u>\$ 14,049,463</u>	<u>\$ 13,732,912</u>	<u>\$ 7,346,786</u>	<u>\$ 7,462,993</u>	<u>\$ 21,396,249</u>

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

City of Horicon
Management's Discussion and Analysis
December 31, 2021
(Unaudited)

City of Horicon
Management's Discussion and Analysis
December 31, 2021
(Uaudited)

Table 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Governmental Activities			Business-Type Activities			
	2021	2020	2021	2020	2021	2020	
Revenue							
Program revenues:							
Charges for services	\$ 690,234	\$ 750,617	\$ 2,063,606	\$ 2,053,210	\$ 2,753,840	\$ 2,803,827	
Operating grants and contributions	948,782	508,748	-	-	948,782	508,748	
Capital grants and contributions	-	-	5,618	7,480	5,618	7,480	
General revenues:							
Property taxes	3,459,043	3,380,432	-	-	3,459,043	3,380,432	
Other taxes	8,347	6,204	-	-	8,347	6,204	
Intergovernmental	939,011	995,864	-	-	939,011	985,664	
Other	101,214	166,278	2	10,266	101,216	176,544	
Total revenues	<u>6,146,631</u>	<u>5,807,843</u>	<u>2,069,226</u>	<u>2,070,956</u>	<u>8,215,857</u>	<u>7,878,859</u>	
Expenses							
General government	849,731	800,870	-	-	849,731	800,870	
1,511,409	1,525,814	-	-	-	1,511,409	1,525,814	
1,864,485	1,554,166	-	-	-	1,864,485	1,554,166	
Health and social services	7,869	8,354	-	-	7,869	8,354	
Culture, education and recreation	544,200	592,161	-	-	544,200	592,161	
Conservation and development	1,064,170	566,198	-	-	1,064,170	566,198	
Public service enterprises	23,619	25,559	-	-	23,619	25,559	
Water	-	-	981,378	912,127	981,378	912,127	
Wastewater	-	-	-	-	-	-	
Interest and fiscal charges	148,984	134,064	-	-	103,9659	986,731	
Total expenses	<u>6,014,476</u>	<u>5,207,186</u>	<u>2,001,037</u>	<u>1,898,858</u>	<u>8,015,513</u>	<u>7,106,044</u>	
Income (loss) before transfers	132,155	600,757	68,189	172,098	200,344	772,855	
Transfers	<u>184,396</u>	<u>199,238</u>	<u>(184,336)</u>	<u>(199,238)</u>	<u>-</u>	<u>-</u>	
Change in net position	36,551	79,995	(116,207)	(27,140)	200,344	772,855	
Beginning Net Position	<u>13,732,912</u>	<u>12,932,917</u>	<u>7,462,993</u>	<u>7,490,133</u>	<u>21,195,905</u>	<u>20,423,050</u>	
Ending Net Position	<u>\$ 14,049,463</u>	<u>\$ 13,732,912</u>	<u>\$ 7,346,786</u>	<u>\$ 7,462,993</u>	<u>\$ 21,396,249</u>	<u>\$ 21,195,905</u>	

As previously noted, the Statement of Net Position shows the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown above in Table 2.

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TID No. 5 Capital Project Fund

The City's TID No. 5 Capital Projects Fund accounts for the expenditures outlined in the TID project plan. Fund balance as of year-end was \$4,473 which is restricted for TID 5 purposes.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$1,132,966. Of that balance, \$1,100,361 is restricted by the constraints placed on their use and \$32,605 is assigned for a specific purpose.

City of Horicon
Management's Discussion and Analysis
December 31, 2021
(Unaudited)

City of Horicon
Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The total appropriations, including those for transfers out, were \$3,992,673. Actual expenditures and transfers out were \$3,785,012, resulting in a \$207,661 favorable variance.

Total revenues and other sources were \$4,166,930. \$179,777 more than the final budget. Details can be found in the supplemental information at the back of this report.

Capital Assets

At the end of 2021, the City had invested a total of \$25,287,167 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and infrastructure.

Table 3
Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land and other assets not being depreciated	\$ 1,085,555	\$ 6,350	\$ 1,091,905
Land improvements	426,562	-	426,562
Buildings	5,256,773	-	5,256,773
Machinery and equipment	5,432,810	-	5,432,810
Infrastructure	20,335,450	-	20,335,450
Intangibles	32,631	11,319	43,950
Utility plant	-	21,769,801	21,769,801
Total capital assets	32,569,781	21,787,470	54,357,251
Less accumulated depreciation	(17,329,635)	(11,740,449)	(29,070,084)
Net capital assets	<u>\$ 15,240,146</u>	<u>\$ 10,047,021</u>	<u>\$ 25,287,167</u>

City of Horicon
 Statement of Net Position
 December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 5,013,662	\$ 2,286,560	\$ 7,300,222
Receivables (net):			
Taxes	3,326,453	-	3,528,453
Delinquent taxes	19,120	218,837	19,020
Accounts	128,171	-	347,008
Special assessments	88,220	(388,901)	88,220
Internal balances	368,901	-	-
Due from other governmental units	200,000	-	200,000
Inventories	-	21,813	21,813
Prepaid items	139,630	-	139,630
Land held for resale	1,003,839	-	1,003,839
Other assets	-	7,587	7,587
Restricted assets:			
Cash and investments	-	1,276,070	1,276,070
Net pension asset	549,096	122,854	671,950
Capital assets:			
Land	1,085,555	6,350	1,091,905
Intangibles	32,631	11,319	43,950
Other capital assets, net of depreciation/amortization	14,121,860	10,029,352	24,151,312
Total assets	26,277,138	13,611,841	39,888,979
Deferred Outflows of Resources			
Pension related amounts	899,446	212,354	1,111,800
OPEB related amounts	1,029,999	338,728	1,368,727
Total deferred outflows of resources	1,929,445	551,082	2,480,527
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable	292,890	95,879	388,769
Unearned revenues	190,757	-	190,757
Noncurrent liabilities:			
Due within one year	435,118	458,006	89,124
Due in more than one year	8,344,511	5,916,764	14,261,275
Total liabilities	9,263,276	6,470,649	15,733,925
Deferred inflows of Resources			
Unearned revenue	3,480,906	-	3,480,906
Pension related amounts	1,198,251	276,341	1,472,592
OPEB related amounts	216,886	69,147	285,833
Total deferred inflows of resources	4,893,943	345,488	5,239,331
Net Position			
Net investment in capital assets	12,313,368	5,439,969	16,992,572
Restricted for:			
Pensions	549,996	122,854	671,950
Debt requirements	8,421	753,662	762,083
Equipment replacement	-	382,450	382,450
School resource officer	2,492	-	2,492
Library	259,970	-	259,970
TID purposes	825,336	-	825,336
Waste removal	-	11,226	11,226
Community development	6,210	-	6,210
Unrestricted	73,345	647,851	1,481,961
Total net position	\$ 14,049,464	\$ 7,346,786	\$ 21,396,250

BASIC FINANCIAL STATEMENTS

City of Horicon

Balance Sheet
Governmental Funds
December 31, 2021

City of Horicon

Statement of Activities
Year Ended December 31, 2021

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Functions/Programs	Net (Expenses) Revenues and Changes in Net Position			
	Program Revenues	Charges for Goods and Contributions	Governmental Activities	Total
General governmental activities:				
General government:	\$ 849,731	\$ 16,982	\$ 13,151	\$ (819,598)
Public safety	1,511,049	386,125	31,355	(1,033,929)
Public works	1,864,485	256,689	589,540	(1,018,246)
Health and social services	7,869	-	-	(7,869)
Culture, education and recreation	54,200	68,286	47,783	(428,131)
Conservation and development	1,064,179	-	220,228	(843,951)
Public service enterprises	23,519	-	46,725	23,106
Interest and fiscal charges	148,384	-	118,384	(148,384)
Total general governmental activities	\$ 6,014,476	728,092	948,782	(4,337,602)
Business-type activities:				
Water utility	981,378	983,613	-	32,235
Wastewater utility	1,039,159	(1,069,963)	-	30,334
Total business-type activities	\$ 2,001,537	2,063,606	\$ 948,782	62,569
Total	\$ 8,015,613	\$ 2,791,688	\$ 2,001,537	(4,275,033)

General Revenues

Taxes	Property taxes, levied for general purposes	2,089,776	-	2,089,776
	Property taxes, levied for debt service	315,706	-	315,706
	Property taxes, ID increments	1,053,361	-	1,053,361
	Other taxes	8,347	-	8,347
Interest and rental revenues not restricted to specific programs		-	-	-
Investment income		-	-	-
Miscellaneous		-	-	-

Total general revenues

Transfers	4,469,758	5,620	4,475,378
Change in net position	184,396	(184,396)	-
Net Position, Beginning	316,552	(116,207)	200,345
Net Position, Ending	\$ 14,094,644	\$ 7,346,786	\$ 21,386,295

2

	General Fund	Debt Service	General Capital Projects	TID No. 5 Capital Project Fund
			-	-
Assets				
Cash and investments	\$ 2,976,704	\$ -	\$ 656,780	\$ -
Receivables (net):				
Taxes	2,124,982	375,170	27,667	651,991
Delinquent taxes	19,020	-	-	-
Accounts	106,739	-	-	-
Special assessments	-	-	88,220	-
Due from other governments	-	-	200,000	-
Due from other funds	936,912	47,000	-	9,814
Prepaid items	59,630	-	80,000	-
Advances to other funds	999,366	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 7,223,363	\$ 422,170	\$ 1,052,667	\$ 1,665,644
Liabilities, Deferred inflows of Resources and Fund Balances				
 Fund Balances				
Accounts payable	\$ 147,029	\$ -	\$ 1,009	\$ 9,814
Accrued liabilities	67,297	-	-	-
Due to other funds	131,519	-	253,824	-
Advances from other funds	-	-	-	999,366
Unearned revenues	-	-	190,758	-
Total liabilities	345,845	-	445,591	1,009,180
Deferred inflows of Resources				
Unearned revenue	2,079,445	375,170	27,667	651,991
Unavailable revenues	67,880	-	288,220	-
Total deferred inflows of resources	2,147,335	375,170	315,887	651,991
Fund Balances				
Nonspendable	1,078,016	47,000	-	4,473
Restricted	136,589	-	291,189	-
Assigned	3,515,578	-	-	-
Unassigned	-	-	-	-
Total fund balances	4,730,183	47,000	291,189	4,473
Total liabilities, deferred inflows of resources and fund balances	\$ 7,223,363	\$ 422,170	\$ 1,052,667	\$ 1,665,644

See notes to financial statements
3

City of Horicon

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Nonmajor Governmental Funds	Total	\$ 6,205,811
\$ 1,380,178	\$ 5,013,662	
346,633	3,526,453	
-	19,020	
23,930	130,669	
-	88,220	
-	200,000	
50,425	1,044,151	
-	139,630	
-	999,366	
-	1,003,839	
\$ 1,801,166	\$ 12,165,010	
Total Fund Balances, Governmental Funds		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note 2.		15,240,146
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		356,111
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.		549,096
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		899,446
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(1,196,251)
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.		1,029,999
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.		(216,686)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.		(8,818,208)
Net Position of Governmental Activities		
\$ 14,049,464		
Net Position of Governmental Activities		
\$ 14,049,464		
\$ 30,531	\$ 188,383	
1,129	68,426	
289,907	675,250	
-	999,366	
321,567	2,122,183	
346,633	3,480,906	
-	336,110	
346,633	3,837,016	
1,100,361	1,078,016	
-	1,151,834	
32,605	460,383	
-	3,515,578	
1,132,966	6,205,811	
\$ 1,801,166	\$ 12,165,010	

City of Horicon

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	General Fund	Debt Service	General Capital Projects	TID No. 5 Capital Project Fund	
Revenues					
Taxes	\$ 2,088,123	\$ 315,706	\$ 3,013	\$ 716,518	
Intergovernmental	1,321,589	-	-	4,393	
Public charges for services	371,961	-	-	-	
Fines, forfeitures and penalties	75,903	-	-	-	
Licenses and permits	45,120	-	-	-	
Intergovernmental charges for services	-	-	-	-	
Special assessments	-	-	24,205	-	
Investment income	7,799	-	7,015	-	
Miscellaneous	20,192	-	-	5,000	
Total revenues	<u>3,940,677</u>	<u>315,706</u>	<u>34,323</u>	<u>725,911</u>	
Expenditures					
Current:					
General government	775,768	-	-	1,650	
Public safety	1,350,485	-	-	-	
Public works	603,867	-	-	-	
Health and social services	8,273	-	-	-	
Leisure activities	462,027	-	-	-	
Conservation and development	11,971	-	-	473,670	
Public service enterprises	23,731	-	-	-	
Capital outlay	71,485	-	913,942	197,287	
Debt service:	-	-	-	-	
Principal	-	705,176	14,584	50,906	
Interest and fiscal charges	-	77,800	-	55,342	
Total expenditures	<u>3,307,607</u>	<u>782,976</u>	<u>928,526</u>	<u>778,855</u>	
Excess (deficiency) of revenues over expenditures	<u>633,070</u>	<u>(467,270)</u>	<u>(894,203)</u>	<u>(52,944)</u>	
					<u>(403,349)</u>
Other Financing Sources					<u>(1,184,696)</u>
Debt issued	-	415,000	795,000	-	
Proceeds from sale of assets	4,020	-	-	-	
Transfers in	184,396	47,000	160,000	-	
Transfers out	(477,405)	-	-	-	
Total other financing sources	<u>(288,989)</u>	<u>462,000</u>	<u>955,000</u>	<u>-</u>	
Net change in fund balances	<u>344,081</u>	<u>(5,270)</u>	<u>60,797</u>	<u>(52,944)</u>	
Fund Balances, Beginning	<u>4,386,102</u>	<u>52,270</u>	<u>230,392</u>	<u>57,417</u>	
Fund Balances, Ending	<u>\$ 4,730,183</u>	<u>\$ 47,000</u>	<u>\$ 291,189</u>	<u>\$ 4,473</u>	

City of Horicon
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements. Some items reported as capital outlay were not capitalized. Depreciation is reported in the government-wide financial statements.

Net book value of assets retired

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments

Grants

Deferred interest on advances

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

Debt issued

Principal repaid

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences

Accrued interest on debt

Net pension asset

Deferred outflows of resources related to pensions

Deferred inflows of resources related to pensions

Net and total OPEB liability

Deferred outflows of resources related to other post employment benefits

Deferred inflows of resources related to other post employment benefits

Change in Net Position of Governmental Activities

City of Horicon
 Statement of Net Position
 Proprietary Funds
 December 31, 2021

Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Total
Assets			
Current assets:			
Cash and investments	\$ 352,151	\$ 1,934,409	\$ 2,286,560
Accounts receivable	90,991	127,846	218,837
Due from other funds	33,035	9,816	42,851
Inventories	21,813	-	21,813
Restricted cash and investments:			
Redemption account			
Total current assets	172,011	-	172,011
	670,001	2,072,071	2,742,072
Noncurrent assets:			
Restricted cash and investments:			
Reserve account	116,458	-	116,458
Replacement account	-	382,450	382,450
Depreciation account	592,133	-	592,133
Lease deposit	13,018	-	13,018
Net pension asset	47,639	75,215	122,854
Capital assets:			
Land and land rights	6,350	-	6,350
Easement	11,319	-	11,319
Other capital assets, net accumulated depreciation	6,977,913	3,051,439	10,029,352
Other assets:			
Special assessments	4,936	2,151	7,087
Nonutility property	500	-	500
Total noncurrent assets	7,770,266	3,511,255	11,281,521
	8,440,267	5,583,326	14,023,593
Deferred Outflows of Resources			
Pension related amounts	82,041	130,313	212,354
OPEB related amounts	150,873	187,855	338,728
Total deferred outflows of resources	232,914	318,168	551,082
	\$ 316,152		

City of Horicon
 Statement of Net Position
 Proprietary Funds
 December 31, 2021

City of Horicon
 Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 38,464	\$ 15,949	\$ 54,413
Accrued wages	5,542	6,248	11,790
Due to other funds	282,325	129,427	411,752
Accrued interest	-	-	6,176
Current portion of general obligation debt	57,378	105,000	162,378
Compensated absences	12,046	12,046	24,092
Liabilities payable from restricted assets:			
Current portion of revenue bonds	245,472	26,064	271,536
Accrued interest	10,482	-	10,482
Lease deposit	13,018	-	13,018
Total current liabilities	664,727	300,910	965,637
Noncurrent liabilities:			
Long-term debt:			
Revenue bonds	2,313,886	489,931	2,803,817
General obligation debt	530,321	955,000	1,485,321
Net and total OPEB liability	744,399	883,227	1,627,626
Total noncurrent liabilities	3,588,606	2,328,158	5,916,764
Total liabilities	4,253,333	2,629,068	6,882,401
Deferred Inflows of Resources			
Pension related amounts	103,110	173,231	276,341
OPEB related amounts	31,321	37,826	69,147
Total deferred inflows of resources	134,431	211,057	345,488
Net Position			
Net investment in capital assets	3,964,525	1,475,444	5,439,969
Restricted for:			
Debt requirements	753,662	-	753,662
Equipment replacement	-	382,450	382,450
Pensions	47,639	75,215	122,854
Unrestricted (deficit)	(480,409)	1,128,260	647,851
Total net position	\$ 4,285,417	\$ 3,061,369	\$ 7,346,786

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See notes to financial statements
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See notes to financial statements
11

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Total
Operating Revenues			
Operating Expenses			
Operation and maintenance	655,078	614,353	1,269,431
Depreciation	240,448	379,590	620,038
Total operating expenses	895,526	993,943	1,889,469
Operating income	98,087	76,050	174,137
Nonoperating Revenues (Expenses)			
Investment income	2,425	3,195	5,620
Interest expense	(6,091)	(22,904)	(28,995)
Debt issuance costs	-	(22,812)	(22,812)
Amortization of debt premium	239	-	239
Total nonoperating revenues (expenses)	(63,427)	(42,521)	(105,948)
Income before transfers	34,660	33,529	68,189
Transfers			
Transfers out	(180,822)	(3,574)	(184,396)
Transfers in	(180,822)	(3,574)	(184,396)
Total transfers	(146,162)	29,955	(116,207)
Change in net position	4,431,579	3,031,414	7,462,993
Net Position, Beginning	\$ 4,285,417	\$ 3,061,369	\$ 7,346,786
Net Position, Ending			

City of Horicon

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

City of Horicon
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2021

Business-Type Activities - Enterprise Funds		
Water Utility	Wastewater Utility	Total
Cash Flows From Operating Activities		
Received from customers	\$ 981,973	\$ 1,033,525
Paid to suppliers for goods and services	(447,961)	(409,843)
Paid to employees for services	(150,162)	(181,302)
Net cash flows from operating activities	<u>383,850</u>	<u>442,380</u>
Cash Flows From Investing Activities		
Investments sold and matured	1,058,662	1,412,127
Investment income	2,425	3,195
Investments purchased	(961,591)	(1,669,548)
Net cash flows from investing activities	<u>99,596</u>	<u>(254,226)</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(195,576)	(3,574)
Net cash flows from noncapital financing activities	<u>(195,576)</u>	<u>(3,574)</u>
Cash Flows From Capital and Related Financing Activities		
Debt retired	(270,051)	(905,914)
Interest payments on debt	(65,430)	(23,820)
Proceeds from debt issued	380,000	1,060,000
Acquisition and construction of capital assets	(365,369)	(294,492)
Special assessments received	-	2,643
Debt issuance costs		(22,812)
Net cash flows from capital and related financing activities	<u>(320,850)</u>	<u>(184,395)</u>
Net change in cash and cash equivalents	<u>(32,980)</u>	<u>185</u>
Cash and Cash Equivalents, Beginning		
Cash and Cash Equivalents, Ending	<u>\$ 284,180</u>	<u>\$ 647,311</u>

Business-Type Activities - Enterprise Funds		
Water Utility	Wastewater Utility	Total
Reconciliation of Operating Income to Net Cash Flows		
From Operating Activities		
Operating income	\$ 2,015,498	\$ (857,804)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation		
Changes in assets, deferred outflows/inflows and liabilities:		
Accounts receivable	1,755	(12,039)
Receivables from municipality	(14,542)	(2,258)
Material and supplies	5,559	-
Accounts payable	11,897	(21,961)
Payable to municipality	27,440	30,214
Accrued wages	1,917	1,095
Customer deposits	7	-
Compensated absences	1,488	1,488
Pension related deferrals and asset	(26,575)	(30,796)
CPEB related deferrals and liabilities	25,611	31,135
Net cash flows from operating activities	<u>\$ 383,850</u>	<u>\$ 442,380</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds		
Cash and investments		
Restricted cash and investments		
Total cash and investments	1,245,771	2,316,859
Less noncash equivalents	<u>(961,591)</u>	<u>(1,669,548)</u>
Cash and cash equivalents	<u>\$ 284,180</u>	<u>\$ 647,311</u>
Noncash Capital and Related Financing Activities		
Amortization		
	<u>\$ 239</u>	<u>-</u>

City of Horicon

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

City of Horicon

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2021

	Pension Trust Fund	Custodial Fund
Assets		
Cash and investments		
Taxes receivable		
Total assets	7,115	3,647,608
Liabilities		
Due to other governmental units		
Total liabilities	-	3,647,608
Net Position		
Restricted for pension benefits		
Total net position	7,115	-
Net Position, Beginning	<u>7,115</u>	<u>-</u>
Net Position, Ending	<u>6,950</u>	<u>-</u>

	Pension Trust Fund	Custodial Fund
Additions		
Contributions:		
Employer		
Tax collections		
Investment income		
Total additions	3,605	2,710,463
Deductions		
Payments		
Payments to overlying districts		
Total deductions	3,440	2,710,463
Change in fiduciary net position		
Net Position, Beginning	165	-
Net Position, Ending	<u>6,950</u>	<u>-</u>
	<u>\$ 7,115</u>	<u>\$ -</u>

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1. Summary of Significant Accounting Policies

The accounting policies of the City of Horicon, Wisconsin (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Government Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA and also create a potential financial benefit or burden on the City. The Community Development Authority is part of the reporting entity of the City of Horicon. However, the CDA had no financial transactions during 2021 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

Government-Wide and Fund Financial Statements

Government Financial Statements

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

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

Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

General Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned for the acquisition of equipment and/or major capital projects.

Tax Incremental District (TID) No. 5 - used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the Water system

Wastewater Utility accounts for operations of the Wastewater system

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

Community Development
Industrial Development Loan
Library
Waste Removal
School Resource Officer

Capital Projects Funds

Capital Projects Funds are 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.

Equipment
TID No. 4
TID No. 6

In addition, the City reports the following fund types:

Pension Trust Fund

Pension Trust Fund is used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans or other employee benefit plans.

Firemen's Pension Trust

Custodial Fund

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collections

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

All Financial Statements

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. Investment of City funds is restricted by Wisconsin state statutes. Available investments are limited to:

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

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Credit risk

Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. The City's investments are based on fair values. As shown in Note 4, the City does not have any investments required to be adjusted to fair value at year-end. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

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

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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

Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

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

Capital Assets

Government-wide statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000, general capital assets and \$15,000 for infrastructure 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 capital assets are recorded at their estimated acquisition 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. 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 100 Years
Land improvements	25 - 30 Years
Machinery and equipment	5 - 20 Years
Utility system	4 - 77 Years
Infrastructure	40 - 50 Years
Intangibles	10 Years

Fund Financial Statements

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

Land Held for Resale

In previous years, the City purchased two properties totaling \$1,003,839. These properties are included in the City's Tax Increment District No. 5 and are part of the City's redevelopment plan. It is the intent of management to sell this property for development. The carrying value of the land held for resale is recorded at cost.

Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave, vacations and compensatory time in varying amounts. Only benefits considered to be vested are disclosed in these statements. Accumulated sick leave does not vest to employees and is not included in these financial statements.

Vested vacation pay and compensatory time is recorded as a liability on the government-wide financial statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

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

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

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
 - b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
 - c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of restricted or net investment in capital assets.
- The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of net investment in capital assets and an increase in unrestricted net position, shown only in the total column. A reconciliation of this adjustment is as follows:
- | | Governmental Activities | Business-Type Activities | Adjustment | Total |
|----------------------------------|-------------------------|--------------------------|--------------|---------------|
| Net investment in capital assets | \$ 12,313,368 | \$ 5,439,969 | \$ (760,765) | \$ 16,992,572 |
| Unrestricted | 73,345 | 647,851 | | 760,765 |
- When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action at the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following: 1) Council or management identification, 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

See Note 4 for further information.

Fiduciary fund net position is classified as restricted for pension benefits on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income and the City believes it is in compliance with all significant restrictions. Net appreciation of \$5 was available for the year ended December 31, 2021.

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions /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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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 /deductions from 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.

Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective on May 1, 2021.

Wastewater Utility

Current wastewater rates were placed into effect on March 1, 2017.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

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

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

Land	\$ 1,085,555
Land improvements	426,362
Buildings	5,256,773
Machinery and equipment	5,432,810
Infrastructure	20,335,450
Intangible assets	32,631
Less accumulated depreciation	(17,329,635)

Combined adjustment for capital assets \$ 15,240,146

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$ 3,668,272
Accrued interest	38,579
Compensated absences	57,014
Unamortized debt premium	19,271
Net and total OPEB liability	<u>5,035,072</u>
Combined adjustment for long-term liabilities	<u><u>\$ 8,818,208</u></u>

3. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Budget

Funds	Budgeted Expenditures	Actual Expenditures	Expenditures Over Budget
Debt Service	\$ 367,976	\$ 782,976	\$ 415,000
Industrial Development Fund	-	192,731	192,731
Equipment Fund	373,341	378,817	5,476

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

Limitations on the City's Tax Levy

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

4. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Total deposits and investments	\$ 10,250,103	\$ 10,266,712	
Local and area banks	\$ 6,647,545	\$ 6,667,954	Custodial credit
LGP	3,598,758	3,598,758	N/A
Petty cash	3,800	-	

Reconciliation to financial statements

Per statement of net position:	
Unrestricted cash and investments	\$ 7,300,222
Restricted cash and investments	1,276,070
Per statement of net position, fiduciary funds:	
Pension Trust	7,115
Custodial Fund	<u>1,666,696</u>
Total deposits and investments	<u><u>\$ 10,250,103</u></u>

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

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

The City maintains collateral agreements with its banks. At December 31, 2021, the banks had pledged various government securities in the amount of \$6,635,396 to secure the City's deposits.

Custodial Credit Risk

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

The City had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

Deposits

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

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

Credit Risk

Receivables consist of accounts, taxes, special assessments and delinquent taxes from residents and others. Receivables are reported in the aggregate for the government's individual major funds, nonmajor funds, proprietary funds and fiduciary funds, net of any uncollectible amounts. As of December 31, 2021, the City has recorded an allowance for uncollectible accounts of \$143,851 in the General Fund. Other than the special assessment and delinquent taxes receivables, all other receivables are expected to be collected within one year.

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 3,480,906	30,033
Special assessments not yet due	-	88,220
Interest on TIF district advance	-	37,857
Grants not received	-	200,000
	<u>190,758</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 3,671,664</u>	<u>356,110</u>
Unearned revenue included in liabilities	\$ 190,758	-
Unearned revenue included in deferred inflows	3,480,906	-
	<u>\$ 3,671,664</u>	<u>-</u>
Total unearned revenue for governmental funds	<u>-</u>	<u>-</u>

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

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

Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

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

Lease Deposit

Funds received by the water utility as a deposit for a cellular tower lease are reported as a restricted asset.

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,085,555	-	\$ 102,596	\$ 1,085,555
Construction in progress	102,596	-	-	-
Total capital assets not being depreciated	<u>1,188,151</u>	<u>-</u>	<u>102,596</u>	<u>1,085,555</u>
Capital assets being depreciated:				
Land improvements	426,562	-	-	426,562
Buildings	5,256,773	-	-	5,256,773
Machinery and equipment	5,127,936	453,217	148,343	5,432,810
Streets	12,487,205	903,103	532,831	12,857,477
Storm sewers	4,093,658	208,251	122,668	4,179,401
Sidewalks	1,990,336	90,523	53,409	2,027,450
Bridges	974,019	-	-	974,019
Traffic signals	297,463	-	-	297,463
Intangibles	32,631	-	-	32,631
Total capital assets being depreciated	<u>30,686,583</u>	<u>1,655,094</u>	<u>857,451</u>	<u>31,484,226</u>
Total capital assets	<u>31,874,734</u>	<u>1,655,094</u>	<u>960,047</u>	<u>32,569,781</u>
Less accumulated depreciation for:				
Land improvements	(203,684)	(10,451)	-	(214,145)
Buildings	(2,402,925)	(101,610)	-	(2,504,535)
Machinery and equipment	(3,060,559)	(287,282)	127,004	(3,190,817)
Streets	(6,382,334)	(285,120)	198,812	(6,447,642)
Storm sewers	(3,041,762)	(104,476)	46,076	(3,100,192)
Sidewalks	(1,430,480)	(50,686)	20,028	(1,461,138)
Bridges	(235,705)	(19,480)	-	(255,185)
Traffic signals	(114,745)	(11,898)	-	(126,644)
Intangibles	(26,104)	(3,263)	-	(29,367)
Total accumulated depreciation	<u>(16,898,308)</u>	<u>(824,247)</u>	<u>392,920</u>	<u>(17,329,635)</u>
Net capital assets being depreciated	<u>13,788,275</u>	<u>890,847</u>	<u>464,531</u>	<u>14,154,591</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 14,976,426</u>	<u>\$ 830,847</u>	<u>\$ 567,127</u>	<u>\$ 15,240,146</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 37,111
Public safety	138,593
Public works	569,226
Leisure activities	78,276
Conservation and development	1,041
	<u><u>\$ 824,247</u></u>

Total governmental activities depreciation / amortization expense

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Wastewater				
Capital assets not being depreciated:				
Construction work in progress	\$ 26,527	\$ -	\$ 26,527	\$ -
Total capital assets not being depreciated	\$ 26,527	\$ -	\$ 26,527	\$ -
Capital assets being depreciated:				
Collecting system	4,815,293	239,879	91,267	4,963,905
Collecting system pumping		24,550	7,541	24,009
Treatment and disposal	5,327,374	49,038	17,220	5,369,192
General	4,15,801	7,355	-	4,23,555
Total capital assets	\$ 11,281,820	\$ 321,019	\$ 116,028	\$ 11,486,811
Total capital assets being depreciated	\$ 11,308,347	\$ 321,019	\$ 142,555	\$ 11,486,811
Less accumulated depreciation for:				
Wastewater utility	(\$8,182,548)	(\$98,852)	\$ 116,028	(\$8,435,372)
Total accumulated depreciation	(\$8,182,548)	(\$98,852)	\$ 116,028	(\$8,335,372)
Net capital assets being depreciated	\$ 3,099,272	\$ (47,833)	\$ -	\$ 3,054,439
Net wastewater capital assets	\$ 3,125,799	\$ (47,833)	\$ 26,527	\$ 3,054,439
Water				
Capital assets not being depreciated / amortized:				
Land and land rights	\$ 6,350	\$ -	\$ -	\$ 6,350
Construction work in progress	1,977	\$ -	1,977	\$ 6,350
Easements	11,319	\$ -	\$ -	11,319
Total capital assets not being depreciated / amortized	\$ 19,646	\$ -	\$ 1,977	\$ 17,669
Capital assets being depreciated:				
Source of supply	563,971	15,024	\$ 7,981	563,971
Pumping	1,752,655	25,003	\$ 7,981	1,759,676
Water treatment	7,384,385	352,322	\$ 131,461	7,605,246
Transmission and distribution	329,042	\$ -	\$ -	329,042
General				
Total capital assets being depreciated / amortized	\$ 10,055,056	\$ 367,346	\$ 139,412	\$ 10,282,990
Total capital assets	\$ 10,074,702	\$ 367,346	\$ 141,389	\$ 10,300,659
Less accumulated depreciation / amortization for Water utility	(\$3,193,283)	(\$251,206)	\$ 139,412	(\$3,305,077)
Total accumulated depreciation / amortization	(\$3,193,283)	(\$251,206)	\$ 139,412	(\$3,305,077)
Net capital assets being depreciated / amortization	\$ 6,861,773	\$ 116,140	\$ -	\$ 6,977,913
Net water capital assets	\$ 6,881,419	\$ 116,140	\$ 1,977	\$ 6,998,582
Business-type capital assets, net of accumulated depreciation	\$ 10,007,218	\$ 68,307	\$ 28,504	\$ 10,047,702

Depreciation expense was charged to functions as follows:

Business-Type Activities	Payable Fund	Amount
Water	General Fund	\$ 29,701
Wastewater	General Fund	\$ 4,870
	General Fund	12,233
	General Fund	47,000
	General Capital Project Fund	9,814
	Waste Removal Fund	253,824
	Library Fund	22,351
	TIF 4	Equipment Fund
	Debt Service Fund	Wastewater Utility
	TIF 5	Water Utility
	General Fund	General Fund
	General Fund	School Resource Officer
	General Fund	Wastewater Utility
	General Fund	Water Utility
	General Fund	Water Utility
		Total fund financial statements
		Less fund eliminations
		Less government-wide eliminations
		Total internal balances, government-wide statement of net position
		\$ 368,901
Interfund Receivables/Payables, Advances and Transfers	Payable Fund	Amount
Interfund Receivables/Payables	General Fund	\$ 1,087,002
	General Fund	(689,541)
	General Fund	(48,560)
		Total government-wide financial statements
		\$ 368,901
Less government-wide financial statements	Payable Fund	Amount
Total less government-wide financial statements	Business-type activities	\$ 393,181
	Governmental activities	(24,280)
	Governmental activities	Total government-wide financial statements
		\$ 368,901
All amounts are due within one year.		
The principal purpose of these interfunds is to finance temporary cash flow needs.		

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For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The general fund is advancing funds to TID No. 5 Capital Projects Fund and charging 4 percent interest on the advance. No repayment schedule has been established for this advance. The advances are expected to be repaid as the TID generates tax increments.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	TID No. 5 Capital Project Fund	\$ 999,366	\$ 999,366
Total, fund Financial Statements		999,366	
Less fund eliminations		(999,366)	

Total, interfund advances, government-wide statement of net position
 \$ -

The principal purpose of the general fund is to fund TID expenses until tax increment covers costs. The principal purpose of the advance from the Utilities was for the South Wind Trail, which have been funded by Utility issued revenue bonds.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility General Fund	\$ 180,822	Utility tax equivalent
	160,000 Finance capital projects		Finance equipment purchases
General Capital Projects Fund	243,851 General Fund		Support fund activities
Equipment Debt Service General Fund	47,000 General Fund		Utility tax equivalent
General Fund	3,574 Wastewater Utility		Finance school resource officer
School Resource Officer Fund	26,554 General Fund		
Total, fund Financial Statements		661,801	
Less fund eliminations		(477,405)	
Total transfers, government-wide statement of activities		<u><u> </u></u> \$ 184,396	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental activities	Business-type activities	\$ 184,360	
Business-type activities	Governmental activities	-	
Total government-wide financial statements		<u><u> </u></u> \$ 184,360	

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities				
Bonds and notes payable:				
General obligation debt				
General obligation notes from direct borrowings and direct placements	\$ 2,467,638	\$ 1,210,000	\$ 712,558	\$ 2,965,130
(Discounts)/Premiums	746,664	-	43,522	703,142
Total bonds and notes payable	20,901	-	1,630	19,271
Other liabilities:				
Vested compensated absences	59,928	57,014	59,928	57,014
Net OPEB liability	74,418	18,177	-	92,595
Total OPEB liability	4,574,395	368,082	-	4,942,477
Total other liabilities	4,708,741	443,273	59,928	5,092,086
Total governmental activities long-term liabilities	<u><u> </u></u> \$ 7,943,964	<u><u> </u></u> \$ 1,653,273	<u><u> </u></u> \$ 817,638	<u><u> </u></u> \$ 8,779,629
Business-Type Activities				
Bonds and notes payable:				
General obligation debt	\$ 1,107,312	\$ 1,440,000	\$ 902,442	\$ 1,644,870
Revenue bonds from direct borrowings and direct placements	2,198,876	-	138,523	2,050,353
(Discounts)/Premiums	1,160,000	-	135,000	1,025,000
Total OPEB Liability	3,068	-	239	2,829
Other liabilities:				
Vested compensated absences	21,116	24,092	21,116	24,092
Net OPEB liability	16,912	3,791	-	20,703
Total OPEB liability	1,490,278	1,16,646	-	1,606,923
Total other liabilities	1,528,306	144,528	21,116	1,651,718
Total business-type activities long-term liabilities	<u><u> </u></u> \$ 5,987,562	<u><u> </u></u> \$ 1,584,528	<u><u> </u></u> \$ 1,197,320	<u><u> </u></u> \$ 6,374,770

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2021, was \$14,770,800. Total general obligation debt outstanding at year-end was \$5,313,142.

General Obligation Debt

All general obligation debt is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

General Obligation Debt

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
GO Promissory Notes	07/14/14	06/01/24	0.80 - 2.45%	\$ 1,543,754	\$ 582,456
GO Corporate Bonds	11/01/16	11/01/33	2.00 - 2.50	1,395,000	1,172,672
State Trust Fund Loan, direct	01/14/19	03/15/33	4.50	782,682	703,142
GO Promissory Notes	07/14/21	04/01/31	0.25-1.35	1,210,000	1,210,000
Total government activities, general obligation debt				\$ 3,668,272	

Business-Type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
GO Promissory Notes	07/14/14	06/01/24	0.80 - 2.45%	\$ 86,246	\$ 32,542
GO Corporate Bonds	11/01/16	11/01/33	2.00 - 2.50	205,000	172,328
GO Promissory Notes	07/14/21	04/01/31	0.25 - 1.35	1,440,000	1,440,000
Total business-type activities, general obligation debt				\$ 1,644,870	

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt Principal</u>	<u>Interest</u>	<u>Business-Type Activities General Obligation Debt</u>		<u>Total water utility</u>
			<u>Principal</u>	<u>Interest</u>	
2022	\$ 332,622	\$ 49,038	\$ 162,378	\$ 17,819	
2023	346,341	40,726	168,660	14,544	
2024	355,059	34,144	174,941	13,512	
2025	275,906	29,222	164,094	12,385	
2026	250,906	26,228	164,094	11,128	
2027-2031	1,165,046	79,099	779,953	27,859	
2032-2033	209,250	7,847	30,750	1,153	
Total	\$ 2,965,150	\$ 266,304	\$ 1,644,870	\$ 98,400	

<u>Years</u>	<u>Governmental Activities Notes from Direct Borrowings and Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 45,482	\$ 31,641	
2023	47,529	29,595	
2024	49,592	27,531	
2025	51,899	25,224	
2026	54,234	22,889	
2027-2031	309,997	75,620	
2032-2033	144,409	9,837	
Total	\$ 703,142	\$ 222,337	

Revenue Debt
 Business-type activities revenue bonds are payable only from revenues derived from the operation of the water utility.

The utilities has pledged future net revenues, net of specified operating expenses, to repay revenue bonds issued. Proceeds from the bonds provided financing for the capital additions. The bonds are payable solely from the utilities revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require 25.00 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,447,912. Principal and interest paid for the current year and total customer net revenues were \$182,785 and \$799,795, respectively.

Revenue debt payable at December 31, 2021, consists of the following:

<u>Business-Type Activities Revenue Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
Wastewater Utility					
2018 clean water fund loan, direct					
Water Utility					
2009 safe drinking water revenue bonds, direct					
2012 safe drinking water revenue bonds, direct					
2018 safe drinking water revenue bonds, direct					
2020 refunding revenue bonds					
2009 safe drinking water revenue bonds, direct					
2012 safe drinking water revenue bonds, direct					
2018 safe drinking water revenue bonds, direct					
2020 refunding revenue bonds					
Total business-type activities, revenue debt					

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 130,000	16,163
2023	135,000	14,274
2024	130,000	12,320
2025	125,000	10,345
2026	125,000	8,283
2027-2029	380,000	11,080
Total	\$ 1,025,000	\$ 72,465

<u>Years</u>	Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 141,536	\$ 41,217
2023	144,617	38,101
2024	147,767	34,916
2025	150,987	31,661
2026	154,278	28,333
2027-2031	740,400	91,294
2032-2036	419,221	31,725
Total	\$ 151,547	\$ 2,847

Other Debt Information
The Water Utility's 2009 Safe Drinking and 2012 Safe Drinking revenues bonds from direct borrowings and / or direct placements contain a provision that in an event of default, outstanding amounts are recoverable by the state by deducting those amounts from any State payments due the municipality, adding a special charge to the amount of taxes apportioned to and levied upon the county in which the municipality is located or to collect user fees from the operation of the municipality's water and sewer systems.

Estimated payments of compensated absences and other postemployment benefits are not included in the debt service requirement schedules. The compensated absences and other postemployment benefits attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the water utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The water utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current Refunding

On July 14, 2021, the City issued \$415,000 in general obligation bonds with an average coupon rate of 0.94 percent to refund \$404,400 of outstanding bonds with an average coupon rate of 1.96 percent. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$448,542 from 2022 through 2030. The cash flow requirements on the 2021 refunding bonds are \$433,716 from 2022 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$15,935.

On July 14, 2021, the Sewer Utility issued \$815,000 in general obligation promissory notes with an average coupon rate of 0.35 percent to refund \$800,600 of outstanding bonds with an average coupon rate of 1.95 percent. The net proceeds along with existing funds of the Sewer Utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$887,983 from 2022 through 2030. The cash flow requirements on the 2021 refunding bonds are \$852,403 from 2022 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$31,294.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities	
Net investment in capital assets:	
Land	\$ 1,085,555
Other capital assets, net of accumulated depreciation	\$ 14,154,591
Less long-term debt outstanding	(3,668,272)
Plus noncapital debt proceeds	760,765
Less unamortized debt premium	(19,271)
	\$ 12,313,368

Total net investment in capital assets

Business-Type Activities

	Net investment in capital assets:	
Land	\$ 6,350	
Other capital assets, net of accumulated depreciation	\$ 10,040,671	
Less long-term debt outstanding	(4,720,223)	
Plus noncapital debt proceeds	116,000	
Less unamortized debt premium	(2,829)	
Total net investment in capital assets	<u>\$ 5,439,969</u>	

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	General Fund	Debt Service Fund	Capital Project Fund	TID No. 5 Fund	Nominal Funds	Total
Fund Balances						
Nonspendable:						
Prepaid items	\$ 59,630	\$ -	\$ -	\$ -	\$ -	\$ 59,630
Delinquent personal property taxes	19,020	-	-	-	-	19,020
Advance to TID No. 5	999,366	-	-	-	-	999,366
Subtotal	<u>1,078,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,078,016</u>
Restricted for:						
Library activities	-	-	-	259,570	259,570	
Community development	-	-	-	6,210	6,210	
Waste removal	-	-	-	11,226	11,226	
TID No. 4 capital projects	-	-	-	-		
TID No. 5 capital projects	-	-	-	818,365	818,365	
TID No. 6 capital projects	-	-	4,473	-	4,473	
Debt service	47,000	-	-	2,498	2,498	
School Resource Officer	-	-	-	47,000	47,000	
Subtotal	<u>-</u>	<u>47,000</u>	<u>-</u>	<u>4,473</u>	<u>2,492</u>	<u>2,492</u>
Assigned to:						
Surplus applied to subsequent year	136,589	-	-	-	136,589	
General capital projects	-	-	291,189	-	291,189	
Equipment	-	-	-	32,605	32,605	
Subtotal	<u>136,589</u>	<u>-</u>	<u>291,189</u>	<u>-</u>	<u>32,605</u>	<u>460,883</u>
Unassigned:						
Total fund balances	<u>\$ 4,730,183</u>	<u>\$ 47,000</u>	<u>\$ 291,189</u>	<u>\$ 4,473</u>	<u>\$ 1,132,966</u>	<u>\$ 6,205,811</u>

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 %
2011	(1.2)%	11.0%
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$124,130 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2021 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %
Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		

At December 31, 2021, the City reported an asset of \$671,950 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.01076302 percent, which was an increase of 0.00011886 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized negative pension expense of \$81,771. At December 31, 2021, 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	\$ 972,518	\$ 209,478
Changes in assumptions	15,241	-
Net differences between projected and actual earnings on pension plan investments	-	1,261,532
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,904	1,582
Employer contributions subsequent to the measurement date	122,137	-
Total	\$ 1,111,800	\$ 1,472,592

\$122,137 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources (Net)

Year Ended December 31:	
2022	\$ (125,082)
2023	(33,357)
2024	(228,085)
2025	(96,495)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	3.0%
Inflation	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 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 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 geometric real rates of return for each major asset class are summarized in the following table:

	Core Fund Asset Class	Allocation %	Asset Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51%	7.2%	4.7%	
Fixed Income	25	3.2	0.8	
Inflation Sensitive Assets	16	2.0	(0.4)	
Real Estate	8	5.6	3.3	
Private Equity/Debt	11	10.2	7.6	
Multi-Asset	4	5.8	3.3	
Total Core Fund	115	6.6	4.1	
Variable Fund Asset Class				
U.S. Equities	70	6.6	4.1	
International Equities	30	7.4	4.9	
Total Variable Fund	100	7.1	4.6	

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent.
 Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
\$ 639,603	\$ (671,950)	\$ (1,635,276)

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://effi.wi.gov/about-effireports-and-studies/financial-reports-and-statements>.

At December 31, 2021, the City reported a payable to the pension plan of \$17,355 which represents contractually required contributions outstanding as of the end of the year.

The City has a defined benefit pension plan for fire department employees. The amount to be paid to retirees each year is based on a formula which computes the number of years of service credits multiplied by a set dollar amount per year. The City is required to contribute \$1,200 per year to the fund until the interest earnings are sufficient to pay the annual pension costs. As of December 31, 2021, the balance in the Firemen's Pension Fund is \$7,115 and is recorded as a pension trust fund of the City.

Risk Management

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

Commitments and Contingencies

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

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

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

The City has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

In 2014, the City entered into a development agreement with a developer within TIF No. 4 to pay a cash grant in the amount not to exceed \$249,700. This obligation is payable to the developer solely from tax increments collected from the parcel. Of that, the City will pay the developer 60 percent each year until the amount is paid in full or TIF No. 4 is terminated at the end of its statutory life in 2027, whichever comes first. In the event that the total payments made to the developer are not paid in full, the City will have no further obligation to provide additional payments. As of December 31, 2021, the City has made four payments to the developer totaling \$102,772.

In February 2016, the City entered into a development agreement to pay a cash grants in an amount not to exceed \$3,000,000. This obligation is payable to the developer solely from tax increments collected from the development of the parcel. This municipal revenue obligation (MRO) is a special and limited obligation of the City, subject to annual appropriation by the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the MRO. The developer shall receive annual payments from the City on the MRO within sixty days of the City's receipt of full payment of all of the real and personal property taxes levied against the parcel. If the tax increment is less than \$400,000 then the City will retain the first \$150,000 with any remaining amount going towards payments under the MRO. If the tax increment is \$400,000 or more, the City will retain the first \$200,000 with any remaining amounts going towards payments under the MRO. If there is no available tax increment on this parcel during any year, the City shall have no obligation to pay any amount for that year under the MRO. As of December 31, 2021, the City has made payments totaling \$1,774,138.

In February 2018, the City entered into a development agreement to provide an economic development incentive up to \$35,000 towards payment of the developer's costs. This municipal revenue obligation (MRO) is a special and limited obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to payment of the MRO. The developer shall receive annual payments on November 1 of each year beginning with the year in which taxes on the completed project are first due and paid. The amount of the payment shall be equal to seventy percent of the tax increment for that particular year. The City shall continue to make payments until the sum total of all payments equals the amount of the total cash grant or until TIF No. 4 is terminated at the end of its statutory life in 2027, whichever comes first. In the event the total MRO payments paid to the developer are less than the amount of the cash grant, the City shall have no obligation to provide additional payments to the developer. As of December 31, 2021, the City has made two payments on this MRO for \$10,400.

In July 2018, the City entered into a development agreement to provide an economic development incentive of up to \$50,000 towards the payment of the developer's TIF grant for a street extension. The City shall make municipal revenue obligation (MRO) payments in amounts equal to fifty percent of the annual project tax increment beginning in 2020 and ending in 2023. The City shall make additional MRO payments equal to twenty-five percent of the annual project tax increment beginning in the year following that in which the sum total of all increment received by the City equals or exceeds one-third of the total cost of the street extension project. The City shall continue to make MRO payments until payments equal the amount of the TIF Grant or until TIF No. 4 is terminated at the end of its statutory life in 2027, whichever comes first. In the event the total MRO payments paid to the developer are less than the amount of the TIF grant, the City shall have no obligation to provide additional payments to the developer. As of December 31, 2021, the City has made two payments on this MRO for \$12,573.

In July 2018, the City entered into a development agreement to pay a cash grants in an amount of \$354,816. This obligation is payable to the developer solely from tax increments collected from the development of the parcel. This municipal revenue obligation (MRO) is a special and limited obligation of the City, subject to annual appropriation by the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the MRO. The Developer shall receive annual payments on November 1 of each year beginning with the year in which taxes on the completed project are first due and paid. The amount of the payment shall be equal to seventy percent of the tax increment for that particular year. The City shall continue to make payments until the sum total of all payments equals the amount of the total cash grant or until TIF No. 4 is terminated at the end of its statutory life in 2027, whichever comes first. In the event the total MRO payments paid to the developer are less than the amount of the cash grant, the City shall have no obligation to provide additional payments to the developer. As of December 31, 2021, the City has made one payment on this MRO for \$49,854.

In September 2020, the City entered into a development agreement to provide an economic development incentive up to \$220,000 towards payment of the developer's costs. The City received a Community Development Investment grant through Wisconsin Economic Development Corporation to fund this incentive. As of December 31, 2021, the City has made the single lump sum payment to the developer of \$220,000.

Other Postemployment Benefits

The City administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses pay at established contributions rates.

General Information about the OPEB Plan

Plan Description

The City's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The City of Horicon provides healthcare and life insurance benefits for retirees and their dependents based on the following:

Public Works

- Employees hired on or prior to January 1, 2001: The City will pay an amount up to 100 percent of the cost of the single premium for the lifetime of the participant.
- Employees hired after January 1, 2001 and on or prior to July 1, 2004: The City will pay an amount up to 100 percent of the cost of the single premium for the lifetime of the participant.
- Employees hired after July 1, 2004 and on or prior to January 1, 2009: The City will pay the dollar amount of the premium it pays for active employees at the time of the employee's retirement.

- Employees hired after January 1, 2009: Participants can continue on the City's medical plan until Medicare Age by paying 100 percent of the premium. Sick leave balance can be converted and used to purchase retiree medical insurance.
- Employees hired on or prior to January 1, 1996: The City will pay an amount up to 100 percent of the cost of the single or family premium for the lifetime of the participant or spouse.
- Employees hired after January 1, 1996: Participants can continue on the City's medical plan until Medicare Age by paying 100 percent of the premium. Sick leave balance can be converted and used to purchase retiree medical insurance.

Nonrepresented

- Employees hired on or prior to June 1, 2004: The City will pay an amount up to 100 percent of the cost of the single or family premium for the lifetime of the participant or spouse.
- Employees hired after June 1, 2004 and on or prior to October 1, 2011: The City will pay an amount up to 100 percent of the cost of the single or family premium for the lifetime of the participant or spouse.

- Employees hired after June 1, 2004 and on or prior to October 1, 2011: The City will pay an amount up to 100 percent of the cost of the single or family premium for the lifetime of the participant or spouse.
- Employees hired after June 1, 2004 and on or prior to June 1, 2004: The City will pay an amount up to 100 percent of the cost of the single or family premium for the lifetime of the participant or spouse.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	27
Active plan members	22
Total	49
	<hr/>

Total OPEB Liability

The City's total OPEB liability of \$6,549,400 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:	
Inflation	2.12%
Salary increases	.4% to 4.8% including merit and seniority increase of 3% per year
Healthcare cost trend rates	6.7% (pre-Medicare) and 2.3% (post-Medicare)
Retirees' share of benefit-related costs	See benefits table above

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

Mortality rates were based on the Wisconsin 2018 Mortality table as the base table and project future improvements with 2018 generational improvement scale as adopted by the Board in connection with the 2015-2017 Experience Study performed by the Wisconsin Retirement System.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study 2015-2017.

Changes in the Total OPEB Liability

Total OPEB Liability	Changes for the year:	Year Ended December 31:
\$ 6,064,673		
Balances at December 31, 2020		
Changes in assumptions or other inputs	60,641 164,211 526,127 <u>(266,252)</u>	\$ 193,797
Benefit payments		
Net charges	484,727	\$ 1,318,335
Balances at December 31, 2021	\$ 6,549,400	264,627
Changes of assumptions and other inputs reflect a change in the discount rate from 2.74 percent in 2020 to 2.12 percent in 2021.		

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 7,565,141	\$ 6,549,400	\$ 5,733,414
Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates			
The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.7 percent decreasing to 1.3 percent) or 1-percentage-point higher (4.7 percent decreasing to 3.3 percent) than the current healthcare cost trend rates:			
Healthcare Cost Trend Rates	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB liability	\$ 5,720,473	\$ 6,549,400	\$ 7,566,954

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$418,342. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Total	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Changes of assumptions or other inputs	\$ 1,124,538	\$ 33,062
Employer contributions subsequent to the measurement date	193,797	231,565
Total	\$ 1,318,335	\$ 264,627

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

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

Additionally, EIF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASB/PublicWeb/qgasb75/Local.do>.

Benefits Provided

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

Contributions

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

Employers are required to pay the following contribution 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 for the plan year reported as of December 31, 2021 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below.

Life Insurance Member Contribution Rates For the Plan Year

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

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

During the reporting period, the LRLIF recognized \$410 in contributions from the employer.

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

At December 31, 2021, the City reported a liability of \$113,298 percent for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 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 OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.02059700 percent, which was an decrease of 0.00085100 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2021, the City recognized OPEB expense of \$12,563.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 5,406
Net differences between projected and actual earnings on OPEB plan investments	1,649	-
Changes in assumptions	44,074	7,774
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,931	8,026
Employer contributions subsequent to the measurement date	2,738	-
Total	\$ 50,392	\$ 21,206
	Deferred Outflows of Resources and Deferred Inflows (net)	Year Ended December 31:
	\$ 5,057	2022
	4,878	2023
	4,694	2024
	3,885	2025
	5,403	2026
	2,531	Thereafter

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	3.00%
Inflation	0.1% - 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, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 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 Securian, 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, 2020

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50	0.82
Inflation		2.20	4.25

Long-Term Expected Rate of Return

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25 percent and 2.20 percent, respectively. 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.

Single Discount Rate

A single discount rate of 2.25 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74 percent as of December 31, 2019 to 2.12 percent as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2026.

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 to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
\$ 154,118	\$ 113,298	\$ 82,428

Economic Dependency

Wastewater Utility

The Wastewater Utility has significant customer who was responsible for 30 percent of operating revenues in 2021.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Horicon

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2021

City of Horicon
Schedule of Proportionate Share of the Net Pension Liability (Asset) -
Wisconsin Retirement System
Year Ended December 31, 2021

Budgeted Amounts				Variance with Final Budget				Proportionate Share of the Net Pension Liability (Asset)				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll					
	Original	Final	Actual		WRS Fiscal Year End	WRS Fiscal Year End	WRS Fiscal Year End		WRS Fiscal Year End	WRS Fiscal Year End	WRS Fiscal Year End		WRS Fiscal Year End	WRS Fiscal Year End			
Revenues																	
Taxes	\$ 2,092,606	\$ 2,092,606	\$ 2,098,123	\$ 5,517	5,901	12/31/14	0.009741860 %	\$ (239,287)	\$ 1,195,012	20.02 %	102.74 %	\$ 1,324,968	12/31/15	0.010135480 %	164,700	12.43 %	
Intergovernmental	1,315,688	1,315,688	1,321,589	5,901	121,522	12/31/15	0.010135480 %	\$ 164,700	1,324,968	6,34 %	99.12 %	85,808	12/31/16	0.010410600 %	(317,450)	1,354,103	99.12 %
Public charges for services	250,429	250,429	371,951	8,853	75,903	12/31/16	0.010410600 %	\$ 85,808	1,354,103	23.78 %	102.93 %	(1,110)	12/31/17	0.010691740 %	380,925	1,334,051	28.01 %
Fines, forfeitures and penalties	67,050	67,050	46,120	(45,120)	46,120	12/31/18	0.01070120 %	\$ 380,925	1,359,982	24.65 %	96.45 %	(1,201)	12/31/19	0.010644160 %	(343,216)	1,392,314	24.65 %
Licenses and permits	46,230	46,230	7,798	(7,798)	7,798	12/31/19	0.010644160 %	\$ (671,950)	1,434,207	46.65 %	102.96 %	(1,201)	12/31/20	0.010763020 %	\$ (671,950)	1,434,207	105.26 %
Investment income	9,000	9,000	20,192	(20,192)													
Miscellaneous revenues	13,750	13,750	6,442	(6,442)													
Total revenues	3,794,753	3,794,753	3,940,677	145,924													
Expenditures																	
Current:																	
General government	827,696	797,696	775,768	21,928													
General government	1,389,583	1,383,856	1,383,485	33,371													
Public safety	722,599	719,988	603,867	116,131													
Health and social services	8,017	8,017	8,273	(256)													
Leisure activities	484,315	479,228	462,027	17,201													
Conservation and development	42,894	25,143	11,971	13,172													
Public service enterprises	27,178	27,178	23,731	3,447													
Capital outlay	57,319	71,485	71,485	-													
Total expenditures	3,559,601	3,512,601	3,307,607	204,994													
Excess of revenues over expenditures	235,152	282,152	633,070	350,918													
Other Financing Sources (Uses)																	
Transfers in	188,400	188,400	184,396	(4,004)													
Transfers out	(433,072)	(480,072)	(477,405)	2,667													
Sale of capital assets	-	-	4,020	4,020													
Total other financing sources (uses)	(244,672)	(291,672)	(288,989)	2,683													
Net change in fund balance	\$ (9,520)	\$ (9,520)	344,081	\$ 353,601													
Fund Balance, Beginning				4,386,102													
Fund Balance, Ending				\$ 4,730,183													

City of Horicon
 Schedule of Changes in the Total OPEB Liability and Related Ratios -
 Health Insurance
 Year Ended December 31, 2021

	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 66,580	\$ 75,186	\$ 66,476	\$ 60,641
Interest	200,543	192,478	210,391	164,211
Changes in assumptions	248,652	(463,132)	852,876	526,127
Benefit payments	(209,217)	(282,000)	(257,592)	(286,252)
Net change in total OPEB liability	307,558	(467,469)	872,151	484,727
Total OPEB Liability, Beginning	5,341,433	5,649,991	5,192,522	6,064,673
Total OPEB Liability, Ending	\$ 5,649,991	\$ 5,192,522	\$ 6,064,673	\$ 6,549,400
Covered employee payroll:				
Total OPEB liability as a percentage of covered employee payroll	441.91 %	379.99 %	492.02 %	471.63 %

Notes to schedule:
 The City implemented GASB Statements No. 75 in 2018. Information prior to 2018 is not available.

City of Horicon
 Schedule of Proportionate Share of the Net OPEB Liability -
 Wisconsin Life Insurance Plan
 Year Ended December 31, 2021

	ETF Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	12/31/17	0.02449300 %	\$ 73,689	\$ 1,030,001	7.15 %
	12/31/18	0.02595460 %	59,255	-333,000	4.55 %
	12/31/19	0.02448600 %	91,330	-1266,000	7.05 %
	12/31/20	0.02058700 %	113,298	1,302,000	8.70 %

Schedule of Employer Contributions - Wisconsin Life Insurance Plan
 Year Ended December 31, 2021

	City Fiscal Year End Date	Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	12/31/18	\$ 3,093	\$ 3,093	\$ -	0.23 %
	12/31/19	2,982	2,982	-	0.21 %
	12/31/20	2,884	2,884	-	0.20 %
	12/31/21	2,738	2,738	-	0.19 %

See notes to required supplementary information
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See notes to required supplementary information
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Budgetary Information

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

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

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

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

Changes in assumptions. No significant change in assumptions were noted from the prior year.

Local Retiree Life Insurance Fund

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

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

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

Changes in assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

Other Postemployment Benefits - Health Insurance

The data presented in the Schedule of Change in the Total OPEB Liability and Related Ratio was taken from the reports issued by the actuary.

Changes in benefit terms. There were no changes of benefit terms for the City.

Changes in assumptions. The discount rate was changed from 2.74 percent to 2.12 percent. The age adjustment factor is calculated using methodology from the Alternative Measurement Method. The medical trend rates have been updated to reflect anticipated experience under the most recent Getzen model application. The overall impact of the new assumptions is an increase in the benefit obligations.

City of Horicon
 Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

General Fund
 Year Ended December 31, 2021

City of Horicon
 Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

Detailed Schedule of Revenues and Other Financing Sources - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Original	Final
Taxes					
General property taxes	\$ 2,089,776	\$ 2,089,776	\$ 2,089,776	\$ -	\$ -
Interest and penalties on taxes	30	30	-	(30)	-\$ 30
Occupational taxes	-	-	68	68	5
Payments in lieu of taxes	2,800	2,800	8,279	5,479	100
Total taxes	2,092,606	2,092,606	2,098,123	5,517	(2,043) 30
Intergovernmental Revenues					
State shared revenues	763,977	763,977	755,454	(8,523)	-\$ 8,523
Fire insurance tax (2% fire dues)	9,300	9,300	14,809	5,509	322
State expenditure restraint	90,632	90,632	90,632	-	(294)
Other state shared taxes	16,008	16,008	16,008	-	(375)
State aid, general transportation aids	338,896	338,896	338,452	(444)	138
State aid, connecting streets	25,153	25,153	25,153	-	-
State aid, other public safety	9,920	9,920	16,546	6,626	661
State aid, recycling	25,000	25,000	25,935	935	-
Payments for municipal services	880	880	953	73	(2,095)
State aid, conservation and development	228	228	228	-	894
State aid, law enforcement improvement	-	-	-	-	894
State aid, personal property	25,688	25,688	25,688	-	-
Other state payments	10,006	10,006	10,006	-	-
Total intergovernmental revenues	1,315,688	1,315,688	1,321,589	5,901	(1,201)
Public Charges for Services					
Photocopies	1,600	1,600	2,125	525	244
Law enforcement fees	400	400	1,355	955	244
Fire protection fees	65,159	65,159	65,159	-	-
Ambulance fees	128,000	128,000	233,002	105,002	4,020
Parking lots, ramps and meters	1,800	1,800	4,423	2,623	4,020
Transportation	120	120	364	244	16
Weed and nuisance control	200	200	-	(200)	-
Parks	2,150	2,150	983	(1,157)	-
Swimming areas	51,000	51,000	64,530	13,530	-
Total public charges for services	250,429	250,429	371,951	121,522	-
Fines, Forfeitures and Penalties					
Court penalties and costs	64,050	64,050	74,055	10,005	5
Parking violations	3,000	3,000	1,848	(1,152)	100
Total fines, forfeitures and penalties	67,050	67,050	75,903	8,853	145,940

City of Horicon
 Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

General Fund
 Year Ended December 31, 2021

City of Horicon
 Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
General Government				
Council/Board	\$ 26,532	\$ 26,532	\$ 26,845	\$ (313)
Legal counseling	56,079	56,079	40,676	15,403
Municipal court	54,463	54,463	47,102	7,361
Mayor	7,792	7,792	7,009	783
Clerk	190,701	186,731	186,731	3,970
Elections	5,796	5,796	4,915	881
Data processing	18,407	34,172	29,081	5,091
Licenses and permits	240	240	75	165
Central duplicating	3,735	3,735	3,689	46
Maps and plats	600	600	-	600
Accounting	50,400	50,400	67,993	(17,593)
Assessment of property	15,999	15,999	15,944	55
General buildings/plant/hall	102,345	86,580	77,343	9,237
Illegal taxes and refunds	1,000	1,000	5,263	(4,263)
Property and liability insurance	81,500	81,500	80,737	763
Other insurance	32,500	32,500	26,631	5,869
Health insurance	149,607	149,607	155,734	(6,127)
Contingency	30,000	-	-	-
Total general government	827,696	797,696	775,768	21,928

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Public Safety				
Safety building	62,349	62,349	62,411	(62)
Administration	287,883	240,883	213,313	27,570
Patrol	538,548	550,821	584,161	(33,340)
Fire protection	300	300	7	293
Police	16,085	16,085	13,279	2,806
School patrol	-	-	59	(59)
Fire administration	143,745	143,745	117,070	26,675
Hydrant rental	180,000	180,000	180,000	-
Ambulance	143,862	143,862	140,748	3,114
Building inspection	9,785	38,785	34,267	4,518
Emergency government	2,012	2,012	174	1,838
Emergency communication (other share)	5,014	5,014	4,996	18
Total public safety	1,389,583	1,383,856	1,350,485	33,371

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Public Works				
Public works/highway administration	\$ 61,223	\$ 53,901	\$ 61,223	\$ 60,091
Garages and sheds	15,403	14,541	14,000	14,000
Machinery, operation and maintenance	7,361	84,541	84,541	84,855
Gas and oil	7,009	7,009	7,009	7,009
Highway and street maintenance and construction	186,731	186,731	186,731	186,731
Curb and gutter	4,915	881	881	881
Street cleaning	29,081	5,091	5,091	5,091
Snow and ice control	75	165	165	165
Traffic control	3,689	46	46	46
Street lighting	-	600	600	600
Sidewalks, with street reconstruction	600	17,593	17,593	17,593
Storm sewer maintenance	77,343	9,237	9,237	9,237
Parking facilities	5,263	(4,263)	(4,263)	(4,263)
Tree and brush removal	80,737	763	763	763
Refuse and garbage collection	26,631	5,869	5,869	5,869
Recycling	155,734	(6,127)	(6,127)	(6,127)
Highway and street construction for local	-	-	-	-
Weed and nuisance control	-	-	-	-
Total public works	2,162	2,162	2,162	2,162
Leisure Activities				
Library	168,477	168,477	168,477	168,477
Parks	96,873	96,786	96,786	96,786
Athletic field and lights	14,235	14,235	14,235	14,235
Public restrooms	14,521	14,521	14,521	14,521
Cable TV administration	800	800	800	800
Senior citizens	132	132	132	132
Community involvement	13,874	13,874	13,874	13,874
Swimming pool	167,259	162,259	162,259	162,259
Ice rink	1,456	1,456	1,456	1,456
Ball diamonds	6,688	6,688	6,688	6,688
Total leisure activities	484,315	479,228	479,228	479,228
Conservation and Development				
Planning commission	4,400	1,649	1,649	1,649
Zoning	3,326	3,326	3,326	3,326
Industrial development	34,168	19,168	19,168	19,168
Economic development	1,000	1,000	1,000	1,000
Total conservation and development	42,894	25,143	25,143	25,143
Public Service Enterprises				
Cemetery	12,178	12,178	12,178	12,178
Contributions to local organizations	15,000	15,000	15,000	15,000
Total public service enterprises	27,178	27,178	27,178	27,178

City of Horicon
 Detailed Schedule of Expenditures and Other Financing Uses - Budget and Actual -
 General Fund
 Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Capital Outlay				
Capital outlay	\$ 57,319	\$ 71,485	\$ 71,485	\$ -
Other Financing Use				
Transfers out	433,072	480,072	477,405	2,667
Total other financing use	433,072	480,072	477,405	2,667
Total expenditures and other financing uses	\$ 3,992,673	\$ 3,992,673	\$ 3,785,012	\$ 207,661

City of Horicon
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Special Revenue Funds		
	Community Development Fund	Industrial Development Loan	Library Fund
Assets			
Cash and investments	\$ 6,210	\$ -	\$ 254,700
Receivables (net):			
Taxes	-	-	-
Accounts	-	-	-
Due from other funds	-	-	4,870
Total assets	\$ 6,210	\$ -	\$ 259,570
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 17,556
Due to other funds	-	-	22,351
Accrued liabilities	-	-	-
Total liabilities	-	-	39,907
Deferred Inflows of Resources			
Unearned revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted	6,210	-	259,570
Assigned	-	-	-
Total fund balances	6,210	-	259,570
Total liabilities, deferred inflows of resources and fund balances	\$ 6,210	\$ -	\$ 259,570
			\$ 51,133

City of Horicon

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
School Resource Officer	TID No. 4	TID No. 6	Equipment		
\$ -	\$ 818,365	\$ -	\$ 300,903	\$ 1,380,178	
-	298,364	48,269	-	346,633	
3,621	12,233	2,498	-	23,930	
<u>\$ 3,621</u>	<u>\$ 1,128,962</u>	<u>\$ 50,767</u>	<u>\$ 300,903</u>	<u>\$ 1,801,166</u>	

Special Revenue Funds		Community Development Fund			Industrial Development Loan		Library Fund		Waste Removal Fund	
Revenues										
Taxes	-	-	-	-	-	-	-	-	\$ 47,783	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	2,763	212,345
Public charges for services	-	-	-	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-	-	-
Investment income	3	-	-	-	3	12	-	611	-	-
Miscellaneous	-	-	-	-	-	-	-	9,627	-	-
Total revenues	3	-	-	-	3	12	-	60,784	-	212,345
Expenditures										
Current:	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	51,321	210,672
Public works	-	-	-	-	-	-	-	-	-	-
Leisure activities	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	192,731	51,321	210,672
Excess (deficiency) of revenues over expenditures	3	-	-	-	(192,719)	-	-	9,463	-	1,673
Other Financing Sources										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	3	-	-	-	(192,719)	-	-	9,463	-	1,673
Fund Balances (Deficit), Beginning	6,207	-	-	-	192,719	-	-	250,107	9,553	
Fund Balances, Ending	<u>\$ 6,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,226</u>	<u>\$ -</u>	

<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>School Resource Officer</u>	<u>TID No. 4</u>	<u>TID No. 6</u>	<u>Equipment</u>	
\$ 45,000	\$ 309,622	\$ 27,421	\$ -	\$ 337,043
-	224,768	-	-	317,551
28,109	-	-	-	215,108
-	-	-	211	28,109
-	-	-	-	837
<u>73,109</u>	<u>534,390</u>	<u>27,421</u>	<u>211</u>	<u>908,275</u>
3,578	1,650	1,500	-	6,728
-	-	-	-	210,672
-	319,173	174	-	51,321
93,593	-	-	-	512,078
-	57,520	-	378,817	93,593
-	-	895	-	436,337
<u>97,171</u>	<u>378,343</u>	<u>2,569</u>	<u>378,817</u>	<u>895</u>
<u>(24,062)</u>	<u>156,047</u>	<u>24,852</u>	<u>(378,606)</u>	<u>(403,349)</u>
<u>26,564</u>	<u>-</u>	<u>-</u>	<u>23,800</u>	<u>23,800</u>
<u>26,554</u>	<u>-</u>	<u>-</u>	<u>243,851</u>	<u>270,405</u>
2,492	156,047	24,852	(110,955)	(109,144)
-	662,318	(22,354)	143,560	1,242,110
<u>\$ 2,492</u>	<u>\$ 818,365</u>	<u>\$ 2,498</u>	<u>\$ 32,605</u>	<u>\$ 1,132,966</u>

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

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

July 7, 2022

Re: City of Horicon, Wisconsin ("Issuer")
\$2,065,000 General Obligation Promissory Notes, Series 2022A,
dated July 7, 2022 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$135,000	___%
2024	175,000	___
2025	260,000	___
2026	285,000	___
2027	300,000	___
2028	305,000	___
2029	150,000	___
2030	150,000	___
2031	150,000	___
2032	155,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2023.

The Notes maturing on April 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2029 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

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

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

APPENDIX D

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 Horicon, Dodge County, Wisconsin (the "Issuer") in connection with the issuance of \$2,065,000 General Obligation Promissory Notes, Series 2022A, dated July 7, 2022 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 24, 2022, as supplemented by an Approving Certificate (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

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

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

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

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

"Final Official Statement" means the Final Official Statement dated June 17, 2022 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

"Issuer" means the City of Horicon, Dodge County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk-Treasurer of the Issuer who can be contacted at 404 East Lake Street, Horicon, Wisconsin 53202, phone (920) 485-3500, fax (920) 485-3503.

"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, 2022, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 7th day of July, 2022.

Joshua Maas
Mayor

(SEAL)

Kristen M. Jacobson
City Clerk-Treasurer

NOTICE OF SALE**\$2,065,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A
CITY OF HORICON, WISCONSIN**

Bids for the purchase of \$2,065,000* General Obligation Promissory Notes, Series 2022A (the "Notes") of the City of Horicon, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on June 16, 2022, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on May 24, 2022 (the "Parameters Resolution"), which authorized the City Clerk/Treasurer or the Mayor to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on June 16, 2022, neither the City Clerk/Treasurer or the Mayor will have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of purchasing a fire truck, replacing a roof on the Public Safety Building, and projects in the City's Tax Incremental District No.4, including streetscaping and street improvement projects. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated July 7, 2022, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$135,000	2027	\$300,000	2031	\$150,000
2024	175,000	2028	305,000	2032	155,000
2025	260,000	2029	150,000		
2026	285,000	2030	150,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each up to a maximum 100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2023, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2030 shall be subject to optional redemption prior to maturity on April 1, 2029 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about July 7, 2022, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this 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 \$2,044,350 nor more than \$2,188,900 plus accrued interest on the principal sum of \$2,065,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

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

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

A good faith deposit ("Deposit") in the amount of \$41,300 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 Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Notes will not be awarded if the TIC (taking the purchaser's compensation account) exceeds 4.75% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

(1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably

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

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

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

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

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

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

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

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

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

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the

requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

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

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

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

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

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

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

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

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

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

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

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),

- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Common Council

Kristen Jacobson, City Clerk/Treasurer
City of Horicon, Wisconsin

BID FORM

June 16, 2022

City of Horicon, Wisconsin (the "City")

RE: \$2,065,000* General Obligation Promissory Notes, Series 2022A (the "Notes")
DATED: July 7, 2022

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$2,044,350 nor more than \$2,188,900) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2023	_____ % due	2027	_____ % due	2031
_____ % due	2024	_____ % due	2028	_____ % due	2032
_____ % due	2025	_____ % due	2029		
_____ % due	2026	_____ % due	2030		

* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each up to \$100,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

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

A good faith deposit ("Deposit") in the amount of \$41,300 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 Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about July 7, 2022.

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

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from July 7, 2022 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted on behalf of the City of Horicon, Wisconsin, on June 16, 2022.

By: _____
Title: _____