

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2022

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

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

New Issue

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

CITY OF LAKE GENEVA, WISCONSIN (Walworth County)

\$6,150,000* GENERAL OBLIGATION PARK AND PUBLIC GROUNDS BONDS, SERIES 2022A

BID OPENING: November 14, 2022, 10:30 A.M., C.T.

CONSIDERATION: November 14, 2022, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$6,150,000* General Obligation Park and Public Grounds Bonds, Series 2022A (the "Bonds") of the City of Lake Geneva, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of parks and public grounds projects. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS:

December 7, 2022

MATURITY:

February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2023	\$295,000	2030	\$260,000	2037	\$355,000
2024	205,000	2031	270,000	2038	370,000
2025	215,000	2032	280,000	2039	390,000
2026	225,000	2033	295,000	2040	415,000
2027	230,000	2034	305,000	2041	435,000
2028	240,000	2035	320,000	2042	460,000
2029	250,000	2036	335,000		

***MATURITY ADJUSTMENTS:**

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

See "Term Bond Option" herein.

February 1, 2023 and semiannually thereafter.

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

\$6,073,125.

\$6,580,500.

A good faith deposit in the amount of \$123,000 shall be made by the winning bidder by wire transfer of funds.

Bond Trust Services Corporation.

TERM BONDS:

INTEREST:

OPTIONAL REDEMPTION:

MINIMUM BID:

MAXIMUM BID:

GOOD FAITH DEPOSIT:

PAYING AGENT:

BOND COUNSEL &

DISCLOSURE COUNSEL:

MUNICIPAL ADVISOR:

BOOK-ENTRY-ONLY:

Quarles & Brady LLP.

Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CITY OF LAKE GENEVA COMMON COUNCIL

		<u>Term Expires</u>
Charlene Klein	Mayor	April 2024
Tim Dunn	Alderman	April 2024
Mary Jo Fesenmaier	Alderman	April 2024
John Halverson	Alderman	April 2023
Richard Hedlund	Alderman	April 2023
Ken Howell	Alderman	April 2023
Shari Straube	Alderman	April 2023
Cindy Yager	Alderman	April 2024
Joan Yunker	Alderman	April 2024

ADMINISTRATION

Dave Nord, City Administrator

Laura Pisarcik, City Comptroller/Finance Director

Lana Kropf, City Clerk

Laura Duchemin, City Treasurer

PROFESSIONAL SERVICES

Dan Draper, City Attorney, Lake Geneva, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure 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 Lake Geneva, Wisconsin (the "City") and the issuance of its \$6,150,000* General Obligation Park and Public Grounds Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on November 14, 2022.

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

THE BONDS

GENERAL

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

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

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

*Preliminary, subject to change.

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of paying the cost of parks and public grounds projects.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$6,150,000
Estimated Interest Earnings	<u>9,275</u>
Total Sources	\$6,159,275

Uses

Estimated Underwriter's Discount	\$76,875
Costs of Issuance	82,400
Deposit to Project Construction Fund	<u>6,000,000</u>
Total Uses	\$6,159,275

*Preliminary, subject to change.

SECURITY

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

RATING

General obligation debt of the City is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

The City has requested a rating on the Bonds 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 Bonds.

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

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the 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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

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 the 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, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

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

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

TAX EXEMPTION

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

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

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

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

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

ORIGINAL ISSUE DISCOUNT

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

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

original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

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

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

BOND PREMIUM

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

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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 Wipfli LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

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

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

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

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

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

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

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

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

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

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

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

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

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

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which 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 \$131,897. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. The City also received an additional approximately \$13,900 from the State in addition to its initial allocation. 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 received in 2022. The City's allocation is \$848,339.

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

2022 Equalized Value	\$1,896,649,900
2022 Assessed Value	\$1,651,036,500

2022 EQUALIZED VALUE BY CLASSIFICATION

	2022 Equalized Value	Percent of Total Equalized Value
Residential	\$1,460,223,600	76.990%
Commercial	382,516,100	20.168%
Manufacturing	33,064,300	1.743%
Agricultural	192,500	0.010%
Undeveloped	141,900	0.007%
Ag Forest	291,100	0.015%
Forest	57,400	0.003%
Other	144,000	0.008%
Personal Property	20,019,000	1.055%
Total	<u>\$1,896,649,900</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value	Percent Increase/Decrease in Equalized Value
2018	\$1,308,460,100	\$1,339,707,300	6.55%
2019	1,392,131,473	1,466,374,700	9.45%
2020	1,511,775,673	1,511,702,700	3.09%
2021	1,602,563,073	1,643,332,300	8.71%
2022	1,651,036,500	1,896,649,900	15.41%

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

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2021 Equalized Value ¹	Percent of City's Total Equalized Value
Individual	Individual Residence	\$15,037,898	0.92%
Lake Geneva Investors, LLC (Geneva Square)	Multiple Retails	14,784,718	0.90%
Southwind Prairie IV	Apartment Complex	13,312,911	0.81%
Agree Stores LLC (Wal-Mart) ²	Retail	10,869,608	0.66%
Individual	Individual Residence	9,921,286	0.60%
Lake Geneva Retail District (JoAnn Fabrics/TJ Maxx)	Multiple Retails	9,844,173	0.60%
Interra-Sky Lake Geneva	Multiple Retails	9,211,685	0.56%
Southwind Prairie II	Apartment Complex	8,891,750	0.54%
Individual	Individual Residence	8,672,614	0.53%
GPC Real Estate	Apartment Complex	8,484,960	0.52%
Total		\$109,031,603	6.63%
City's Total 2021 Equalized Value		\$1,643,332,300	

Source: The City.

¹ Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the City. Information for 2022 is not yet available.

² Assessment under appeal by taxpayer.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$18,195,000</u>
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*Preliminary, subject to change.

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

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	\$1,896,649,900
Multiply by 5%	0.05
Statutory Debt Limit	\$94,832,495
Less: General Obligation Debt*	18,195,000
Unused Debt Limit*	<u><u>\$76,637,495</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2022 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Gateway Technical College	\$64,293,362,616	2.95%	\$76,310,000	\$2,251,145
Lake Geneva J1 School District	3,682,944,474	51.47%	10,551,000	5,430,600
Linn J4 School District	733,252,721	0.13%	805,000	1,047
Lake Geneva-Genoa City United High School	5,799,502,051	32.70%	6,430,000	<u>2,102,610</u>
City's Share of Total Overlapping Debt			<u><u>\$9,785,402</u></u>	

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Walworth County has no outstanding general obligation debt.

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
		\$1,896,649,900	8,542¹
Total General Obligation Debt*	\$18,195,000	0.96%	\$2,130.06
City's Share of Total Overlapping Debt	<u>\$9,785,402</u>	<u>0.52%</u>	<u>\$1,145.56</u>
Total*	\$27,980,402	1.48%	\$3,275.63

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

¹ Estimated 2022 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	\$7,166,821	100%	\$5.70
2018/19	7,271,671	100%	5.43
2019/20	7,550,253	100%	5.15
2020/21	7,744,801	100%	5.12
2021/22	8,313,650	In Process	5.06

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

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

PROPERTY TAX RATES

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

Year Levied/ Year Collected	Schools¹	County	Local	Total
2017/18	\$12.61	\$4.23	\$5.70	\$22.54
2018/19	12.11	3.91	5.43	21.45
2019/20	11.38	3.77	5.15	20.30
2020/21	10.48	3.60	5.12	19.20
2021/22	9.79	3.34	5.06	18.19

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") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

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

THE ISSUER

CITY GOVERNMENT

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

EMPLOYEES; PENSIONS

The City employs a staff of 85 full-time, 79 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 \$437,175, \$502,139 and \$529,086, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

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

As of December 31, 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.

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 \$2,677,914 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 0.04289372% 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 Note 10 in "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
Police	December 31, 2024
Fire	December 31, 2023

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. Membership of the plan consisted of 6 retirees receiving benefits and 76 active plan members as of December 31, 2020.

OPEB calculations are required to be updated every two years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards.

For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Menard Consulting, Inc., in January, 2021, with an actuarial valuation date of December 31, 2020.

For Fiscal Year 2021, benefit payments for the plan totaled \$173,595. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

Under GASB 75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

For Fiscal Year 2021, the plan's total OPEB liability was \$4,353,056 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$4,353,056.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information, see Note 12 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

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

For Fiscal Year 2021, the City's portion of contributions to the LRLIF totaled \$2,151. For Fiscal Year 2021, the Village reported a liability of \$593,506 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2020 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.10789600% of the aggregate LRLIF net OPEB liability as of December 31, 2020.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 11 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of September 30, 2022)

Fund	Total Cash and Investments
General	\$8,793,886
Lakefront	1,875,608
Parking	2,455,346
Capital Projects	2,435,502
Impact Fees	115,090
Cemetery/Perpetual Care	1,040,984
Equip Replacement	2,743,565
Tax Agency Fund	55
Library Operating	495,585
Library Investments	393,178
Sewer Utility	5,354,127
Water Utility	3,046,064
Total Funds on Hand	<u><u>\$28,748,990</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	\$1,972,243	\$2,014,005	\$2,147,520
Less: Operating Expenses	<u>(1,504,068)</u>	<u>(1,760,530)</u>	<u>(1,516,491)</u>
Operating Income	\$468,175	\$253,475	\$631,029
Plus: Depreciation	436,074	413,388	417,412
Interest Income	22,439	7,197	1,881
Revenues Available for Debt Service	<u>\$926,688</u>	<u>\$674,060</u>	<u>\$1,050,322</u>
Sewer			
Total Operating Revenues	\$2,037,821	\$1,991,988	\$2,084,988
Less: Operating Expenses	<u>(1,907,657)</u>	<u>(1,686,093)</u>	<u>(1,874,544)</u>
Operating Income	\$130,164	\$305,895	\$210,444
Plus: Depreciation	650,537	656,820	664,329
Interest Income	40,294	12,474	3,652
Revenues Available for Debt Service	<u>\$820,995</u>	<u>\$975,189</u>	<u>\$878,425</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				
	2019 Audited	2020 Audited	2021 Audited	2022 Projected ¹	2023 Proposed Budget ²
Revenues					
Taxes	\$ 5,472,791	\$ 5,635,451	\$ 5,989,339	\$ 6,310,329	\$ 6,605,091
Special assessments	931	78,289	77,780	77,780	0
Intergovernmental	967,828	1,176,029	1,033,546	1,142,431	1,256,208
Licenses and permits	593,057	646,250	802,913	610,776	745,500
Fines and forfeits	153,099	131,462	158,569	137,763	155,600
Public charges for services	738,364	648,023	805,577	775,570	1,190,709
Intergovernmental charges for services	184,692	145,582	265,473	0	0
Interdepartmental charges for services	21,310	20,319	0	0	0
Miscellaneous general revenues	196,166	145,502	165,469	113,536	148,525
Total Revenues	<u>\$ 8,328,238</u>	<u>\$ 8,626,907</u>	<u>\$ 9,298,666</u>	<u>\$ 9,168,185</u>	<u>\$ 10,101,633</u>
Expenditures					
Current:					
General government	\$ 1,807,953	\$ 1,896,593	\$ 1,823,077	\$ 1,695,085	\$ 2,157,878
Public safety	5,110,355	5,356,272	5,585,728	6,317,214	8,334,565
Public works	1,941,585	1,962,209	2,051,518	2,345,783	2,846,069
Culture and recreation	274,046	360,432	378,811	394,842	578,321
Conservation and development	196,395	31,291	55,785	72,950	104,650
Capital outlay	0	0	158,599	0	0
Health insurance (unallocated)	0	0	0	229,921	302,855
Contingency	0	0	0	133,715	130,000
Total Expenditures	<u>\$ 9,330,334</u>	<u>\$ 9,606,797</u>	<u>\$ 10,053,518</u>	<u>\$ 11,189,510</u>	<u>\$ 14,454,338</u>
Excess of revenues over (under) expenditures	\$ (1,002,096)	\$ (979,890)	\$ (754,852)	\$ (2,021,325)	\$ (4,352,705)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	2,600	0	0	0	0
Application of prior years appropriation	0	0	0	0	503,500
Transfers in	1,682,234	2,055,549	2,729,530	2,131,508	4,027,320
Transfers out	(391,929)	0	(382,201)	0	(178,115)
Total Other Financing Sources (Uses)	\$ 1,292,905	\$ 2,055,549	\$ 2,347,329	\$ 2,131,508	\$ 4,352,705
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 290,809	\$ 1,075,659	\$ 1,592,477	\$ 110,183	\$ 0
General Fund Balance January 1	<u>4,984,657</u>	<u>5,275,466</u>	<u>6,351,125</u>	<u>7,943,602</u>	
General Fund Balance December 31	<u>\$ 5,275,466</u>	<u>\$ 6,351,125</u>	<u>\$ 7,943,602</u>	<u>\$ 8,053,785</u>	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 272,879	\$ 136,051	\$ 163,013		
Restricted	15,000	15,000	0		
Committed	0	0	0		
Assigned	547,018	1,092,764	986,620		
Unassigned	4,440,569	5,107,310	6,793,969		
Total	\$ 5,275,466	\$ 6,351,125	\$ 7,943,602		

¹ Projected data is actual as of September 30, 2022 and estimated through as of December 31, 2022.

² The 2023 proposed budget is to be adopted on November 28, 2022.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 8,277 and a current estimated population of 8,542 comprises an area of 6.87 square miles and is located approximately 45 miles southwest of Milwaukee and 70 miles southeast of Madison.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Grand Geneva Resort & Spa	Resort	1,200
Lake Geneva Joint School District No. 1	Elementary and secondary education	464
Mercyhealth Hospital	Hospital	283
Paloma Resort Properties ²	Golf hotel resort	220 ³
Brunk Industries	Manufacturing	210
Primex Group	Manufacturing	120
Home Depot	Retail	115
R & L Springs	Manufacturing	105
Aurora Health	Healthcare	100
Walmart	Retail	65

Source: *Data Axle Reference Solutions, written and telephone survey, 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.

² Geneva National Resort & Club, The Ridge Hotel, Cottages at Geneva National, Suites at Geneva National, Hunt Club Steakhouse and Crafted Pizza & Tab

³ Year round average of 220 employees. Numbers range from 80 to 370.

BUILDING PERMITS

	2018	2019	2020	2021	2022¹
<u>New Single Family Homes</u>					
No. of building permits	40	43	89	113	72
Valuation	\$9,641,387	\$11,145,445	\$23,416,328	\$27,436,220	\$19,671,465
<u>New Multiple Family Buildings</u>					
No. of building permits	9	3	0	0	1
Valuation	\$5,080,000	\$1,350,000	\$0	\$0	\$350,000
<u>New Commercial/Industrial</u>					
No. of building permits	3	0	1	2	5
Valuation	\$7,200,000	\$0	\$300,000	\$4,750,000	\$4,844,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	1,097	1,278	1,481	2,030	1,412
Valuation	\$56,668,083	\$53,588,697	\$63,314,380	\$107,504,354	\$70,189,794

Source: The City.

¹ As of October 7, 2022.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census	7,651
2020 U.S. Census	8,277
2022 Estimated Population	8,542
Percent of Change 2010 - 2020	8.18%

Income and Age Statistics

	The City	Walworth County	State of Wisconsin	United States
2020 per capita income	\$37,560	\$34,027	\$34,450	\$35,384
2020 median household income	\$61,028	\$66,034	\$63,293	\$64,994
2020 median family income	\$83,644	\$82,680	\$80,844	\$80,069
2020 median gross rent	\$975	\$899	\$872	\$1,096
2020 median value owner occupied units	\$214,600	\$212,900	\$189,200	\$229,800
2020 median age	44.3 yrs.	40.4 yrs.	39.6 yrs.	38.2 yrs.
			State of Wisconsin	United States
City % of 2020 per capita income			109.03%	106.15%
City % of 2020 median family income			103.46%	104.46%

Housing Statistics

	The City		
	2010	2020	Percent of Change
All Housing Units	4,225	4,659	10.27%

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	
	Walworth County	Walworth County	Walworth County	State of Wisconsin
2018	56,744		2.9%	3.0%
2019	56,215		3.1%	3.2%
2020	53,583		6.1%	6.3%
2021 ¹	56,288		3.6%	3.8%
2022, August	55,547 ¹		3.3% ¹	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 Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

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

City of Lake Geneva, Wisconsin
Financial Report
Year Ended December 31, 2021

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Independent Auditor's Report

To the City Council
City of Lake Geneva, Wisconsin
Lake Geneva, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin (the "City"), 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin as of December 31, 2021, and respective changes in financial position and, where applicable, cash flows therefor 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Lake Geneva, Wisconsin 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 (GAAP), 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 City of Lake Geneva, Wisconsin'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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute 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 City of Lake Geneva, Wisconsin'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 City of Lake Geneva, Wisconsin'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 a management's discussion and analysis, the budgetary comparison information, the schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, the schedules of the employer's proportionate share of the net OPEB liability (asset) and employer contributions - LRIUF, and the schedule of changes in the total OPEB liability and related ratios, 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 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 financial statements, and other knowledge we obtained during our audit of the 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, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

Other auditors previously audited the City's December 31, 2020 financial statements, and their report dated July 26, 2021, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The 2020 summarized comparative information was derived from the 2020 financial statements audited by the prior auditor.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin
May 23, 2022

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

As management of the City of Lake Geneva, Wisconsin, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources as of December 31, 2021 by \$60.4 million (net position). Of this amount, \$10.6 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6.5 million. This increase was due primarily to an increase in funding that was used to increase the City's net investment in capital assets, as well as an increase in room taxes, various fees, and transfers from other funds.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$18.2 million, an increase of \$5.7 million in comparison with the prior year.
- As of December 31, 2021, unassigned fund balance for the general fund was \$6.6 million.
- The City's total general-obligation debt increased by \$8.4 million during 2021.

Overview of the Basic Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the City include the City's water and sewer utilities

The government-wide financial statements can be found on pages 11 - 13 of this report.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

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 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 the City's near-term financing requirements.

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 City'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 has identified four major governmental funds: General, Parking Meters and Lots, Capital Improvements, and Debt Service.

- General Fund: Accounts for the City's primary operating activities.
- Parking Meters and Lots: Accounts for resources collected from parking meters and parking citations, which uses resources for operations and related capital improvements.
- Capital Improvements: Accounts for proceeds from debt issuance and other funding sources used for the design, construction, renovation, and equipping of the City's buildings and other related projects and certain infrastructure projects.
- Debt Service Fund: Accounts for financial resources and payments made on long-term general obligation debt.

The City adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general and parking meters and lots funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Proprietary funds. The City maintains enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities, which are both considered to be major funds of the City.

- Water Utility: Accounts for revenues and expenses for operations of the municipal water distribution system.
- Sewer Utility: Accounts for operations of the sanitary sewer collection system and wastewater treatment plant.

The basic proprietary fund financial statements can be found on pages 18 - 20 of this report.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

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.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$59.6 million at the close of 2021.

	Governmental Activities	Business-Type Activities	Total
	2021	2020	2021
Current and other assets	\$ 31,539,669	\$ 23,607,848	\$ 6,604,118
Capital assets	28,269,987	21,233,708	23,492,403
Total assets	<u>69,809,656</u>	<u>44,811,556</u>	<u>52,015,521</u>
Total deferred outflows of resources	32,534,749	30,697,521	92,343,805
Long-term liabilities	16,997,140	156,753	19,153,093
Other liabilities	2,412,712	1,872,186	527,646
Total liabilities	<u>21,409,852</u>	<u>11,835,847</u>	<u>651,024</u>
Total deferred inflows of resources	13,543,780	11,422,328	719,518
Net position:			
Net investment in capital assets	7,551,986	14,927,586	23,493,403
Restricted	5,090,992	3,213,467	3,407,792
Unrestricted	6,380,114	6,411,672	4,259,759
Total net position	<u>\$ 29,022,992</u>	<u>24,552,725</u>	<u>\$ 60,435,008</u>

By far the largest portion of the City's net position (68%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are 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 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10.6 million) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

Change in net position. Governmental activities increased the City's net position by \$4,469,967 while business-type activities increased net position by \$2,038,618. A summary of the changes in net position follows:

	Governmental Activities		Business-Type Activities		Total
	2021	2020	2021	2020	
Revenues:					
Program revenues:	\$ 6,068,778	\$ 4,963,520	\$ 4,232,508	\$ 4,005,983	\$ 10,301,286
Operating grants and contributions	1,461,504	1,061,762	-	-	1,461,504
Capital grants and contributions	-	14,015	1,477,252	413,426	1,477,252
General revenues:					427,441
Property taxes	7,744,802	7,550,257	-	-	7,744,802
Other taxes	1,790,799	700,394	-	-	1,790,799
Grants and contributions not restricted to specific programs	197,173	179,879	5,533	-	197,173
Other	207,695	362,712	-	19,671	213,428
Total revenues	17,470,951	14,832,539	5,715,293	4,439,090	23,188,244
Expenses:					19,271,629
General government	1,915,566	3,418,120	-	-	1,915,566
Public safety	5,720,785	5,685,859	-	-	5,720,785
Public works	1,507,246	3,190,257	-	-	1,507,246
Health and human services	207,331	585,974	-	-	207,331
Culture, recreation, and education	279,971	2,421,394	-	-	279,971
Conservation and development	888,037	364,026	-	-	858,037
Interest and fiscal charges	337,688	103,539	1,516,491	-	337,688
Water utility	-	-	1,760,530	1,516,491	1,760,530
Sewer utility	-	-	1,874,544	1,686,092	1,874,544
Total expenses	13,286,624	15,789,169	3,391,035	3,446,622	16,677,659
Change in net position before transfers	4,184,327	(966,630)	2,324,258	982,468	6,508,585
Transfers	285,640	280,079	(285,640)	(290,079)	-
Change in net position	4,469,967	(666,551)	2,038,618	702,389	6,508,985
Net position - January 1	24,532,725	25,219,276	29,374,988	28,672,209	53,927,323
Net position - December 31	\$ 29,022,692	\$ 24,552,725	\$ 31,413,216	\$ 29,374,508	\$ 60,435,908
					\$ 53,927,323

Financial Analysis of the City's Funds

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

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

As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$18,151,182, an increase of \$2,668,574 in comparison with the prior year. Approximately 36% of this amount (\$6.6 million) constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been accounted for.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,630,956 while total fund balance was \$7,943,602. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66% of total general fund expenditures, while total fund balance represents 79% of that same amount. The City's general fund increased \$1,592,557 due primarily to increase in room taxes, various fees, and transfers from the parking meters and lakefront funds.

The City's parking meters fund increased \$75,000 due primarily to increase in parking fees and fines.

The City's capital improvements fund increased \$31,130,082 due primarily to an increase in funding used for various building and infrastructure projects.

The City's debt service fund increased \$313,171 due primarily to increase in premium on debt issuance.

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

Net position of the Water Utility at the end of the year amounted to \$15,271,610, an increase of \$1,429,973 due primarily to capital contributions.

Net position of the Sewer Utility at the end of the year amounted to \$16,141,606, an increase of \$608,645 due primarily to capital contributions.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

General Fund Budgetary Highlights

The City's general fund balance increased \$1,592,477 during the current year. Key factors in this change are as follows:

- Overall revenues were more than final budget amounts by \$308,790.
- Overall expenditures were less than final budget amounts by \$526,724.
- Total other financing sources (uses) were more than final budget amounts by \$521,033.

Budgetary amendments were made during the year. The main changes were to account for increased revenues for room tax and building and zoning permits used to cover additional costs related to transfers to other funds.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounts to \$52,015,052 (net of accumulated depreciation). This investment in capital assets includes land, and improvements, buildings, machinery and equipment, public domain infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current year was \$7,317,941 over last year and primarily due to current year additions.

	Governmental Activities			Business-Type Activities		
	2021	2020	2021	2020	2021	2020
Land	\$ 3,576,085	\$ 3,576,085	\$ 933,530	\$ 933,530	\$ 4,509,615	\$ 4,509,615
Construction in progress	1,305,677	2,467,000	65,125	18,417	1,370,802	2,485,417
Buildings and improvements	19,000,000	13,519,164	9,130,538	9,109,389	28,190,538	22,628,543
Land improvements	861,345	861,345	36,877	36,877	888,222	888,222
Machinery and equipment	15,204,520	13,788,777	11,483,253	11,110,600	26,687,773	24,900,377
Infrastructure	90,807,101	88,446,361	25,517,302	24,708,163	116,324,403	113,154,524
Accumulated depreciation	(102,545,341)	(101,456,014)	(23,420,960)	(22,423,573)	(125,986,301)	(123,879,587)
Total	\$ 28,289,387	\$ 21,205,708	\$ 23,745,665	\$ 23,493,403	\$ 52,015,052	\$ 44,697,111

Long-term debt. At the end of the current fiscal year, the City had total general obligation debt outstanding of \$13,635,000 backed by the full faith and credit of the government.

Governmental Activities	
2021	2020
General obligation debt:	
Bonds	\$ 13,635,000

The City's general obligation debt increased \$8,415,000 during the current fiscal year. State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$82,166,615, which is significantly in excess of the City's \$13,635,000 in outstanding general obligation debt.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

Economic and Other Factors

In February 2021, \$9,37 million in General Obligation Promissory Notes were issued to rehabilitate and remodel the Riviera I waterfront building and fund additional capital and infrastructure projects.

- The City of Lake Geneva has been allocated \$848,338 American Recovery Act funding and received \$424,169 of the funds in June 2021. The City has not yet formally approved any projects for this funding.

Contacting the City's Financial Management

The administrative staff hopes the Management Discussion and Analysis is informative. We encourage you to the read the 2021 audit in detail. If you would like additional information regarding the audit report, please contact City Administrator David Nord at 262-248-3673 or City Finance Director/Comptroller Karen Hall at 262-248-3673.

City of Lake Geneva, Wisconsin

Statement of Net Position

December 31, 2021

With Summarized Financial Information for December 31, 2020

	Governmental Activities	Business-Type Activities	Totals		Component Unit	
			2021	2020	2021	2020
Assets:						
Cash and investments Receivables	\$ 19,437,226	\$ 4,397,218	\$ 23,834,444	\$ 18,197,820	\$ 91,116	\$ 11,738
Taxes Delinquent taxes	8,313,650	-	8,313,650	6,096,618	230,000	230,000
Accounts	5,812	-	5,812	6,052	2,706	7,848
Special Assessments	89,7402	824,196	1,721,598	1,239,918	-	-
Internal balances Inventories and prepaid items Restricted assets	88,676	375,193	463,869	544,664	-	-
Cash and investments	285,640	(285,640)	-	-	-	-
Net pension asset	157,201	70,325	227,526	210,602	-	-
Capital assets, nondepreciable Capital assets, depreciable, net	-	-	-	-	-	-
Total assets	23,387,625	2,247,010	46,346,355	37,705,079	-	-
Deferred outflows related to pensions/OPEB	\$ 59,809,056	\$ 2,534,749	\$ 92,345,805	\$ 74,969,077	323,822	249,586
Liabilities:						
Accounts payable Other accrued liabilities	1,413,343	359,225	1,772,568	1,568,418	4,733	8,847
Due to other governments Accrued interest Special deposits	220,807	21,842	242,649	199,289	-	-
Unearned revenue Long-term obligations Due within one year Due in more than one year Total liabilities	5,179	-	5,179	4,386	-	-
Deferred inflows of resources: Property taxes Deferred inflows related to pensions/OPEB Total deferred inflow of resources	126,373	-	126,373	9,924	-	-
Net position: Net investment in capital assets Restricted Unrestricted Total net position	78,900	18,600	97,500	63,900	42,325	-
	568,110	418,894	987,004	-	-	-
	1,590,000	-	1,590,000	1,170,752	-	-
	17,407,140	156,753	17,563,893	9,056,277	-	-
	21,409,852	975,314	22,385,166	12,486,871	4,733	8,847

Government-Wide Financial Statements

City of Lake Geneva, Wisconsin

Statement of Activities
For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		2021 Totals	2020 Totals
Governmental activities:						
General government	\$ 1,915,566	\$ 368,282	\$ 607	\$ -	\$ (1,546,677)	\$ (3,052,865)
Public safety	5,720,785	1,542,950	224,916	\$ (3,952,919)	\$ (4,288,813)	\$ -
Public works	1,507,246	2,504,966	823,845	\$ 1,821,565	\$ 1,821,565	\$ (643,523)
Health and human services	207,331	50,975	23,930	\$ (132,426)	\$ (132,426)	\$ (539,549)
Culture, recreation and education	2,321,315	1,601,605	388,206	\$ (331,504)	\$ (331,504)	\$ (757,576)
Conservation and development	1,276,693	-	-	\$ (1,276,693)	\$ (1,276,693)	\$ (364,007)
Interest and fiscal charges	337,688	-	-	\$ (337,688)	\$ (337,688)	\$ (103,539)
Total governmental activities	\$ 13,286,624	\$ 6,068,778	\$ 1,461,504	\$ (5,756,342)	\$ (5,756,342)	\$ (9,719,872)
Business-type activities:						
Water utility	1,516,491	2,147,520	-	1,082,703	\$ 1,713,732	\$ 466,334
Sewer utility	1,874,544	2,084,388	-	394,549	\$ 604,993	\$ 506,462
Total business-type activities	\$ 3,391,035	\$ 4,232,508	-	\$ 1,477,252	\$ 2,318,725	\$ 972,796
Total	\$ 16,677,659	\$ 10,301,286	\$ 1,461,504	\$ 1,477,252	\$ (5,756,342)	\$ 2,318,725
A Component unit	\$ 198,055	\$ -	\$ 31,843	\$ -		
Business Improvement District						
General revenues:						
Taxes:						
Property taxes, levied for general purposes						
Other taxes						
Federal and state grants and other contributions not restricted to specific functions						
Investment income						
Miscellaneous						
Transfers						
Total general revenues and transfers						
Change in net position						
Net position - beginning						
Net position - ending						

See accompanying notes to the financial statements.

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City of Lake Geneva, Wisconsin

Statement of Activities (Continued)
For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

Governmental Activities	Business-Type Activities			Component Unit	
	Activities	2021	2020		
General government		\$ (1,546,677)	\$ (3,052,865)	\$ -	\$ -
Health and human services		\$ (3,952,919)	\$ (4,288,813)	\$ -	\$ -
Culture, recreation and education		\$ 1,821,565	\$ 1,821,565	\$ -	\$ -
Conservation and development		\$ (132,426)	\$ (132,426)	\$ -	\$ -
Interest and fiscal charges		\$ (331,504)	\$ (331,504)	\$ -	\$ -
Total governmental activities		\$ (1,276,693)	\$ (1,276,693)	\$ (364,007)	\$ (103,539)
Business-type activities:					
Water utility		\$ (337,688)	\$ (337,688)	\$ -	\$ -
Sewer utility		\$ (1,713,732)	\$ 466,334	\$ -	\$ -
Total business-type activities		\$ 604,993	\$ 506,462	\$ -	\$ -
Total		\$ (5,756,342)	\$ 2,318,725	\$ (3,437,617)	\$ (8,777,076)
A Component unit					
Business Improvement District					
General revenues:					
Taxes:					
Property taxes, levied for general purposes					
Other taxes					
Federal and state grants and other contributions not restricted to specific functions					
Investment income					
Miscellaneous					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning					
Net position - ending					

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Fund Financial Statements

City of Lake Geneva, Wisconsin

Balance Sheet - Governmental Funds

December 31, 2021

With Summarized Financial Information for December 31, 2020

	General Fund	Parking Meters and Lots	Capital Improvements	Debt Service Fund	Nominal Governmental Funds	Total 2021	Total 2020
Assets:							
Cash and investments	\$ 7,426,490	\$ 969,945	\$ 3,525,570	\$ 325,948	\$ 7,189,273	\$ 19,437,226	\$ 15,287,859
Receivables							
Taxes	5,561,477	-	-	1,497,173	1,255,000	8,413,650	6,066,618
Delinquent taxes	5,812	-	-	-	-	5,812	6,052
Accounts	842,886	50	-	-	54,544	897,402	416,488
Special assessments	88,676	-	-	-	-	88,676	166,591
Due from other funds	285,640	-	-	-	-	285,640	290,079
Prepaid expenses	-	-	-	-	-	-	140,485
Total assets	\$ 14,368,104	\$ 969,945	\$ 3,525,570	\$ 1,823,121	\$ 8,498,817	\$ 29,185,607	\$ 22,404,572
 Liabilities: Deferred inflows of Resources and Fund Balances:							
Accounts payable	\$ 249,058	\$ 36,927	\$ 263,786	\$ -	\$ 863,562	\$ 1,413,343	\$ 1,481,889
Other accrued liabilities	174,667	1,692	11,345	-	36,518	223,732	177,097
Deposits	3,000	-	-	-	75,900	59,300	4,286
Due to other governments	2,254	-	-	-	-	-	2,254
Unearned revenue	-	-	-	-	555,110	555,110	-
Total liabilities	\$ 428,339	\$ 38,639	\$ 271,531	\$ -	\$ 1,543,070	\$ 2,386,359	\$ 1,722,572
 Deferred inflows of resources:							
Property taxes	5,561,477	-	-	1,497,173	1,255,000	8,213,650	7,744,801
Unearned revenue	424,136	-	-	-	-	424,136	424,136
Total deferred inflows of resources	\$ 5,985,613	-	-	1,497,173	1,255,000	\$ 8,637,786	\$ 8,168,937
 Fund balances:							
Nonspendable	163,013	-	-	-	\$ 960,861	1,123,874	1,004,755
Restricted	986,020	931,466	3,291,439	325,948	1,440,421	1,175,369	1,161,557
Assured	6,793,689	-	-	-	3,288,445	5,288,946	8,157,970
Unassigned	7,943,602	931,466	3,291,439	325,948	5,697,727	6,793,969	5,107,310
Total fund balances	\$ 14,368,104	\$ 969,945	\$ 3,525,570	\$ 1,823,121	\$ 8,498,817	\$ 29,185,607	\$ 22,404,572
Total Liabilities, Deferred inflows of Resources and Fund Balances							

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

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

With Summarized Financial Information for the Year Ended December 31, 2020

	2021	2020
Net change in fund balance - governmental funds	\$ 5,668,574	\$ 557,078
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital expenditures reported in governmental fund statements	9,485,358	4,079,575
Depreciation expense reported in the statement of activities	(1,959,179)	(1,558,952)
Net book value of disposals	(460,500)	(653,242)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
(20,155)	22,966	
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This amount is the net effect of the changes in employee benefit accounts		
592,835	(1,367,695)	
Debt issued, including premiums, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
(9,722,770)	(2,700,000)	
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is		
955,000	935,000	
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		
(69,196)	18,719	
Change in net position - governmental activities	<u>\$ 4,469,967</u>	<u>\$ (666,551)</u>

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City of Lake Geneva, Wisconsin

Statement of Net Position - Proprietary Funds December 31, 2021.

	With Summarized Financial Information for December 31, 2020		
	Water Utility	Sewer Utility	Totals
	2021	2021	2020
Assets:			
Current assets:			
Cash and investments	\$ 1,886,098	\$ 2,511,120	\$ 2,909,961
Accounts receivable	416,403	407,793	823,430
Special assessments	8,504	366,689	377,873
Inventory	70,325	-	70,117
Total current assets	\$ 2,381,330	\$ 2,851,602	\$ 5,666,932
Noncurrent assets:			
Restricted assets:	926,704	2,157,236	2,585,241
Cash and investments	184,827	139,025	127,575
Net pension asset	341,963	656,692	951,947
Capital assets:	12,275,359	10,471,651	22,747,010
Capital assets, nondepreciable	13,728,853	13,424,604	22,341,456
Capital assets, depreciable	(1,610,183)	(1,610,206)	(26,206,219)
Total noncurrent assets	16,110,183	16,110,206	32,820,389
Total assets	\$ 16,437,373	\$ 16,956,315	\$ 33,393,688
Deferred outflows related to pensions/OPEB			
Total assets and deferred outflows of resources	\$ 327,190	\$ 246,109	\$ 573,299
Liabilities:			
Current liabilities:			
Accounts payable	\$ 300,095	\$ 59,130	\$ 359,225
Other accrued liabilities	12,481	9,361	21,842
Due to other funds	285,640	-	285,640
Total current liabilities	\$ 588,216	\$ 68,491	\$ 666,707
Noncurrent liabilities:			
Compensated absences	37,524	25,836	63,360
Unearned revenue	53,740	365,154	418,894
Deposits	18,600	-	18,600
Post-employment benefits	47,044	46,349	93,393
Total noncurrent liabilities	\$ 156,908	\$ 437,339	\$ 594,247
Total liabilities	\$ 755,124	\$ 505,830	\$ 1,250,954
Deferred inflows related to pensions/OPEB	\$ 410,639	\$ 308,879	\$ 719,518
Total liabilities and deferred inflows of resources	\$ 1,165,763	\$ 814,709	\$ 1,980,472
Net position:			
Net investment in capital assets	\$ 12,617,322	\$ 11,128,343	\$ 23,745,665
Restricted	1,111,531	2,296,261	3,407,792
Unrestricted	1,542,757	2,717,002	4,259,759
Total net position	\$ 15,271,610	\$ 16,414,606	\$ 31,413,216
Total liabilities, deferred inflows of resources and net position	<u>\$ 16,437,373</u>	<u>\$ 16,956,315</u>	<u>\$ 33,393,688</u>

See accompanying notes to the financial statements.

See accompanying notes to the financial statements.
of resources and net position
See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Totals	2021	2020
Operating revenues:					
Charges for services	\$ 1,860,593	\$ 2,070,810	\$ 3,931,403	\$ 3,719,393	\$ 4,243,311
Other	286,927	14,178	301,105	286,600	\$ 4,009,204
Total operating revenues	<u>2,147,520</u>	<u>2,084,988</u>	<u>4,232,508</u>	<u>4,005,993</u>	<u>(497,373)</u>
Operating expenses:					
Operation and maintenance	1,073,867	1,183,967	2,257,834	2,329,734	
Depreciation	417,412	664,329	1,081,741	1,070,208	
Taxes	25,212	26,248	51,460	46,681	
Total operating expenses	<u>1,516,491</u>	<u>1,874,544</u>	<u>3,391,035</u>	<u>3,446,623</u>	
Operating income	<u>631,029</u>	<u>210,444</u>	<u>841,473</u>	<u>559,370</u>	
Nonoperating revenues (expenses):					
Interest income	1,881	3,652	5,533	19,671	
Net income before capital contributions and transfers	<u>632,910</u>	<u>214,096</u>	<u>847,006</u>	<u>579,041</u>	
Capital contributions	1,082,703	394,549	1,477,252	413,426	
Transfers out	(285,640)	-	(285,640)	(290,079)	
Change in net position	<u>1,429,973</u>	<u>608,645</u>	<u>2,038,618</u>	<u>702,388</u>	
Net position - beginning	<u>13,841,637</u>	<u>15,532,961</u>	<u>29,374,598</u>	<u>28,672,210</u>	
Net position - ending	<u><u>\$ 15,271,610</u></u>	<u><u>\$ 16,141,606</u></u>	<u><u>\$ 31,413,216</u></u>	<u><u>\$ 29,374,598</u></u>	

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City of Lake Geneva, Wisconsin

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Totals	2021	2020
Cash flows from operating activities:					
Cash received from customers	\$ 2,151,447	\$ 2,091,864	\$ 4,243,311	\$ 4,009,204	
Cash payments to suppliers	(497,373)	(711,729)	(1,209,102)	(1,442,902)	
Cash payments to employees				(399,095)	(897,500)
Net cash provided by operating activities	<u>1,254,979</u>	<u>869,594</u>	<u>2,124,573</u>	<u>1,668,802</u>	
Cash flows from noncapital financing activities:					
Transfer out				(290,079)	(290,079)
Net cash (used) by noncapital financing activities				<u>(290,079)</u>	<u>(290,079)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets				(449,520)	(199,867)
Special assessment collections				1,701	979
Capital contributions				574,431	218,205
Net cash (used) by capital and related financing activit				<u>126,612</u>	<u>19,317</u>
Cash flows from investing activities:					
Interest income received				1,881	3,652
					5,533
					19,671
Change in cash and cash equivalents					
Cash and cash equivalents - beginning				1,093,393	892,563
Cash and cash equivalents - ending				<u>1,719,409</u>	<u>3,775,793</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income				\$ 631,029	\$ 210,444
Adjustments to reconcile operating income to net cash provided by operating activities				417,412	664,329
Depreciation					1,070,208
Changes in assets, liabilities and deferrals					
Receivables				(9,599)	8,833
Inventory				(208)	(766)
Pension related deferrals and liabilities				(75,888)	(46,069)
Accounts payable				255,074	(121,957)
Accrued liabilities				997	17,622
Unearned revenue				(474)	5,653
Deposits				14,000	(1,957)
Compensated absences					14,000
Net cash provided by operating activities				<u>22,636</u>	<u>10,739</u>
					<u>33,375</u>
					<u>(2,921)</u>
Noncash capital and related financing activities					
Contributed capital assets				\$ 508,272	\$ 176,344
Capital assets additions in accounts payable				\$ -	\$ -
See accompanying notes to the financial statements.					

See accompanying notes to the financial statements.

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City of Lake Geneva, Wisconsin
Statement of Fiduciary Net Position
December 31, 2021

With Summarized Financial Information for December 31, 2020

	Tax Collection	
	Custodial Fund	2020
	2021	2020
Assets:		
Cash and investments	\$ 7,359,022	\$ 5,117,123
Receivables	22,783,552	16,168,276
Taxes	<u>\$ 30,142,574</u>	<u>\$ 21,285,399</u>
Total assets		
Liabilities:		
Due to other governments	\$ 30,142,574	\$ 21,285,399
Net position - end of year		

City of Lake Geneva, Wisconsin

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

	Tax Collection	
	Custodial Fund	2020
	2021	2020
Additions:		
Property tax collections for other governments	\$ 21,285,399	\$ 22,215,383
Deductions:		
Payments of property taxes to other governments	<u>21,285,399</u>	<u>22,215,383</u>
Change in net position	-	-
Net position - beginning of year	-	-
Net position - end of year	\$ -	\$ -

See accompanying notes to the financial statements.

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See accompanying notes to the financial statements.

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City of Lake Geneva, Wisconsin Notes to Financial Statements

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationships with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that is the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. The City has identified the following component unit that is required to be included in the basic financial statements.

Downtown Lake Geneva Business Improvement District
The Downtown Lake Geneva Business Improvement District (the "BID"), created under the provisions of Wisconsin Statute Section 66.1105, is a discretely presented component unit with a separate eight member board of directors. The BID nomination of the board of directors must be approved by the Common Council. The purpose of the BID is to allow businesses within the district boundaries to develop, manage, and promote the district and to establish an assessment method to finance these activities. The BID has its own independent budgetary authority and borrowing capabilities. However, the City can impose its will on the BID. The BID financial information is presented for the fiscal year ended December 31, 2021. Separate financial statements for the BID can be obtained from its office at 626 Geneva Street, Lake Geneva, Wisconsin 53147.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer 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.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual 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, fund equity, revenues, and expenditures/expenses.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. Fiduciary funds are organized by fund type. 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:

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

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all the financial activity that is not accounted for and reported in another fund.

Parking Meters and Lots Fund – This fund accounts for collections through parking meters and parking violations, to support wages for monitoring operations and providing resources to support City operations.

Capital Improvements Fund – This fund accounts for the design, construction, renovation, and equipping of the City's buildings and other related projects such as acquisition of land and/or land improvements or certain infrastructure projects.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

Water Utility – This fund accounts for the City's operation and maintenance of the water distribution system for residents, business entities, and public authorities of the City.

Sewer Utility – This fund accounts for the City's operation and maintenance of the wastewater treatment and disposal system for residents, business entities and public authorities of the City.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year. Expenditures are recognized 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 fund liabilities when expected to be paid with expendable available financial resources.

The City's share of property taxes is recorded in the year levied as a receivable and a deferred inflow of resources. Property taxes are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units (other than the City) billed in the current year for the succeeding year are reflected as due to other taxing units in the accompanying statement of net position and balance sheet.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

In the government-wide financial statements, special assessments are recognized as revenues when levied against the benefiting properties. In governmental fund financial statements, 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. Delinquent special assessments being held for collection by the county are reported as receivables and unavailable revenues in the General Fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, 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.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Fair Value Measurements

Proprietary funds are accounted for on the accrual basis. Revenues such as user fees are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred. Water service charges to consumers are billed at rates established by the Wisconsin Public Service Commission. Wastewater charges to consumers are billed at rates established by the City's common council.

Deposits and Investments

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

Investments of individual funds are pooled unless maintained in segregated accounts and are carried at fair value.

Investment of the City's funds are restricted by state statutes. Investments are limited to:

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

The City has adopted an investment policy that states that deposits with financial institutions should not exceed collateralized amounts guaranteed by the financial institution. Individual investments with fixed interest rates should not mature in more than 10 years. The policy does not address other risks attributable to the City's deposits and investments.

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.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The assets or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Receivables and Revenue Recognition

Under Wisconsin law, personal property taxes and the first installment of real estate taxes are due January 31 and are collected by city, village, and town treasurers or clerks, who then make settlements with school districts and with county treasurers for certain purposes. The City Treasurer collects the taxes through January. These transactions are accounted for in the General Fund. The second installment of real estate taxes (due July 31) and delinquent taxes are collected and settled by the county treasurer.

The 2020 tax levy is budgeted as property tax revenue for the year 2021 and is recognized as revenue in 2021 to the extent available. Real property tax assessments for the 2020 tax levy were based on assessed valuations as of January 1, 2020. The City levied property taxes pursuant to law in December 2020, at which time an enforceable legal claim is attached to properties. The County obtains liens on property for which taxes are delinquent on the third Tuesday in October each year. The County pays the City in full for real estate taxes by August 31 each year.

Since the property taxes are levied for the subsequent year, the property taxes due governmental funds for City purposes are recorded as a deferred inflow of resources in the governmental funds. This amount is recognized as revenue in the following year. Property taxes due to other governments are recorded as liabilities.

In determining when to recognize intergovernmental revenues (grants, subsidies, and shared revenues), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability. Unearned revenue is recorded for grant funds received but not earned. A receivable is recorded for grant funds earned but not received.

Income from investments is recognized when earned.

Special assessments receivable are recorded as levied. Current revenues represent the amounts considered available as explained above.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. Inventory items are expensed in the period used. Any materials and supplies on hand at year-end are valued at the lower of cost, determined on the first-in, first out (FIFO) method, or market. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant.

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepayments. The cost of these services is recorded as expense when consumed rather than when purchased.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The city maintains a threshold level of \$10,000 or more for capitalizing assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the governmental funds financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years for land improvements, 5 to 50 years for buildings and improvements, 5 to 15 years for improvements other than buildings, 5 to 150 years for infrastructure, and 5 to 50 years for equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Internal balances between funds of the governmental activities or funds of the business-type activities are eliminated in the government-wide financial statements.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the term of the related debt.

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

Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts

City employees are granted sick leave and vacation in varying amounts in accordance with City paid time off policies. All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability for compensated absences is reported only if they have matured as a result of employee resignations or retirements.

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

Postemployment Benefits Other than Pensions (OPEB) Plan - 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 Postemployment Benefits, OPEB Expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consummation of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item that qualifies for reporting in this category. They are the deferred outflows related to pensions and OPEB. The deferred outflows of resources related to pensions represent the City's proportionate share of collective deferred outflows of resources related to pensions and City's contributions to pension and OPEB plans subsequent to the measurement date of the collective net pension/OPEB liability (asset) for the WRS and LRIF plans.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The first is property taxes levied for the subsequent year. These amounts are deferred and recognized as an inflow of resources in the following year as the amounts become available. The second is deferred inflows of resources related to pensions for its proportionate share of the collective deferred inflows of resources related to pensions for the WRS plan and OPEB for the LRIF plan. The third is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance (adjusted for unspent proceeds) of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide and proprietary fund financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not a spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantor, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council – the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations so to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City's common council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 2: Cash and Investments

The City's cash and investment balances at December 31, 2021 were as follows:

	Amount	Fair Value Level
Deposits with financial institutions	\$ 6,282,495	N/A
Cash on hand	6,685	N/A
Investments:		
Wisconsin Local Government Investment Pool	26,892,223	N/A
Money market funds	15,206	Level 2
Exchange traded funds	32,825	Level 2
Mutual funds - equity	563,214	Level 1
Mutual funds - bonds	433,874	Level 1
Total	\$ 34,368,522	

The City's cash and investment balances as shown in the basic financial statements are as follows:

	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Government-wide statement of net position					
Cash and investments	\$ 23,834,444				
Restricted cash and investments	3,083,940				
Fiduciary fund statement of net position					
Cash and investments	91,116				
Fiduciary fund statement of net position					
Cash and investments	7,359,022				
Total	\$ 34,368,522				

Deposits

Deposits at each bank in the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and \$250,000 for all demand deposit accounts (interest-bearing and non-interest-bearing). Accounts at each institution outside the state of Wisconsin are insured by the FDIC up to \$250,000 for the combined total of all deposit accounts. In addition, the State of Wisconsin Public Depository Guarantee Fund guarantees the City's deposits up to \$400,000 per public depository. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. Funds may be only invested up to \$500,000 at any financial institution unless the excess is collateralized. As of December 31, 2021, the City's bank balance of \$6,455,384 was exposed to custodial credit risk as follows: \$342,466 was covered by FDIC insurance, \$400,000 was covered by the State of Wisconsin and \$5,712,918 was covered by a line of credit agreement held in the City's name.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Investments

The City has investments in the Wisconsin local government investment pool (LGIP). The 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 carrying value. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in LGIP is not subject to the fair value hierarchy disclosures.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money market funds	\$ 152,206	\$ 152,206	\$ -	\$ -	\$ -
Exchange traded funds	32,825	32,825	\$ -	\$ -	\$ -
Mutual funds - equity	568,214	568,214	\$ -	\$ -	\$ -
Mutual funds - bonds	433,874	433,874	\$ -	\$ -	\$ -
Wisconsin local government investment pool	26,892,223	26,892,223	\$ -	\$ -	\$ -
Total	\$ 28,079,342	\$ 28,079,342	\$ -	\$ -	\$ -

Credit Risk: State Statute limits investments in fixed income securities to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the money market funds, exchange traded funds, mutual funds - equity, and stock, and the Wisconsin local government investment choices. The City has no investment policy that would further limit its investment choices.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 3: Restricted Assets

Restricted assets reported on the government wide statement of net position at December 31, 2021:

	Amount	Purpose
Governmental Activities:		
Net pension asset	\$ 2,354,062	Restricted for pensions
Business-Type Activities:		
Water Utility:		
Plant and Equipment Replacement Fund	530,445	To be used for the replacement of capital assets of the water distribution plant
		To account for the impact fees collected and held by the Commission to finance system
Impact fees	396,259	improvements
Net pension asset	184,827	Restricted for pensions
Total Water Utility	1,111,531	
Sewer Utility:		
DNR Replacement	1,152,482	To be used for the replacement of certain assets of the sewer utility
Impact fees	1,004,754	To account for the impact fees collected and held by the Commission to finance system
Net pension asset	139,025	Restricted for pensions
Total Sewer Utility	2,296,261	
Total business-type activities	3,407,792	
Total restricted assets	\$ 5,761,854	

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 4: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on December 31, 2021, are as follows:

Due From:	Due To:	Amount
Water Utility	General Fund	\$ 285,640
	The interfund balances from the Water Utility to the General Fund were related to tax equivalents to be paid in the subsequent year.	
	Interfund transfers in the fund financial statements on December 31, 2021, are as follows:	
Transfer From:	Transfer To:	Amount
Water Utility	General Fund	Tax equivalent payment
Parking Meters and Lots Special Revenue Fund	General Fund	Excess funds paid to the General Fund
Lakefront Operations Fund	General Fund	Excess funds paid to the General Fund
General Fund	Tourism Commission	Budgeted appropriations
General Fund	Capital Improvements	Budgeted appropriations
	Public Library	Fund library capital improvements
Capital Improvements	Tourism Commission	Budgeted appropriations
Tourism Commission	Lakefront operations	Budgeted appropriations
Cemetery Perpetual Care	Cemetery Fund	Budgeted appropriations
		Totals
		\$ 3,373,714

City of Lake Geneva, Wisconsin
Notes to Financial Statements

City of Lake Geneva, Wisconsin
Notes to Financial Statements

Note 5: Capital Assets

Capital asset balances and activity for the year ended December 31, 2021, were as follows:

Governmental Activities:	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated:				
Land	\$ 3,576,085	\$ -	\$ -	\$ 3,576,085
Construction in progress	2,467,000	6,502,079	(7,663,402)	1,305,677
Total capital assets, not being depreciated	6,043,085	6,502,079	(7,663,402)	4,881,762
Capital assets, being depreciated:				
Land improvements	861,345	-	-	861,345
Buildings	13,519,154	6,419,001	(878,156)	19,059,999
Machinery and equipment	13,789,777	1,511,249	(96,506)	15,204,520
Infrastructure	88,446,361	2,716,431	(355,691)	90,807,101
Total capital assets, being depreciated	116,616,637	10,646,681	(1,330,353)	125,932,965
Accumulated depreciation:				
Land improvements	(181,369)	(32,037)	-	(213,406)
Buildings	(10,153,864)	(537,947)	420,754	(10,271,057)
Machinery and equipment	(10,522,437)	(839,112)	93,407	(11,258,142)
Infrastructure	(80,598,344)	(560,083)	355,692	(80,802,735)
Total accumulated depreciation	(101,456,014)	(1,959,179)	869,853	(102,545,340)
Total capital assets, being depreciated, net	15,160,623	8,687,502	(469,500)	23,387,625
Governmental activities capital assets, net	\$ 21,203,708	\$ 15,189,581	\$ (8,123,902)	\$ 28,269,387

Depreciation expense was charged to the governmental functions as follows:

Governmental activities:	
General government	\$ 197,577
Public safety	467,608
Public works	729,081
Culture, recreation and education	555,697
Health and human services	9,216
Total depreciation expense, governmental activities	\$ 1,959,179

Note 5: Capital Assets (Continued)

	Business-type activities:	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated:					
Land and land rights	\$ 933,530	\$ -	\$ -	\$ 933,530	
Construction in progress	18,417			(6,723)	
Total capital assets, not being depreciated	951,947			(6,723)	
Capital assets, being depreciated:					
Land improvements	36,877			-	
Buildings and improvements	9,109,389	30,149		(9,000)	
Machinery and equipment	11,110,600	444,827		(72,176)	
Infrastructure	24,708,163	812,203		(3,060)	
Total capital assets, being depreciated	44,965,029	1,287,179		(84,236)	
Total accumulated depreciation	(22,423,573)	(1,081,741)		84,352	
Total capital assets, being depreciated, net	22,541,456	205,438		116	
Business-type activities capital assets, net	\$ 23,493,403	\$ 258,869	\$ (6,607)	\$ 23,745,665	
Business-type activities:					
Water utility				\$ 417,412	
Sewer utility				664,329	
Total depreciation expense, business-type activities	\$ 1,081,741				

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 6: Long-Term Obligations

Long-term obligations of the City are as follows:

	Balance 01/01/21	Additions	Reductions	Balance 12/31/21	Amounts Due Within One Year
<i>Governmental activities</i>					
General obligation debt:					
Notes	\$ 1,720,000	\$ 937,000	\$ 955,000	\$ 10,135,000	\$ 1,240,000
Direct placement notes	3,500,000	-	-	3,500,000	350,000
Total general obligation debt	5,220,000	9,370,000	955,000	13,635,000	1,590,000
Debt premium	27,623	352,770	47,553	332,840	-
Net OPEB liability -LNUF	448,273	73,458	-	521,731	-
Total OPEB liability - Other	4,313,057	18,381	-	4,331,438	-
Compensated absences	159,305	16,826	-	176,131	-
Total governmental activities	\$ 10,168,258	\$ 9,831,435	\$ 1,002,553	\$ 18,997,140	\$ 1,590,000
<i>Business-type activities</i>					
Net OPEB liability -LNUF	\$ 21,618	\$ 28,786	-	\$ 21,618	\$ -
Total OPEB liability - Other	42,989	4,589	-	71,775	-
Compensated absences	58,771	-	-	63,360	-
Total business-type activities	\$ 123,378	\$ 33,375	\$ -	\$ 156,753	\$ -

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. Notes and bonds in the governmental funds will be retired by future property tax levies. Compensated absences and OPEB liabilities will be funded by each respective fund.

General obligation debt at December 31, 2021 is comprised of the following individual issues:

	Issue Dates	Interest Rates %	Final Maturity	Balance 12/31/21	
Governmental Activities					
Promissory notes	08/15/14	3.00%	04/01/23	\$ 765,000	
	05/15/17	2.337%	04/01/27	\$ 3,500,000	
Bank loan - Direct borrowing	02/04/21	0.25-1.40%	02/01/31	\$ 2,330,000	
Promissory notes	02/04/21	1.00-2.00%	02/01/31	\$ 7,040,000	
Total general obligation debt				\$ 13,635,000	

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

The 2021 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$1,643,332,300. The legal debt limit and margin of indebtedness as of December 31, 2021, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (5% of \$1,643,332,300)	\$ 82,166,615
Long-term debt applicable to debt margin	(13,635,000)
Debt service funds/assets available	325,948

Margin of indebtedness

Debt service requirements to maturity on general obligation debt are as follows:	
Year Ended:	
2022	\$ 1,590,000
2023	\$ 1,645,000
2024	\$ 1,600,000
2025	\$ 1,655,000
2026	\$ 1,680,000
2027-2031	\$ 5,465,000
Totals	\$ 13,635,000
	\$ 1,003,854

Note 7: Minimum General Fund Balance Policy

The City Council has adopted a minimum fund balance policy whereas the unassigned fund balance be equivalent to three months of expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual general fund expenditures	\$ 10,053,518
Minimum fund balance percent	(X) 25%
Minimum fund balance amount	\$ 2,513,380

City of Lake Geneva, Wisconsin
Notes to Financial Statements

Note 8: Net Position

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

Governmental Activities:		
Net investment in capital assets:		
Land and other nondepreciable assets	\$ 4,881,762	
Other capital assets, net of accumulated depreciation	23,387,625	
Less: related long-term debt outstanding	(10,717,401)	
Total net investment in capital assets	17,551,986	
Restricted:		
Net pension asset	2,354,062	
Cemetery perpetual care funds	847,881	
Debt service	325,948	
Library	777,694	
Tourism commission	685,615	
Impact fees	99,092	
Total restricted	5,090,292	
Unrestricted		
	6,380,414	
Governmental activities net position	\$ 29,022,692	
Business-Type Activities:		
Net investment in capital assets:		
Land and other nondepreciable assets	\$ 998,655	
Other capital assets, net of accumulated depreciation	22,747,010	
Total net investment in capital assets	23,745,665	
Restricted:		
Net pension asset	323,852	
Plant and equipment replacement	1,682,927	
Impact fees	1,401,013	
Total restricted	3,407,792	
Unrestricted		
	4,259,759	
Business-type activities net position	\$ 31,413,216	

Note 9: Fund Balance

Fund balance reported on the balance sheet - governmental funds at December 31, 2021:

Nonspendable Fund Balance		
Delinquent taxes	\$ 5,812	\$ 5,812
Cemetery perpetual care	847,881	847,881
Library endowment	112,980	112,980
Prepaid expenses	157,201	157,201
Total nonspendable fund balance	\$ 1,123,874	
Restricted Fund Balance		
Debt service	\$ 325,948	\$ 325,948
Library	664,714	664,714
Tourism commission	685,615	685,615
Impact fees	99,092	99,092
Total restricted fund balance	\$ 1,775,369	
Assigned Fund Balance		
Fire department	\$ 19,525	\$ 19,525
Police department	114,038	114,038
Parks	20,306	20,306
Ambulance	10,481	10,481
Historical preservation	1,596	1,596
Avian committee	5,154	5,154
Carryforwards	307,979	307,979
Postemployment	507,341	507,341
Equipment replacement	2,303,413	2,303,413
Capital improvements	3,250,439	3,250,439
Parking meters and lots	931,466	931,466
Lakefront operations	475,717	475,717
Cemetery operations	309,140	309,140
COVID expenses	201,055	201,055
Total assigned fund balance	\$ 8,457,970	
Unassigned Fund Balance		
General fund		\$ 6,793,969

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

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

ETF issued a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://ett.wi.gov/publications/cafr.htm>

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Postretirement 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, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$529,086 in contributions from the employer.

Contribution rates as of December 31, 2021, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

City of Lake Geneva, Wisconsin Notes to Financial Statements

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

At December 31, 2021, the City reported an asset of \$2,677,914 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 0.04289372%, which was an increase of 0.00162008% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$(284,198).

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	\$ 3,875,764	\$ 834,832
Net differences between projected and actual earnings on pension plan investments	-	5,027,566
Change in assumptions	60,740	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,806	1,776
Employer contributions subsequent to the measurement date	529,086	-
Total	\$ 4,482,396	\$ 5,864,174

\$529,086 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Net Deferred Outflows (Inflows) of Resources

Year Ended December 31	\$
2022	(491,490)
2023	(130,112)
2024	(906,206)
2025	(383,056)
Total	\$ (1,910,864)

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2019
Measurement date of net pension liability (asset)	December 31, 2020
Actuarial cost method	Entry age
Asset valuation method	Fair value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement adjustments*	1.9%

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

Actuarial assumptions are based on 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 on a rollforward of the liability calculated from the December 31, 2019, actuarial valuation.

City of Lake Geneva, Wisconsin Notes to Financial Statements

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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 defined 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:

Asset Allocation Targets and Expected Returns
As of December 31, 2020

Asset Class	Allocation %	Nominal Rate of Return %	Long-Term Expected Real Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:				
Global equities	51.0%	7.2%	4.7%	
Fixed income	25.0%	3.2%	0.8%	
Inflation sensitive assets	16.0%	2.0%	(0.4)%	
Real estate	8.0%	5.6%	3.1%	
Private equity/debt	11.0%	10.2%	7.6%	
Multi-asset	4.0%	5.8%	3.3%	
Total core fund	115.0%	6.6%	4.1%	
Variable fund:				
U.S. equities	70.0%	6.6%	4.1%	
International equities	30.0%	7.4%	4.9%	
Total variable fund	100.0%	7.1%	4.6%	

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%

Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

Note 10: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds as reported in Fidelity Index's "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% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	.1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	.1% Increase to Discount Rate (8.00%)
Pension Plan Fiduciary Net Position	\$ 2,549,003	\$ (2,677,914)	\$ (6,517,046)
City's proportionate share of the net pension liability (asset)			
Total			

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://eft.wi.gov/about-ett/reports-and-studies/financial-reports-and-statements>.

City of Lake Geneva, Wisconsin **Notes to Financial Statements**

City of Lake Geneva, Wisconsin **Notes to Financial Statements**

Note 11: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

The Local Retiree Life Insurance Fund (LRLF) is a cost-sharing multiple-employer defined benefit OPEB plan. LRLF 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.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

The LRLF 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 postretirement benefit.

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

Contribution rates as of December 31, 2021, are as follows:

Coverage Type	Employer Contribution
50% postretirement coverage	40% of member contribution
25% postretirement coverage	20% of member contribution
<hr/>	
Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020, are as follows:	
50% postretirement coverage	40% of member contribution
25% postretirement coverage	20% of member contribution

Note 11: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Attained Age

Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	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	

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

During the reporting period, the LRLF recognized \$2,151 in contributions from the employer.

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

At December 31, 2021, the City reported a liability of \$593,506 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability 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 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, 2020, the City's proportion was 9.1078960%, which was an increase of 0.00262300% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB expense of \$71,381. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ - \$ 28,320
Net differences between projected and actual earnings on OPEB plan investments	8,641
Change in assumptions	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	230,882 40,723
Employer contributions subsequent to the measurement date	16,497 16,431 2,151 -
Total	\$ 258,171 \$ 85,474

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 11: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

\$2,151 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2022	\$ 30,647
2023	29,713
2024	28,750
2025	28,032
2026	36,310
Thereafter	17,094
Total	\$ 170,546

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 (asset)	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:	
Inflation	3.00
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

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

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). 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.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 11: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020

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

The long-term expected rate of return and expected inflation rate remained unchanged at 4.25% and 2.20% 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% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% 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% as of December 31, 2019 to 2.12% 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 members. Therefore, the discount rate for calculating the Total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 11: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.25%, 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%) or 1 percentage point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
City's proportionate share of the net OPEB liability	\$ 807,338	\$ 593,506	\$ 431,791

Note 12: Other Postemployment Benefits - Healthcare Plan

Plan description: - The City administers a single-employer defined benefit healthcare plan. The plan provides health care coverage for eligible retirees and their spouses through the City's insurance plan which covers both active and retired members.

Employees covered by benefit terms: - At December 31, 2020, the date of the latest actuarial valuation, there were 76 active and 6 retired members in the plan.

Contributions: - There is no requirement for any employee or employer contributions for funding of the plan. Benefit provisions and contribution requirements are established through employment agreements which may be amended only through negotiations between the City and the employees. The City does not contribute toward the retired employees' premiums.

Actuarial assumptions: - The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2020
Measurement date	December 31, 2021
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Inflation	3.0%
Discount Rate	2.25%
Healthcare cost trend rates	7.70% decreasing to an ultimate rate of 4.50% by 2034
Mortality Assumptions	Police Personnel: PubS-H 20102 Mortality Table - Safety Table - All Others: PubG-H 2010 Mortality Table - General

Discount rate: - The discount rate is equivalent to the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 12: Other Postemployment Benefits - Healthcare Plan (Continued)

<u>Changes in Total OPEB Liability</u>	Increase (Decrease) Total OPEB Liability
Balances at December 31, 2020	\$ 4,313,057
Changes for the year:	
Service cost	268,072
Interest	81,567
Changes of assumptions or other input	(136,043)
Benefit payments	(173,597)
Net changes	39,999
Balances at December 31, 2021	\$ 4,353,056

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 (1.25%) or 1 percentage point higher (3.25%) than the current rate:

Total OPEB liability	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase Discount Rate (3.25%)
Total OPEB liability	\$ 3,955,766	\$ 4,353,056	\$ 4,793,315

The following presents the City's total OPEB liability calculated using the health care cost trend rate of 7.7% decreasing to 4.5%, as well as what the City's total OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (6.7% decreasing to 3.5%) or 1 percentage point higher (8.7% decreasing to 5.5%) than the current rate:

Total OPEB liability	1% Decrease (6.7% decreasing to 3.5%)	Trend Rates (7.7% decreasing to 4.5%)	1% Increase (8.7% decreasing to 5.5%)
Total OPEB liability	\$ 4,983,198	\$ 4,353,056	\$ 3,824,476

For the year ended December 31, 2021, the City recognized OPEB expense of \$213,595.

City of Lake Geneva, Wisconsin Notes to Financial Statements

Note 13: Reconciliation of Deferred Outflows and Inflows

The tables below reconcile the deferred outflows and inflows from the Notes to the financial statements:

	Deferred Outflows	Deferred Inflows
Employee Retirement Plans - Wisconsin Retirement System	\$ 4,482,396	\$ 5,864,174
Other Postemployment Benefits - Local Retiree Life Insurance Fund	258,171	85,474
Total	\$ 4,740,567	\$ 5,949,648

Note 14: Tower Rental Income

The City rents space on its water towers to various leases for the mounting of telecommunications equipment. Rental income for the year ended December 31, 2021 was \$240,764. The remaining future rental payments due on the leases are as follows:

Year Ending December 31,	Amount
2022	163,208
2023	123,545
2024	76,652
Total	363,405

Note 15: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the City's insurance coverage in fiscal 2021.

Note 16: Commitments and Contingencies

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.

Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

With Summarized Financial Information for the Year Ended December 31, 2020

With Summarized Financial Information for the Year Ended December 31, 2020

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

With Summarized Financial Information for the Year Ended December 31, 2020

	Budgeted Amounts		Final Budget		Variance with Final Budget		
	Original	Final	Actual Amounts	Positive (Negative)	2020	Original	Final
Revenues:							
Taxes	\$ 5,446,108	\$ 5,446,108	\$ 5,446,109	\$ 1	\$ 5,277,082	\$ 14,000	\$ 14,000
General property	5,400	5,400	4,242	(1,158)	4,762	17,850	26,983
Mobile home property taxes	362,477	509,477	537,562	27,785	342,521	613,500	727,088
Room tax	2,525	2,525	806	(1,719)	203	3,500	2,883
Interest on taxes	600				710	5,000	21,333
Sales tax discount					320	500	-
Total taxes	5,817,110	5,964,110	5,989,339	25,229	5,625,278	2,000	545
Special Assessments						7,650	(1,455)
Roads		-	77,780	77,780	78,289	7,650	2,717
Miscellaneous fees and charges						700	782
Total public charges for services						664,700	664,700
Intergovernmental						805,577	140,877
Recycling	24,000	24,000	23,889	(111)	23,802	121,724	121,724
Shared revenue	173,989	173,989	174,200	211	146,991	60,000	112,090
Police department	13,440	13,440	14,750	1,310	71,858	136,848	(9,634)
Fire department	54,449	54,449	56,076	1,627	60,259	-	76,848
Emergency management	5,627	5,627	482	(5,145)	36,512	-	51,450
State aid for highway	739,216	739,216	741,176	1,960	813,892	181,724	181,724
Municipal services	3,533	3,533	3,533	-	3,511	265,473	83,749
Exempt computer aid	19,204	19,204	19,204	-	19,204	21,000	4,534
Aids in lieu of taxes	10,173	10,173	236	(9,937)	10,173	-	(16,466)
Total intergovernmental	1,043,631	1,043,631	1,033,546	(10,085)	1,186,202	40,000	35,939
Licenses and permits						10,030	(4,061)
Liquor and malt beverage licenses	32,000	32,000	36,630	4,630	44,005	5,000	4,912
Operator licenses	38,000	38,000	33,120	(4,880)	49,630	1,030	1
Cable TV Franchise fees	120,000	120,000	105,570	(14,430)	120,448	100	1
Dog and cat licenses	1,500	1,500	700	(800)	518		-
Other business licenses	34,000	34,000	32,250	(1,750)	29,780		1
Building permits	221,000	281,000	281,705	705	194,586		23,031
Electrical permits	79,000	103,000	103,512	512	70,169		11,295
Plumbing permits	51,000	71,000	71,420	420	47,415		144,249
Zoning permits	45,000	62,000	62,085	85	38,937		308,790
Other miscellaneous	50,300	74,300	75,921	1,621	50,762		8,626,907
Total licenses and permits	671,800	816,800	802,913	(13,887)	646,250		
Fines and forfeits							
Court fines and penalties	110,100	140,100	142,862	2,762	113,380		
Parking violations	15,000	15,000	15,707	707	18,082		
Total fines and forfeits	125,100	155,100	158,569	3,469	131,162		

See Accompanying Notes to Required Supplementary Information

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Final Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
Expenditures:					
General government	\$ 34,020	\$ 34,020	\$ 59,359	\$ (25,339)	\$ 50,619
General government	220,255	220,255	225,769	(5,514)	233,889
Insurance	371,142	371,142	268,030	103,112	341,398
Health and other benefits	43,952	43,952	43,654	298	45,229
Common council	133,189	133,189	109,001	24,188	120,767
Municipal court	80,796	88,796	88,635	161	78,113
City attorney	25,000	17,000	8,284	8,716	6,376
Outside legal services	8,583	8,583	7,382	1,201	7,562
Mayor	155,835	155,835	152,582	3,253	150,255
City administrator	252,145	264,145	210,074	54,071	232,770
City clerk	426,070	426,070	413,647	12,423	397,628
Accounting and data processing	43,600	43,600	43,121	479	43,113
City assessor	207,455	207,455	193,539	13,916	188,874
City hall building	2,002,042	2,014,042	1,823,077	190,965	1,896,593
Total general government					
Public safety					
Police department	4,055,564	4,077,677	3,951,870	125,807	3,722,434
Fire department	1,406,838	1,431,875	1,345,243	86,632	1,222,023
Building and zoning	316,575	316,575	274,786	41,789	263,996
Emergency management	16,698	16,698	13,829	2,869	26,581
Total public safety	5,795,605	5,842,825	5,585,728	257,097	5,235,034
Public works					
Street and highway	911,579	933,179	867,915	65,264	814,575
Engineering	10,800	10,800	9,000	1,800	6,952
Snow and ice control	184,648	218,648	180,803	37,845	130,629
Tree and brush control	177,181	186,181	184,975	1,206	216,056
Compost operations	387,959	387,959	384,229	3,730	378,635
Storm sewer	23,651	28,651	28,554	97	17,956
Traffic control	149,551	149,551	147,434	2,117	149,514
Recycling	276,833	269,893	248,608	21,285	247,592
Total public works	2,122,262	2,184,862	2,051,518	133,344	1,962,209
Culture and recreation					
Parks	201,634	201,634	205,607	(3,973)	190,718
Veteran's park	84,465	88,465	85,908	2,557	83,243
Leisure activities	90,080	90,080	87,296	2,784	86,471
Total culture and recreation	376,179	380,179	378,811	1,368	360,432

See Accompanying Notes to Required Supplementary Information

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	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Final Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
Expenditures (continued):					
Conservation and development					
Plan commission				\$ 61,800	\$ 65,156
Other conservation and development				9,525	9,229
Total conservation and development				71,325	55,785
Capital outlay				160,062	183,653
Total expenditures				10,528,465	10,680,242
Excess (deficiency) of revenues over expenditures				(1,948,369)	(1,768,146)
Other Financing Sources (uses):					
Transfers in				1,863,573	1,863,573
Transfers out				(150,204)	(37,277)
Total other financing sources (uses)				1,713,369	1,826,296
Excess (deficiency) of revenues over expenditures and other financing sources (uses)				(235,000)	58,151
Fund balance - beginning				6,351,125	6,351,125
Fund balance - ending				\$ 6,116,125	\$ 6,409,276
Total				5,275,466	5,275,466

See Accompanying Notes to Required Supplementary Information

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City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - Parking Lots and Meters

For the Year Ended December 31, 2021

With Summarized Financial Information for the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive (Negative)	2020
Revenues:				
Public charges for services	\$1,739,800	\$1,739,800	\$2,480,205	\$ (740,405)
Miscellaneous	2,000	2,000	1,010	990
Total revenues	1,741,800	1,741,800	2,481,215	(739,415)
Expenditures:				
Current:				
Public works	575,600	575,600	572,956	2,644
Capital outlay	80,000	80,000	32,787	47,213
Total expenditures	655,600	655,600	605,743	49,357
Excess of revenues over (under) expenditures	1,086,200	1,086,200	1,875,472	(789,272)
Other Financing Sources (Uses)				
Transfers out	(1,091,200)	(1,091,200)	(1,800,472)	709,272
Net Change in Fund Balances	(5,000)	(5,000)	75,000	(80,000)
Fund Balances - beginning	856,466	856,466	856,466	-
Fund Balances - ending	<u>\$ 851,466</u>	<u>\$ 851,466</u>	<u>\$ 931,466</u>	<u>\$ (80,000)</u>

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Notes to Budgetary Comparison Schedule

Note 1: 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 to the financial statements.

Budgets are adopted at the functional level of expenditure. 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.

Note 2: Excess of Expenditures Over Appropriations

	Budget	Actual	Actual Over Budget
General government	\$ 34,020	\$ 59,359	\$ 25,339
Insurance	220,255	225,769	5,514
Parks	201,634	205,607	3,973

For the year ended December 31, 2021, the General Fund had expenditures in excess of appropriations for the following categories:

City of Lake Geneva, Wisconsin
Schedules of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability	\$ 268,072	\$ 198,265	\$ 149,141	\$ 134,430
Service cost	\$ 81,567	\$ 95,010	\$ 99,168	\$ 97,738
Interest				
Differences between expected and actual experience	-\$ (136,043)	+\$ 382,026	-\$ 101,579	+\$ 118,768
Changes in assumptions or other input	(173,597)	769,788	(180,836)	(368,054)
Benefit payments		(139,842)		(301,133)
Other changes		- 23,570	371	64,956
Net Change in OPEB Liability	\$ 39,999	\$ 1,328,817	\$ 169,423	\$ (253,295)
Total OPEB liability - beginning	\$ 4,313,057	\$ 2,984,240	\$ 2,814,817	\$ 3,068,112
Total OPEB liability - ending	\$ 4,352,056	\$ 4,313,057	\$ 2,984,240	\$ 2,814,817
Covered employee payroll	\$ 4,027,470	\$ 4,519,776	\$ 2,714,308	\$ 3,986,408
Net OPEB liability as a percentage of covered employee payroll	103.08%	95.43%	109.94%	70.61%

* These schedules are intended to present information for the last 10 years.
Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Supplementary Financial Information

City of Lake Geneva, Wisconsin
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Lakefront Operations	Public Library	Cemetery Operations	ARPA Fund	Tourism Commission	Impact Fees	Equipment Replacement	Cemetery Perpetual Care	Library Endowment	Total Nonmajor Governmental Funds
Assets:										
Cash and investments	\$ 981,815	\$ 932,326	\$ 205,579	\$ 424,289	\$ 1,144,802	\$ 109,757	\$ 2,363,281	\$ 850,806	\$ 156,618	\$ 7,189,273
Receivables										
Taxes	54,544	-	487,000	168,000	-	-	-	600,000	-	1,255,000
Accounts								-		54,544
Total assets	\$ 1,036,359	\$ 1,439,326	\$ 373,579	\$ 423,289	\$ 1,144,802	\$ 109,757	\$ 2,363,281	\$ 850,806	\$ 156,618	\$ 3,498,817
Liabilities:										
Accounts payable	\$ 28,809	\$ 304,267	\$ 766	\$ 3,758	-	\$ 459,187	\$ 10,665	\$ 59,868	\$ -	\$ 863,562
Other accrued liabilities	2,852	26,983	-	-	-	-	-	2,925	-	36,518
Deposits								-		75,900
Unearned revenue	143,941	-	-	-	-	-	-	-	-	568,110
Total liabilities	\$ 251,302	\$ 331,256	\$ 4,534	\$ 424,169	\$ 459,187	\$ 10,665	\$ 59,868	\$ 2,925	-	\$ 1,544,090
Deferred inflows of resources:										
Property taxes	-	487,000	168,000	-	-	-	600,000	-	-	\$ 1,255,000
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	-	621,076	-	-	-	685,615	99,092	-	847,881	112,980
Assigned	784,857	-	201,055	120	-	-	2,303,413	-	43,638	1,449,421
Total fund balances	\$ 784,857	\$ 621,076	\$ 201,055	120	\$ 685,615	\$ 99,092	\$ 2,303,413	\$ 847,881	\$ 156,618	\$ 5,689,727
Total liabilities, deferred inflows of resources and fund balances	\$ 1,036,359	\$ 1,439,326	\$ 373,579	\$ 423,289	\$ 1,144,802	\$ 109,757	\$ 2,363,281	\$ 850,806	\$ 156,618	\$ 3,498,817

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City of Lake Geneva, Wisconsin
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2021

	Lakefront Operations	Public Library	Cemetery Operations	ARPA Fund	Tourism Commission	Impact Fees	Equipment Replacement	Cemetery Perpetual Care	Library Endowment	Total Nonmajor Governmental Funds
Revenues:										
Taxes:	\$ 31,334	-	\$ 485,000	\$ 150,000	\$ -	\$ 1,248,375	\$ -	\$ 600,000	\$ -	\$ 2,483,375
Intergovernmental Licenses and permits	-	-	-	-	-	-	-	-	-	315,54
Fines and forfeits	-	-	4,450	-	-	-	24,840	-	-	28,840
Public charges for services	981,058	-	54,630	-	-	-	-	-	-	4,450
Intergovernmental charges	-	-	259,365	-	-	-	-	-	-	1,055,963
Miscellaneous	328,995	330,010	-	125	120	253	49	-	-	259,365
Total revenues	1,341,187	1,087,825	204,755	120	1,248,328	24,889	643,332	118,626	17,004	4,686,266
Expenditures:										
Current:										
Health and human services	672,211	-	765,047	-	198,115	-	-	-	-	198,115
Culture and recreation	-	-	-	-	-	-	-	-	-	1,437,758
Conservation and development	-	-	-	-	802,452	-	-	-	-	802,452
Capital outlay	3,558	59,076	-	-	-	-	-	651,755	-	1,196,009
Total expenditures	675,769	1,358,123	198,115	-	802,452	-	-	601,755	-	3,633,634
Excess of revenues over expenditures (under) expenditures	665,418	(265,238)	6,540	120	446,276	24,889	41,557	118,626	17,004	1,052,632
Other Financing Sources (Uses)										
Transfers in:	68,000	163,000	15,983	-	-	630	-	-	-	247,613
Transfer out	(658,418)	(658,418)	-	-	-	(68,000)	-	-	-	(742,401)
Total other financing sources (uses)	(590,418)	(163,000)	15,983	-	-	(67,370)	-	-	-	(494,788)
Net Change in Fund Balances	75,000	(102,286)	22,623	120	379,006	24,889	41,857	102,543	17,004	557,844
Fund Balance - Beginning	709,857	728,374	178,432	-	306,009	74,203	2,261,556	745,238	139,614	5,141,883
Fund Balance - Ending	\$ 784,857	\$ 621,076	\$ 201,055	\$ 120	\$ 685,615	\$ 98,092	\$ 2,303,413	\$ 847,881	\$ 156,618	\$ 5,689,727

APPENDIX B

FORM OF LEGAL OPINION

(See following pages.)

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

December 7, 2022

Re: City of Lake Geneva, Wisconsin ("Issuer")
\$6,150,000 General Obligation Park and Public Grounds Bonds, Series 2022A,
dated December 7, 2022 ("Bonds")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$295,000	___%
2024	205,000	___
2025	215,000	___
2026	225,000	___
2027	230,000	___
2028	240,000	___
2029	250,000	___
2030	260,000	___
2031	270,000	___
2032	280,000	___
2033	295,000	___
2034	305,000	___
2035	320,000	___
2036	335,000	___
2037	355,000	___
2038	370,000	___
2039	390,000	___
2040	415,000	___
2041	435,000	___
2042	460,000	___

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

The Bonds maturing on February 1, 2031 are subject to redemption prior to maturity, at the option of the Issuer, on February 1, 2030 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

QUARLES & BRADY LLP

APPENDIX C

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 Lake Geneva, Walworth County, Wisconsin (the "Issuer") in connection with the issuance of \$6,150,000 General Obligation Park and Public Grounds Bonds, Series 2022A, dated December 7, 2022 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on October 10, 2022 and November 14, 2022 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof.

Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org 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 November 15, 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 Lake Geneva, Walworth County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Administrator of the Issuer who can be contacted at 626 Geneva Street, Lake Geneva, Wisconsin 53147, phone (262) 249-4098.

"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.

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

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

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

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

Section 5. Reporting of Listed Events.

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

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

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

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

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

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

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

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

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

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

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

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

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

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

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

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

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

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

(SEAL)

Charlene Klein
Mayor

Lana Kropf
City Clerk

APPENDIX E

NOTICE OF SALE

\$6,150,000* GENERAL OBLIGATION PARK AND PUBLIC GROUNDS BONDS, SERIES 2022A CITY OF LAKE GENEVA, WISCONSIN

Bids for the purchase of \$6,150,000* General Obligation Park and Public Grounds Bonds, Series 2022A (the "Bonds") of the City of Lake Geneva, 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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on November 14, 2022, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

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

DATES AND MATURITIES

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

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$295,000	2030	\$260,000	2037	\$355,000
2024	205,000	2031	270,000	2038	370,000
2025	215,000	2032	280,000	2039	390,000
2026	225,000	2033	295,000	2040	415,000
2027	230,000	2034	305,000	2041	435,000
2028	240,000	2035	320,000	2042	460,000
2029	250,000	2036	335,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

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

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

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

DELIVERY

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

LEGAL MATTERS

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

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

SUBMISSION OF BIDS

Bids must not be for less than \$6,073,125 nor more than \$6,580,500 plus accrued interest on the principal sum of \$6,150,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 \$123,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

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

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

- (1) the close of the fifth (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 Bonds to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com 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

Laura Pisarcik, City Comptroller/Finance Director
City of Lake Geneva, Wisconsin

BID FORM

The Common Council
City of Lake Geneva, Wisconsin (the "City")

November 14, 2022

RE: \$6,150,000* General Obligation Park and Public Grounds Bonds, Series 2022A (the "Bonds")
DATED: December 7, 2022

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$6,073,125 nor more than \$6,580,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036		

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

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

A good faith deposit ("Deposit") in the amount of \$123,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 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 Bonds.

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

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

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

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

Account Manager: _____ By: _____

Account Members:

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

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Lake Geneva, Wisconsin, on November 14, 2022.

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