

PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2024

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 Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes 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). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Notes shall be "qualified tax-exempt obligations".

New Issue

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

CITY OF LAKE GENEVA, WISCONSIN (Walworth County)

\$8,960,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: May 13, 2024, 10:00 A.M., C.T.

CONSIDERATION: May 13, 2024, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$8,960,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Lake Geneva, Wisconsin (the "City"), for public purposes, including financing costs included in the City's capital improvement plan including, but not limited to street improvement projects, parking lots or other parking facilities, parks and public ground projects, library projects, equipment of the fire department, cemetery projects, City Hall projects, DPW buildings, equipment and police radios. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: June 5, 2024

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	\$260,000	2032	\$550,000	2039	\$390,000
2026	425,000	2033	570,000	2040	395,000
2027	445,000	2034	600,000	2041	410,000
2028	465,000	2035	345,000	2042	475,000
2029	480,000	2036	365,000	2043	495,000
2030	510,000	2037	370,000	2044	505,000
2031	525,000	2038	380,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on February 1, 2034 and thereafter are subject to call for prior optional redemption on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$8,870,400.

MAXIMUM BID: \$9,587,200.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$179,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL AND

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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



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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 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 Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). 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 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 Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

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

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

Preliminary Official Statement: This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this 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 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 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 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 Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

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

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CITY OF LAKE GENEVA COMMON COUNCIL

		<u>Term Expires</u>
Todd W. Krause	Mayor	April 2026
Sherrri Ames	Alderman	April 2026
Peg Esposito	Alderman	April 2025
Mary Jo Fesenmaier	Alderman	April 2026
Linda Frame	Alderman	April 2025
Joel Hoiland	Alderman	April 2026
Ken Howell	Alderman	April 2025
Shari Straube	Alderman	April 2025
Cynthia Yager	Alderman	April 2026

ADMINISTRATION

Dave Nord, City Administrator
Laura Pisarcik, City Comptroller/Finance Director
Laura Duchemin, City Treasurer
Lana Kropf, City Clerk

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 Official Statement contains certain information regarding the City of Lake Geneva, Wisconsin (the "City") and the issuance of its \$8,960,000* General Obligation Promissory Notes, Series 2024A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on May 13, 2024.

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 Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 5, 2024. The Notes will mature on February 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing 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 Notes maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including financing costs included in the City's capital improvement plan including, but not limited to street improvement projects, parking lots or other parking facilities, parks and public ground projects, library projects, equipment of the fire department, cemetery projects, City Hall projects, DPW buildings, equipment and police radios.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$8,960,000	
Estimated Interest Earnings	<u>354,746</u>	
Total Sources		\$9,314,746
Uses		
Estimated Underwriter's Discount	\$112,000	
Cost of Issuance	104,550	
Deposit to Borrowed Money Fund	9,094,815	
Rounding Amount	<u>3,381</u>	
Total Uses		\$9,314,746

*Preliminary, subject to change.

SECURITY

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

RATING

General obligation debt of the City is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The City has requested an underlying rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

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

CONTINUING DISCLOSURE

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

On the date of issue and delivery of the Notes, 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 Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar

laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (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 Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

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

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

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

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

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

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted 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 Notes is more than the principal amount payable at maturity, such Notes ("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 Notes shall be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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, 2022 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2023 Equalized Value	\$2,260,598,500
2023 Assessed Value	\$2,295,617,400

2023 EQUALIZED VALUE BY CLASSIFICATION

	2023 Equalized Value	Percent of Total Equalized Value
Residential	\$1,740,876,300	77.010%
Commercial	454,659,600	20.112%
Manufacturing	40,012,100	1.770%
Agricultural	214,200	0.009%
Undeveloped	256,900	0.011%
Ag Forest	372,800	0.016%
Forest	73,500	0.003%
Other	154,000	0.007%
Personal Property	<u>23,979,100</u>	<u>1.061%</u>
Total	<u><u>\$2,260,598,500</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value	Percent Increase/Decrease in Equalized Value
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%
2023	2,295,617,400	2,260,598,500	19.19%

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

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value¹	Percent of City's Total Equalized Value
Wisconsin Geneva Square Investors LLC	Multiple Retail	\$21,044,000	0.93%
Individual	Individual Residence	19,202,500	0.85%
Southwind Prairie IV LLC	Apartment Complex	15,709,400	0.69%
Southwind Prairie II LLC	Apartment Complex	15,669,600	0.69%
R&L Properties Wisconsin Inc.	Apartment Complex	12,659,800	0.56%
Individual	Individual Residence	12,496,900	0.55%
Angel Number LLC	Individual Residence	12,438,300	0.55%
Ridges Limited Partnership	Apartment Complex	11,522,300	0.51%
SCH Lake LLC	Individual Residence	11,342,800	0.50%
Summit Real Estate Inc.	Apartment Complex	<u>10,988,300</u>	<u>0.49%</u>
 Total		 \$143,073,900	 6.33%
 City's Total 2023 Equalized Value		 \$2,260,598,500	

Source: The City.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)* \$23,685,000

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

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	\$2,260,598,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$113,029,925
Less: General Obligation Debt*	<u>(23,685,000)</u>
Unused Debt Limit*	<u><u>\$89,344,925</u></u>

*Preliminary, subject to change.

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

City of Lake Geneva, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/05/2024)

Dated Amount	Promissory Note		Taxable Promissory Notes Series 2021A		Promissory Notes Series 2021B		Park and Public Grounds Bonds Series 2022A		Promissory Notes Series 2024A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	05/15/2017 \$3,500,000		02/04/2021 \$2,330,000		02/04/2021 \$7,040,000		12/07/2022 \$6,075,000		06/05/2024 \$8,960,000*							
Maturity	01/01 & 04/01 & 07/01 & 10/01		02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest						
2024	350,000	23,516	0	8,173	0	40,825	0	119,069	0	0	350,000	191,582	541,582	23,335,000	1.48%	2024
2025	700,000	34,763	230,000	15,828	725,000	74,400	215,000	232,763	260,000	467,817	2,130,000	825,569	2,955,569	21,205,000	10.47%	2025
2026	700,000	18,404	235,000	14,605	745,000	59,700	225,000	221,763	425,000	389,140	2,330,000	703,611	3,033,611	18,875,000	20.31%	2026
2027	350,000	3,067	250,000	12,963	700,000	45,250	230,000	210,388	445,000	370,546	1,975,000	642,214	2,617,214	16,900,000	28.65%	2027
2028			250,000	10,900	710,000	31,150	240,000	198,638	465,000	351,209	1,665,000	591,896	2,256,896	15,235,000	35.68%	2028
2029			250,000	8,463	780,000	20,150	250,000	186,388	480,000	331,128	1,760,000	546,128	2,306,128	13,475,000	43.11%	2029
2030			275,000	5,500	805,000	12,225	250,000	173,888	510,000	310,090	1,840,000	501,703	2,341,703	11,635,000	50.88%	2030
2031			275,000	1,925	820,000	4,100	275,000	162,138	525,000	288,096	1,895,000	456,259	2,351,259	9,740,000	58.88%	2031
2032							275,000	151,138	550,000	265,115	825,000	416,253	1,241,253	8,915,000	62.36%	2032
2033							300,000	139,638	570,000	241,035	870,000	380,673	1,250,673	8,045,000	66.03%	2033
2034							305,000	127,538	600,000	215,580	905,000	343,118	1,248,118	7,140,000	69.85%	2034
2035							320,000	115,038	345,000	194,790	665,000	309,828	974,828	6,475,000	72.66%	2035
2036							335,000	101,938	365,000	178,714	700,000	280,651	980,651	5,775,000	75.62%	2036
2037							355,000	88,138	370,000	161,625	725,000	249,763	974,763	5,050,000	78.68%	2037
2038							370,000	73,638	380,000	143,713	750,000	217,350	967,350	4,300,000	81.85%	2038
2039							390,000	58,438	390,000	124,848	780,000	183,285	963,285	3,520,000	85.14%	2039
2040							410,000	42,438	395,000	105,516	805,000	147,954	952,954	2,715,000	88.54%	2040
2041							415,000	25,678	410,000	85,490	825,000	111,168	936,168	1,890,000	92.02%	2041
2042							415,000	8,559	475,000	63,246	890,000	71,806	961,806	1,000,000	95.78%	2042
2043									495,000	38,630	495,000	38,630	533,630	505,000	97.87%	2043
2044									505,000	13,004	505,000	13,004	518,004	0	100.00%	2044
	2,100,000	79,750	1,765,000	78,355	5,285,000	287,800	5,575,000	2,437,206	8,960,000	4,339,330	23,685,000	7,222,442	30,907,442			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Gateway Technical College District	\$72,945,616,758	3.0990%	\$68,750,000	\$2,130,563
Lake Geneva J1 School District	4,393,980,025	51.4214%	7,642,000	3,929,624
Linn J4 School District	838,697,410	0.1373%	410,000	563
Lake Geneva-Genoa City United High School	6,803,939,925	33.2248%	5,344,000	<u>1,775,533</u>
City's Share of Total Overlapping Debt				<u><u>\$7,836,283</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$2,260,598,500	Debt/ Per Capita 8,635⁴
Total General Obligation Debt*	\$23,685,000	1.05%	\$2,742.91
City's Share of Total Overlapping Debt	<u>7,836,283</u>	<u>0.35%</u>	<u>\$907.50</u>
Total*	\$31,521,283	1.39%	\$3,650.41

*Preliminary, subject to change.

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

² Includes tax increment valuation.

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

⁴ Estimated 2023 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
2019/20	\$7,550,253	100%	\$5.15
2020/21	7,744,801	100%	5.12
2021/22	8,313,650	100%	5.06
2022/23	9,096,060	100%	4.80
2023/24	9,587,459	In Process	4.24

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

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

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
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
2022/23	8.59	2.90	4.80	16.29
2023/24	7.77	2.50	4.24	14.51

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; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). 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 the 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 Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$315,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$96,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

The City is governed by a Mayor and an eight-member Common Council. 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 115 full-time, 69 part-time, and 44 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, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$502,139, \$529,086 and \$598,795, respectively.

Governmental Accounting Standards Board Statement No. 68 ("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, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion. As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. Accordingly, the Village will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2023.

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 2022, the City reported an asset of \$3,543,487 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 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 0.04396286% of the aggregate WRS net pension asset as of December 31, 2021.

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 11 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. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, 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 ¹

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 8 retirees receiving benefits and 88 active eligible plan members as of December 31, 2022, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and 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 Key Benefit Concepts LLC, in April 2023, with an actuarial valuation date of December 31, 2022.

¹ A new contract is currently in negotiations.

For Fiscal Year 2022, benefit payments for the plan totaled \$191,966. 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.

As of December 31, 2022, the plan's total OPEB liability was \$3,517,865 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$3,517,865.

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 13 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 2022, the City's portion of contributions to the LRLIF totaled \$2,329. For Fiscal Year 2022, the Village reported a liability of \$672,807 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2021 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.11383500% of the aggregate LRLIF net OPEB liability as of December 31, 2021.

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 12 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 Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

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

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

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

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

FUNDS ON HAND (as of February 29, 2024)

Fund	Total Cash and Investments
General	\$14,508,344
Lakefront	1,207,782
Parking	1,255,900
Capital Projects	459,084
Impact Fees	339,284
Cemetery/Perpetual Care	941,332
Equipment Replacement	2,768,167
Library Operating	86,960
Library Investments	766,732
Sewer Utility	7,489,842
Water Utility	<u>4,600,886</u>
 Total Funds on Hand	 <u><u>\$34,424,312</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:

	2020 Audited	2021 Audited	2022 Audited
Water			
Total Operating Revenues	\$2,014,005	\$2,147,520	\$2,132,522
Less: Operating Expenses	<u>(1,760,530)</u>	<u>(1,516,491)</u>	<u>(1,815,499)</u>
Operating Income	\$253,475	\$631,029	\$317,023
Plus: Depreciation	413,388	417,412	432,217
Interest Income	<u>7,197</u>	<u>1,881</u>	<u>45,878</u>
Revenues Available for Debt Service	<u><u>\$674,060</u></u>	<u><u>\$1,050,322</u></u>	<u><u>\$795,118</u></u>
Sewer			
Total Operating Revenues	\$1,991,988	\$2,084,988	\$2,088,750
Less: Operating Expenses	<u>(1,686,093)</u>	<u>(1,874,544)</u>	<u>(1,990,787)</u>
Operating Income	\$305,895	\$210,444	\$97,963
Plus: Depreciation	656,820	664,329	675,019
Interest Income	<u>12,474</u>	<u>3,652</u>	<u>80,802</u>
Revenues Available for Debt Service	<u><u>\$975,189</u></u>	<u><u>\$878,425</u></u>	<u><u>\$853,784</u></u>

SUMMARY GENERAL FUND INFORMATION

The 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 statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Draft Audit	2024 Adopted Budget ²
Revenues					
Taxes & Special assessments	\$5,713,740	\$6,067,119	\$6,677,327	\$6,739,732	\$7,090,990
Intergovernmental	1,176,029	1,033,546	1,084,724	1,010,640	2,064,900
Licenses and permits	646,250	802,913	718,448	668,872	126,100
Fine and forfeitures	131,462	158,569	137,165	142,154	153,850
Public charges for services	648,023	805,577	874,946	843,808	1,318,154
Intergovernmental charges	145,582	265,473	423,011	674,508	890,450
Interdepartmental charges	20,319	0	0	0	0
Miscellaneous	145,502	165,469	378,509	403,563	359,069
Total Revenues	\$8,626,907	\$9,298,666	\$10,294,130	\$10,483,277	\$12,003,513
Expenditures					
Current:					
General government	\$1,896,593	\$1,823,077	\$2,013,405	\$2,726,763	\$3,061,727
Public safety	5,356,272	5,585,728	6,715,068	7,626,500	9,235,321
Public works	1,962,209	2,051,518	2,422,926	2,793,724	2,969,411
Culture and recreation	360,432	378,811	628,732	390,594	613,617
Conservation and development	31,291	55,785	74,232	94,166	55,500
Capital outlay	0	158,599	72,387	0	0
Total Expenditures	\$9,606,797	\$10,053,518	\$11,926,750	\$13,631,747	\$15,935,576
Excess of revenues over (under) expenditures	(\$979,890)	(\$754,852)	(\$1,632,620)	(\$3,148,470)	(\$3,932,063)
Other Financing Sources (Uses)					
Transfers in	\$2,055,549	\$2,729,530	\$2,874,873	\$3,869,737	\$3,932,063
Transfers (out)	0	(382,201)	0	0	0
Total Other Financing Sources (Uses)	2,055,549	2,347,329	2,874,873	3,869,737	3,932,063
Net changes in Fund Balances	\$1,075,659	\$1,592,477	\$1,242,253	\$721,267	\$0
General Fund Balance January 1, restated	\$5,275,466	\$6,351,125	\$7,943,602	\$9,019,164 ¹	
General Fund Balance December 31	\$6,351,125	\$7,943,602	\$9,185,855	\$9,740,431	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$136,051	\$163,013	\$286,998		
Restricted	15,000	0	0		
Assigned	1,092,764	986,620	1,057,969		
Unassigned	5,107,310	6,793,969	7,840,888		
Total	\$6,351,125	\$7,943,602	\$9,185,855		

¹ Restated.

² The 2024 budget was adopted on November 27, 2023.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 8,277 and a current estimated population of 8,635 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	382
Paloma Resort Properties ²	Golf hotel resort	351 ³
Mercyhealth Hospital	Hospital	262
The City	Municipal government and services	228
Brunk Industries	Machinery	210
Primex Group	Manufacturing	130
Home Depot	Retail	115
R & L Springs	Manufacturing	105
Aurora Health	Healthcare	100

Source: The City, 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 averages 351 employees. They have 233 at the low point and 494 at the high point.

BUILDING PERMITS

	2020	2021	2022	2023	2024 ¹
<u>New Single Family Homes</u>					
No. of building permits	89	113	85	82	17
Valuation	\$23,416,328	\$27,436,220	\$16,250,000	\$15,500,000	\$4,470,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	1	0	0
Valuation	\$0	\$0	\$350,000	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	2	3	0	0
Valuation	\$300,000	\$4,750,000	\$3,385,000	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	1,481	2,030	1,751	1,001	237
Valuation	\$63,314,380	\$107,504,354	\$77,655,108	\$46,371,103	\$11,214,979

Source: The City.

¹ As of April 8, 2024.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	7,651
2020 U.S. Census Population	8,277
Percent of Change 2010 - 2020	8.18%
2023 Estimated Population	8,635

Income and Age Statistics

	The City	Walworth County	State of Wisconsin	United States
2022 per capita income	\$42,817	\$40,386	\$40,130	\$41,261
2022 median household income	\$62,883	\$75,172	\$72,458	\$75,149
2022 median family income	\$77,065	\$94,281	\$92,974	\$92,646
2022 median gross rent	\$1,090	\$1,034	\$992	\$1,268
2022 median value owner occupied units	\$290,800	\$254,300	\$231,400	\$281,900
2022 median age	45.0 yrs.	40.7 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
City % of 2022 per capita income	106.70%	103.77%
City % of 2022 median family income	82.89%	83.18%

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	4,659	5,073	8.89%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Walworth County	Walworth County	State of Wisconsin	
2020	53,434	6.2%	6.4%	
2021	55,683	3.7%	3.9%	
2022	56,235	2.9%	2.9%	
2023 ¹	57,386	2.9%	3.0%	
2024, March	57,067 ¹	3.4% ¹	3.5%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

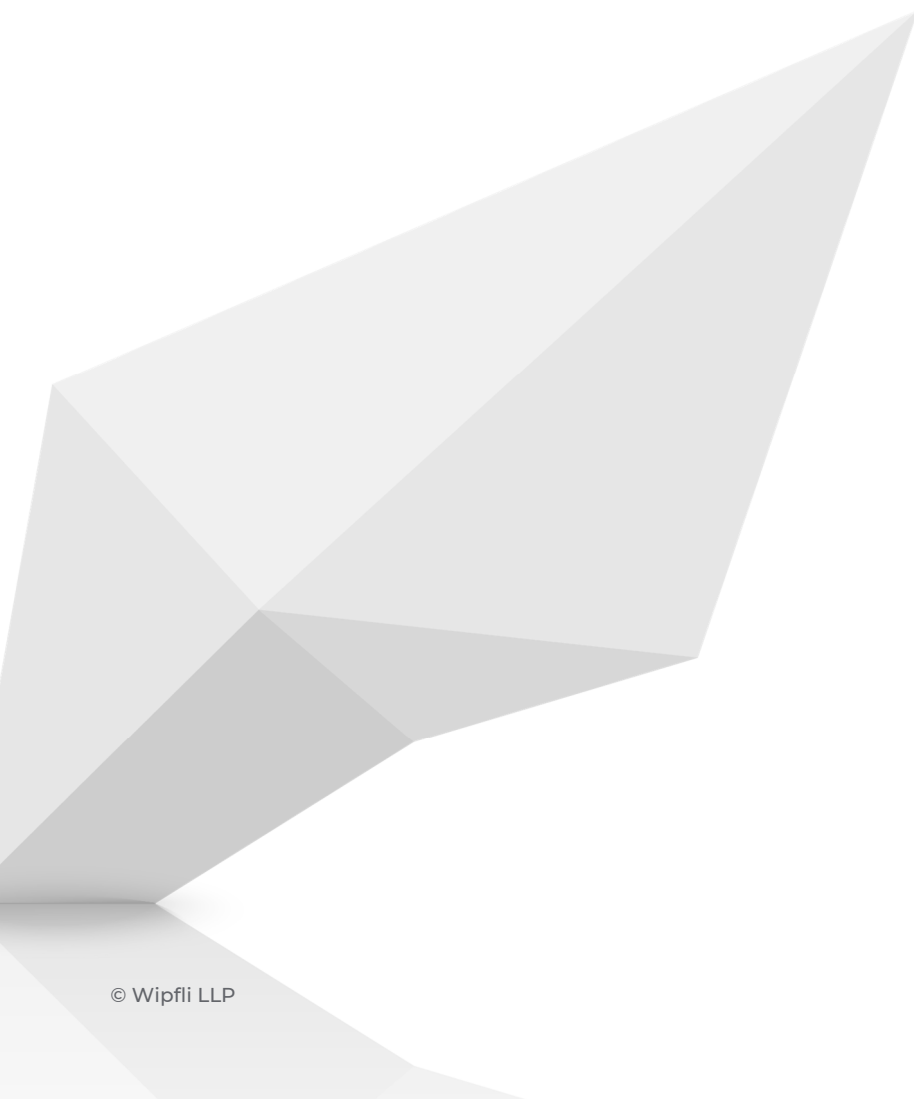
Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged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

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

City of Lake Geneva, Wisconsin

Financial Report

Year Ended December 31, 2022



City of Lake Geneva, Wisconsin
Financial Statements and Supplementary Financial Information
Year Ended December 31, 2022

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Geneva, Wisconsin as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions. 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 - LRLIF, 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

We previously audited City of Lake Geneva, Wisconsin's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP
Madison, Wisconsin
May 15, 2023

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, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2022 by \$63.4 million (net position). Of this amount, \$12.9 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 \$3.0 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 and various fees.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$18.0 million, a decrease of \$0.2 million in comparison with the prior year.
- As of December 31, 2022, unassigned fund balance for the general fund was \$7.8 million.
- The City's total general-obligation debt decreased by \$4.5 million during 2022.

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 five major governmental funds: General, Parking Meters and Lots, Lakefront Operations, 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.
- Lakefront Operations: Accounts for resources collected from lakefront rents and fees, 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, parking meters and lots, and lakefront operations 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 exceeded liabilities and deferred inflows of resources by \$63.4 million at the close of 2022.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 35,201,907	\$ 31,539,669	\$ 10,376,117	\$ 8,789,084	\$ 45,578,024	\$ 40,328,753
Capital assets	33,712,111	28,269,387	24,029,310	23,745,665	57,741,421	52,015,052
Total assets	\$ 68,914,018	\$ 59,809,056	\$ 34,405,427	\$ 32,534,749	\$ 103,319,445	\$ 92,343,805
Total deferred outflows of resources	\$ 6,410,780	\$ 4,167,268	\$ 832,838	\$ 573,299	\$ 7,243,618	\$ 4,740,567
Long-term liabilities	\$ 22,450,912	\$ 18,997,140	\$ 559,573	\$ 156,753	\$ 23,010,485	\$ 19,153,893
Other liabilities	2,978,650	2,412,712	630,336	818,561	3,608,986	3,231,273
Total liabilities	\$ 25,429,562	\$ 21,409,852	\$ 1,189,909	\$ 975,314	\$ 26,619,471	\$ 22,385,166
Total deferred inflows of resources	\$ 19,438,872	\$ 13,543,780	\$ 1,070,386	\$ 719,518	\$ 20,509,258	\$ 14,263,298
Net position:						
Net investment in capital assets	\$ 17,027,386	\$ 17,551,986	\$ 24,029,310	\$ 23,745,665	\$ 41,056,696	\$ 41,297,651
Restricted	5,125,487	4,963,919	4,320,957	3,407,792	9,446,444	8,371,711
Unrestricted	8,303,491	6,506,787	4,627,703	4,259,759	12,931,194	10,766,546
Total net position	\$ 30,456,364	\$ 29,022,692	\$ 32,977,970	\$ 31,413,216	\$ 63,434,334	\$ 60,435,908

By far the largest portion of the City's net position (65%) 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 (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12.9 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

Change in net position. Governmental activities increased the City's net position by \$1,433,672 while business-type activities increased net position by \$1,564,754. A summary of the changes in net position follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,300,500	\$ 6,068,778	\$ 4,221,272	\$ 4,232,508	\$ 10,521,772	\$ 10,301,286
Operating grants and contributions	1,955,476	1,461,504	-	-	1,955,476	1,461,504
Capital grants and contributions	-	-	1,293,521	1,477,252	1,293,521	1,477,252
General revenues:						
Property taxes	8,313,652	7,744,802	-	-	8,313,652	7,744,802
Other taxes	2,267,996	1,790,799	-	-	2,267,996	1,790,799
Grants and contributions not restricted to specific programs	193,574	197,173	-	-	193,574	197,173
Other	267,944	207,895	126,680	5,533	394,624	213,428
Total revenues	19,299,142	17,470,951	5,641,473	5,715,293	24,940,615	23,186,244
Expenses:						
General government	2,058,692	1,915,566	-	-	2,058,692	1,915,566
Public safety	6,585,632	5,720,785	-	-	6,585,632	5,720,785
Public works	4,558,621	1,507,246	-	-	4,558,621	1,507,246
Health and human services	201,454	207,331	-	-	201,454	207,331
Culture, recreation, and education	2,734,768	2,321,315	-	-	2,734,768	2,321,315
Conservation and development	1,328,304	1,276,693	-	-	1,328,304	1,276,693
Interest and fiscal charges	668,432	337,688	-	-	668,432	337,688
Water utility	-	-	1,815,499	1,516,491	1,815,499	1,516,491
Sewer utility	-	-	1,990,787	1,874,544	1,990,787	1,874,544
Total expenses	18,135,903	13,286,624	3,806,286	3,391,035	21,942,189	16,677,659
Change in net position before transfers	1,163,239	4,184,327	1,835,187	2,324,258	2,998,426	6,508,585
Transfers	270,433	285,640	(270,433)	(285,640)	-	-
Change in net position	1,433,672	4,469,967	1,564,754	2,038,618	2,998,426	6,508,585
Net position - January 1	29,022,692	24,552,725	31,413,216	29,374,598	60,435,908	53,927,323
Net position - December 31	\$ 30,456,364	\$ 29,022,692	\$ 32,977,970	\$ 31,413,216	\$ 63,434,334	\$ 60,435,908

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

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, 2022, the City's governmental funds reported combined ending fund balances of \$18,025,303, a decrease of \$125,879 in comparison with the prior year. Approximately 43% of this amount (\$7.8 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 \$7,840,888 while total fund balance was \$9,185,855. 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 77% of that same amount. The City's general fund increased \$1,242,253 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 decreased \$1,397,979 due primarily to various building and infrastructure projects funded by prior and current debt issuances.

The City's debt service fund decreased \$150,826 due to using prior year fund balance for current year debt service payments.

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 \$16,062,745, an increase of \$791,135 due primarily to capital contributions.

Net position of the Sewer Utility at the end of the year amounted to \$16,915,225, an increase of \$773,619 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 \$1,242,253 during the current year. Key factors in this change are as follows:

- Overall revenues were more than final budget amounts by \$733,656.
- Overall expenditures were less than final budget amounts by \$379,823.
- Total other financing sources (uses) were more than final budget amounts by \$499,255.

Budgetary amendments were made during the year. The main changes were to account for increased revenues for room tax used to cover additional city hall building costs.

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, 2022 amounts to \$57,741,421 (net of accumulated depreciation). This investment in capital assets includes land, land 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 \$5,726,369 over last year due to current year additions in excess of depreciation expense.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 9,527,918	\$ 3,576,085	\$ 933,530	\$ 933,530	\$ 10,461,448	\$ 4,509,615
Construction in progress	365,613	1,305,677	121,614	65,125	487,227	1,370,802
Buildings and improvements	20,537,121	19,060,000	9,173,732	9,130,538	29,710,853	28,190,538
Land improvements	883,965	861,345	36,877	36,877	920,842	898,222
Machinery and equipment	16,124,398	15,204,520	11,668,602	11,483,253	27,793,000	26,687,773
Infrastructure	90,914,786	90,807,101	26,460,003	25,517,302	117,374,789	116,324,403
Accumulated depreciation	(104,641,690)	(102,545,341)	(24,365,048)	(23,420,960)	(129,006,738)	(125,966,301)
Total	\$ 33,712,111	\$ 28,269,387	\$ 24,029,310	\$ 23,745,665	\$ 57,741,421	\$ 52,015,052

Long-term debt. At the end of the current fiscal year, the City had total general obligation debt outstanding of \$18,120,000 backed by the full faith and credit of the government.

	Governmental Activities	
	2022	2021
General obligation debt:		
Bonds	\$ 18,120,000	\$ 13,635,000

The City's general obligation debt decreased \$4,485,000 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 \$94,832,495, which is significantly in excess of the City's \$18,120,000 in outstanding general obligation debt.

City of Lake Geneva, Wisconsin

Management's Discussion and Analysis

Economic and Other Factors

The City of Lake Geneva has been allocated \$848,338 American Recovery Act funding and received \$424,169 of the funds in June 2022. 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 read the 2022 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 Laura Pisarcik at 262-248-3673.

Government-Wide Financial Statements

City of Lake Geneva, Wisconsin

Statement of Net Position

December 31, 2022

With Summarized Financial Information for December 31, 2021

	Governmental Activities	Business-Type Activities	Totals		Component Unit	
			2022	2021	2022	2021
Assets:						
Cash and investments	\$ 21,120,430	\$ 5,049,587	\$ 26,170,017	\$25,865,584	\$ 93,950	\$91,116
Receivables						
Taxes	7,168,471	-	7,168,471	6,282,510	230,000	230,000
Delinquent taxes	9,451	-	9,451	5,812	2,436	2,706
Accounts	1,049,215	826,051	1,875,266	1,721,598	-	-
Lease	2,103,506	-	2,103,506	2,292,164	-	-
Special Assessments	66,780	372,725	439,505	463,869	-	-
Internal balances	270,433	(270,433)	-	-	-	-
Inventories and prepaid items	277,547	77,230	354,777	227,526	-	-
Restricted assets						
Cash and investments	-	3,913,544	3,913,544	3,083,940	-	-
Net pension asset	3,136,074	407,413	3,543,487	2,677,914	-	-
Capital assets, nondepreciable	9,893,531	1,055,144	10,948,675	5,880,417	-	-
Capital assets, depreciable, net	23,818,580	22,974,166	46,792,746	46,134,635	-	-
Total assets	<u>68,914,018</u>	<u>34,405,427</u>	<u>103,319,445</u>	<u>94,635,969</u>	<u>326,386</u>	<u>323,822</u>
Deferred outflows related to pensions/OPEB	6,410,780	832,838	7,243,618	4,740,567	-	-
Liabilities:						
Accounts payable	1,189,458	164,624	1,354,082	1,772,568	-	4,733
Other accrued liabilities	199,723	25,813	225,536	245,574	-	-
Due to other governments	2,291	-	2,291	2,254	-	-
Accrued interest	448,135	-	448,135	126,373	-	-
Special deposits	87,900	21,100	109,000	97,500	-	-
Unearned revenue	1,051,143	418,799	1,469,942	987,004	-	-
Long-term obligations						
Due within one year	1,850,000	-	1,850,000	1,590,000	-	-
Due in more than one year	20,600,912	559,573	21,160,485	17,563,893	-	-
Total liabilities	<u>25,429,562</u>	<u>1,189,909</u>	<u>26,619,471</u>	<u>22,385,166</u>	<u>-</u>	<u>4,733</u>
Deferred inflows of resources:						
Property taxes	9,096,060	-	9,096,060	8,313,650	230,000	230,000
Deferred lease revenue	2,103,506	-	2,103,506	2,292,164	-	-
Deferred inflows related to pensions/OPEB	8,239,306	1,070,386	9,309,692	5,949,648	-	-
Total deferred inflows of resources	<u>19,438,872</u>	<u>1,070,386</u>	<u>20,509,258</u>	<u>16,555,462</u>	<u>230,000</u>	<u>230,000</u>
Net position:						
Net investment in capital assets	17,027,386	24,029,310	41,056,696	41,297,651	-	-
Restricted	5,125,487	4,320,957	9,446,444	8,371,711	-	-
Unrestricted	8,303,491	4,627,703	12,931,194	10,766,546	96,386	89,089
Total net position	<u>\$ 30,456,364</u>	<u>\$ 32,977,970</u>	<u>\$ 63,434,334</u>	<u>\$ 60,435,908</u>	<u>\$ 96,386</u>	<u>\$ 89,089</u>

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Activities

For the Year Ended December 31, 2022

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,058,692	\$ 371,581	\$ -	\$ -
Public safety	6,585,632	1,566,166	313,068	-
Public works	4,558,621	2,585,346	898,563	-
Health and human services	201,454	50,250	22,309	-
Culture, recreation and education	2,734,768	1,727,157	721,536	-
Conservation and development	1,328,304	-	-	-
Interest and fiscal charges	668,432	-	-	-
Total governmental activities	18,135,903	6,300,500	1,955,476	-
Business-type activities:				
Water utility	1,815,499	2,132,522	-	698,667
Sewer utility	1,990,787	2,088,750	-	594,854
Total business-type activities	3,806,286	4,221,272	-	1,293,521
Total	\$ 21,942,189	\$ 10,521,772	\$ 1,955,476	\$ 1,293,521
Component unit				
Business Improvement District	\$ 290,796	\$ -	\$ 67,309	\$ -
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.

City of Lake Geneva, Wisconsin

Statement of Activities (Continued)

For the Year Ended December 31, 2022

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

Governmental Activities	Business-Type Activities	Net (Expense) Revenue and Changes in Net Position		Component Unit	
		Totals 2022	Totals 2021	2022	2021
\$ (1,687,111)	\$ -	\$ (1,687,111)	\$ (1,546,677)	\$ -	\$ -
(4,706,398)	-	(4,706,398)	(3,952,919)	-	-
(1,074,712)	-	(1,074,712)	1,821,565	-	-
(128,895)	-	(128,895)	(132,426)	-	-
(286,075)	-	(286,075)	(331,504)	-	-
(1,328,304)	-	(1,328,304)	(1,276,693)	-	-
(668,432)	-	(668,432)	(337,688)	-	-
(9,879,927)	-	(9,879,927)	(5,756,342)	-	-
-	1,015,690	1,015,690	1,713,732	-	-
-	692,817	692,817	604,993	-	-
-	1,708,507	1,708,507	2,318,725	-	-
(9,879,927)	1,708,507	(8,171,420)	(3,437,617)	-	-
-	-	-	-	(223,487)	(153,292)
8,313,652	-	8,313,652	7,744,802	-	-
2,267,996	-	2,267,996	1,790,799	230,317	229,682
193,574	-	193,574	197,173	-	-
224,243	126,680	350,923	144,973	467	1,960
43,701	-	43,701	68,455	-	-
270,433	(270,433)	-	-	-	-
11,313,599	(143,753)	11,169,846	9,946,202	230,784	231,642
1,433,672	1,564,754	2,998,426	6,508,585	7,297	78,350
29,022,692	31,413,216	60,435,908	53,927,323	89,089	10,739
\$ 30,456,364	\$ 32,977,970	\$ 63,434,334	\$ 60,435,908	\$ 96,386	\$ 89,089

See accompanying notes to the financial statements.

Fund Financial Statements

City of Lake Geneva, Wisconsin

Balance Sheet - Governmental Funds

December 31, 2022

With Summarized Financial Information for December 31, 2021

	General Fund	Parking Meters and Lots	Lakefront Operations	Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Totals	
							2022	2021
Assets:								
Cash and investments	\$ 10,258,884	\$ 1,039,003	\$ 1,184,416	\$ 2,004,704	\$ 175,122	\$ 6,458,301	\$ 21,120,430	\$21,468,366
Receivables								
Taxes	3,858,477	-	-	-	2,024,994	1,285,000	7,168,471	6,282,510
Delinquent taxes	9,451	-	-	-	-	-	9,451	5,812
Accounts	1,042,210	50	6,955	-	-	-	1,049,215	897,402
Lease	-	-	2,103,506	-	-	-	2,103,506	2,292,164
Special assessments	66,780	-	-	-	-	-	66,780	88,676
Due from other funds	270,433	-	-	-	-	-	270,433	285,640
Prepaid expenses	277,547	-	-	-	-	-	277,547	157,201
Total assets	<u>\$ 15,783,782</u>	<u>\$ 1,039,053</u>	<u>\$ 3,294,877</u>	<u>\$ 2,004,704</u>	<u>\$ 2,200,116</u>	<u>\$ 7,743,301</u>	<u>\$ 32,065,833</u>	<u>\$ 31,477,771</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:								
Liabilities:								
Accounts payable	\$ 319,548	\$ 30,752	\$ 26,323	\$ 152,244	\$ -	\$ 660,591	\$ 1,189,458	\$1,413,343
Other accrued liabilities	169,573	1,835	3,771	-	-	24,544	199,723	223,732
Deposits	10,000	-	77,900	-	-	-	87,900	78,900
Due to other governments	2,291	-	-	-	-	-	2,291	2,254
Unearned revenue	-	-	190,609	-	-	860,534	1,051,143	568,110
Total liabilities	<u>501,412</u>	<u>32,587</u>	<u>298,603</u>	<u>152,244</u>	<u>-</u>	<u>1,545,669</u>	<u>2,530,515</u>	<u>2,286,339</u>
Deferred inflows of resources:								
Property taxes	5,786,066	-	-	-	2,024,994	1,285,000	9,096,060	8,313,650
Deferred lease revenue	-	-	2,103,506	-	-	-	2,103,506	2,292,164
Unavailable revenue	310,449	-	-	-	-	-	310,449	434,436
Total deferred inflows of resources	<u>6,096,515</u>	<u>-</u>	<u>2,103,506</u>	<u>-</u>	<u>2,024,994</u>	<u>1,285,000</u>	<u>11,510,015</u>	<u>11,040,250</u>
Fund balances:								
Nonspendable	286,998	-	-	-	-	858,962	1,145,960	1,123,874
Restricted	-	-	-	-	175,122	1,130,451	1,305,573	1,775,369
Assigned	1,057,969	1,006,466	892,768	1,852,460	-	2,923,219	7,732,882	8,457,970
Unassigned	7,840,888	-	-	-	-	-	7,840,888	6,793,969
Total fund balances	<u>9,185,855</u>	<u>1,006,466</u>	<u>892,768</u>	<u>1,852,460</u>	<u>175,122</u>	<u>4,912,632</u>	<u>18,025,303</u>	<u>18,151,182</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,783,782</u>	<u>\$ 1,039,053</u>	<u>\$ 3,294,877</u>	<u>\$ 2,004,704</u>	<u>\$ 2,200,116</u>	<u>\$ 7,743,301</u>	<u>\$ 32,065,833</u>	<u>\$ 31,477,771</u>

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin
Reconciliation of the Balance Sheet - Governmental Funds -
to the Statement of Net Position
December 31, 2022
With Summarized Financial Information for December 31, 2021

	2022	2021
Total fund balance - governmental funds	\$ 18,025,303	\$ 18,151,182
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements	33,712,111	28,269,387
The net pension asset is not an available resource and therefore is not reported in the fund statements	3,136,074	2,354,062
Other long-term assets are not available to pay current expenditures and therefore are deferred in the funds	310,449	434,436
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the fund statements:		
Deferred outflows of resources	6,410,780	4,167,268
Deferred inflows of resources	(8,239,306)	(5,230,130)
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:		
Notes payable	(18,120,000)	(13,635,000)
Debt premium	(417,185)	(332,840)
Compensated absences	(204,879)	(176,131)
Post-employment benefits payable	(3,708,848)	(4,853,169)
Accrued interest on long-term obligations	(448,135)	(126,373)
Total net position of governmental activities	<u>\$ 30,456,364</u>	<u>\$ 29,022,692</u>

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2022

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

	General Fund	Parking Meters and Lots	Lakefront Operations	Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Totals	
							2022	2021
Revenues:								
Taxes	\$ 6,536,298	\$ -	\$ -	\$ -	\$ 1,497,173	\$ 2,548,880	\$ 10,582,351	\$ 9,536,407
Special assessments	141,029	-	-	-	-	-	141,029	77,780
Intergovernmental	1,084,724	-	36,071	112,704	-	-	1,233,499	1,065,080
Licenses and permits	718,448	-	-	-	-	19,412	737,860	827,753
Fines and forfeits	137,165	-	-	-	-	6,736	143,901	163,019
Public charges for services	874,946	2,576,934	1,067,851	-	-	80,045	4,599,776	4,341,745
Intergovernmental charges	423,011	-	-	-	-	315,422	738,433	524,838
Miscellaneous	378,509	33,907	378,538	49,301	5,027	417,155	1,262,437	996,328
Total revenues	10,294,130	2,610,841	1,482,460	162,005	1,502,200	3,387,650	19,439,286	17,532,950
Expenditures:								
Current:								
General government	2,013,405	-	-	-	-	-	2,013,405	1,823,077
Public safety	6,715,068	-	-	-	-	-	6,715,068	5,585,728
Public works	2,422,926	627,323	-	-	-	-	3,050,249	2,624,474
Health and human services	-	-	-	-	-	192,638	192,638	198,115
Culture and recreation	628,732	-	673,356	-	-	929,703	2,231,791	1,816,069
Conservation and development	74,232	-	-	-	-	1,268,585	1,342,817	858,037
Debt service:								
Principal	-	-	-	-	1,590,000	-	1,590,000	955,000
Interest and fiscal charges	-	-	-	142,940	265,938	-	408,878	268,492
Capital outlay	72,387	-	5,271	7,638,597	-	796,050	8,512,305	7,743,794
Total expenditures	11,926,750	627,323	678,627	7,781,537	1,855,938	3,186,976	26,057,151	21,872,786
Excess of revenues over (under) expenditures	(1,632,620)	1,983,518	803,833	(7,619,532)	(353,738)	200,674	(6,617,865)	(4,339,836)
Other Financing Sources (Uses)								
Long-term debt issued	-	-	-	6,075,000	-	-	6,075,000	9,370,000
Premium on debt issued	-	-	-	146,553	-	-	146,553	352,770
Transfers in	2,874,873	-	-	-	202,912	16,550	3,094,335	3,373,714
Transfers out	-	(1,908,518)	(695,922)	-	-	(219,462)	(2,823,902)	(3,088,074)
Total other financing sources (uses)	2,874,873	(1,908,518)	(695,922)	6,221,553	202,912	(202,912)	6,491,986	10,008,410
Net Change in Fund Balances	1,242,253	75,000	107,911	(1,397,979)	(150,826)	(2,238)	(125,879)	5,668,574
Fund Balances - beginning	7,943,602	931,466	784,857	3,250,439	325,948	4,914,870	18,151,182	12,482,608
Fund Balances - ending	\$ 9,185,855	\$ 1,006,466	\$ 892,768	\$ 1,852,460	\$ 175,122	\$ 4,912,632	\$ 18,025,303	\$ 18,151,182

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, 2022

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

	2022	2021
Net change in fund balance - governmental funds	\$ (125,879)	\$ 5,668,574
<p>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.</p>		
Capital expenditures reported in governmental fund statements	7,571,954	9,485,358
Depreciation expense reported in the statement of activities	(2,127,586)	(1,959,179)
Net book value of disposals	(1,644)	(460,500)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
	(123,987)	(20,155)
<p>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</p>		
	1,131,921	592,835
<p>Debt issued, including premiums, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
	(6,221,553)	(9,722,770)
<p>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</p>		
	1,590,000	955,000
<p>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.</p>		
	(259,554)	(69,196)
Change in net position - governmental activities	\$ 1,433,672	\$ 4,469,967

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Net Position - Proprietary Funds

December 31, 2022

With Summarized Financial Information for December 31, 2021

	Water Utility	Sewer Utility	Totals	
			2022	2021
Assets:				
Current assets:				
Cash and investments	\$ 1,928,022	\$ 3,121,565	\$ 5,049,587	\$4,397,218
Accounts receivable	410,986	415,065	826,051	824,196
Special assessments	6,803	365,922	372,725	375,193
Inventory	77,230	-	77,230	70,325
Total current assets	2,423,041	3,902,552	6,325,593	5,666,932
Noncurrent assets:				
Restricted assets:				
Cash and investments	1,390,699	2,522,845	3,913,544	3,083,940
Net pension asset	226,948	180,465	407,413	323,852
Capital assets:				
Capital assets, nondepreciable	357,077	698,067	1,055,144	998,655
Capital assets, depreciable	12,557,549	10,416,617	22,974,166	22,747,010
Total noncurrent assets	14,532,273	13,817,994	28,350,267	27,153,457
Total assets	16,955,314	17,720,546	34,675,860	32,820,389
Deferred outflows related to pensions/OPEB	463,929	368,909	832,838	573,299
Total assets and deferred outflows of resources	\$17,419,243	\$18,089,455	\$35,508,698	\$33,393,688
Liabilities:				
Current liabilities:				
Accounts payable	\$ 87,243	\$ 77,381	\$ 164,624	\$359,225
Other accrued liabilities	14,503	11,310	25,813	21,842
Due to other funds	270,433	-	270,433	285,640
Total current liabilities	372,179	88,691	460,870	666,707
Noncurrent liabilities:				
Compensated absences	44,921	32,828	77,749	63,360
Unearned revenue	53,645	365,154	418,799	418,894
Deposits	21,100	-	21,100	18,600
Post-employment benefits	268,398	213,426	481,824	93,393
Total noncurrent liabilities	388,064	611,408	999,472	594,247
Total liabilities	760,243	700,099	1,460,342	1,260,954
Deferred inflows related to pensions/OPEB	596,255	474,131	1,070,386	719,518
Total liabilities and deferred inflows of resources	1,356,498	1,174,230	2,530,728	1,980,472
Net position:				
Net investment in capital assets	12,914,626	11,114,684	24,029,310	23,745,665
Restricted	1,617,647	2,703,310	4,320,957	3,407,792
Unrestricted	1,530,472	3,097,231	4,627,703	4,259,759
Total net position	16,062,745	16,915,225	32,977,970	31,413,216
Total liabilities, deferred inflows of resources and net position	\$17,419,243	\$18,089,455	\$35,508,698	\$33,393,688

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, 2022

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

	Water Utility	Sewer Utility	Totals	
			2022	2021
Operating revenues:				
Charges for services	\$ 1,837,670	\$ 2,071,632	\$ 3,909,302	\$3,921,955
Other	294,852	17,118	311,970	310,553
Total operating revenues	<u>2,132,522</u>	<u>2,088,750</u>	<u>4,221,272</u>	<u>4,232,508</u>
Operating expenses:				
Operation and maintenance	1,355,062	1,287,556	2,642,618	2,257,834
Depreciation	432,217	675,019	1,107,236	1,081,741
Taxes	28,220	28,212	56,432	51,460
Total operating expenses	<u>1,815,499</u>	<u>1,990,787</u>	<u>3,806,286</u>	<u>3,391,035</u>
Operating income	<u>317,023</u>	<u>97,963</u>	<u>414,986</u>	<u>841,473</u>
Nonoperating revenues (expenses):				
Interest income	<u>45,878</u>	<u>80,802</u>	<u>126,680</u>	<u>5,533</u>
Net income before capital contributions and transfers	<u>362,901</u>	<u>178,765</u>	<u>541,666</u>	<u>847,006</u>
Capital contributions	698,667	594,854	1,293,521	1,477,252
Transfers out	<u>(270,433)</u>	<u>-</u>	<u>(270,433)</u>	<u>(285,640)</u>
Change in net position	<u>791,135</u>	<u>773,619</u>	<u>1,564,754</u>	<u>2,038,618</u>
Net position - beginning	<u>15,271,610</u>	<u>16,141,606</u>	<u>31,413,216</u>	<u>29,374,598</u>
Net position - ending	<u>\$16,062,745</u>	<u>\$16,915,225</u>	<u>\$32,977,970</u>	<u>\$31,413,216</u>

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2022

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

	Water Utility	Sewer Utility	Totals	
			2022	2021
Cash flows from operating activities:				
Cash received from customers	\$ 2,140,344	\$ 2,081,478	\$ 4,221,822	\$4,243,311
Cash payments to suppliers	(896,466)	(700,795)	(1,597,261)	(1,209,102)
Cash payments to employees	(425,198)	(463,538)	(888,736)	(909,636)
Net cash from operating activities	818,680	917,145	1,735,825	2,124,573
Cash flows from noncapital financing activities:				
Transfer out	(285,640)	-	(285,640)	(290,079)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(239,655)	(202,819)	(442,474)	(649,387)
Special assessment collections	1,701	767	2,468	2,680
Capital contributions	164,955	180,159	345,114	792,636
Net cash from capital and related financing activities	(72,999)	(21,893)	(94,892)	145,929
Cash flows from investing activities:				
Interest income received	45,878	80,802	126,680	5,533
Change in cash and cash equivalents	505,919	976,054	1,481,973	1,985,956
Cash and cash equivalents - beginning	2,812,802	4,668,356	7,481,158	5,495,202
Cash and cash equivalents - ending	\$ 3,318,721	\$ 5,644,410	\$ 8,963,131	\$ 7,481,158
Reconciliation to Statement of Net Position				
Cash and investments - unrestricted	\$ 1,928,022	\$ 3,121,565	\$ 5,049,587	\$4,397,218
Cash and investments - restricted	1,390,699	2,522,845	3,913,544	3,083,940
Cash and cash equivalents - ending	\$ 3,318,721	\$ 5,644,410	\$ 8,963,131	\$ 7,481,158
Reconciliation of operating income to net cash from operating activities:				
Operating income	\$ 317,023	\$ 97,963	\$ 414,986	\$ 841,473
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	432,217	675,019	1,107,236	1,081,741
Depreciation charged to sewer utility	43,846	(43,846)	-	-
Changes in assets, liabilities and deferrals				
Receivables	5,417	(7,272)	(1,855)	(766)
Inventory	(6,905)	-	(6,905)	(208)
Pension related deferrals and liabilities	6,756	1,012	7,768	(121,957)
Accounts payable	(212,852)	18,251	(194,601)	272,696
Accrued liabilities	2,022	1,949	3,971	6,650
Unearned revenue	(95)	-	(95)	(2,431)
Deposits	2,500	-	2,500	14,000
Compensated absences	228,751	174,069	402,820	33,375
Net cash provided by operating activities	\$ 818,680	\$ 917,145	\$ 1,735,825	\$ 2,124,573
Noncash capital and related financing activities				
Contributed capital assets	\$ 533,712	\$ 414,695	\$ 948,407	\$684,616

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Fiduciary Net Position

December 31, 2022

With Summarized Financial Information for December 31, 2021

	Tax Collection Custodial Fund	
	2022	2021
Assets:		
Cash and investments	\$ 4,673,492	\$5,327,882
Receivables		
Taxes	17,362,276	16,478,412
Total assets	<u>\$ 22,035,768</u>	<u>\$ 21,806,294</u>
Liabilities:		
Due to other governments	<u>\$ 22,035,768</u>	<u>\$ 21,806,294</u>

See accompanying notes to the financial statements.

City of Lake Geneva, Wisconsin

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2022

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

	Tax Collection Custodial Fund	
	2022	2021
Additions:		
Property tax collections for other governments	\$ 21,576,042	\$21,285,399
Deductions:		
Payments of property taxes to other governments	21,576,042	21,285,399
Change in net position	-	-
Net position - beginning of year	-	-
Net position - end of year	\$ -	\$ -

See accompanying notes to the 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 relationship 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 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 66.1109, 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, 2022 and 2021. Separate financial statements for the BID can be obtained from its office at 626 Geneva Street, Lake Geneva, Wisconsin 53147.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

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

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 assets 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.

Lakefront Operations Fund – This fund accounts for collections through lakefront rents and fees, 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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

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 can 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 governments in the accompanying statement of fiduciary net position.

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)

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 or 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.

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 asset's 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 2021 tax levy is budgeted as property tax revenue for the year 2022 and is recognized as revenue in 2022 to the extent available. Real property tax assessments for the 2021 tax levy were based on assessed valuations as of January 1, 2021. The City levied property taxes pursuant to law in December 2021, 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)

Lease Receivable

The City is a lessor under GASB 87 and is required to record a lease receivable and deferred inflow of resources at the commencement of the lease term. The lease receivable is calculated as the present value of the remaining lease payments expected to be received during the lease term. The deferred inflow of resources is treated similarly to deferred revenue and is equal to the lease receivable with a few minor adjustments.

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, 2022, 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.

Unearned Revenue

Unearned revenue consists of money received that has not been earned. Amounts will be recognized as revenue in future years as amounts are earned.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts (Continued)

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 LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/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 consumption 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 LRLIF 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 four 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 LRLIF plan. The third is deferred lease revenue, which relates to signed lease agreements to recognize lease revenue in future periods. The fourth 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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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.

New Accounting Pronouncement

GASB 87 - Leases

GASB Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City implemented this new standard in the current year and there was no impact on beginning net position or fund balance as a result of this statement.

Note 2: Cash and Investments

The City's cash and investment balances at December 31, 2022 were as follows:

	Amount	Fair Value Level
Deposits with financial institutions	\$ 8,748,115	N/A
Cash on hand	2,990	N/A
Wisconsin Local Government Investment Pool	25,187,131	N/A
Investments		
Money market funds	30,327	Level 2
Exchange traded funds	22,130	Level 2
Mutual funds - equity	492,153	Level 1
Mutual funds - bonds	368,157	Level 1
Total	\$ 34,851,003	

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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

Government-wide statement of net position	
Cash and investments	\$ 26,170,017
Restricted cash and investments	3,913,544
Component unit statement of net position	
Cash and investments	93,950
Fiduciary fund statement of net position	
Cash and investments	4,673,492
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Total	\$ 34,851,003
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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, 2022, the City's bank balance of \$8,139,967 was exposed to custodial credit risk as follows: \$519,111 was covered by FDIC insurance, \$400,000 was covered by the State of Wisconsin and \$7,220,856 was covered by a line of credit agreement held in the City's name.

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, 2022, 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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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	\$ 30,327	\$ 30,327	\$ -	\$ -	\$ -
Exchange traded funds	22,130	22,130	-	-	-
Mutual funds - equity	492,153	492,153	-	-	-
Mutual funds - bonds	368,157	368,157	-	-	-
Total	\$ 912,767	\$ 912,767	\$ -	\$ -	\$ -

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. The City has no investment policy that would further limit its investment choices.

Note 3: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on December 31, 2022, are as follows:

Due From:	Due To: General Fund
Water Utility	\$ 270,433

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, 2022, are as follows:

Transfer From:	Transfer To:	Purpose	Amount
Water Utility	General Fund	Tax equivalent payment	\$ 270,433
Parking Meters and Lots Special Revenue Fund	General Fund	Excess funds paid to the General Fund	1,908,518
Lakefront Operations Fund	General Fund	Excess funds paid to the General Fund	695,922
Tourism Commission	Debt Service	Debt service payments	202,912
Cemetery Perpetual Care	Cemetery Fund	Budgeted appropriations	16,550
Totals			\$ 3,094,335

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 4: Leases

The City leases ground space to various companies. The City leases commercial space to six companies for a three year term. Total annual lease payments started at \$77,824 in 2022 and increase 5% each year. The payments are discounted at a rate of 3.5%. Total receipts on these leases were \$77,824 for the year ended December 31, 2022. The lease term for a pier lease began in 2000 and is for eleven years and can be renewed every 6 years until 2040. Annual lease payments started at \$80,000 and increase each renewal term up to a total of \$120,000/year. The payments are discounted at a rate of 3.5%. Total receipts on this lease were \$95,000 for the year ended December 31, 2022. The lease term for a boat slip lease began in 2022 and is for five years and can be renewed for an additional 5 year term. Annual lease payments started at \$68,004 and increase 3% each year. The payments are discounted at a rate of 3.5%. Total receipts on this lease were \$68,004 for the year ended December 31, 2022. The City also leases cell tower space to various companies, but the terms allow for each party to cancel the lease each year and are therefore not subject to disclosure according to the lease standard. The future minimum lease payments expected for these leases are as follows:

	Principal	Interest
2023	\$ 171,534	\$ 80,225
2024	195,414	73,623
2025	109,130	65,180
2026	114,983	61,556
2027	121,099	57,736
2028 - 2032	600,125	208,387
2033 - 2037	458,173	121,827
2038 - 2042	333,048	33,759
Total	\$ 2,103,506	\$ 702,293

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 5: Restricted Assets

Restricted assets reported on the government wide statement of net position at December 31, 2022:

	Amount	Purpose
Governmental Activities:		
Net pension asset	\$ 3,136,074	Restricted for pensions
Business-Type Activities:		
Water Utility:		
Plant and Equipment Replacement Fund	785,522	To be used for the replacement of capital assets of the water distribution plant
Impact fees	605,177	To account for the impact fees collected and held by the Commission to finance system improvements
Net pension asset	226,948	Restricted for pensions
Total Water Utility	1,617,647	
Sewer Utility:		
DNR Replacement	1,278,439	To be used for the replacement of certain assets of the sewer utility
Impact fees	1,244,406	To account for the impact fees collected and held by the Commission to finance system
Net pension asset	180,465	Restricted for pensions
Total Sewer Utility	2,703,310	
Total business-type activities	4,320,957	
Total restricted assets	\$ 7,457,031	

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 6: Capital Assets

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

Governmental Activities:	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land	\$ 3,576,085	\$ 5,951,833	\$ -	\$ 9,527,918
Construction in progress	1,305,677	1,309,180	(2,249,244)	365,613
Total capital assets, not being depreciated	4,881,762	7,261,013	(2,249,244)	9,893,531
Capital assets, being depreciated:				
Land improvements	861,345	22,620	-	883,965
Buildings	19,060,000	1,477,121	-	20,537,121
Machinery and equipment	15,204,520	952,759	(32,881)	16,124,398
Infrastructure	90,807,101	107,685	-	90,914,786
Total capital assets, being depreciated	125,932,966	2,560,185	(32,881)	128,460,270
Accumulated depreciation:				
Land improvements	(213,406)	(34,299)	-	(247,705)
Buildings	(10,271,057)	(591,337)	-	(10,862,394)
Machinery and equipment	(11,258,142)	(952,079)	31,237	(12,178,984)
Infrastructure	(80,802,736)	(549,871)	-	(81,352,607)
Total accumulated depreciation	(102,545,341)	(2,127,586)	31,237	(104,641,690)
Total capital assets, being depreciated, net	23,387,625	432,599	(1,644)	23,818,580
Governmental activities capital assets, net	\$ 28,269,387	\$ 7,693,612	\$ (2,250,888)	\$ 33,712,111

Depreciation expense was charged to the governmental functions as follows:

Governmental activities:	
General government	\$ 208,817
Public safety	565,138
Public works	747,787
Culture, recreation and education	597,028
Health and human services	8,816
Total depreciation expense, governmental activities	\$ 2,127,586

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 6: Capital Assets (Continued)

Business-type activities:	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land and land rights	\$ 933,530	\$ -	\$ -	\$ 933,530
Construction in progress	65,125	56,489	-	121,614
Total capital assets, not being depreciated	998,655	56,489	-	1,055,144
Capital assets, being depreciated:				
Land improvements	36,877	-	-	36,877
Buildings and improvements	9,130,538	43,944	(750)	9,173,732
Machinery and equipment	11,483,253	334,134	(148,785)	11,668,602
Infrastructure	25,517,302	956,314	(13,613)	26,460,003
Total capital assets, being depreciated	46,167,970	1,334,392	(163,148)	47,339,214
Total accumulated depreciation	(23,420,960)	(1,107,236)	163,148	(24,365,048)
Total capital assets, being depreciated, net	22,747,010	227,156	-	22,974,166
Business-type activities capital assets, net	\$ 23,745,665	\$ 283,645	\$ -	\$ 24,029,310
Business-type activities:				
Water utility			\$	432,217
Sewer utility				675,019
Total depreciation expense, business-type activities			\$	1,107,236

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 7: Long-Term Obligations

Long-term obligations of the City are as follows:

	Balance 01/01/22	Additions	Reductions	Balance 12/31/22	Amounts Due Within One Year
Governmental activities					
General obligation debt:					
Notes	\$ 10,135,000	\$ -	\$ 1,240,000	\$ 8,895,000	\$ 945,000
Bonds	-	6,075,000	-	6,075,000	205,000
Direct placement notes	3,500,000	-	350,000	3,150,000	700,000
Total general obligation debt	13,635,000	6,075,000	1,590,000	18,120,000	1,850,000
Debt premium	332,840	146,553	62,208	417,185	-
Net OPEB liability - LRLIF	521,731	73,720	-	595,451	-
Total OPEB liability - Other	4,331,438	-	1,218,041	3,113,397	-
Compensated absences	176,131	28,748	-	204,879	-
Total governmental activities	\$ 18,997,140	\$ 6,324,021	\$ 2,870,249	\$ 22,450,912	\$ 1,850,000
Business-type activities					
Total OPEB liability - Other	\$ 21,618	\$ 382,850	\$ -	\$ 404,468	\$ -
Net OPEB liability - LRLIF	71,775	5,581	-	77,356	-
Compensated absences	63,360	14,389	-	77,749	-
Total business-type activities	\$ 156,753	\$ 402,820	\$ -	\$ 559,573	\$ -

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, 2022 is comprised of the following individual issues:

	Governmental Activities			
	Issue Dates	Interest Rates %	Final Maturity	Balance 12/31/22
Promissory notes	08/15/14	3.00%	04/01/23	\$ 385,000
Bank loan - Direct borrowing	05/15/17	2.337%	04/01/27	3,150,000
Promissory notes	02/04/21	0.25-1.40%	02/01/31	2,145,000
Promissory notes	02/04/21	1.00-2.00%	02/01/31	6,365,000
GO Bonds	12/07/22	4.125-5.00%	02/01/42	6,075,000
Total general obligation debt				\$ 18,120,000

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

The 2022 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$1,896,649,900. The legal debt limit and margin of indebtedness as of December 31, 2022, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

Legal debt limit (5% of \$1,896,649,900)	\$ 94,832,495
Deduct:	
Long-term debt applicable to debt margin	(18,120,000)
Debt service fund assets available	175,122
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Margin of indebtedness	\$ 76,887,617
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Debt service requirements to maturity on general obligation debt are as follows:

<i>Year Ended:</i>	Governmental Activities General Obligation Debt	
	Principal	Interest
2023	\$ 1,940,000	\$ 351,520
2024	1,805,000	399,483
2025	1,870,000	357,753
2026	1,905,000	314,472
2027	1,530,000	271,668
2028-2032	5,455,000	966,602
2033-2037	1,615,000	572,290
2038-2042	2,000,000	208,751
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Totals	\$ 18,120,000	\$ 3,442,539
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Note 8: 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	\$ 11,926,750
Minimum fund balance percent	(x) 25%
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Minimum fund balance amount	\$ 2,981,688
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Excess over minimum fund balance	\$ 4,859,200
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City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 9: Net Position

Net position reported on the government wide statement of net position at December 31, 2022:

Governmental Activities:

Net investment in capital assets:

Land and other nondepreciable assets	\$ 9,893,531
Other capital assets, net of accumulated depreciation	23,818,580
Less: related long-term debt outstanding	(16,684,725)

Total net investment in capital assets	17,027,386
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Restricted:

Net pension asset	3,136,074
Cemetery perpetual care funds	745,982
Debt service	-
Library	597,843
Tourism commission	525,302
Impact fees	120,286

Total restricted	5,125,487
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Unrestricted	8,303,491
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Governmental activities net position	\$ 30,456,364
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Business-Type Activities:

Net investment in capital assets:

Land and other nondepreciable assets	\$ 1,055,144
Other capital assets, net of accumulated depreciation	22,974,166

Total net investment in capital assets	24,029,310
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Restricted:

Net pension asset	407,413
Plant and equipment replacement	2,063,961
Impact fees	1,849,583

Total restricted	4,320,957
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Unrestricted	4,627,703
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Business-type activities net position	\$ 32,977,970
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City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 10: Fund Balance

Fund balance reported on the balance sheet - governmental funds at December 31, 2022:

Nonspendable Fund Balance

Delinquent taxes	\$	9,451
Cemetery perpetual care		745,982
Library endowment		112,980
Prepaid expenses		277,547

Total nonspendable fund balance	\$	1,145,960
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Restricted Fund Balance

Debt service	\$	175,122
Library		484,863
Tourism commission		525,302
Impact fees		120,286

Total restricted fund balance	\$	1,305,573
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Assigned Fund Balance

Fire department	\$	95,580
Police department		97,848
Parks		18,110
Ambulance		23,911
Historical preservation		1,596
Avian committee		5,404
Carryforwards		307,979
Postemployment		507,541
Equipment replacement		2,673,380
Capital improvements		1,852,460
Parking meters and lots		1,006,466
Lakefront operations		583,628
Lakefront operations - West pier replacement		309,140
Cemetery operations		236,797
COVID expenses		13,042

Total assigned fund balance	\$	7,732,882
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Unassigned Fund Balance

General fund	\$	7,840,888
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City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 11: 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 issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 11: 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
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	- %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %

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 \$598,795 in contributions from the employer.

Contribution rates as of December 31, 2022, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 11: 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, 2022, the City reported an asset of \$3,543,487 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.04396286%, which was an increase of 0.00106914% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(302,778).

At December 31, 2022, 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	\$ 5,724,324	\$ 412,785
Net differences between projected and actual earnings on pension plan investments	-	7,927,076
Change in assumptions	661,093	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,852	1,065
Employer contributions subsequent to the measurement date	598,795	-
Total	\$ 6,996,064	\$ 8,340,926

\$598,795 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, 2023. 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 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	(161,181)
2024	(956,621)
2025	(420,384)
2026	(405,471)
Total	\$ (1,943,657)

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry age Normal
Asset valuation method	Fair value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement adjustments*	1.7%

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 11: 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 developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2021

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	52.0%	6.8%	4.2%
Fixed income	25.0%	4.3%	1.8%
Inflation sensitive assets	19.0%	2.7%	0.2%
Real estate	7.0%	5.6%	3.0%
Private equity/debt	12.0%	9.7%	7.0%
Total core fund	115.0%	6.6%	4.0%
Variable fund:			
U.S. equities	70.0%	6.3%	3.7%
International equities	30.0%	7.2%	4.6%
Total variable fund	100.0%	6.8%	4.2%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 11: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 6.8% 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 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 6.80%, 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 (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 2,514,355	\$ (3,543,487)	\$ (7,904,007)

Pension Plan Fiduciary Net Position

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

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2022, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% postretirement coverage	40% of member contribution
25% postretirement coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021, are as follows:

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

**Life Insurance
Member Contribution Rates
For the year ended December 31, 2021**

Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0
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	0.57

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

During the reporting period, the LRLIF recognized \$2,329 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, 2022, the City reported a liability of \$672,807 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.11383500%, which was an increase of 0.00593900% from its proportion measured as of December 31, 2020. For the year ended December 31, 2022, the City recognized OPEB expense of \$85,563.

At December 31, 2022, 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	\$ -	\$ 34,226
Net differences between projected and actual earnings on OPEB plan investments	8,754	-
Change in assumptions	203,277	32,611
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,194	11,777
Employer contributions subsequent to the measurement date	2,329	-
Total	\$ 247,554	\$ 78,614

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

\$2,329 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, 2023. 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
2023	34,911
2024	33,895
2025	33,017
2026	41,672
2027	19,842
Thereafter	3,274
Total	\$ 166,611

The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2021
Measurement date of net OPEB liability (asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	2.06%
Long-term expected rate of return	4.25%
Discount rate	2.17%
Salary Increases:	
Inflation	3.00
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 12: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

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.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government bonds	Bloomberg US Interim Credit	45%	1.68%
U.S. Long credit bonds	Bloomberg US Long Credit	5%	1.82%
U.S. Mortgages	Bloomberg US MBS	50%	1.94%
Inflation			2.30%
Long-term expected rate of return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate: A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. 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 12: 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 2.17%, 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 (1.17%) or 1 percentage point higher (3.17%) 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	912,756	672,807	492,255

Note 13: 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, 2022, the date of the latest actuarial valuation, there were 88 active and 8 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	December 31, 2022
Measurement date	December 31, 2022
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Inflation	2.50%
Discount Rate	4.25%
Healthcare cost trend rates	7.0% decreasing to 6.5%, then decreasing by 0.1% per year down to 4.5% and level thereafter
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010
Mortality Assumptions	

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - Healthcare Plan (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 4.25%. This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week 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. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

<i>Changes in Total OPEB Liability</i>	Increase (Decrease) Total OPEB Liability
Balances at December 31, 2021	\$ 4,353,056
Changes for the year:	
Service cost	247,267
Interest	98,566
Differences between expected and actual experience	(150,243)
Changes of assumptions or other input	(838,815)
Benefit payments	(191,966)
Net changes	(835,191)
Balances at December 31, 2022	\$ 3,517,865

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 (3.25%) or 1 percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Total OPEB liability	\$ 3,868,769	\$ 3,517,865	\$ 3,197,061

The following presents the City's total OPEB liability calculated using the health care cost trend rate of 6.0% decreasing to 3.5%, 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 (7.0% decreasing to 4.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current rate:

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 13: Other Postemployment Benefits - Healthcare Plan (Continued)

	1% Decrease (6.0% decreasing to 3.5%)	Health Care Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB liability	\$ 3,063,908	\$ 3,517,865	\$ 4,063,923

For the year ended December 31, 2022, the City recognized OPEB expense of \$246,927.

At December 31, 2022, 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	\$ -	\$ 135,219
Change in assumptions	-	754,933
Total	\$ -	\$ 890,152

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
2023	(98,906)
2024	(98,906)
2025	(98,906)
2026	(98,906)
2027	(98,906)
Thereafter	(395,622)
Total	\$ (890,152)

City of Lake Geneva, Wisconsin

Notes to Financial Statements

Note 14: Reconciliation of Deferred Outflows and Inflows

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

	Deferred Outflows	Deferred Inflows
Employee Retirement Plans - Wisconsin Retirement System	\$ 6,996,064	\$ 8,340,926
Other Postemployment Benefits - Local Retiree Life Insurance Fund	247,554	78,614
Other Postemployment Benefits - Healthcare Plan	-	890,152
Total	\$ 7,243,618	\$ 9,309,692

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 2022.

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, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Revenues:					
Taxes					
General property	\$ 5,561,477	\$ 5,561,477	\$ 5,561,479	\$ 2	\$ 5,446,109
Mobile home property taxes	5,400	5,400	9,929	4,529	4,242
Room tax	495,745	519,960	946,158	426,198	537,262
Interest on taxes	1,000	1,000	703	(297)	806
Sales tax discount	650	650	18,029	17,379	920
Total taxes	6,064,272	6,088,487	6,536,298	447,811	5,989,339
Special Assessments					
Roads	89,780	89,780	141,029	51,249	77,780
Intergovernmental					
Recycling	24,000	24,000	23,827	(173)	23,889
Shared revenue	159,683	159,683	159,551	(132)	174,200
Police department	12,960	12,960	4,320	(8,640)	14,750
Fire department	56,076	56,076	106,886	50,810	56,076
Emergency management	5,627	5,627	13,430	7,803	482
State aid for highway	744,611	744,611	742,687	(1,924)	741,176
Municipal services	3,533	3,533	3,878	345	3,533
Exempt computer aid	19,204	19,204	19,204	-	19,204
Aids in lieu of taxes	10,236	10,236	10,941	705	236
Total intergovernmental	1,035,930	1,035,930	1,084,724	48,794	1,033,546
Licenses and permits					
Liquor and malt beverage licenses	40,000	40,000	46,385	6,385	36,630
Operator licenses	51,250	51,250	42,495	(8,755)	33,120
Cable TV Franchise fees	105,000	105,000	111,728	6,728	105,570
Dog and cat licenses	1,750	1,750	485	(1,265)	700
Other business licenses	31,000	31,000	34,574	3,574	32,250
Building permits	250,000	250,000	230,517	(19,483)	281,705
Electrical permits	90,000	90,000	85,765	(4,235)	103,512
Plumbing permits	60,000	60,000	60,019	19	71,420
Zoning permits	55,000	55,000	44,054	(10,946)	62,085
Other miscellaneous	58,900	58,900	62,426	3,526	75,921
Total licenses and permits	742,900	742,900	718,448	(24,452)	802,913
Fines and forfeits					
Court fines and penalties	135,100	135,100	116,547	(18,553)	142,862
Parking violations	15,000	15,000	20,618	5,618	15,707
Total fines and forfeits	150,100	150,100	137,165	(12,935)	158,569

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Revenues (continued)					
Public charges for services					
General government fees	\$ 14,000	\$ 14,000	\$ 16,820	\$ (2,820)	\$ 15,596
Police department	15,350	15,350	18,875	(3,525)	16,683
Fire department	781,151	781,151	818,807	(37,656)	737,388
Street department	1,500	1,500	1,957	(457)	2,883
Snow and ice	20,000	20,000	5,365	14,635	21,333
Traffic control	2,000	2,000	1,090	910	545
Parks	13,000	13,000	11,896	1,104	10,367
Miscellaneous fees and charges	1,200	1,200	136	1,064	782
Total public charges for services	848,201	848,201	874,946	(26,745)	805,577
Intergovernmental charges					
Police department	118,755	118,755	116,036	(2,719)	112,090
Fire department	288,416	288,416	306,975	18,559	136,848
Revenue from departments	20,000	20,000	-	(20,000)	16,535
Total intergovernmental charges	427,171	427,171	423,011	(4,160)	265,473
Miscellaneous					
Interest income	11,000	11,000	109,660	98,660	4,534
Interest on special assessment	8,290	8,290	2,333	(5,957)	4,912
Insurance recoveries	42,000	42,000	15,630	(26,370)	35,939
Rent	1	1	1	-	1
Donations	11,875	11,875	241,071	229,196	114,552
Miscellaneous	-	-	9,814	9,814	5,531
Total miscellaneous	73,166	73,166	378,509	305,343	165,469
Total revenues	9,341,740	9,365,955	10,294,130	733,656	9,298,666

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Expenditures:					
General government					
General government	\$ 199,865	\$ 165,590	\$ 42,364	\$ 123,226	\$ 70,877
Insurance	241,550	241,550	239,636	1,914	225,769
Health and other benefits	355,580	355,580	289,052	66,528	268,030
Common council	52,953	52,953	49,049	3,904	43,654
Municipal court	130,480	130,480	118,914	11,566	109,076
City attorney	97,480	97,480	96,712	768	88,635
Outside legal services	25,000	25,000	1,188	23,812	8,284
Mayor	9,859	9,859	8,534	1,325	7,382
City administrator	174,440	174,440	161,251	13,189	152,582
City clerk	266,710	266,710	260,686	6,024	210,074
Accounting and data processing	475,575	475,575	448,832	26,743	413,647
City assessor	50,100	50,100	49,150	950	43,121
City hall building	212,755	236,955	248,037	(11,082)	193,539
Total general government	2,292,347	2,282,272	2,013,405	268,867	1,834,670
Public safety					
Police department	4,523,370	4,523,370	4,404,223	119,147	3,951,795
Fire department	2,049,545	2,049,545	1,991,908	57,637	1,399,300
Building and zoning	310,695	310,695	292,698	17,997	274,786
Emergency management	26,358	26,358	26,239	119	13,829
Total public safety	6,909,968	6,909,968	6,715,068	194,900	5,639,710
Public works					
Street and highway	1,100,300	1,100,300	1,140,943	(40,643)	856,397
Engineering	25,800	49,300	48,481	819	9,000
Snow and ice control	240,720	240,720	163,611	77,109	180,803
Tree and brush control	197,485	197,485	201,555	(4,070)	184,975
Compost operations	72,860	72,860	28,661	44,199	44,649
Storm sewer	29,658	29,658	32,165	(2,507)	28,554
Traffic control	149,846	149,846	164,293	(14,447)	147,434
Recycling	647,084	647,084	643,217	3,867	588,188
Total public works	2,463,753	2,487,253	2,422,926	64,327	2,040,000
Culture and recreation					
Parks	240,480	240,480	433,519	(193,039)	205,607
Veteran's park	96,945	96,945	87,966	8,979	85,908
Leisure activities	101,605	112,395	107,247	5,148	96,525
Total culture and recreation	439,030	449,820	628,732	(178,912)	388,040

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - General Fund For the Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Expenditures (continued):					
Conservation and development					
Plan commission	\$ 109,650	\$ 109,650	\$ 74,232	\$ 35,418	\$ 46,556
Capital outlay	67,610	67,610	72,387	(4,777)	104,542
Total expenditures	12,282,358	12,306,573	11,926,750	379,823	10,053,518
Excess (deficiency) of revenues over expenditures	(2,940,618)	(2,940,618)	(1,632,620)	1,113,479	(754,852)
Other Financing Sources (Uses):					
Transfers in	2,375,618	2,375,618	2,874,873	499,255	2,729,530
Transfers out	-	-	-	-	(382,201)
Total other financing sources (uses)	2,375,618	2,375,618	2,874,873	499,255	2,347,329
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(565,000)	(565,000)	1,242,253	1,612,734	1,592,477
Fund balance - beginning	7,943,602	7,943,602	7,943,602	-	6,351,125
Fund balance - ending	\$ 7,378,602	\$ 7,378,602	\$ 9,185,855	\$ 1,612,734	\$ 7,943,602

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - Parking Lots and Meters For the Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Revenues:					
Public charges for services	\$ 2,256,600	\$ 2,256,600	\$ 2,576,934	\$ 320,334	\$ 2,480,205
Miscellaneous	51,000	51,000	33,907	(17,093)	1,010
Total revenues	<u>2,307,600</u>	<u>2,307,600</u>	<u>2,610,841</u>	<u>303,241</u>	<u>2,481,215</u>
Expenditures:					
Current:					
Public works	628,935	628,935	627,323	1,612	572,956
Capital outlay	50,000	50,000	-	50,000	32,787
Total expenditures	<u>678,935</u>	<u>678,935</u>	<u>627,323</u>	<u>51,612</u>	<u>605,743</u>
Excess of revenues over (under) expenditures	<u>1,628,665</u>	<u>1,628,665</u>	<u>1,983,518</u>	<u>251,629</u>	<u>1,875,472</u>
Other Financing Sources (Uses)					
Transfers out	<u>(1,553,665)</u>	<u>(1,553,665)</u>	<u>(1,908,518)</u>	<u>354,853</u>	<u>(1,800,472)</u>
Net Change in Fund Balance	75,000	75,000	75,000	606,482	75,000
Fund Balance - beginning	<u>931,466</u>	<u>931,466</u>	<u>931,466</u>	-	<u>856,466</u>
Fund Balance - ending	<u>\$ 1,006,466</u>	<u>\$ 1,006,466</u>	<u>\$ 1,006,466</u>	<u>\$ 606,482</u>	<u>\$ 931,466</u>

See Accompanying Notes to Required Supplementary Information

City of Lake Geneva, Wisconsin

Budgetary Comparison Schedule - Lakefront Operations For the Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	2021
	Original	Final		Positive (Negative)	
Revenues:					
Intergovernmental	\$ 30,000	\$ 30,000	\$ 36,071	\$ 6,071	\$ 31,534
Public charges for services	997,457	997,457	1,067,851	70,394	981,058
Miscellaneous	346,830	346,830	378,538	31,708	328,595
Total revenues	1,374,287	1,374,287	1,482,460	108,173	1,341,187
Expenditures:					
Current:					
Culture and recreation	755,834	755,834	673,356	82,478	672,211
Capital outlay	11,500	11,500	5,271	6,229	3,558
Total expenditures	767,334	767,334	678,627	88,707	675,769
Excess of revenues over (under) expenditures	606,953	606,953	803,833	19,466	665,418
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	68,000
Transfers out	(531,953)	(531,953)	(695,922)	163,969	(658,418)
Total other financing sources (uses)	(531,953)	(531,953)	(695,922)	163,969	(590,418)
Net Change in Fund Balance	75,000	75,000	107,911	183,435	75,000
Fund Balance - beginning	784,857	784,857	784,857	-	709,857
Fund Balance - ending	\$ 859,857	\$ 859,857	\$ 892,768	\$ 183,435	\$ 784,857

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

For the year ended December 31, 2022, the General Fund had expenditures in excess of appropriations for the following categories:

	Final Budget	Actual	Actual Over Budget
City hall building	\$ 236,955	\$ 248,037	\$ 11,082
Street and highway	1,100,300	1,140,943	40,643
Tree and brush control	197,485	201,555	4,070
Storm sewer	29,658	32,165	2,507
Traffic control	149,846	164,293	14,447
Parks	240,480	433,519	193,039
Capital outlay	67,610	72,387	4,777

City of Lake Geneva, Wisconsin

Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years*

Measurement Date December 31,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.04396286 %	\$ (3,543,487)	\$ 5,960,234	(59.45)%	106.02 %
2020	0.04289372	(2,677,914)	5,657,922	(47.33)	105.26
2019	0.04127364	(1,330,851)	5,349,498	(24.88)	102.96
2018	0.04031268	1,434,197	5,231,345	27.42	96.45
2017	0.03870988	(1,149,342)	4,850,466	(23.70)	102.93
2016	0.03802408	313,409	4,754,696	6.59	99.12
2015	0.03818226	620,454	4,611,460	13.45	98.20
2014	0.03929365	(965,160)	4,508,233	(21.41)	102.74

Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2022	\$ 598,795	\$ 598,795	-	\$ 6,709,612	8.92 %
2021	529,086	529,086	-	5,960,234	8.88
2020	502,139	502,139	-	5,657,922	8.87
2019	437,175	437,175	-	5,349,498	8.17
2018	435,752	435,752	-	5,231,345	8.33
2017	401,833	401,833	-	4,850,466	8.28
2016	369,360	369,360	-	4,754,696	7.77
2015	363,003	363,003	-	4,611,460	7.87

City of Lake Geneva, Wisconsin

Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years*

Notes to the Schedules:

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

Changes of assumptions: Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

*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.

City of Lake Geneva, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

<i>Year Ended December 31, 2022</i>	2021	2020	2019	2018	2017
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Frozen Entry Age Level	Level Percent of Payroll-	Level Percent of	Level Percent of	Level Percent of
	Percent of Payroll-Closed	Closed Amortization	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from date	30 Year closed from date	30 Year closed from	30 Year closed from	30 Year closed from
Amortization Period:	of participation in WRS	of participation in WRS	date of participation	date of participation	date of participation in
	Five Year Smoothed	Five Year Smoothed	in WRS	in WRS	WRS
Asset Valuation Method:	Market (Closed)	Market (Closed)	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
			Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%

City of Lake Geneva, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2021	2020	2019	2018	2017
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

City of Lake Geneva, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2016	2015	2014	2013
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%

City of Lake Geneva, Wisconsin

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended December 31, 2022</i>	2016	2015	2014	2013
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

City of Lake Geneva, Wisconsin

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years*

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) Local Retiree Life Insurance Fund (LRLIF)

Measurement Date December 31,	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.11383500 %	\$ 672,807	\$ 6,056,000	11.11 %	29.57 %
2020	0.10789600	593,506	5,371,000	11.05	31.36
2019	0.10527300	448,273	5,388,000	8.32	37.58
2018	0.10315000	266,846	4,854,000	5.50	48.69
2017	0.10013200	301,255	4,210,837	7.15	44.81

Schedule of the Employer Contributions Local Retiree Life Insurance Fund (LRLIF)

Last 10 Fiscal Years*

Year Ended December 31,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll for the Fiscal Period	Contributions as a Percentage of Covered Payroll
2022	\$ 2,329	\$ 2,329	\$ -	\$ 6,475,000	0.0360 %
2021	2,151	2,151	-	6,056,000	0.0355
2020	1,849	1,849	-	5,371,000	0.0344
2019	2,089	2,089	-	5,388,000	0.0388
2018	1,999	1,999	-	4,854,000	0.0412

City of Lake Geneva, Wisconsin

Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years*

Notes to the Schedules:

Changes of benefit terms: There were no recent changes of benefit terms.

Changes of assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

*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.

City of Lake Geneva, Wisconsin

Schedules of Changes in Total OPEB Liability and Related Ratios Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 247,267	\$ 268,072	\$ 198,265	\$ 149,141	\$ 134,430
Interest	98,566	81,567	95,010	99,168	97,738
Differences between expected and actual experience	(150,243)	-	382,026	-	118,768
Changes in assumptions or other input	(838,815)	(136,043)	769,788	101,579	(368,054)
Benefit payments	(191,966)	(173,597)	(139,842)	(180,836)	(301,133)
Other changes	-	-	23,570	371	64,956
Net Change in OPEB Liability	(835,191)	39,999	1,328,817	169,423	(253,295)
Total OPEB liability - beginning	4,353,056	4,313,057	2,984,240	2,814,817	3,068,112
Total OPEB liability - ending	<u>\$ 3,517,865</u>	<u>\$ 4,353,056</u>	<u>\$ 4,313,057</u>	<u>\$ 2,984,240</u>	<u>\$ 2,814,817</u>
Covered employee payroll	\$ 6,664,774	\$ 4,027,470	\$ 4,519,776	\$ 2,714,308	\$ 3,986,408
Total OPEB liability as a percentage of covered employee payroll	52.78%	108.08%	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, 2022

	Public Library	Cemetery Operations	ARPA Fund	Tourism Commission	Impact Fees	Equipment Replacement	Cemetery Perpetual Care	Swanson Library Endowment	Total Nonmajor Governmental Funds
Assets:									
Cash and investments	\$ 517,112	\$ 243,822	\$ 873,576	\$ 1,132,655	\$ 120,286	\$ 2,682,598	\$ 749,882	\$ 138,370	\$ 6,458,301
Receivables									
Taxes	517,000	168,000	-	-	-	600,000	-	-	1,285,000
Total assets	\$ 1,034,112	\$ 411,822	\$ 873,576	\$ 1,132,655	\$ 120,286	\$ 3,282,598	\$ 749,882	\$ 138,370	\$ 7,743,301
Liabilities:									
Accounts payable	\$ 39,837	\$ 283	\$ -	\$ 607,353	\$ -	\$ 9,218	\$ 3,900	\$ -	\$ 660,591
Other accrued liabilities	17,802	6,742	-	-	-	-	-	-	24,544
Unearned revenue	-	-	860,534	-	-	-	-	-	860,534
Total liabilities	57,639	7,025	860,534	607,353	-	9,218	3,900	-	1,545,669
Deferred inflows of resources:									
Property taxes	517,000	168,000	-	-	-	600,000	-	-	1,285,000
Fund balances:									
Nonspendable	-	-	-	-	-	-	745,982	112,980	858,962
Restricted	459,473	-	-	525,302	120,286	-	-	25,390	1,130,451
Assigned	-	236,797	13,042	-	-	2,673,380	-	-	2,923,219
Total fund balances	459,473	236,797	13,042	525,302	120,286	2,673,380	745,982	138,370	4,912,632
Total liabilities, deferred inflows of resources and fund balances	\$ 1,034,112	\$ 411,822	\$ 873,576	\$ 1,132,655	\$ 120,286	\$ 3,282,598	\$ 749,882	\$ 138,370	\$ 7,743,301

City of Lake Geneva, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Public Library	Cemetery Operations	ARPA Fund	Tourism Commission	Impact Fees	Equipment Replacement	Cemetery Perpetual Care	Swanson Library Endowment	Total Nonmajor Governmental Funds
Revenues:									
Taxes	\$ 487,000	\$ 168,000	\$ -	\$ 1,293,880	\$ -	\$ 600,000	\$ -	\$ -	\$ 2,548,880
Licenses and permits	-	-	-	-	19,412	-	-	-	19,412
Fines and forfeits	6,736	-	-	-	-	-	-	-	6,736
Public charges for services	-	54,184	-	7,486	-	-	18,375	-	80,045
Intergovernmental charges	315,422	-	-	-	-	-	-	-	315,422
Miscellaneous	459,710	3,721	12,922	9,818	1,782	51,174	(103,724)	(18,248)	417,155
Total revenues	1,268,868	225,905	12,922	1,311,184	21,194	651,174	(85,349)	(18,248)	3,387,650
Expenditures:									
Current:									
Health and human services	-	192,638	-	-	-	-	-	-	192,638
Culture and recreation	929,703	-	-	-	-	-	-	-	929,703
Conservation and development	-	-	-	1,268,585	-	-	-	-	1,268,585
Capital outlay	500,768	14,075	-	-	-	281,207	-	-	796,050
Total expenditures	1,430,471	206,713	-	1,268,585	-	281,207	-	-	3,186,976
Excess of revenues over (under) expenditures	(161,603)	19,192	12,922	42,599	21,194	369,967	(85,349)	(18,248)	200,674
Other Financing Sources (Uses)									
Transfers in	-	16,550	-	-	-	-	-	-	16,550
Transfers out	-	-	-	(202,912)	-	-	(16,550)	-	(219,462)
Total other financing sources (uses)	-	16,550	-	(202,912)	-	-	(16,550)	-	(202,912)
Net Change in Fund Balances	(161,603)	35,742	12,922	(160,313)	21,194	369,967	(101,899)	(18,248)	(2,238)
Fund Balances - Beginning	621,076	201,055	120	685,615	99,092	2,303,413	847,881	156,618	4,914,870
Fund Balances - Ending	\$ 459,473	\$ 236,797	\$ 13,042	\$ 525,302	\$ 120,286	\$ 2,673,380	\$ 745,982	\$ 138,370	\$ 4,912,632

FORM OF LEGAL OPINION

(See following pages)

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

June 5, 2024

Re: City of Lake Geneva, Wisconsin ("Issuer")
\$8,960,000 General Obligation Promissory Notes, Series 2024A,
dated June 5, 2024 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$260,000	___%
2026	425,000	___
2027	445,000	___
2028	465,000	___
2029	480,000	___
2030	510,000	___
2031	525,000	___
2032	550,000	___
2033	570,000	___
2034	600,000	___
2035	345,000	___
2036	365,000	___
2037	370,000	___
2038	380,000	___
2039	390,000	___
2040	395,000	___
2041	410,000	___
2042	475,000	___
2043	495,000	___
2044	505,000	___

Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2025.

The Notes maturing on February 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on February 1, 2033 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

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

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

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

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

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

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 \$8,960,000 General Obligation Promissory Notes, Series 2024A, dated June 5, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 13, 2024 (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 May 13, 2024 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) 248-3673, fax (262) 248-4715.

"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, 2023, 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 5th day of June, 2024.

(SEAL)

Todd Krause
Mayor

Lana Kropf
City Clerk

NOTICE OF SALE

**\$8,960,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A
CITY OF LAKE GENEVA, WISCONSIN**

Bids for the purchase of \$8,960,000* General Obligation Promissory Notes, Series 2024A (the "Notes") 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 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 13, 2024, 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 Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including financing costs included in the City's capital improvement plan including, but not limited to street improvement projects, parking lots or other parking facilities, parks and public ground projects, library projects, equipment of the fire department, cemetery projects, City Hall projects, DPW buildings, equipment and police radios. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated June 5, 2024, will be issued as fully registered Notes 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>
2025	\$260,000	2032	\$550,000	2039	\$390,000
2026	425,000	2033	570,000	2040	395,000
2027	445,000	2034	600,000	2041	410,000
2028	465,000	2035	345,000	2042	475,000
2029	480,000	2036	365,000	2043	495,000
2030	510,000	2037	370,000	2044	505,000
2031	525,000	2038	380,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The City 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 Notes maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about June 5, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (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 Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$8,870,400, nor more than \$9,587,200, plus accrued interest on the principal sum of \$8,960,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact 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 \$179,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be "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 Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (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

Lana Kropf, City Clerk
City of Lake Geneva, Wisconsin

BID FORM

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

May 13, 2024

RE: **\$8,960,000* General Obligation Promissory Notes, Series 2024A (the "Notes")**
DATED: **June 5, 2024**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$8,870,400, nor more than \$9,587,200) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % 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	_____ % due	2043
_____ % due	2030	_____ % due	2037	_____ % due	2044
_____ % due	2031	_____ % due	2038		

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

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

A good faith deposit ("Deposit") in the amount of \$179,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about June 5, 2024.

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 Official Statement for the Notes.

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

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

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

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

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 5, 2024 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 May 13, 2024.

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