

PRELIMINARY OFFICIAL STATEMENT DATED MAY 12, 2025

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 designated as "qualified tax-exempt obligations".

New Issue

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

CITY OF ELKHORN, WISCONSIN (Walworth County)

\$3,820,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A

BID OPENING: May 19, 2025, 10:30 A.M., C.T.

CONSIDERATION: May 19, 2025, 5:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,820,000* General Obligation Promissory Notes, Series 2025A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Elkhorn, Wisconsin (the "City"), for public purposes including financing capital improvement projects, including street improvement projects; park improvement projects and the acquisition of a fire truck and other vehicles and equipment. 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 4, 2025

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$90,000	2033	\$180,000	2040	\$205,000
2027	170,000	2034	195,000	2041	210,000
2028	175,000	2035	200,000	2042	220,000
2029	185,000	2036	170,000	2043	230,000
2030	185,000	2037	180,000	2044	240,000
2031	175,000	2038	185,000	2045	250,000
2032	180,000	2039	195,000		

***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: June 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on June 1, 2035 and thereafter are subject to call for prior optional redemption on June 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$3,772,250.

MAXIMUM BID: \$4,125,600.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$76,400 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.

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 and 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.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1	THE ISSUER	21
THE NOTES.....	1	CITY GOVERNMENT.....	21
GENERAL	1	EMPLOYEES; PENSIONS	21
OPTIONAL REDEMPTION	1	OTHER POST EMPLOYMENT BENEFITS.....	23
AUTHORITY; PURPOSE	2	LITIGATION	23
ESTIMATED SOURCES AND USES.....	2	MUNICIPAL BANKRUPTCY.....	23
SECURITY.....	2	FUNDS ON HAND	24
RATING	3	ENTERPRISE FUNDS	25
CONTINUING DISCLOSURE.....	3	SUMMARY GENERAL FUND INFORMATION.....	26
LEGAL MATTERS	3	GENERAL INFORMATION	27
TAX EXEMPTION.....	4	LOCATION	27
ORIGINAL ISSUE DISCOUNT.....	4	LARGER EMPLOYERS	27
BOND PREMIUM	5	BUILDING PERMITS	28
QUALIFIED TAX-EXEMPT OBLIGATIONS	6	U.S. CENSUS DATA.....	29
MUNICIPAL ADVISOR	6	EMPLOYMENT/UNEMPLOYMENT DATA.....	29
MUNICIPAL ADVISOR AFFILIATED COMPANIES.....	6	FINANCIAL STATEMENTS.....	A-1
INDEPENDENT AUDITORS	6	FORM OF LEGAL OPINION	B-1
RISK FACTORS.....	6	BOOK-ENTRY-ONLY SYSTEM	C-1
VALUATIONS.....	8	FORM OF CONTINUING DISCLOSURE CERTIFICATE ..	D-1
WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES.....	8	NOTICE OF SALE.....	E-1
CURRENT PROPERTY VALUATIONS.....	9	BID FORM	
2024 EQUALIZED VALUE BY CLASSIFICATION	9		
TREND OF VALUATIONS.....	9		
LARGER TAXPAYERS.....	10		
DEBT	10		
DIRECT DEBT	10		
DEBT PAYMENT HISTORY	11		
FUTURE FINANCING.....	11		
DEBT LIMIT	11		
SCHEDULE OF GENERAL OBLIGATION DEBT	12		
SCHEDULE OF WATERWORKS AND ELECTRIC REVENUE DEBT	14		
SCHEDULE OF SEWER REVENUE DEBT.....	16		
OVERLAPPING DEBT	17		
DEBT RATIOS.....	17		
TAX LEVIES AND COLLECTIONS	18		
TAX LEVIES AND COLLECTIONS	18		
PROPERTY TAX RATES	19		
LEVY LIMITS	19		
REVENUE FROM THE STATE	20		

CITY OF ELKHORN COMMON COUNCIL

		<u>Term Expires</u>
G. Timothy Shiroda	Mayor	April 2026
Gary Lee Payson Jr.	Council President	April 2027
Ronald Dunwiddie	Alderman	April 2026
Daniel Roberts	Alderman	April 2026
Peter Harvey	Alderman	April 2027
Scott McClory	Alderman	April 2026
Ken Meinel	Alderman	April 2027

ADMINISTRATION

Adam G. Swann, City Administrator
Corrie Daly, City Finance Director
Christopher Sprigler, City Treasurer
Rebeca Perez, City Clerk
Amber Shellman, Deputy City Clerk

PROFESSIONAL SERVICES

Elaine Ekes, Pruitt, Ekes & Geary, S.C., City Attorney, Racine, 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 Elkhorn, Wisconsin (the "City") and the issuance of its \$3,820,000* General Obligation Promissory Notes, Series 2025A (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 19, 2025.

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 4, 2025. The Notes will mature on June 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2026, 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 June 1, 2035 shall be subject to optional redemption prior to maturity on June 1, 2034 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 capital improvement projects, including street improvement projects; park improvement projects and the acquisition of a fire truck and other vehicles and equipment.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$3,820,000	
Estimated Interest Earnings	13,080	
City Funds Available	<u>224,054</u>	
Total Sources		\$4,057,134
Uses		
Estimated Underwriter's Discount	\$47,750	
Cost of Issuance	84,600	
Deposit to Project Construction Fund	3,924,054	
Rounding Amount	<u>730</u>	
Total Uses		\$4,057,134

*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 "Aa3" by Moody's Investors Service, Inc. ("Moody's"). The City has requested a rating on the Notes from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating 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. 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 designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this 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, 2023 have been audited by CliftonLarsonAllen LLP, Green Bay, 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 of Wisconsin (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.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly 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

2024 Equalized Value	\$1,262,968,300
2024 Equalized Value Reduced by Tax Increment Valuation	\$1,246,585,500
2024 Assessed Value	\$1,232,230,100

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$827,254,000	65.501%
Commercial	341,752,000	27.059%
Manufacturing	92,307,900	7.309%
Agricultural	521,200	0.041%
Undeveloped	167,200	0.013%
Ag Forest	57,500	0.005%
Forest	172,500	0.014%
Other	736,000	0.058%
Personal Property ²	0	0.000%
Total	<u>\$1,262,968,300</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2020	\$868,938,341	\$890,316,900	9.83%
2021	933,936,441	972,474,300	9.23%
2022	1,048,501,400	1,054,646,000	8.45%
2023	1,144,012,978	1,195,286,200	13.34%
2024	1,232,230,100	1,262,968,300	5.66%

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

¹ Includes tax increment valuation.

² Personal property has been exempted from taxation as of January 1, 2024 (see "TAX LEVIES AND COLLECTIONS" herein).

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2024 Equalized Value ¹	Percent of City's Total Equalized Value
SPEF VII LLC	Apartments	\$40,381,910	3.20%
MCKMAK V LLC	US Packaging/Mac Pax LLC	20,397,943	1.62%
Meadow Blossom LLC	Apartments	13,496,783	1.07%
ARHC AAEKHW101 LLC	Medical Clinic	8,500,894	0.67%
Aadya Shakti, Inc.	Hotel	7,880,700	0.62%
Individual	Geneva Labs/Preservation Solutions/Dental Office/Residential	7,504,032	0.59%
Mathews Properties LLC	Pregis/Yunker Industries	7,037,477	0.56%
Market Street Ventures LLC	Apartments	6,373,313	0.50%
SHRI BALAJI LLC	Hotel	6,364,908	0.50%
Ridgestone Elkhorn LLC	Assisted Living	<u>6,129,991</u>	<u>0.49%</u>
Total		\$124,067,951	9.82%
City's Total 2024 Equalized Value ²		\$1,262,968,300	

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$35,595,000</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by electric and water revenues	<u><u>\$10,353,586</u></u>
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Total revenue debt secured by sewer revenues (includes the Concurrent Obligations, as defined herein)*	<u><u>\$5,469,509</u></u>
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*Preliminary, subject to change.

¹ Calculated by dividing the 2024 Assessed Values by the 2024 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes.

Other Leases

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
10/01/2018	\$ 450,000	Equipment (Adams Electric)	10/01/2028	\$115,876

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Concurrently with the Notes, the City expects to issue \$1,355,000* Sewer System Revenue Bonds, Series 2025B (the "Concurrent Obligations"). The City may consider the sale of approximately \$2,000,000 to \$3,000,000 waterworks and electric system revenue bonds within the next 12 months, but the exact timing is still unknown. The City expects to issue approximately \$2,000,000 water system revenue bonds through a Safe Drinking Water Loan later in 2025. The City expects to issue debt for its capital borrowing in 2026 but the amount and timing of any such borrowings are not yet known, which may include rehabilitation of the fire station in the amount of approximately \$8,000,000 to \$12,000,000. The City may issue general obligation debt to finance economic development pursuant to development agreements within the next 12 months. While the exact amount and timing of any such borrowing are not yet known, they could reach up to approximately \$16,000,000 in aggregate with approximately \$3,500,000 outstanding at a time. Aside from the preceding, 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	\$1,262,968,300
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit ¹	\$63,148,415
Less: General Obligation Debt*	<u>(35,595,000)</u>
Unused Debt Limit*	<u><u>\$27,553,415</u></u>

*Preliminary, subject to change.

¹ The City has adopted Financial Management Policies that provide that the City will seek to limit the five-year rolling average general obligation debt load of the City so as not to exceed sixty-five percent (65%) of the statutory debt limit. In no case, however, should it exceed 75%.

City of Elkhorn, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/04/2025)

	Corporate Purpose Bonds Series 2017A		Corporate Purpose Bonds Series 2018A		Taxable Community Development Bonds Series 2018B		Promissory Notes Series 2020A		Corporate Purpose Bonds Series 2021A	
Dated	11/08/2017		06/21/2018		06/21/2018		07/09/2020		07/01/2021	
Amount	\$8,570,000		\$5,810,000		\$3,605,000		\$5,940,000		\$5,065,000	
Maturity	11/01		12/01		06/01		05/01		03/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	535,000	70,763	275,000	79,800	0	57,798	0	45,384	0	49,693
2026	535,000	130,825	300,000	148,600	140,000	113,215	930,000	81,468	225,000	96,010
2027	560,000	120,125	310,000	136,600	150,000	108,248	960,000	62,568	225,000	89,260
2028	560,000	106,125	320,000	124,200	160,000	102,860	975,000	43,218	225,000	82,510
2029	325,000	92,125	330,000	114,600	170,000	96,979	995,000	23,518	250,000	75,385
2030	325,000	83,188	340,000	104,700	180,000	90,635	1,005,000	6,784	250,000	67,885
2031	325,000	74,250	365,000	93,650	190,000	83,810			310,000	61,035
2032	350,000	65,313	375,000	81,788	200,000	76,498			310,000	55,610
2033	350,000	55,688	390,000	69,600	210,000	68,705			315,000	50,923
2034	350,000	45,188	405,000	56,925	225,000	60,331			315,000	46,040
2035	375,000	34,688	415,000	43,763	250,000	51,125			320,000	40,960
2036	375,000	23,438	430,000	30,275	325,000	39,831			320,000	35,200
2037	375,000	12,188	435,000	15,225	405,000	25,313			320,000	28,800
2038					425,000	8,606			320,000	22,400
2039									320,000	16,000
2040									320,000	9,600
2041									320,000	3,200
2042										
2043										
2044										
2045										
	5,340,000	913,900	4,690,000	1,099,725	3,030,000	983,953	4,865,000	262,938	4,665,000	830,510

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City of Elkhorn, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/04/2025)

	Promissory Notes Series 2021B		Promissory Notes Series 2022A		Corporate Purpose Bonds Series 2023A		Promissory Notes Series 2024C		Promissory Notes Series 2025A							
Dated	07/01/2021		06/01/2022		06/07/2023		11/06/2024		06/04/2025							
Amount	\$1,040,000		\$2,475,000		\$4,520,000		\$2,085,000		\$3,820,000*							
Maturity	03/01		06/01		06/01		06/01		06/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	3,965	0	35,175	0	93,275	0	43,275	0	0	810,000	479,126	1,289,126	34,785,000	2.28%	2025
2026	110,000	7,545	390,000	64,500	160,000	182,550	90,000	84,300	90,000	223,674	2,970,000	1,132,687	4,102,687	31,815,000	10.62%	2026
2027	115,000	6,643	255,000	54,825	170,000	174,300	100,000	79,550	170,000	144,923	3,015,000	977,040	3,992,040	28,800,000	19.09%	2027
2028	125,000	5,469	315,000	46,275	180,000	165,550	105,000	74,425	175,000	138,928	3,140,000	889,559	4,029,559	25,660,000	27.91%	2028
2029	125,000	4,063	335,000	36,525	180,000	156,550	105,000	69,175	185,000	132,581	3,000,000	801,500	3,801,500	22,660,000	36.34%	2029
2030	125,000	2,500	335,000	26,475	190,000	147,300	110,000	63,800	185,000	126,014	3,045,000	719,280	3,764,280	19,615,000	44.89%	2030
2031	125,000	844	335,000	16,425	200,000	137,550	110,000	58,300	175,000	119,624	2,135,000	645,488	2,780,488	17,480,000	50.89%	2031
2032			380,000	5,700	210,000	127,300	115,000	52,675	180,000	113,278	2,120,000	578,160	2,698,160	15,360,000	56.85%	2032
2033					225,000	116,425	120,000	46,800	180,000	106,753	1,790,000	514,893	2,304,893	13,570,000	61.88%	2033
2034					235,000	104,925	125,000	41,300	195,000	99,811	1,850,000	454,520	2,304,520	11,720,000	67.07%	2034
2035					245,000	92,925	85,000	37,100	200,000	92,305	1,890,000	392,865	2,282,865	9,830,000	72.38%	2035
2036					260,000	81,600	90,000	33,600	170,000	85,098	1,970,000	329,041	2,299,041	7,860,000	77.92%	2036
2037					270,000	71,000	90,000	30,000	180,000	78,140	2,075,000	260,665	2,335,665	5,785,000	83.75%	2037
2038					280,000	60,000	95,000	26,300	185,000	70,794	1,305,000	188,100	1,493,100	4,480,000	87.41%	2038
2039					250,000	49,400	100,000	22,400	195,000	63,050	865,000	150,850	1,015,850	3,615,000	89.84%	2039
2040					260,000	39,200	105,000	18,300	205,000	54,799	890,000	121,899	1,011,899	2,725,000	92.34%	2040
2041					270,000	28,600	105,000	14,100	210,000	46,083	905,000	91,983	996,983	1,820,000	94.89%	2041
2042					285,000	17,500	110,000	9,800	220,000	36,835	615,000	64,135	679,135	1,205,000	96.61%	2042
2043					295,000	5,900	115,000	5,300	230,000	26,990	640,000	38,190	678,190	565,000	98.41%	2043
2044							75,000	1,500	240,000	16,590	315,000	18,090	333,090	250,000	99.30%	2044
2045									250,000	5,625	250,000	5,625	255,625	0	100.00%	2045
	725,000	31,028	2,345,000	285,900	4,165,000	1,851,850	1,950,000	812,000	3,820,000	1,781,892	35,595,000	8,853,694	44,448,694			

* Preliminary, subject to change.

City of Elkhorn, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Waterworks and Electric Revenues
(As of 06/04/2025)

	Waterworks and Electric System Revenue Refunding Bonds Series 2016A		Taxable Waterworks and Electric System Revenue Bonds (SDWFL) Series 2016B		Waterworks and Electric System Revenue Bonds (SDWFL) Series 2017		Waterworks and Electric System Revenue Bonds Series 2020B		Waterworks and Electric System Revenue Bonds Series 2024	
Dated	05/17/2016		06/08/2016		06/14/2017		07/09/2020		01/24/2024	
Amount	\$6,380,000		\$7,725,003		\$759,195		\$1,715,000		\$1,438,035	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	8,900	0	39,346	0	4,610	0	13,600	0	15,461
2026	500,000	12,800	398,965	75,400	37,033	8,874	80,000	26,400	35,662	30,521
2027	190,000	5,900	405,548	68,763	37,726	8,175	80,000	24,800	36,467	29,708
2028	200,000	2,000	412,240	62,016	38,431	7,463	80,000	23,200	37,289	28,876
2029			419,042	55,158	39,150	6,738	85,000	21,550	38,130	28,026
2030			425,956	48,187	39,882	5,999	85,000	19,850	38,990	27,156
2031			432,984	41,101	40,628	5,246	85,000	18,150	39,869	26,267
2032			440,128	33,898	41,388	4,479	90,000	16,400	40,768	25,358
2033			447,390	26,576	42,161	3,698	90,000	14,600	41,687	24,428
2034			454,772	19,133	42,950	2,902	90,000	12,800	42,627	23,477
2035			462,276	11,567	43,753	2,092	95,000	10,950	43,589	22,505
2036			469,904	3,877	44,571	1,266	95,000	9,050	44,571	21,511
2037					45,405	425	100,000	7,100	45,577	20,495
2038							100,000	5,100	46,604	19,456
2039							100,000	3,100	47,655	18,393
2040							105,000	1,050	48,730	17,306
2041									49,829	16,195
2042									50,952	15,059
2043									52,101	13,897
2044									53,276	12,708
2045									54,478	11,494
2046									55,706	10,251
2047									56,962	8,981
2048									58,247	7,682
2049									59,560	6,354
2050									60,903	4,995
2051									62,277	3,607
2052									63,681	2,186
2053									65,117	734
	890,000	29,600	4,769,204	485,022	493,078	61,968	1,360,000	227,700	1,371,304	493,086

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City of Elkhorn, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Waterworks and Electric Revenues
(As of 06/04/2025)

Waterworks and Electric System Revenue Bonds Series 2024D								
Dated	11/06/2024							
Amount	\$1,515,000							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	32,225	0	114,143	114,143	10,353,586	.00%	2025
2026	55,000	63,075	1,106,661	217,071	1,323,731	9,246,925	10.69%	2026
2027	55,000	60,325	804,740	197,671	1,002,411	8,442,185	18.46%	2027
2028	60,000	57,450	827,960	181,006	1,008,965	7,614,225	26.46%	2028
2029	60,000	54,450	641,321	165,922	807,243	6,972,904	32.65%	2029
2030	65,000	51,325	654,827	152,517	807,344	6,318,076	38.98%	2030
2031	65,000	48,075	663,481	138,839	802,320	5,654,596	45.39%	2031
2032	65,000	44,825	677,284	124,960	802,243	4,977,312	51.93%	2032
2033	70,000	41,450	691,239	110,752	801,991	4,286,073	58.60%	2033
2034	70,000	37,950	700,349	96,263	796,612	3,585,724	65.37%	2034
2035	75,000	34,700	719,618	81,814	801,432	2,866,106	72.32%	2035
2036	80,000	31,600	734,046	67,304	801,350	2,132,060	79.41%	2036
2037	80,000	28,400	270,981	56,419	327,401	1,861,078	82.02%	2037
2038	85,000	25,100	231,604	49,656	281,260	1,629,474	84.26%	2038
2039	85,000	21,700	232,655	43,193	275,848	1,396,819	86.51%	2039
2040	90,000	18,200	243,730	36,556	280,286	1,153,089	88.86%	2040
2041	95,000	14,500	144,829	30,695	175,524	1,008,260	90.26%	2041
2042	100,000	10,600	150,952	25,659	176,611	857,308	91.72%	2042
2043	105,000	6,500	157,101	20,397	177,498	700,207	93.24%	2043
2044	110,000	2,200	163,276	14,908	178,185	536,931	94.81%	2044
2045			54,478	11,494	65,971	482,453	95.34%	2045
2046			55,706	10,251	65,957	426,747	95.88%	2046
2047			56,962	8,981	65,943	369,785	96.43%	2047
2048			58,247	7,682	65,929	311,538	96.99%	2048
2049			59,560	6,354	65,914	251,978	97.57%	2049
2050			60,903	4,995	65,899	191,075	98.15%	2050
2051			62,277	3,607	65,883	128,798	98.76%	2051
2052			63,681	2,186	65,867	65,117	99.37%	2052
2053			65,117	734	65,851	0	100.00%	2053
	1,470,000	684,650	10,353,586	1,982,026	12,335,612			

City of Elkhorn, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Revenues
(As of 06/04/2025)

Sewer System Revenue Bonds Series 2020C		Sewer System Revenue Bonds (CWF) Series 2024		Sewer System Revenue Bonds (CWF) 1) Series 2024B		Sewer System Revenue Bonds Series 2025B								
Dated Amount	07/09/2020 \$1,735,000		01/24/2024 \$403,763		06/26/2024 \$2,413,041		06/04/2025 \$1,355,000*							
Maturity	05/01		05/01		05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	14,213	0	4,341	0	35,157	0	0	0	53,710	53,710	5,469,509	.00%	2025
2026	80,000	27,625	10,012	8,569	55,125	69,492	25,000	81,114	170,138	186,800	356,938	5,299,371	3.11%	2026
2027	80,000	26,025	10,238	8,340	56,768	67,825	50,000	56,152	197,006	158,342	355,348	5,102,365	6.71%	2027
2028	80,000	24,425	10,469	8,107	58,460	66,108	50,000	54,372	198,929	153,012	351,941	4,903,437	10.35%	2028
2029	85,000	22,775	10,705	7,868	60,202	64,340	50,000	52,572	205,907	147,555	353,462	4,697,530	14.11%	2029
2030	85,000	21,075	10,946	7,624	61,996	62,519	55,000	50,653	212,942	141,871	354,813	4,484,588	18.01%	2030
2031	85,000	19,375	11,193	7,375	63,843	60,644	55,000	48,620	215,037	136,014	351,051	4,269,551	21.94%	2031
2032	90,000	17,625	11,446	7,119	65,746	58,713	60,000	46,469	227,192	129,927	357,118	4,042,359	26.09%	2032
2033	90,000	15,825	11,704	6,858	67,705	56,725	60,000	44,183	229,409	123,591	353,000	3,812,951	30.29%	2033
2034	95,000	13,975	11,968	6,591	69,723	54,677	60,000	41,855	236,690	117,099	353,789	3,576,260	34.61%	2034
2035	95,000	12,075	12,238	6,318	71,800	52,569	65,000	39,389	244,038	110,350	354,388	3,332,222	39.08%	2035
2036	95,000	10,175	12,514	6,039	73,940	50,397	65,000	36,779	246,454	103,390	349,844	3,085,769	43.58%	2036
2037	100,000	8,100	12,796	5,754	76,143	48,161	70,000	33,958	258,939	95,972	354,911	2,826,829	48.32%	2037
2038	100,000	5,850	13,084	5,462	78,413	45,858	75,000	30,803	266,497	87,973	354,469	2,560,333	53.19%	2038
2039	105,000	3,544	13,379	5,164	80,749	43,486	75,000	27,465	274,129	79,659	353,787	2,286,204	58.20%	2039
2040	105,000	1,181	13,681	4,859	83,156	41,044	80,000	23,938	281,837	71,022	352,858	2,004,367	63.35%	2040
2041			13,990	4,547	85,634	38,529	85,000	20,100	184,623	63,176	247,799	1,819,744	66.73%	2041
2042			14,305	4,228	88,185	35,939	90,000	15,965	192,490	56,132	248,622	1,627,254	70.25%	2042
2043			14,628	3,902	90,813	33,272	90,000	11,668	195,441	48,841	244,282	1,431,813	73.82%	2043
2044			14,957	3,568	93,520	30,526	95,000	7,204	203,477	41,297	244,774	1,228,336	77.54%	2044
2045			15,295	3,227	96,306	27,697	100,000	2,450	211,601	33,374	244,975	1,016,735	81.41%	2045
2046			15,640	2,878	99,176	24,785			114,816	27,663	142,479	901,919	83.51%	2046
2047			15,992	2,521	102,132	21,785			118,124	24,306	142,431	783,794	85.67%	2047
2048			16,353	2,157	105,175	18,696			121,528	20,853	142,381	662,266	87.89%	2048
2049			16,722	1,784	108,310	15,515			125,031	17,299	142,330	537,235	90.18%	2049
2050			17,099	1,402	111,537	12,240			128,636	13,642	142,278	408,599	92.53%	2050
2051			17,484	1,013	114,861	8,866			132,345	9,879	142,224	276,253	94.95%	2051
2052			17,879	614	118,284	5,392			136,163	6,006	142,169	140,091	97.44%	2052
2053			18,282	206	121,809	1,815			140,091	2,021	142,112	0	100.00%	2053
	1,370,000	243,863	384,998	138,436	2,359,511	1,152,772	1,355,000	725,706	5,469,509	2,260,776	7,730,285			

* Preliminary, subject to change.

1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4552-07, the amount of disbursements as of May 4, 2025 is \$1,884,975. The schedule shown assumes the drawing of the full amount available.

OVERLAPPING DEBT¹

Taxing District	2024 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
School District of Elkhorn	\$3,543,882,677	35.6380%	\$26,960,000	\$9,608,005
Gateway Technical College District	79,547,895,224	1.5877%	67,490,000	1,071,539
Walworth County Metro Sewer District	6,858,747,830	18.4140%	25,321,503	<u>4,662,702</u>
City's Share of Total Overlapping Debt				<u><u>\$15,342,245</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,262,968,300	Debt/ Per Capita 10,269 ⁴
Total General Obligation Debt*	\$35,595,000	2.82%	\$3,466.26
City's Share of Total Overlapping Debt	<u>15,342,245</u>	<u>1.21%</u>	<u>1,494.04</u>
Total*	\$50,937,245	4.03%	\$4,960.29

*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 has no outstanding general obligation debt.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2024 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
2020/21	\$6,956,599	100%	\$7.91
2021/22	7,060,122	100%	7.35
2022/23	7,451,878	100%	7.16
2023/24	7,985,912	100%	6.75
2024/25	8,108,302	In Progress	6.50

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.

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. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly 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
2020/21	\$9.78	\$3.60	\$7.91	\$21.29
2021/22	8.78	3.34	7.35	19.47
2022/23	8.34	2.90	7.16	18.40
2023/24	7.40	2.50	6.75	16.65
2024/25	7.06	2.30	6.50	15.86

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. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 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 received approximately \$776,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$507,000 received in 2023. The City is expected

to receive approximately \$791,000 in shared revenue under Chapter 79, Wis. Stats. in 2025. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

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

EMPLOYEES; PENSIONS

The City employs a staff of 84 full-time, 28 part-time and nine 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, 2021, the fiscal year ended December 31, 2022 and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$457,981, \$497,121, and \$554,806, 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, 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. As of December 31, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion. Accordingly, the City will continue to 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, 2024.

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 2023, the City reported a liability of \$1,953,443 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 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 0.03687342% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 3.F. 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.¹

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.

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission*, Case No. 2023CV3152, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Police Union Local 234	December 31, 2026
Fire/EMS	N/A ¹

OTHER POST EMPLOYMENT BENEFITS

The City 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 2023, the City's portion of contributions to the LRLIF totaled \$1,685. For Fiscal Year 2023, the City reported a liability of \$324,620 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.08520600% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

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 3.G. 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.

¹ This is a newly formed bargaining unit, and the first contract is currently being negotiated.

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

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

FUNDS ON HAND (as of March 31, 2025)

Fund	Total Cash and Investments
General	\$4,282,867
Special Revenue (Revolving Loan)	4,897
Community Development	1,460,243
Utility	13,048,818
Library	568,831
EMS	3,094,813
Park Improvements	287,472
Debt Service	2,291,290
TIF Debt Service Fund	197,554
Risk Management	2,799,624
Police Liaison/Emergency	13,763
Capital Projects	<u>1,777,216</u>
Total Funds on Hand	<u><u>\$29,827,387</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:

	2022 Audited	2023 Audited	2024 Unaudited
Sewer			
Total Operating Revenues	\$3,226,178	\$3,299,168	\$3,286,834
Less: Operating Expenses	<u>(2,364,354)</u>	<u>(2,909,371)</u>	<u>(3,370,521)</u> ¹
Operating Income	\$861,824	\$389,797	(\$83,687)
Plus: Depreciation	328,724	351,441	358,763
Interest Income	<u>65,390</u>	<u>201,844</u>	<u>199,860</u>
Revenues Available for Debt Service	<u><u>\$1,255,938</u></u>	<u><u>\$943,082</u></u>	<u><u>\$474,936</u></u> ²
Water			
Total Operating Revenues	\$3,918,167	\$3,902,573	\$4,727,818
Less: Operating Expenses	<u>(4,245,874)</u>	<u>(3,623,872)</u>	<u>(3,060,200)</u>
Operating Income	(\$327,707)	\$278,701	\$1,667,618
Plus: Depreciation	843,755	862,903	895,130
Interest Income	<u>64,248</u>	<u>159,628</u>	<u>161,328</u>
Revenues Available for Debt Service	<u><u>\$580,296</u></u>	<u><u>\$1,301,232</u></u>	<u><u>\$2,724,076</u></u>
Electric			
Total Operating Revenues	\$15,102,669	\$14,020,054	\$13,927,867
Less: Operating Expenses	<u>(14,521,141)</u>	<u>(13,565,064)</u>	<u>(13,803,584)</u>
Operating Income	\$581,528	\$454,990	\$124,283
Plus: Depreciation	636,347	570,515	576,805
Interest Income	<u>74,340</u>	<u>259,950</u>	<u>272,368</u>
Revenues Available for Debt Service	<u><u>\$1,292,215</u></u>	<u><u>\$1,285,455</u></u>	<u><u>\$973,456</u></u>

¹ The increase in operating expenses is primarily due to increased charges from WalCoMet.

² The City implemented a 5% rate increase for the Sewer Utility System rate increase effective March 1, 2025 in order to address declining Net Revenues. Based on the unaudited 2024 \$3,275,526 in Charges for Services, a 5% increase would generate an additional \$163,776 in revenue. The City also further rate increases in the future.

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 2023 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2021 Audited	2022 Audited	2023 Audited	2024 Unaudited	2025 Adopted Budget ¹
Revenues					
Taxes & special assessments	\$3,496,882	\$3,468,425	\$3,812,993	\$3,901,664	\$3,833,696
Intergovernmental	1,324,594	1,294,815	1,588,219	2,050,728	2,212,837
Licenses and permits	127,644	123,662	121,470	108,878	123,552
Fines and forfeits	84,198	82,372	98,206	70,106	76,675
Public charges for services	410,014	436,905	483,356	572,952	533,428
Intergovernmental charges for services	705,742	794,179	785,982	961,226	931,325
Miscellaneous	25,805	136,502	273,957	397,574	205,560
Total Revenues	\$6,174,879	\$6,336,860	\$7,164,183	\$8,063,128	\$7,917,073
Expenditures					
Current:					
General government	\$1,312,628	\$1,412,732	\$1,274,548	\$1,516,649	\$998,948
Public safety	3,385,226	3,665,361	3,766,642	4,355,232	5,157,244
Public works	1,652,907	1,749,624	1,664,882	2,081,628	2,067,306
Culture and recreation	460,073	537,243	612,808	694,095	795,192
Conservation and development	12,935	17,935	0	0	0
Total Expenditures	\$6,823,769	\$7,382,895	\$7,318,880	\$8,647,604	\$9,018,690
Excess of revenues over (under) expenditures	(\$648,890)	(\$1,046,035)	(\$154,697)	(\$584,476)	(\$1,101,617)
Other Financing Sources (Uses)					
Transfers in	\$1,768,011	\$1,018,547	\$1,015,745	\$1,007,333	\$1,101,617
Transfers (out)	(1,495,702)	0	0	(700,000)	0
Total Other Financing Sources (Uses)	272,309	1,018,547	1,015,745	307,333	1,101,617
Net changes in Fund Balances	(\$376,581)	(\$27,488)	\$861,048	(\$277,143)	\$0
General Fund Balance January 1	\$4,234,640	\$3,858,059	\$3,830,571	\$4,691,619	\$4,414,476
General Fund Balance December 31	\$3,858,059	\$3,830,571	\$4,691,619	\$4,414,476	\$4,414,476
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$209	\$1,801	\$30,754	\$0	\$0
Committed	363,846	363,846	363,846	363,846	363,846
Unassigned	3,494,004	3,464,924	4,297,019	4,050,630	4,050,630
Total	\$3,858,059	\$3,830,571	\$4,691,619	\$4,414,476	\$4,414,476

¹ The 2025 budget was adopted on November 11, 2024.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 10,247 and a current estimated population of 10,269 comprises an area of 7.3 square miles and is located in Walworth County approximately 45 miles southwest of Milwaukee, Wisconsin, approximately 30 miles northeast of Beloit, Wisconsin and approximately 25 miles east of Janesville, Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Walworth County	County government and services	815
Elkhorn Area School District	Elementary and secondary education	498
Aurora Lakeland Medical Center	Hospital/clinic	338
MaxPax LLC	Contract packaging and manufacturing	250
Palmer Hamilton LLC	Manufacturer of cafeteria tables	234
VIP Services	Non-profit company (cognitive disability services)	160
Yunker Industries Inc.	Digital print production & finishing operations	130
The City	Municipal government and services	121
Holton Manor	Nursing and convalescent homes	120
Viant Elkhorn	Plastics manufacturer	115

Source: The City, DataAxle Data Solutions and Wisconsin Manufacturers Register.

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.

BUILDING PERMITS

	2021	2022	2023	2024	2025 ¹
<u>New Single Family Homes</u>					
No. of building permits	7	2	0	1	0
Valuation	\$1,765,000	\$315,000	\$0	\$200,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	3	3	4	2	0
Valuation	\$2,675,000	\$2,050,000	\$3,851,000	\$1,130,000	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	443	400	420	414	58
Valuation	\$9,360,231	\$11,057,753	\$22,790,188	\$15,582,537	\$86,048

Source: The City.

¹ As of March 1, 2025.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	10,084
2020 U.S. Census Population	10,247
Percent of Change 2010 - 2020	1.62%
2024 Estimated Population	10,269

Income and Age Statistics

	The City	Walworth County	State of Wisconsin	United States
2023 per capita income	\$38,900	\$42,771	\$42,019	\$43,289
2023 median household income	\$73,052	\$77,359	\$75,670	\$78,538
2023 median family income	\$89,107	\$99,058	\$97,261	\$96,922
2023 median gross rent	\$999	\$1,090	\$1,045	\$1,348
2023 median value owner occupied units	\$255,300	\$275,900	\$247,400	\$303,400
2023 median age	37.9 yrs.	41.1 yrs.	40.1 yrs.	38.7 yrs.

	State of Wisconsin	United States
City % of 2023 per capita income	92.58%	89.86%
City % of 2023 median family income	91.62%	91.94%

Housing Statistics

	<u>The City</u>		
	2020	2023	Percent of Change
All Housing Units	4,223	4,241	0.43%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2023 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.

	<u>Average Employment</u>	<u>Average Unemployment</u>	
Year	Walworth County	Walworth County	State of Wisconsin
2021	55,683	3.7%	3.8%
2022	56,235	2.9%	2.8%
2023	57,386 ¹	2.9% ¹	2.8%
2024 ¹	59,034	2.8%	3.0%
2025, March ¹	58,931	3.2%	3.7%

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 changes 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 ELKHORN, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



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**CITY OF ELKHORN, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITORS' REPORT		1
BASIC FINANCIAL STATEMENTS		
	EXHIBITS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
STATEMENT OF NET POSITION	I	6
STATEMENT OF ACTIVITIES	II	7
FUND FINANCIAL STATEMENTS		
GOVERNMENTAL FUNDS		
BALANCE SHEET	III	8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	V	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – AMBULANCE SPECIAL REVENUE FUND	VI	13
PROPRIETARY FUNDS		
STATEMENT OF NET POSITION	VII	14
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VIII	16
STATEMENT OF CASH FLOWS	IX	17
FIDUCIARY FUNDS		
STATEMENT OF FIDUCIARY NET POSITION	X	19
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	XI	20
NOTES TO BASIC FINANCIAL STATEMENTS		21

**CITY OF ELKHORN, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	59
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	59
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) – LOCAL RETIREE LIFE INSURANCE FUND	60
SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND	60
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	61

SUPPLEMENTARY INFORMATION

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES	SI-1	64
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES	SI-2	66
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	SI-3	67
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	SI-4	68

**ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL
STATEMENTS**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	70
SCHEDULE OF FINDINGS AND RESPONSES	72



INDEPENDENT AUDITORS' REPORT

City Council
City of Elkhorn
Elkhorn, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elkhorn, Wisconsin (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Ambulance Special Revenue Fund 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of net pension liability (asset) – Wisconsin Retirement System, schedule of contributions – Wisconsin Retirement System, schedule of proportionate share of net OPEB liability (asset) – local retiree life insurance fund, and schedule of contributions – local retiree life insurance fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

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 detailed budgetary schedules, general fund and combining balance sheet and statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed budgetary schedules, general fund and combining balance sheet and statement of revenues, and expenditures and changes in fund balance – nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 27, 2024

BASIC FINANCIAL STATEMENTS

CITY OF ELKHORN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 15,069,225	\$ 561,151	\$ 15,630,376
Receivables:			
Taxes and Special Charges	5,648,082	25,060	5,673,142
Accounts	475,525	3,625,146	4,100,671
Special Assessments	444,385	3,668	448,053
Loans	187,157	-	187,157
Other	840	67,332	68,172
Internal Balances	1,156,853	(1,156,853)	-
Inventories and Prepaid Items	30,754	489,884	520,638
Restricted and Other Assets:			
Cash and Investments	1,726,117	11,426,752	13,152,869
Capital Assets, Nondepreciable	2,974,016	1,460,171	4,434,187
Capital Assets, Depreciable, Net	34,613,293	48,699,336	83,312,629
Total Assets	62,326,247	65,201,647	127,527,894
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Advance Refunding	-	31,522	31,522
Pension Related Amounts	5,966,921	1,413,300	7,380,221
Net Other Postemployment Related Amounts	127,963	30,245	158,208
Total Deferred Outflows of Resources	6,094,884	1,475,067	7,569,951
LIABILITIES			
Accounts Payable	531,730	1,618,521	2,150,251
Accrued and Other Current Liabilities	178,349	69,140	247,489
Insurance Claims Payable	466,194	-	466,194
Due to Other Governments	-	2	2
Accrued Interest Payable	101,388	66,139	167,527
Special Deposits	113,020	500	113,520
Unearned Revenues	79,887	16,945	96,832
Long-Term Obligations:			
Due Within One Year	2,961,159	1,460,990	4,422,149
Due in More than One Year	30,502,513	13,539,436	44,041,949
Net Pension Liability	1,579,996	373,447	1,953,443
Net Other Postemployment Benefits	262,561	62,059	324,620
Total Liabilities	36,776,797	17,207,179	53,983,976
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	8,199,767	-	8,199,767
Pension Related Amounts	3,370,623	796,680	4,167,303
Other Postemployment Related Amounts	199,918	47,252	247,170
Total Deferred Inflows of Resources	11,770,308	843,932	12,614,240
NET POSITION			
Net Investment in Capital Assets	10,625,210	34,706,770	44,086,331
Restricted:			
Debt Service	1,556,622	343,193	1,899,815
Library Operations	179,545	-	179,545
Park Dedication	98,433	-	98,433
Drug Education	12,962	-	12,962
Capital Projects	285,160	8,985,507	9,270,667
Unrestricted	7,116,094	4,590,133	12,951,876
Total Net Position	<u>\$ 19,874,026</u>	<u>\$ 48,625,603</u>	<u>\$ 68,499,629</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,476,647	\$ 120,558	\$ -	\$ -	\$ (1,356,089)	\$ -	\$ (1,356,089)
Public Safety	6,194,155	2,470,319	109,421	1,400	(3,613,015)	-	(3,613,015)
Public Works	3,445,726	110,294	938,650	-	(2,396,782)	-	(2,396,782)
Culture and Recreation	2,291,601	374,229	505,111	-	(1,412,261)	-	(1,412,261)
Conservation and Development	549,403	147,141	-	-	(402,262)	-	(402,262)
Interest and Fiscal Charges	827,356	-	35,484	-	(791,872)	-	(791,872)
Total Governmental Activities	14,784,888	3,222,541	1,588,666	1,400	(9,972,281)	-	(9,972,281)
Business-Type Activities:							
Solid Waste Collection	689,679	598,416	13,844	-	-	(77,419)	(77,419)
Sewer Utility	3,028,769	3,299,168	-	-	-	270,399	270,399
Water Utility	3,770,316	3,902,573	-	927,167	-	1,059,424	1,059,424
Electric Utility	13,619,762	14,018,531	-	120,842	-	519,611	519,611
Total Business-Type Activities	21,108,526	21,818,688	13,844	1,048,009	-	1,772,015	1,772,015
Total	\$ 35,893,414	\$ 25,041,229	\$ 1,602,510	\$ 1,049,409	(9,972,281)	1,772,015	(8,200,266)
GENERAL REVENUES							
Taxes:							
	Property Taxes				7,453,595	-	7,453,595
	Tax Increments				242,651	-	242,651
	Other Taxes				326,419	-	326,419
Federal and State Grants and Other Contributions							
	not Restricted to Specific Functions				573,608	-	573,608
	Interest and Investment Earnings				907,255	621,422	1,528,677
	Miscellaneous				359,788	1,523	361,311
	Gain on Sale of Asset				8,000	-	8,000
TRANSFERS							
	Total General Revenues and Transfers				1,019,025	(1,019,025)	-
					10,890,341	(396,080)	10,494,261
CHANGE IN NET POSITION							
	Net Position - Beginning of Year				918,060	1,375,935	2,293,995
					18,955,966	47,249,668	66,205,634
NET POSITION - END OF YEAR							
					\$ 19,874,026	\$ 48,625,603	\$ 68,499,629

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	General Debt Service	General Capital Projects	Ambulance	Nonmajor Governmental Funds	Total
ASSETS						
Cash and Investments	\$ 5,453,571	\$ 1,310,824	\$ 356,046	\$ 3,053,199	\$ 2,879,751	\$ 13,053,391
Restricted Cash and Investments	-	-	1,627,655	-	98,462	1,726,117
Receivables:						
Taxes and Special Charges	2,677,851	1,965,317	184	482,688	522,042	5,648,082
Accounts	143,704	-	-	331,821	-	475,525
Special Assessments	3,733	200,118	240,534	-	-	444,385
Loans	-	-	-	-	187,157	187,157
Other	193	647	-	-	-	840
Due from Other Funds	612,131	-	-	-	-	612,131
Advance to Other Funds	-	1,040,737	-	-	-	1,040,737
Inventories and Prepaid Items	30,754	-	-	-	-	30,754
Total Assets	<u>\$ 8,921,937</u>	<u>\$ 4,517,643</u>	<u>\$ 2,224,419</u>	<u>\$ 3,867,708</u>	<u>\$ 3,687,412</u>	<u>\$ 23,219,119</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 201,951	\$ 4,650	\$ 167,129	\$ 48,387	\$ 109,613	\$ 531,730
Accrued and Other Current Liabilities	116,285	-	-	38,911	20,758	175,954
Due to Other Funds	-	-	-	-	142	142
Advance from Other Funds	-	-	-	-	315,225	315,225
Special Deposits	9,670	-	64,588	38,762	-	113,020
Unearned Revenues	-	-	79,887	-	-	79,887
Total Liabilities	<u>327,906</u>	<u>4,650</u>	<u>311,604</u>	<u>126,060</u>	<u>445,738</u>	<u>1,215,958</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	3,885,229	2,854,983	-	701,193	758,362	8,199,767
Unavailable Revenue for:						
Special Charges Assessed	13,450	-	-	216,621	-	230,071
Loans Receivable	-	-	-	-	187,157	187,157
Special Assessments	3,733	200,118	241,052	-	-	444,903
Total Deferred Inflows of Resources	<u>3,902,412</u>	<u>3,055,101</u>	<u>241,052</u>	<u>917,814</u>	<u>945,519</u>	<u>9,061,898</u>
FUND BALANCES						
Nonspendable	30,754	-	-	-	-	30,754
Restricted	-	1,457,892	1,671,763	-	290,940	3,420,595
Committed	363,846	-	-	-	-	363,846
Assigned	-	-	-	2,823,834	2,317,654	5,141,488
Unassigned	4,297,019	-	-	-	(312,439)	3,984,580
Total Fund Balances	<u>4,691,619</u>	<u>1,457,892</u>	<u>1,671,763</u>	<u>2,823,834</u>	<u>2,296,155</u>	<u>12,941,263</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,921,937</u>	<u>\$ 4,517,643</u>	<u>\$ 2,224,419</u>	<u>\$ 3,867,708</u>	<u>\$ 3,687,412</u>	<u>\$ 23,219,119</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 12,941,263
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	37,587,309
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Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds	862,131
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Net position of the internal service fund is reported in the Statement of Net Position as governmental activities	1,366,597
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Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds:

Deferred Outflows Related to Pensions	5,966,921
Deferred Inflows Related to Pensions	(3,370,623)
Deferred Outflows Related to Other Postemployment Benefits	127,963
Deferred Inflows Related to Other Postemployment Benefits	(199,918)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(31,915,000)
Premium on Debt	(944,036)
Compensated Absences	(604,636)
Net Pension Liability	(1,579,996)
Net Other Postemployment Benefit	(262,561)
Accrued Interest on Long-Term Obligations	(101,388)

Net Position of Governmental Activities as Reported on the Statement of net Position (Exhibit I)	<u>\$ 19,874,026</u>
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CITY OF ELKHORN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	General Debt Service	General Capital Projects	Ambulance	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 3,812,993	\$ 2,453,880	\$ -	\$ 550,103	\$ 1,207,915	\$ 8,024,891
Intergovernmental	1,588,219	-	9,627	-	476,709	2,074,555
Licenses and Permits	121,470	-	-	-	147,141	268,611
Fines and Forfeits	98,206	-	-	-	-	98,206
Public Charges for Services	483,356	-	15,681	849,684	95,428	1,444,149
Intergovernmental Charges for Services	785,982	-	-	569,240	-	1,355,222
Miscellaneous	273,957	75,216	252,295	263,142	339,710	1,204,320
Total Revenues	7,164,183	2,529,096	277,603	2,232,169	2,266,903	14,469,954
EXPENDITURES						
Current:						
General Government	1,274,548	-	-	-	74,902	1,349,450
Public Safety	3,766,642	-	-	1,771,698	-	5,538,340
Public Works	1,664,882	-	-	-	-	1,664,882
Culture and Recreation	612,808	-	-	-	1,125,936	1,738,744
Conservation and Development	-	-	-	-	541,792	541,792
Debt Service:						
Principal	-	2,315,000	-	-	220,000	2,535,000
Interest and Fiscal Charges	-	756,853	-	-	203,374	960,227
Capital Outlay	-	-	4,194,715	-	404,197	4,598,912
Total Expenditures	7,318,880	3,071,853	4,194,715	1,771,698	2,570,201	18,927,347
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(154,697)	(542,757)	(3,917,112)	460,471	(303,298)	(4,457,393)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	-	4,085,000	-	435,000	4,520,000
Premium on Debt Issued	-	362,480	-	-	-	362,480
Proceeds from Sale of Capital Assets	-	-	-	8,000	62,305	70,305
Transfers In	1,015,745	344,607	39,862	-	100,000	1,500,214
Transfers Out	-	-	(344,607)	(100,000)	(36,582)	(481,189)
Total Other Financing Sources (Uses)	1,015,745	707,087	3,780,255	(92,000)	560,723	5,971,810
NET CHANGE IN FUND BALANCES	861,048	164,330	(136,857)	368,471	257,425	1,514,417
Net Position - Beginning of Year	3,830,571	1,293,562	1,808,620	2,455,363	2,038,730	11,426,846
FUND BALANCES - END OF YEAR	<u>\$ 4,691,619</u>	<u>\$ 1,457,892</u>	<u>\$ 1,671,763</u>	<u>\$ 2,823,834</u>	<u>\$ 2,296,155</u>	<u>\$ 12,941,263</u>

See accompanying Notes to Basic Financial Statements.

CITY OF ELKHORN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 1,514,417

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital Assets Reported as Capital Outlay in Governmental Fund Statements	4,483,043
Depreciation Expense Reported in the Statement of Activities	(2,378,439)
Net Book Value of Disposals	(13,278)

Governmental funds do not present revenues that are not available to pay
current obligations. In contrast, such revenues are reported in the statement
of activities when earned.

58,229

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

Long-Term Debt Issued	(4,520,000)
Premium on Debt Issued	(362,480)
Principal Repaid	2,535,000

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

Accrued Interest on Long-Term Debt	13,098
Amortization of Premiums	119,773
Compensated Absences	(47,277)
Net Pension Asset	(2,081,951)
Net Pension Liability	(1,579,996)
Deferred Outflows of Resources Related to Pensions	1,802,787
Deferred Inflows of Resources Related to Pensions	1,532,372
Net Other Postemployment Benefits	148,359
Deferred Outflows of Resources Related to Other Postemployment Benefits	(36,310)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(140,609)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The net revenue (expense) of the
internal service funds is reported with governmental activities.

(128,678)

Change in Net Position of Governmental Activities as Reported in the
Statement of Activities (Exhibit II)

\$ 918,060

**CITY OF ELKHORN, WISCONSIN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,810,243	\$ 3,810,243	\$ 3,812,993	\$ 2,750
Intergovernmental	1,575,065	1,575,065	1,588,219	13,154
Licenses and Permits	114,515	114,515	121,470	6,955
Fines and Forfeits	76,811	76,811	98,206	21,395
Public Charges for Services	399,728	399,728	483,356	83,628
Intergovernmental Charges for Services	964,177	964,177	785,982	(178,195)
Miscellaneous	73,770	73,770	273,957	200,187
Total Revenues	<u>7,014,309</u>	<u>7,014,309</u>	<u>7,164,183</u>	<u>149,874</u>
EXPENDITURES				
Current:				
General Government	1,383,491	1,383,491	1,274,548	108,943
Public Safety	4,384,729	4,384,729	3,766,642	618,087
Public Works	1,654,939	1,654,939	1,664,882	(9,943)
Culture and Recreation	598,047	598,047	612,808	(14,761)
Conservation and Development	11,650	11,650	-	11,650
Total Expenditures	<u>8,032,856</u>	<u>8,032,856</u>	<u>7,318,880</u>	<u>713,976</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,018,547)	(1,018,547)	(154,697)	863,850
OTHER FINANCING SOURCES				
Transfers In	<u>1,018,547</u>	<u>1,018,547</u>	<u>1,015,745</u>	<u>(2,802)</u>
NET CHANGE IN FUND BALANCE	-	-	861,048	861,048
Fund Balance - Beginning of Year	<u>3,830,571</u>	<u>3,830,571</u>	<u>3,830,571</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,830,571</u>	<u>\$ 3,830,571</u>	<u>\$ 4,691,619</u>	<u>\$ 861,048</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
 AMBULANCE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 550,103	\$ 550,103	\$ 550,103	\$ -
Public Charges for Services	925,000	925,000	849,684	(75,316)
Intergovernmental Charges for Services	661,220	661,220	569,240	(91,980)
Miscellaneous	33,400	33,400	263,142	229,742
Total Revenues	2,169,723	2,169,723	2,232,169	62,446
EXPENDITURES				
Current:				
Public Safety	2,069,723	2,069,723	1,771,698	298,025
EXCESS OF REVENUES OVER EXPENDITURES	100,000	100,000	460,471	360,471
OTHER FINANCING USES				
Proceeds from Sale of Capital Assets	-	-	8,000	8,000
Transfers Out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(92,000)	8,000
NET CHANGE IN FUND BALANCE	-	-	368,471	368,471
Fund Balance - Beginning of Year	2,455,363	2,455,363	2,455,363	-
FUND BALANCE - END OF YEAR	<u>\$ 2,455,363</u>	<u>\$ 2,455,363</u>	<u>\$ 2,823,834</u>	<u>\$ 368,471</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Enterprise Funds					Governmental Activities
	Sewer Utility	Water Utility	Electric Utility	Nonmajor Solid Waste	Total	Internal Service Fund
ASSETS						
CURRENT ASSETS						
Cash and Investments	\$ 406,521	\$ -	\$ 154,630	\$ -	\$ 561,151	\$ 2,015,834
Receivables:						
Taxes and Special Charges	-	-	25,060	-	25,060	-
Customer Accounts	608,472	685,996	2,205,457	125,221	3,625,146	-
Special Assessments	3,668	-	-	-	3,668	-
Other	-	-	67,332	-	67,332	-
Inventories and Prepaid Items	-	54,033	435,851	-	489,884	-
Total Current Assets	1,018,661	740,029	2,888,330	125,221	4,772,241	2,015,834
NONCURRENT ASSETS						
Restricted and Other Assets:						
Cash and Investments	3,039,371	3,868,723	4,518,658	-	11,426,752	-
OTHER ASSETS						
Advance to Other Funds	1,232,342	-	1,547,567	-	2,779,909	-
CAPITAL ASSETS						
Nondepreciable	212,555	1,226,492	21,124	-	1,460,171	-
Depreciable, Net	14,723,360	25,176,082	8,799,894	-	48,699,336	-
Total Capital Assets	14,935,915	26,402,574	8,821,018	-	50,159,507	-
Total Assets	20,226,289	31,011,326	17,775,573	125,221	69,138,409	2,015,834
DEFERRED OUTFLOWS OF RESOURCES						
Loss on Advance Refunding	-	31,522	-	-	31,522	-
Pension Related Amounts	161,684	511,438	740,178	-	1,413,300	-
Other Postemployment Related Amounts	3,395	10,974	15,876	-	30,245	-
Total Deferred Outflows of Resources	165,079	553,934	756,054	-	1,475,067	-

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Enterprise Funds					Governmental Activities
	Sewer Utility	Water Utility	Electric Utility	Nonmajor Solid Waste	Total	Internal Service Fund
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	\$ 296,456	\$ 266,638	\$ 935,345	\$ 120,082	\$ 1,618,521	\$ -
Accrued and Other Current Liabilities	7,331	25,390	36,419	-	69,140	2,395
Insurance Claims Payable	-	-	-	-	-	466,194
Due to Other Funds	-	515,560	-	96,429	611,989	-
Due to Other Governments	2	-	-	-	2	-
Special Deposits	-	-	500	-	500	-
Unearned Revenue	-	-	16,945	-	16,945	-
Current Portion of Advance from Other Funds	192,667	18,070	-	-	210,737	-
Current Portion of Compensated Absences	6,148	23,800	24,238	-	54,186	-
Payable from Restricted Assets:						
Current Portion of Long-Term Debt	160,000	1,206,804	40,000	-	1,406,804	-
Accrued Interest	30,741	32,794	2,604	-	66,139	-
Total Current Liabilities	693,345	2,089,056	1,056,051	216,511	4,054,963	468,589
LONG-TERM OBLIGATIONS,						
Less Current Portion						
Advance from Other Funds	830,000	2,464,684	-	-	3,294,684	-
General Obligation Debt	3,955,000	435,000	-	-	4,390,000	-
Revenue Bonds	-	7,941,125	740,000	-	8,681,125	-
Debt Premium	131,824	151,518	22,412	-	305,754	-
Compensated Absences	18,444	71,398	72,715	-	162,557	-
Net Pension Liability	41,921	135,503	196,023	-	373,447	-
Net Other Postemployment Benefits	6,966	22,518	32,575	-	62,059	-
Total Long-Term Liabilities	4,984,155	11,221,746	1,063,725	-	17,269,626	-
Total Liabilities	5,677,500	13,310,802	2,119,776	216,511	21,324,589	468,589
DEFERRED INFLOWS OF RESOURCES						
Pension Related Amounts	89,431	289,070	418,179	-	796,680	-
Other Postemployment Related Amounts	5,304	17,145	24,803	-	47,252	-
Total Deferred Inflows of Resources	94,735	306,215	442,982	-	843,932	-
NET POSITION						
Net Investment in Capital Assets	10,664,980	16,023,184	8,018,606	-	34,706,770	-
Restricted:						
Debt Service	82,749	200,002	60,442	-	343,193	-
Capital Projects	2,698,860	2,039,952	4,246,695	-	8,985,507	-
Unrestricted	1,172,544	(314,895)	3,643,126	(91,290)	4,409,485	1,547,245
Total Net Position	\$ 14,619,133	\$ 17,948,243	\$ 15,968,869	\$ (91,290)	48,444,955	\$ 1,547,245
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					180,648	
Net Position of Business-Type Activities as Reported on the Statement of Net Position (Exhibit I)					\$ 48,625,603	

See accompanying Notes to Basic Financial Statements.

CITY OF ELKHORN, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGED IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds				Governmental Activities
	Sewer Utility	Water Utility	Electric Utility	Nonmajor Solid Waste	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 3,277,807	\$ 3,884,405	\$ 13,950,762	\$ 598,416	\$ 21,711,390
Other	21,361	18,168	69,292	-	108,821
Total Operating Revenues	3,299,168	3,902,573	14,020,054	598,416	21,820,211
OPERATING EXPENSES					
Operation and Maintenance	2,557,930	2,718,984	12,891,506	689,679	18,858,099
Depreciation	351,441	862,903	570,515	-	1,784,859
Taxes	-	41,985	103,043	-	145,028
Total Operating Expenses	2,909,371	3,623,872	13,565,064	689,679	20,787,986
OPERATING INCOME (LOSS)	389,797	278,701	454,990	(91,263)	1,032,225
NONOPERATING REVENUES (EXPENSES)					
Interest Income	201,844	159,628	259,950	-	621,422
Nonoperating Grants	-	-	-	13,844	13,844
Interest and Fiscal Charges	(121,384)	(194,259)	(15,871)	-	(331,514)
Amortization of Debt Discount/Premium	16,748	72,679	2,563	-	91,990
Total Nonoperating Revenues (Expenses)	97,208	38,048	246,642	13,844	395,742
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	487,005	316,749	701,632	(77,419)	1,427,967
Capital Contributions	-	927,167	120,842	-	1,048,009
Transfers Out	-	(500,000)	(519,025)	-	(1,019,025)
CHANGE IN NET POSITION	487,005	743,916	303,449	(77,419)	1,456,951
Net Position - Beginning of Year	14,132,128	17,204,327	15,665,420	(13,871)	46,988,004
NET POSITION - END OF YEAR	<u>\$ 14,619,133</u>	<u>\$ 17,948,243</u>	<u>\$ 15,968,869</u>	<u>\$ (91,290)</u>	<u>\$ 48,444,955</u>
Change in Net Position					\$ 1,456,951
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(81,016)
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (Exhibit II)					<u>\$ 1,375,935</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds					Governmental Activities
	Sewer Utility	Water Utility	Electric Utility	Nonmajor Solid Waste	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 3,260,063	\$ 3,894,425	\$ 14,417,727	\$ 605,523	\$ 22,177,738	\$ 141,213
Other Cash Payments Received	21,361	-	-	-	21,361	1,850,987
Cash Paid for Employee Wages and Benefits	(389,859)	(882,256)	(1,311,964)	-	(2,584,079)	-
Cash Paid to Suppliers	(2,083,611)	(1,910,934)	(11,696,466)	(630,591)	(16,321,602)	(2,156,881)
Net Cash Provided (Used) by Operating Activities	807,954	1,101,235	1,409,297	(25,068)	3,293,418	(164,681)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental Revenues	-	-	-	13,844	13,844	-
Due To/From Other Funds	-	515,560	-	11,224	526,784	-
Advance To/From Other Funds	(1,232,342)	-	(1,407,567)	-	(2,639,909)	-
Transfer In (Out)	-	(500,000)	(519,025)	-	(1,019,025)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,232,342)	15,560	(1,926,592)	25,068	(3,118,306)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	(1,104,761)	(1,849,805)	(476,981)	-	(3,431,547)	-
Capital Contributions	-	-	120,842	-	120,842	-
Salvage Received	-	-	3,174	-	3,174	-
Cost of Removal	-	190,348	-	-	190,348	-
Principal Paid on Advances from Other Funds	(187,259)	2,447,031	-	-	2,259,772	-
Principal Paid on Long-Term Debt	(155,000)	(1,169,881)	(40,000)	-	(1,364,881)	-
Interest Paid on Long-Term Debt	(122,929)	(199,306)	(16,000)	-	(338,235)	-
Net Cash (Used) by Capital and Related Financing Activities	(1,569,949)	(581,613)	(408,965)	-	(2,560,527)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	201,844	159,628	259,950	-	621,422	74,903
CHANGE IN CASH AND CASH EQUIVALENTS	(1,792,493)	694,810	(666,310)	-	(1,763,993)	(89,778)
Cash and Cash Equivalents - Beginning of Year	5,238,385	3,173,913	5,339,598	-	13,751,896	2,105,612
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,445,892</u>	<u>\$ 3,868,723</u>	<u>\$ 4,673,288</u>	<u>\$ -</u>	<u>\$ 11,987,903</u>	<u>\$ 2,015,834</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Enterprise Funds					Governmental Activities
	Sewer Utility	Water Utility	Electric Utility	Nonmajor Solid Waste	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 389,797	\$ 278,701	\$ 454,990	\$ (91,263)	\$ 1,032,225	\$ (284,597)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	351,441	862,903	570,515	-	1,784,859	-
Depreciation Charged to Sewer Utility	(22,270)	22,270	-	-	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:						
Net Pension Asset/Liability	86,235	327,998	482,686	-	896,919	-
Deferred Outflows Related to Pension	(68,281)	(127,189)	(173,844)	-	(369,314)	-
Deferred Inflows Related to Pension	(14,928)	(164,257)	(256,913)	-	(436,098)	-
Net Other Postemployment Benefits	(1,780)	(15,475)	(24,004)	-	(41,259)	-
Deferred Outflows Related to Other Postemployment Benefits	102	4,215	6,743	-	11,060	-
Deferred Inflows Related to Other Postemployment Benefits	4,042	11,661	16,637	-	32,340	-
Change in Operating Assets and Liabilities:						
Accounts Receivables	(17,744)	(10,427)	373,227	7,107	352,163	6,319
Other Receivables	-	2,279	24,161	-	26,440	-
Inventories and Prepaid Items	-	7,792	(76,978)	-	(69,186)	-
Accounts Payable	86,603	(106,123)	(10,849)	59,088	28,719	-
Accrued and Other Current Liabilities	3,160	(2,797)	5,572	-	5,935	2,395
Insurance Claims Payable	-	-	-	-	-	111,202
Customer Deposits	-	-	500	-	500	-
Unearned Revenue	-	-	(215)	-	(215)	-
Compensated Absences	11,577	9,684	17,069	-	38,330	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 807,954</u>	<u>\$ 1,101,235</u>	<u>\$ 1,409,297</u>	<u>\$ (25,068)</u>	<u>\$ 3,293,418</u>	<u>\$ (164,681)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION						
Cash and Cash Equivalents in Current Assets	\$ 406,521	\$ -	\$ 154,630	\$ -	\$ 561,151	\$ 2,015,834
Cash and Cash Equivalents in Restricted Assets	<u>3,039,371</u>	<u>3,868,723</u>	<u>4,518,658</u>	<u>-</u>	<u>11,426,752</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 3,445,892</u>	<u>\$ 3,868,723</u>	<u>\$ 4,673,288</u>	<u>\$ -</u>	<u>\$ 11,987,903</u>	<u>\$ 2,015,834</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Investments	\$ 3,652,004
Receivables:	
Taxes	8,059,957
Accounts	<u>11,741</u>
Total Assets	11,723,702
LIABILITIES	
Due to Other Governments	11,741
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	<u>11,711,379</u>
NET POSITION	
Fiduciary Net Position - Held for Others	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Taxes and Special Charges Collected	\$ 11,713,770
DEDUCTIONS	
Payments to Other Districts	<u>11,713,770</u>
CHANGES IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Elkhorn, Wisconsin (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (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:

A. Reporting Entity

The City is a municipal corporation governed by an elected seven member City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

General Debt Service Fund

The City's general debt expenditures are accounted for in this fund.

General Capital Projects

The City's capital projects, other than those financed by proprietary funds, are accounted for in this fund.

Ambulance

The City's EMS/Ambulance activity is accounted for in this fund.

The City reports the following major enterprise funds:

Sewer Utility Fund

This fund accounts for the operations of a sewage collection system for city residents, business entities and public authorities. Sewage treatment services are purchased by the City.

Water Utility Fund

This fund accounts for the operations of a water distribution system which provides water service to city residents, business entities and public authorities.

Electric Utility Fund

The fund accounts for the operations of an electric distribution system which purchases electricity to distribute to city residents, business entities and public authorities.

Additionally, the City reports the following fund types:

- The City accounts for assets held for individuals or other government agencies in custodial funds. The tax roll custodial fund accounts for property taxes and special charges collected on behalf of other governments.
- The City accounts for health and dental self-insurance services provided to other departments on a cost reimbursement basis in internal service funds.

C. Measurement Focus and Basis of Accounting

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

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer and electric functions and various other functions of the City. 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 City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, 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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

2. Property Taxes and Special Charges Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Elkhorn School District, Walworth County, and Gateway Technical College. Collections and remittances of taxes for other entities are accounted for in the tax roll custodial fund.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2023 tax roll are recognized as revenue in 2024.)

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds".

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

7. Prepaid Supplies

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual prepaid supply items are consumed rather than when purchased.

Prepaid supplies of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed during the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
Land Improvements	20 to 40 Years	-
Buildings and Improvements	25 Years	25 to 50 Years
Machinery and Equipment	5 to 20 Years	3 to 10 Years
Infrastructure	25 Years	40 to 100 Years

10. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable. Deferred Outflows for entity-wide and proprietary funds are for loss on advance refunding, pension related amounts and other post-employment benefit related amounts. Deferred Inflows for entity wide and proprietary funds are for property taxes levied for subsequent years, pension related amounts and other post-employment benefit related amounts.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unearned or unavailable revenues for property taxes levied for the subsequent year, special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds 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.

13. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

14. Other Postemployment Benefits Other than Pensions (OPEB)

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

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as prepaid supplies, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has authorized the finance committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements (Continued)

- Restricted Net Position. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position. Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund, certain special revenue funds, debt service funds and certain capital project funds.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2023.

B. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2023:

Fund	Deficit Fund Balance
Solid Waste	\$ 91,290
Tax Incremental District No. 4 Debt Service	312,297
Tax Incremental District No. 4 Capital Projects	142

C. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2023 and 2024 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2023 budget was 0.415%. The actual limit for the City for the 2024 budget was 0.38%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and Investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$32,435,249 on December 31, 2023 as summarized below:

Petty Cash and Cash on Hand	\$ 3,628
Deposits with Financial Institutions	14,615,540
Investments:	
Wisconsin Local Government Investment Pool	17,816,081
Total	<u>\$ 32,435,249</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Other Investments	\$ 15,630,376
Restricted Cash and Investments	13,152,869
Fiduciary Fund Statement of Net Position:	
Cash and Investments	3,652,004
Total	<u>\$ 32,435,249</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City currently has no investments that are subject to fair value measurement.

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2023, \$12,888,586 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits but were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

Investments

The City has investments in the Wisconsin Local Government Investment Pool of \$17,816,081 at year-end. 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, 2023, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organization. The City does not have an additional credit risk policy. The City's investment in the Wisconsin Local Government Investment Pool is not rated.

Interest rate risk is the risk that changes in market interest 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. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. As of December 31, 2023, the Wisconsin local governmental investment pool had a weighted average maturity of 17 days.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Cash and Investments

Restricted cash and investments on December 31, 2023 totaled \$13,152,869 and consisted of cash and investments held for the following purposes:

Funds	Governmental Activities	Business-Type Activities			Total
		Sewer Utility	Water Utility	Electric Utility	
Cash and Investments:					
Operation and Maintenance Reserve	\$ -	\$ 1,833,448	\$ 1,394,580	\$ 2,461,467	\$ 5,689,495
Depreciation and Replacement	-	246,230	-	901,609	1,147,839
Bond Redemption	-	218,236	-	103,046	321,282
Capital Reserves	-	150,000	-	863,406	1,013,406
Restricted Cash and Investments:					
Impact Fees	98,433	276,875	4,881	-	380,189
Forfeiture Funds	29	-	-	-	29
Unspent Bond Proceeds	1,627,655	67,021	389,171	168,917	2,252,764
Bond Redemption	-	-	801,600	-	801,600
Bond Reserve	-	55,254	638,000	-	693,254
Capital Reserves	-	192,307	575,672	-	767,979
Customer Refunds	-	-	64,819	20,213	85,032
Total Restricted Cash and Investments	<u>\$ 1,726,117</u>	<u>\$ 3,039,371</u>	<u>\$ 3,868,723</u>	<u>\$ 4,518,658</u>	<u>\$ 13,152,869</u>

Grant requirement and bond covenants require the City to restrict cash and investments for the following purposes, as summarized below:

Impact fees	Represents unexpended impact fees received by the City.
Forfeiture Funds	Represents funds set aside for drug education.
Escrow Funds	Represents funds set aside for specific development projects.
Depreciation and Replacement	Represents resources set aside to fund plant renewals and replacements or make up potential future deficiencies in the redemption account or make up potential future deficiencies in the redemption account.
Bond Redemption	Represents resources accumulated for debt service payments over the next 12 months.
Bond Reserve	Represents resources set aside to make potential future deficiencies in the redemption account.
Capital Reserves	Represents funds available to finance future capital improvements.

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable				
Land	\$ 2,776,309	\$ 83,305	\$ -	\$ 2,859,614
Construction in Progress	2,021,082	114,403	2,021,083	114,402
Total Capital Assets, Nondepreciable	4,797,391	197,708	2,021,083	2,974,016
Capital Assets, Depreciable:				
Land Improvements	6,648,858	-	-	6,648,858
Buildings and Improvements	15,126,513	901,250	-	16,027,763
Machinery and Equipment	8,079,533	408,972	286,039	8,202,466
Infrastructure	73,258,506	4,996,196	2,066,366	76,188,336
Subtotals	103,113,410	6,306,418	2,352,405	107,067,423
Less: Accumulated Depreciation for:				
Land Improvements	2,402,772	274,760	-	2,677,532
Buildings and Improvements	6,044,949	376,932	-	6,421,881
Machinery and Equipment	5,026,423	396,108	272,761	5,149,770
Infrastructure	58,940,674	1,330,639	2,066,366	58,204,947
Subtotals	72,414,818	2,378,439	2,339,127	72,454,130
Total Capital Assets, Depreciable, Net	30,698,592	3,927,979	13,278	34,613,293
Governmental Activities Capital Assets, Net	<u>\$ 35,495,983</u>	<u>\$ 4,125,687</u>	<u>\$ 2,034,361</u>	37,587,309
Less: Capital Related Debt				26,018,063
Less: Debt Premium				<u>944,036</u>
Net Investment in Capital Assets				<u>\$ 10,625,210</u>

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable				
Land	\$ 162,173	\$ -	\$ -	\$ 162,173
Construction in Progress	858,904	629,442	190,348	1,297,998
Total Capital Assets, Nondepreciable	1,021,077	629,442	190,348	1,460,171
Capital Assets, Depreciable:				
Buildings and Improvements	11,610,818	-	-	11,610,818
Machinery and Equipment	11,485,141	136,400	31,800	11,589,741
Infrastructure	57,354,283	3,608,222	612,744	60,349,761
Subtotals	80,450,242	3,744,622	644,544	83,550,320
Less Accumulated Depreciation	33,692,145	1,784,859	626,020	34,850,984
Total Capital Assets, Depreciable, Net	46,758,097	1,959,763	18,524	48,699,336
Business-Type Activities Capital Assets, Net	<u>\$ 47,779,174</u>	<u>\$ 2,589,205</u>	<u>\$ 208,872</u>	50,159,507
Less: Capital Related Debt				15,060,675
Less: Debt Premium				305,754
Less: Accounts Payable				117,830
Add: Deferred Outflow Related to Capital Related Debt				31,522
Net Investment in Capital Assets				<u>\$ 34,706,770</u>

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

Governmental Activities:	
General Government	\$ 88,913
Public Safety	209,178
Public Works	1,686,747
Conservation and Development	7,611
Culture and Recreation	385,990
Subtotal	<u>\$ 2,378,439</u>
Business-Type Activities:	
Water Utility	\$ 862,903
Sewer Utility	351,441
Electric Utility	570,515
Increase in Accumulated Depreciation	<u>\$ 1,784,859</u>

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2023 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advance to Solid Waste:		
Governmental Fund:		
General	\$ 612,131	\$ -
Tax Incremental District No. 4	-	142
Proprietary Funds:		
Water Utility	-	515,560
Solid Waste	-	96,429
Subtotal	612,131	612,131
Long-Term Advances for Repayment of		
General Obligation Debt:		
Governmental Fund:		
General Debt Service	1,040,737	-
Tax Incremental District #4	-	315,225
Enterprise Funds:		
Sewer Utility	1,232,342	1,022,667
Water Utility	-	2,482,754
Electric Utility	1,547,567	-
Totals	<u>\$ 4,432,777</u>	<u>\$ 4,432,777</u>

The \$1,040,737 interfund advance from the City's general debt service to the sewer and water utilities represents the portion of general obligation debt issues allocated to the City's sewer and water utilities.

Annual payments due on the long-term advances as of December 31, 2023 are detailed below:

Year Ended December 31,	Sewer Utility		Water Utility		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 192,667	\$ 30,032	\$ 18,070	\$ 199	\$ 210,737	\$ 30,231
2025	180,000	25,200	-	-	180,000	25,200
2026	40,000	21,850	-	-	40,000	21,850
2027	45,000	20,250	-	-	45,000	20,250
2028	45,000	18,450	-	-	45,000	18,450
2029-2033	270,000	69,262	-	-	270,000	69,262
2034-2037	250,000	21,775	-	-	250,000	21,775
Total	<u>\$ 1,022,667</u>	<u>\$ 206,819</u>	<u>\$ 18,070</u>	<u>\$ 199</u>	<u>\$ 1,040,737</u>	<u>\$ 207,018</u>

Repayment of the above advance will be used to reduce the debt service payments of the city's debt service fund.

The \$315,225 advance between Tax Incremental District No. 4 and the Electric Utility does not have a repayment schedule as of December 31, 2023.

The \$2,464,684 advance to the Water Utility from the Sewer Utility and Electric Utility is to be repaid in 2024 once the Water Utility draws down debt.

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2023 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 1,015,745	\$ -
General Debt Service	344,607	-
General Capital Projects	39,862	344,607
Ambulance	-	100,000
Park Dedication	-	36,582
Vehicle Replacement	100,000	-
Water Utility	-	500,000
Electric Utility	-	519,025
Total	<u>\$ 1,500,214</u>	<u>\$ 1,500,214</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water and Electric Utility to General Fund	\$ 856,745
Electric Utility Profit to General Fund	159,000
Transfer for Capital Projects	384,469
Transfer for Future Vehicle Replacement from Ambulance	100,000
Total	<u>\$ 1,500,214</u>

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 20,295,000	\$ 4,520,000	\$ 1,735,000	\$ 23,080,000	\$ 2,025,000
Notes	9,635,000	-	800,000	8,835,000	785,000
Total General Obligation Debt	29,930,000	4,520,000	2,535,000	31,915,000	2,810,000
Debt Premium	701,329	362,480	119,773	944,036	-
Compensated Absences	557,359	69,726	22,449	604,636	151,159
Governmental Activities Long-Term Obligations	<u>\$ 31,188,688</u>	<u>\$ 4,952,206</u>	<u>\$ 2,677,222</u>	<u>\$ 33,463,672</u>	<u>\$ 2,961,159</u>
Business-Type Activities:					
General Obligation Debt:					
Notes	\$ 3,155,000	\$ -	\$ 130,000	\$ 3,025,000	\$ 135,000
Revenue Bonds	6,160,000	-	820,000	5,340,000	850,000
Revenue Bonds from Direct Borrowings	6,527,810	-	414,881	6,112,929	421,804
Debt Premium	420,134	-	114,380	305,754	-
Compensated Absences	178,413	47,836	9,506	216,743	54,186
Long-Term Obligations	<u>\$ 16,441,357</u>	<u>\$ 47,836</u>	<u>\$ 1,488,767</u>	<u>\$ 15,000,426</u>	<u>\$ 1,460,990</u>

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Total interest paid during the year on long-term debt totaled \$1,117,287.

Safe Drinking Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of \$6,112,929 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
2014 General Obligation Promissory Notes	08/21/14	06/01/24	1.90 - 2.20%	\$ 6,000,000	\$ 650,000
2015 General Obligation Refunding Bonds	03/10/15	06/01/25	2.00 - 2.50%	4,305,000	1,730,000
2017 General Obligation Corporate Purpose Bonds	11/08/17	11/01/37	2.00 - 3.25%	8,570,000	5,825,000
2018 General Obligation Bonds	06/21/18	06/01/38	3.00 - 4.00%	3,605,000	3,280,000
2018 General Obligation Bonds	06/21/18	12/01/37	3.10 - 3.50%	5,810,000	4,965,000
2020 General Obligation Promissory Notes	07/09/20	05/01/30	1.35 - 2.00%	5,940,000	5,740,000
2021 General Obligation Bonds	07/01/21	03/01/41	1.50 - 3.00%	5,065,000	4,890,000
2021 General Obligation Promissory Notes	07/01/21	03/01/31	0.25 - 1.35%	1,040,000	915,000
2022 General Obligation Notes	05/12/22	06/01/32	3%	2,475,000	2,425,000
2023 General Obligation Bonds	06/06/23	06/01/43	4.00 - 5.00%	4,520,000	4,520,000
Total Outstanding General Obligation Debt					<u>\$ 34,940,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$34,940,000 on December 31, 2023 are detailed below:

Year Ended December 31,	Governmental Activities		Business- Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,810,000	\$ 1,011,846	\$ 135,000	\$ 59,463	\$ 2,945,000	\$ 1,071,309
2025	2,840,000	842,326	140,000	56,693	2,980,000	899,019
2026	2,590,000	771,720	200,000	52,993	2,790,000	824,713
2027	2,525,000	704,395	220,000	48,173	2,745,000	752,568
2028	2,625,000	633,249	235,000	42,957	2,860,000	676,206
2029-2033	9,650,000	2,226,219	975,000	144,103	10,625,000	2,370,322
2034-2038	6,975,000	954,864	700,000	75,880	7,675,000	1,030,744
2039-2042	1,900,000	156,800	420,000	12,600	2,320,000	169,400
Total	<u>\$ 31,915,000</u>	<u>\$ 7,301,419</u>	<u>\$ 3,025,000</u>	<u>\$ 492,862</u>	<u>\$ 34,940,000</u>	<u>\$ 7,794,281</u>

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2023 was \$24,824,310 as follows:

Equalized Valuation of the City	\$ 1,195,286,200
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	59,764,310
Net Outstanding General Obligation Debt Applicable to Debt Limitation	34,940,000
Legal Margin for New Debt	<u>\$ 24,824,310</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2023 totaled \$11,452,929 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
2016 Revenue Refunding Bonds	05/17/16	05/01/28	2.00 - 3.00%	\$ 6,380,000	\$ 2,305,000
2016 Revenue Bonds from Direct Borrowings	06/08/16	05/01/36	1.65%	8,099,853	5,547,812
2017 Safe Drinking Water Loan (Direct Borrowing)	06/14/17	05/01/37	1.87%	849,261	565,117
2020 Revenue Bonds	07/09/20	05/01/40	2.00%	1,715,000	1,510,000
2020 Revenue Bonds	07/09/20	05/01/40	2.00 - 2.25%	1,735,000	1,525,000
Total Outstanding Revenue Bonds					<u>\$ 11,452,929</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$11,452,929 on December 31, 2023 are detailed below:

Year Ended December 31,	Business-Type Activities				Total Principal	Total Interest
	Bonded		Direct Borrowing			
	Principal	Interest	Principal	Interest		
2024	\$ 850,000	\$ 109,975	\$ 421,804	\$ 98,587	\$ 1,271,804	\$ 208,562
2025	870,000	85,700	428,842	91,490	1,298,842	177,190
2026	660,000	66,825	435,998	84,275	1,095,998	151,100
2027	350,000	56,725	443,274	76,938	793,274	133,663
2028	360,000	49,625	450,671	69,480	810,671	119,105
2029-2033	870,000	187,225	2,368,709	231,080	3,238,709	418,305
2034-2038	965,000	95,175	1,563,631	41,262	2,528,631	136,437
2039-2040	415,000	8,875	-	-	415,000	8,875
Total	\$ 5,340,000	\$ 660,125	\$ 6,112,929	\$ 693,112	\$ 11,452,929	\$ 1,353,237

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Utility Revenues Pledged

The City has pledged future sewer, water, and electric customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. The bonds are payable solely from customer net revenues and are payable through 2040. Net customer revenues, 2023 principal and interest paid, and outstanding debt service of revenue bonds are as follows:

	Sewer Utility	Water Utility	Electric Utility
Net Customer Revenues:			
Charges for Services	\$ 3,277,807	\$ 3,884,405	\$ 13,950,762
Other Income	21,361	18,168	69,292
Total Operating Revenues	3,299,168	3,902,573	14,020,054
Less: Operating Expenses *	2,557,930	2,760,969	12,994,549
Net Customer Revenues	<u>\$ 741,238</u>	<u>\$ 1,141,604</u>	<u>\$ 1,025,505</u>
Debt Service:			
Principal	\$ 75,000	\$ 1,119,882	\$ 40,000
Interest	32,275	190,817	16,000
Total Debt Service	<u>\$ 107,275</u>	<u>\$ 1,310,699</u>	<u>\$ 56,000</u>
Remaining Principal and Interest	<u>\$ 1,814,650</u>	<u>\$ 10,071,616</u>	<u>\$ 919,900</u>

* Excludes Depreciation Expense

F. Pension Plan

1. Plan Description

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

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

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Plan Description (Continued)

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

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

Final average earnings is the average of the participant's three highest 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 ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remained 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 ending December 31, 2023, the WRS recognized \$554,806 in contributions from the City.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives, and Elected Officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

4. Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a liability of \$1,953,443 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.03687342%, which was an increase of 0.00454880% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$972,826.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,111,231	\$ 4,087,460
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	3,318,452	-
Changes in Assumptions	384,128	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	11,604	79,843
Employer Contributions Subsequent to the Measurement Date	554,806	-
Total	<u>\$ 7,380,221</u>	<u>\$ 4,167,303</u>

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$554,806 reported as deferred outflows related to pension 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Revenue</u>
2024	\$ 93,936
2025	546,379
2026	559,407
2027	1,458,390
Total	<u>\$ 2,658,112</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability	December 31, 2022
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:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

* No post-retirement 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 post-retirement discount rate.

CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48 %	7.6%	5.0%
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Cash	(15)	N/A	N/A
Total Core Fund	<u>100 %</u>	<u>7.4</u>	<u>4.8</u>
Variable Fund Asset Class:			
U.S. Equities	70 %	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	<u>100 %</u>	<u>7.7</u>	<u>5.1</u>

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 ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (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 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (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)	\$ 6,483,418	\$ 1,953,443	\$ (1,162,789)

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 ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payables to the Pension Plan

At December 31, 2023, the City reported a payable of \$79,426 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

G. Other Postemployment Benefits

1. 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 postemployment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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 post-retirement 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.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2023 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-Retirement Coverage	40% of Member Contribution
25% Post-Retirement 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, 2022 are listed below:

Life Insurance Member Contribution Rates* For the Year Ended December 31, 2022		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30 - 34	\$0.06	\$0.06
35 - 39	\$0.07	\$0.07
40 - 44	\$0.08	\$0.08
45 - 49	\$0.12	\$0.12
50 - 54	\$0.22	\$0.22
55 - 59	\$0.39	\$0.39
60 - 64	\$0.49	\$0.49
65 - 69	\$0.57	\$0.57

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

During the year ended December 31, 2023, LRLIF recognized \$1,685 in contributions from the employer.

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

At December 31, 2023, the City reported a liability of \$324,620 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefits 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, 2022, the City's proportion was 0.08520600%, which was a decrease of 0.00180000% from its proportion measured as of December 31, 2021.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2023, the City recognized OPEB expense of \$32,412.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 31,770
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	6,092	-
Changes in Assumptions	116,629	191,615
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	35,487	23,785
Total	<u>\$ 158,208</u>	<u>\$ 247,170</u>

Other reduction of the net OPEB liability in the year amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ (6,692)
2025	(9,427)
2026	(1,414)
2027	(13,940)
2028	(27,054)
Thereafter	(30,435)
Total	<u>\$ (88,962)</u>

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued). The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2022
Measurement date of net OPEB liability (asset):	December 31, 2022
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*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

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. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50%	2.83%
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 remained unchanged from the prior year at 2.30%.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Single Discount Rate. A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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 contributions schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the City's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, 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 (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
City's Proportionate Share of the Net OPEB Liability	\$ 442,585	\$ 324,620	\$ 234,214

Payable to the OPEB Plan

At December 31, 2023, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2023.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

1. Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2023, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Items	<u>\$ 30,754</u>

2. Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2023, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Library Operations	\$ 179,545
Park Dedication	98,433
Drug Education	<u>12,962</u>
Total Special Revenue Funds	290,940
Debt Service Funds:	
General Debt Service Fund:	
Restricted for:	
Debt Service	1,457,892
Capital Projects Funds:	
General Capital Projects Fund:	
Restricted for:	
Capital Improvements	<u>1,671,763</u>
Total Restricted Fund Balance	<u>\$ 3,420,595</u>

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

3. Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2023, general fund balance was committed as follows:

General Fund:

Committed for:

Payment of Sick Leave Balances	<u>\$ 363,846</u>
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4. Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2023, fund balance was assigned as follows:

Special Revenue Funds:

Assigned for:

Park Dedication	\$ 219,001
Ambulance	2,823,834
Development	<u>711,264</u>
Subtotal	3,754,099

Capital Projects Funds:

Assigned for Subsequent Year's Expenditures:

Capital Improvements:

Vehicle Replacement	1,387,389
Total	<u>\$ 5,141,488</u>

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

5. Minimum General Fund Balance Policy

The City currently reports an unassigned general fund balance of \$4,297,019. The City has adopted fund balance policies which segregate portions of the general fund balance as follows:

Description	Purpose	12/31/23
Cash Flows	Determined annually based on the basis of cash-flow analysis operating revenues and expenses to minimize "the need for short-term borrowing".	\$ 750,000
Contingencies	Available financial resources to meet unforeseen needs of an emergency nature, permit orderly adjustments for unanticipated revenue shortfalls, meet unexpected increases in operating expenses, and maintain investment-grade credit ratings.	312,993
Levy Limit Stabilization	Established to ensure the City's ability to sustain a responsible level of municipal services without unduly burdening the property tax levy and maintaining the levy at or below state imposed levy limits. Additional contributions may be made by City Council action.	784,515
		<u>\$ 1,847,508</u>

The City annually evaluates its fund balances for minimum amounts per fund. Temporary noncompliance with established minimums is permissible with the authorization of the City Council through budget adoption process or specific City Council action. Minimum fund balances are recorded as unassigned in the general fund. All other governmental funds shall report minimum balances as assigned due to the nature and purpose of the fund to exist for its intended purpose.

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The City has established a separate capital projects fund for Tax Incremental District (TID) No. 4 which was created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's District is still eligible to incur project costs.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Tax Incremental Financing Districts (Continued)

Since creation of the above District, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2023, the City can recover \$5,967,137 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 4	\$ 5,967,137

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the District. Unless terminated by the City prior thereto, TID No. 4 has a statutory termination date of July 10, 2037.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The City has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. A description of the City's risk management programs is presented below:

The City maintains a self-insurance fund for medical expenses and liability insurance.

Financing for the self-insurance internal service fund is provided by payments from other City funds based on their portion of administrative and claim expenses incurred by the City. On December 31, 2023, the fund has unrestricted net position of \$1,547,245 for future catastrophic losses. The claims liability of \$466,194 reported in the fund at December 31, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claim liability amount for 2022 and 2023 follow:

Year	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2023	\$ 354,992	\$ 2,309,595	\$ 2,198,393	\$ 466,194
2022	285,729	1,994,850	1,925,587	354,992

The City also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures or expenses in various other funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

**CITY OF ELKHORN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

The City has not received an actuarial certification attesting to the adequacy of the reserves, rates, and the overall financial soundness of the plan.

C. Contingencies

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, the City is not aware of any such claims or proceedings that will have a material adverse effect on the City's financial position or results of operations.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

D. Subsequent Event

On January 24, 2024, the City drew down a total of \$1,724,153 of long-term obligations through the Clean Water Fund Loan Program and the Safe Drinking Water Fund Loan Program. These funds will pay for water and sewer capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ELKHORN, WISCONSIN
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

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

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.02948637%	\$ (724,266)	\$ 3,523,912	20.55%	102.74%
12/31/15	0.02878828%	467,804	3,528,963	13.26%	98.20%
12/31/16	0.02881130%	237,473	3,727,665	6.37%	99.12%
12/31/17	0.02903175%	(861,987)	3,697,743	23.31%	102.93%
12/31/18	0.02946772%	1,048,369	3,773,863	27.78%	96.45%
12/31/19	0.02908822%	(937,937)	3,794,822	24.72%	102.96%
12/31/20	0.02892144%	(1,805,605)	3,929,872	45.95%	105.26%
12/31/21	0.03232462%	(2,605,423)	5,049,847	51.59%	106.02%
12/31/22	0.03687342%	1,953,443	5,477,584	35.66%	95.72%

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 271,669	\$ 271,669	\$ -	\$ 3,528,963	7.70%
12/31/16	280,514	280,514	-	3,727,665	7.53%
12/31/17	305,719	305,719	-	3,697,743	8.27%
12/31/18	318,254	318,254	-	3,773,863	8.43%
12/31/19	298,713	298,713	-	3,794,882	7.87%
12/31/20	328,326	328,326	-	3,929,872	8.35%
12/31/21	457,981	457,981	-	5,049,847	9.07%
12/31/22	497,121	497,121	-	5,475,166	9.08%
12/31/23	554,806	554,806	-	5,716,465	9.70%

See accompanying Notes to Required Supplementary Information.

**CITY OF ELKHORN, WISCONSIN
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

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

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.09029600%	\$ 271,663	\$ 3,797,205	7.15%	44.81%
12/31/18	0.08078800%	208,460	3,540,000	5.89%	48.69%
12/31/19	0.07393100%	314,813	3,411,000	9.23%	37.58%
12/31/20	0.07663300%	421,537	3,700,000	11.39%	31.36%
12/31/21	0.08700600%	514,238	4,767,000	10.79%	29.57%
12/31/22	0.08520600%	324,620	4,921,000	6.60%	38.81%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN FISCAL YEARS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 1,545	\$ 1,545	\$ -	\$ 3,540,000	0.04%
12/31/19	1,468	1,468	-	3,411,000	0.04%
12/31/20	1,679	1,679	-	3,700,000	0.05%
12/31/21	1,746	1,746	-	4,767,000	0.04%
12/31/22	1,722	1,722	-	4,921,000	0.03%
12/31/23	1,685	1,685	-	5,716,465	0.03%

See accompanying Notes to Required Supplementary Information.

**CITY OF ELKHORN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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 change 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-end December 31, 2028, 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 change to reflect updated trends by transitioning from the Wisconsin 2012 Mortality table to the Wisconsin 2018 Mortality Table

The City is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

**CITY OF ELKHORN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund (LRLIF)

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

Changes of Assumptions

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 change 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 2.5% to 2.4%
- Mortality assumptions were change to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

The City is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**CITY OF ELKHORN, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
TAXES				
General Property	\$ 3,791,743	\$ 3,791,743	\$ 3,790,460	\$ (1,283)
Property Tax Chargebacks	1,500	1,500	4,046	2,546
Mobile Home Fees	16,000	16,000	16,261	261
Interest and Penalties	1,000	1,000	2,226	1,226
Total Taxes	3,810,243	3,810,243	3,812,993	2,750
INTERGOVERNMENTAL				
Federal:				
Fire Department	-	-	1,400	1,400
State:				
State Shared Taxes	401,250	401,250	400,721	(529)
Expenditure Restraint	159,061	159,061	159,061	-
Exempt Computer State Aid	27,113	27,113	27,113	-
Fire Insurance	42,248	42,248	46,760	4,512
Police Training	2,240	2,240	2,240	-
Law Enforcement Grants	4,175	4,175	10,078	5,903
DOT Reimbursements	-	-	1,200	1,200
General Transportation Aid	816,065	816,065	816,065	-
Connecting Streets Aid	119,948	119,948	119,948	-
Payments for Municipal Services	2,965	2,965	3,633	668
Total Intergovernmental	1,575,065	1,575,065	1,588,219	13,154
LICENSES AND PERMITS				
Licenses:				
Liquor and Malt Beverage	11,320	11,320	11,022	(298)
Bartender Operator's Licenses	6,205	6,205	7,560	1,355
Cigarette Licenses	1,300	1,300	1,800	500
Cable Television Fees	90,000	90,000	92,620	2,620
Mobile Home Park	240	240	240	-
Other Business	650	650	792	142
Dog and Cat	1,300	1,300	980	(320)
Permits:				
Building	-	-	25	25
Utility Locate Fees	1,500	1,500	250	(1,250)
Other Permits	2,000	2,000	6,181	4,181
Total Licenses and Permits	114,515	114,515	121,470	6,955

CITY OF ELKHORN, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
FINES AND FORFEITS				
Court Penalties and Costs	\$ 60,012	\$ 60,012	\$ 75,102	\$ 15,090
Parking Violations	16,479	16,479	17,575	1,096
Miscellaneous	320	320	5,529	5,209
Total Fines and Forfeits	76,811	76,811	98,206	21,395
PUBLIC CHARGES FOR SERVICES				
Clerk's Fees	7,000	7,000	5,294	(1,706)
Police Department Fees	8,000	8,000	7,492	(508)
Fire department Fees	73,440	73,440	74,538	1,098
Department of Public Works Charges	55,138	55,138	60,748	5,610
Swimming Pool	114,350	114,350	113,119	(1,231)
Recreation Sponsor Donation	8,000	8,000	9,650	1,650
Recreation Advertising Fees	300	300	-	(300)
Recreation Ticket Program	3,000	3,000	507	(2,493)
Other Recreation Fees	126,000	126,000	186,661	60,661
Developer Cost Reimbursement	4,500	4,500	25,347	20,847
Total Public Charges for Services	399,728	399,728	483,356	83,628
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Police Liaison Officer	85,560	85,560	86,907	1,347
Police Crossing Guard	9,300	9,300	7,103	(2,197)
Fire and EMS Service Fees for Towns	869,317	869,317	691,972	(177,345)
Total Intergovernmental Charges for Services	964,177	964,177	785,982	(178,195)
MISCELLANEOUS				
Interest Income	49,500	49,500	238,014	188,514
Rental Income	10,070	10,070	16,222	6,152
Penalties on Tax Roll	1,000	1,000	1,621	621
Sale of Recyclables	1,000	1,000	587	(413)
Donations	-	-	2,409	2,409
Other Miscellaneous Revenue	12,200	12,200	15,104	2,904
Total Miscellaneous	73,770	73,770	273,957	200,187
Total Revenues	\$ 7,014,309	\$ 7,014,309	\$ 7,164,183	\$ 149,874

CITY OF ELKHORN, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Mayor, Council, and Boards	\$ 38,165	\$ 38,165	\$ 39,361	\$ (1,196)
Municipal Court	86,024	86,024	80,174	5,850
Legal Services	50,000	50,000	41,118	8,882
General Administration	796,602	796,602	745,329	51,273
Assessor	26,500	26,500	26,500	-
Financial Administration	209,372	209,372	179,698	29,674
Building and Plant	176,828	176,828	162,368	14,460
Total General Government	1,383,491	1,383,491	1,274,548	108,943
PUBLIC SAFETY				
Police Department:				
Administration	579,213	579,213	558,163	21,050
Patrol Operations	1,476,739	1,476,739	1,253,595	223,144
Criminal Investigations	247,546	247,546	237,434	10,112
Education and Community Relations	106,310	106,310	106,686	(376)
Fire Department:				
Fire Protection Administration	441,847	441,847	418,505	23,342
Fire Protection Suppression	1,310,774	1,310,774	1,081,484	229,290
Fire Inspection and Investigation	161,203	161,203	77,100	84,103
Fire Training and Education	57,497	57,497	31,113	26,384
Emergency Communications	3,600	3,600	2,562	1,038
Total Public Safety	4,384,729	4,384,729	3,766,642	618,087
PUBLIC WORKS				
Engineering and Administration	251,469	251,469	300,599	(49,130)
Street Maintenance	793,981	793,981	841,378	(47,397)
Yard Waste Collection	21,160	21,160	19,805	1,355
Garage Operations	169,722	169,722	147,797	21,925
Park Facilities	360,578	360,578	329,115	31,463
Forestry and Weed Control	58,029	58,029	26,188	31,841
Total Public Works	1,654,939	1,654,939	1,664,882	(9,943)
CULTURE AND RECREATION				
Park and Recreation Administration	237,255	237,255	235,680	1,575
Park and Recreation Programs	356,292	356,292	372,624	(16,332)
Community Events	4,500	4,500	4,504	(4)
Total Culture and Recreation	598,047	598,047	612,808	(14,761)
CONVERSATION AND DEVELOPMENT				
Community Development	11,650	11,650	-	11,650
Total Expenditures	\$ 8,032,856	\$ 8,032,856	\$ 7,318,880	\$ 713,976

**CITY OF ELKHORN, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS

Cash and Investments
Restricted Cash and Investments
Receivables:
Taxes and Special Charges
Loans

	Special Revenue				Debt Service		Capital Projects		
	Library	Park Dedication	Drug Education	Development	CDBG	Tax Incremental District No. 4	Tax Incremental District No. 4	Vehicle Replacement	Total
\$	381,207	\$ 219,001	\$ 12,933	\$ 772,134	\$ 9,792	\$ 69,568	\$ -	\$ 1,415,116	\$ 2,879,751
-	-	98,433	29	-	-	-	-	-	98,462
350,441	-	-	-	-	-	147,210	-	24,391	522,042
-	-	-	-	-	187,157	-	-	-	187,157
<u>\$ 731,648</u>	<u>\$ 317,434</u>	<u>\$ 12,962</u>	<u>\$ 772,134</u>	<u>\$ 196,949</u>	<u>\$ 216,778</u>	<u>\$ -</u>	<u>\$ 1,439,507</u>	<u>\$ -</u>	<u>\$ 3,687,412</u>

Total Assets

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**LIABILITIES**

Accounts Payable
Accrued and Other Current Liabilities
Due to Other Funds
Advance from Other Funds

Total liabilities

\$	22,265	\$ -	\$ -	\$ 60,870	\$ 9,792	\$ -	\$ -	\$ 16,686	\$ 109,613
20,758	-	-	-	-	-	-	-	-	20,758
-	-	-	-	-	-	-	142	-	142
-	-	-	-	-	-	315,225	-	-	315,225
<u>43,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,870</u>	<u>9,792</u>	<u>315,225</u>	<u>142</u>	<u>16,686</u>	<u>445,738</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for
Subsequent Year
Loans Receivable
Total Deferred Inflows of Resources

509,080	-	-	-	-	-	213,850	-	35,432	758,362
-	-	-	-	-	187,157	-	-	-	187,157
<u>509,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,157</u>	<u>213,850</u>	<u>-</u>	<u>35,432</u>	<u>945,519</u>

FUND BALANCES

Restricted
Assigned
Unassigned
Total Fund Balances

179,545	98,433	12,962	-	-	-	-	-	-	290,940
-	219,001	-	711,264	-	-	-	-	1,387,389	2,317,654
-	-	-	-	-	-	(312,297)	(142)	-	(312,439)
<u>179,545</u>	<u>317,434</u>	<u>12,962</u>	<u>711,264</u>	<u>-</u>	<u>-</u>	<u>(312,297)</u>	<u>(142)</u>	<u>1,387,389</u>	<u>2,296,155</u>

Total Liabilities, Deferred Inflows
of Resources, and Fund Balances

<u>\$ 731,648</u>	<u>\$ 317,434</u>	<u>\$ 12,962</u>	<u>\$ 772,134</u>	<u>\$ 196,949</u>	<u>\$ 216,778</u>	<u>\$ -</u>	<u>\$ 1,439,507</u>	<u>\$ -</u>	<u>\$ 3,687,412</u>
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CITY OF ELKHORN, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Special Revenue				Debt Service		Capital Projects		
	Library	Park Dedication	Drug Education	Development	CDBG	Incremental District No. 4	Tax Incremental District No. 4	Vehicle Replacement	Total
REVENUES									
Taxes	\$ 507,152	\$ -	\$ -	\$ 306,112	\$ -	\$ 242,651	\$ -	\$ 152,000	\$ 1,207,915
Intergovernmental	444,486	-	-	-	-	-	-	32,223	476,709
Licenses and Permits	-	-	-	147,141	-	-	-	-	147,141
Public Charges for Services	17,562	77,866	-	-	-	-	-	-	95,428
Miscellaneous	98,054	17,194	638	36,631	63,673	7,209	47,138	69,173	339,710
Total Revenues	1,067,254	95,060	638	489,884	63,673	249,860	47,138	253,396	2,266,903
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	74,902	74,902
Culture and Recreation	1,069,868	55,068	-	-	-	-	-	-	1,125,936
Conservation and Development	-	-	-	430,615	63,673	-	47,504	-	541,792
Debt Service:									
Principal	-	-	-	-	-	220,000	-	-	220,000
Interest and Fiscal Charges	-	-	-	-	-	203,374	-	-	203,374
Capital Outlay	-	44,028	-	-	-	-	-	360,169	404,197
Total Expenditures	1,069,868	100,096	-	430,615	63,673	423,374	47,504	435,071	2,570,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,614)	(5,036)	638	59,269	-	(173,514)	(366)	(181,675)	(303,298)
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	-	-	-	-	-	435,000	435,000
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	62,305	62,305
Transfers In	-	-	-	-	-	-	-	100,000	100,000
Transfers Out	-	(36,582)	-	-	-	-	-	-	(36,582)
Total Other Financing Sources (Uses)	-	(36,582)	-	-	-	-	-	597,305	560,723
NET CHANGE IN FUND BALANCES	(2,614)	(41,618)	638	59,269	-	(173,514)	(366)	415,630	257,425
Fund Balances - Beginning of Year	182,159	359,052	12,324	651,995	-	(138,783)	224	971,759	2,038,730
FUND BALANCES - END OF YEAR	\$ 179,545	\$ 317,434	\$ 12,962	\$ 711,264	\$ -	\$ (312,297)	\$ (142)	\$ 1,387,389	\$ 2,296,155

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



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

City Council
City of Elkhorn
Elkhorn, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Elkhorn, Wisconsin, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Elkhorn's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 27, 2024

**CITY OF ELKHORN, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting

Finding No.

2023-001

Adjustments to the City's Financial Records

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition:

As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.

Criteria or Specific Requirement:

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause:

While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop. Capital asset and prepaid supplies adjustments necessary to properly report the financial activities of enterprise funds take additional time to determine due to tracking of work order activity and are done during the audit. In addition, various year-end journal entries for accrued payroll, accounts payable, and accounts receivable were not recorded.

Effect:

Year-end financial records prepared by the City may contain material misstatements.

Repeat Finding

Yes; 2022-001

Recommendation:

We recommend the City to improve the tracking of prepaid supplies and work orders of proprietary funds. We also recommend that the City create a year-end closing checklist to determine that all appropriate year-end journal entries have been recorded.

Management's

Response:

The Finance team will continue to review adjusting and closing entries, as well as work to implement a month-end/year-end close process to minimize the amount of adjustments made to the City's financial records.

**CITY OF ELKHORN, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

Finding No.

2023-002

Preparation of the Financial Statements

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition:

Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, included disclosures, the City had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. For the same reasons, the City contracts with us to compile the Public Service Commission Report. Management reviews the financial statements and takes responsibility.

Criteria or Specific Requirement:

The preparation and review of the annual financial report and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or public service commission report.

Cause:

City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect:

The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Repeat Finding

Yes; 2022-002

Recommendation:

We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles general accepted in the United States of America and knowledge of the City's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and Public Service Commission Report.

**CITY OF ELKHORN, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

Finding No.

2023-002

Preparation of the Financial Statements (Continued)

Management's
Response:

Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review the financial statements and information prior to issuance.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

FORM OF LEGAL OPINION

(See following pages)

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

June 4, 2025

Re: City of Elkhorn, Wisconsin ("Issuer")
\$3,820,000 General Obligation Promissory Notes, Series 2025A,
dated June 4, 2025 ("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 June 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 90,000	____%
2027	170,000	____
2028	175,000	____
2029	185,000	____
2030	185,000	____
2031	175,000	____
2032	180,000	____
2033	180,000	____
2034	195,000	____
2035	200,000	____
2036	170,000	____
2037	180,000	____
2038	185,000	____
2039	195,000	____
2040	205,000	____
2041	210,000	____
2042	220,000	____
2043	230,000	____
2044	240,000	____
2045	250,000	____

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2026.

The Notes maturing on June 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on June 1, 2034 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 Elkhorn, Walworth County, Wisconsin (the "Issuer") in connection with the issuance of \$3,820,000 General Obligation Promissory Notes, Series 2025A, dated June 4, 2025 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 19, 2025 (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 19, 2025 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 Elkhorn, 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 311 Seymour Court, Elkhorn, Wisconsin 53121-0920, phone (262) 723-2219, fax (262) 741-5131.

"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, 2024, 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 4th day of June, 2025.

(SEAL)

G. Timothy Shiroda
Mayor

Amber Shellman
Deputy City Clerk

NOTICE OF SALE

\$3,820,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2025A CITY OF ELKHORN, WISCONSIN

Bids for the purchase of \$3,820,000* General Obligation Promissory Notes, Series 2025A (the "Notes") of the City of Elkhorn, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on May 19, 2025, 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 5:30 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 capital improvement projects, including street improvement projects; park improvement projects and the acquisition of a fire truck and other vehicles and equipment.. 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 4, 2025, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$90,000	2033	\$180,000	2040	\$205,000
2027	170,000	2034	195,000	2041	210,000
2028	175,000	2035	200,000	2042	220,000
2029	185,000	2036	170,000	2043	230,000
2030	185,000	2037	180,000	2044	240,000
2031	175,000	2038	185,000	2045	250,000
2032	180,000	2039	195,000		

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 June 1 and December 1 of each year, commencing June 1, 2026, 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 June 1, 2035 shall be subject to optional redemption prior to maturity on June 1, 2034 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 4, 2025, 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 \$3,772,250, nor more than \$4,125,600, plus accrued interest on the principal sum of \$3,820,000 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 10:30 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of \$76,400 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 designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the 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, the form of 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-offering-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 of the Notes (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

Corrie Daly, City Finance Director
City of Elkhorn, Wisconsin

BID FORM

The Common Council
City of Elkhorn, Wisconsin (the "City")

May 19, 2025

RE: **\$3,820,000* General Obligation Promissory Notes, Series 2025A (the "Notes")**
DATED: **June 4, 2025**

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 \$3,772,250, nor more than \$4,125,600) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % 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	_____ % due	2045
_____ % due	2032	_____ % due	2039		

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 rating for the Notes may not be requested without contacting Ehlers and receiving the permission of the City.

A good faith deposit ("Deposit") in the amount of \$76,400 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 4, 2025.

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 4, 2025 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 Elkhorn, Wisconsin, on May 19, 2025.

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